## IRM PROCEDURAL UPDATE

**DATE: 01/07/2025**

**NUMBER: ts-03-0125-0032**

**SUBJECT: Changes to the Start-up IPU**

**AFFECTED IRM(s)/SUBSECTION(s): 3.11.251**

**CHANGE(s):**

**IRM 3.11.251.7.1, SPT Timeliness:**

a. **Paragraph (2) - Updated SPT timeliness instructions to follow the chart upon receipt.**
b. **Paragraph (3) - Added instructions to open a control base.**

(2) Upon receipt research the primary taxpayer account and see the chart below:

| If ... | Then ... |
|---|---|
| The primary taxpayer's account is in credit balance. | Input a TC 570 on the primary taxpayer account. |
| The primary taxpayer's account is in debit balance. | No action is needed. |
| If the payment on the SPT Transcript has refunded out. | Follow Erroneous Refund Procedures. |

(3) Open a control base upon receipt of the SPT case.

**IRM 3.11.251.7.2, Processing a Spousal Payment Transcript:**

a. **Paragraph (1) - Added TC 671 in the note.**
b. **Paragraph (3) - Added a note to transfer the payment prior to following ERRF procedures.**
c. **Paragraph (4) - Included instructions to follow Full Paid Erroneous Refund Procedures.**

(1) When processing an SPT case, take the following action:

1. Research the STA using command code (CC) TXMODA to locate the payment that caused the issue. The payment is posted as a Transaction Code (TC) 670 followed by a TC 667 to move the payment from the STA to the PTA.

**Note:** TC 671/672 indicating a reversal of the TC 670 will also be present on the STA with the same date and DLN on the daily report

2. Research the PTA account to locate the payment. The payment is posted as a TC 666.
3. Determine if the TC 666 payment is still present on the account or if it's been refunded or is pending refund. A TC 846 on the account indicates if the payment has been refunded or is pending refund.

(2) If the payment is still present on the account and hasn't been refunded, resolve the SPT case following the procedures in IRM 3.11.251.8, When A Credit Transfer is Required to Resolve an SPT Case.

(3) If the payment has been refunded or is pending refund, resolve the SPT case following the procedures in IRM 3.11.251.9, When Category D Erroneous Refund Procedures are Required to Resolve A SPT Case.

**Note:** Even though the payment has been refunded, the payment will need to be transferred prior to following erroneous refund procedures.

(4) If the payment has been refunded and has been fully repaid, see IRM 3.11.251.9.2, Full Paid Erroneous Refund Procedures.

**IRM 3.11.251.8, When A Credit Transfer is Required to Resolve an SPT Case:**

a. **Updated the credit transfer procedures.**
b. **Paragraph (1) - Added a caution when the payment is part of a credit elect.**

(1) When the TC 666 payment is still present on the account and hasn't been refunded, a credit transfer to move the money from the PTA to the STA is required to resolve the SPT case.

**Caution:** If any part of the payment has been used as a credit elect, reverse the credit elect prior to transferring the SPT payment.

(2) Transfer the credit using the IAT Credit Transfer tool. During "Dead Cycles" the IAT Credit Transfer tool is unavailable. To process the credit transfer:

1. With the TXMODA screen of the primary taxpayer on IDRS, open the IAT Credit Transfer tool.
2. In the Transferable section:
   • Select the TC 666 that matches the payment on the SPT report.
   • Verify the Total Selected field matches the amount of the TC 666 and the amount shown on the SPT report.

3. In the Debit Side section:
   • Verify the amount in the Balance After Transfer field is correct.
4. In the Credit Side section:
   • Verify the amount in the Balance After Transfer field is correct.
5. In the Remarks section:
   • Uncheck the Source Doc check box.
   • In the Remarks field, input "NSD, Spousal Payment Transcript".
6. In the Letter section, leave the Correspondence Date field blank.
7. In the Control Bases section:
   • In the Debit Status field, use the drop-down list to select "C".
   • In the Credit Status field, use the drop-down list to select "C".
   • In the Received Date field, use an asterisk to input the current date.
   • Do not change the pre-populated entry In the Activity field.
   • In the Category field, use "IRRQ".
   • Click the Transfer button.
8. Review the CC DRT48 screen for accuracy and transmit if correct. If you need to TERUP the credit transfer, you must TERUP the transfer on both the PTA and STA.

**IRM 3.11.251.9, When Category D Erroneous Refund Procedures are Required to Resolve A SPT Case:**

a. **Paragraph (5) - Added a note to transfer the credit prior to following ERRF procedures.**
b. **Paragraph (9) - Added a note with an IRM reference to follow prior to sending the package to the A/ER unit.**

(5) See IRM 21.4.5.6.1, Account Actions For Category D Erroneous Refunds, to determine the appropriate account action(s) to take on a CAT-D ERRF.

**Note:** Transfer the credit prior to following erroneous refund procedures.

(6) When preparing Form 12356, Erroneous Refund Worksheet, refer to IRM 21.4.5.6.2, Preparing Form 12356, Erroneous Refund Worksheet.

**Note:** When using the IAT ERRF tool, the tool will generate the Form 12356, Erroneous Refund Worksheet.

(7) When preparing an erroneous refund package, refer to IRM 21.4.5.6.1, Account Actions For Category D Erroneous Refunds.

(8) Effective October 1, 2020, all CAT-D ERRFs must be emailed to the organizational mailbox established for each Accounting/Erroneous Refund (A/ER) function. Refer to IRM 21.4.5.15.1, Collection Statute Expiration Date for Category D Erroneous Refunds, before sending the package to the A/ER function.

(9) When sending the package to the A/ER function, refer to IRM 21.4.5.6.3, Routing Category D Erroneous Refund Packages.

**Note:** Prior to sending the package to the A/ER function, reassign the IDRS control base to the appropriate A/ER unit. See IRM 21.4.5.6.1, Account Actions for Category D Erroneous Refunds, for more details.

**IRM 3.11.251.9.1, Processing Category D Erroneous Refunds:**

a. **Paragraph (1) - Updated the procedures in the note to transfer the credit prior to following ERRF procedures.**

(1) Use the IAT ERRF tool to initiate erroneous refund procedures.

1. With the TXMODA screen of the primary taxpayer on IDRS, click Research.
2. In the Select ERRF Category section, select "Cat-D". The tool should default to this selection.
3. In the TC 846 section, select the appropriate TC 846. If there's only one refund on the account, the tool should select it by default.
4. Click "Submit".
5. On the ERRF Actions screen:
   • Verify the TC 846 date is correct. If the date is incorrect, verify you have selected the correct TC 846.
   • Verify the ERRF amount is correct. If the amount is incorrect, edit the correct amount.
   • Delete the Demand Date from the date the tool automatically computed so the field is blank. Since these ERRFs are caused by the taxpayer (or related party), the demand date must be blank.
   • Update the control category to ERRF.
   • The tool should automatically determine which ERRF coordinator to route to using the 8th and 9th position of the Refund Schedule Number (RSN). Refer to IRM 21.4.5.6.3, Routing Category D Erroneous Refund Packages.
   • Use the date the SPT case was received as the IRS Received Date.
6. On the ERRF Action Screen Select Account Actions section:
   • If the taxpayer's account will be in a balance due status, click the "Input TC 470 CC 93?" check box.
   • Verify the "Send 510C" check box is checked.
   • Verify the "Complete F12356" check box is checked.
   • Ensure Form 12356, Erroneous Refund Worksheet, is complete and correct. Refer to IRM 21.4.5.6.2, Preparing Form 12356, Erroneous Refund Worksheet, for more information.
7. On the ERRF Action Screen TC 971 AC 663 MISC Field section:
   • Using the "Select Category" drop down box, select "D - Cat D ERRF".
   • Using the "Select Responsible Function" drop down box, select "SP".
   • Using the "Select Type of Error" drop down box, select "01 – Taxpayer Error".

8. Click Process Cat D ERRF.
9. Route the erroneous refund package to the appropriate Erroneous Refund Coordinator.

   **Note:** Transfer the payment from the PTA to the STA prior to following erroneous refund procedures. See IRM 3.11.251.8, When A Credit Transfer is Required to Resolve an SPT Case.

**Editorial changes have been made throughout the IRM to:**

a. **Correct punctuation.**