DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

INDEPENDENT OFFICE
OF APPEALS

April 18, 2025

Control No. AP-08-0425-0005
Expiration Date: 04/18/2027
Affected IRM: 8.20.5

MEMORANDUM FOR: DIRECTOR, COLLECTION APPEALS
DIRECTOR, CASE SUPPORT

FROM: Steven M. Martin /s/ *Steven M. Martin*
Director, Operations Support

SUBJECT: Use of RC Feature Code in Collection Due Process (CDP) Cases for the Employee Retention Credit (ERC)

This memorandum issues guidance on input of the RC feature code for CDP cases and related work unit(s) (WUNO(s)) where the ERC is at issue. Please distribute this information to all affected employees within your organization.

Purpose: This guidance will allow for tracking of WUNO(s) where ERC is properly at issue and will support reporting and coordination of these types of cases. The guidance will provide standard procedures for Settlement Officers (SOs) and Account and Processing Support (APS) and Shared Team of Administrative and Redaction Support (STARS) employees in line with other WUNO identification and carding already existing in the affected IRM sections.

Background/Source(s) of Authority: The ERC allows credits against certain employment taxes paid by qualifying businesses during the COVID-19 pandemic. This credit is claimed on employment tax returns. Due to various rule changes during the ERC tax periods, and improper claims, the IRS suspended the program for a period of time. The IRS recently began to work through a backlog of claims resulting in the Independent Office of Appeals (Appeals) encountering this workstream more frequently. A portion of these cases affect taxpayers in the CDP workstream. Several of these CDP cases are currently suspended in SO inventories. To provide tracking and planning, Appeals' Business Systems Planning (BSP) created the feature code "RC" and this code is ready for deployment.

Procedural Change: The SO will ensure the RC feature code is input where necessary as described below:

Scenario	Action
Open CDP with ERC properly at issue pending as of the date of this memorandum	Input the RC feature code using validation procedures
Newly assigned CDP after the date of this memorandum with ERC properly at issue becomes pending	Same as above
Accounts Management does not fully allow the ERC claim, and taxpayer continues to dispute eligibility requiring referral to Examination/Specialized Examination Programs and Referrals	Create “I” WUNO using existing procedures requesting APS input the RC and DP feature codes

Effect on Other Documents: This guidance will be incorporated into the affected IRM within two years from the date of this memorandum.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on How to Contact an Analyst.

cc: Director, Examination Appeals
Director, Specialized Examination Programs and Referrals
www.irs.gov