

IRM PROCEDURAL UPDATE

DATE: 07/10/2025

NUMBER: ts-03-0725-3476

SUBJECT: Amended Return Screening

AFFECTED IRM(s)/SUBSECTION(s): 3.11.6

CHANGE(s):

IRM 3.11.6.2, General Amended Return Processing: The entire subsection has been revised to split certain information into different subsections, IRM 3.11.6.4, Amended Return Processing Overview, and IRM 3.11.6.7.3.1, Master File Verification Screening of a Form 1040-X.

(1) The operational instructions in this IRM determine if the adjustment request can be made in Submission Processing or if it must be sent to another area or function.

(2) Not all scenarios are covered by this IRM. Follow IRM 3.11.6.1.7, Related Resources, when this occurs. If clarification is needed, contact your lead for assistance.

(3) General SERP Alerts issued for IRM 3.11.6 are additions to the IRM and are followed as part of IRM 3.11.6.

(4) The operational guidance in this IRM takes precedence over any conflicting IRM. The specific section instructions take precedence over any general instruction.

Note: This IRM does link to specific subsections in other IRMs. When following links to other subsections, typically, the instructions are within that subsection. Occasionally, there are instances in which you must follow a link within the subsection.

Example: When researching Child Tax Credit to determine eligibility, you refer to IRM 21.6.3.4.1.24.1, Child Tax Credit (CTC) - Qualifications. If the eligibility criteria are met, you continue processing the claim per IRM 3.11.6. If eligibility isn't met and you're instructed to disallow, you refer to IRM 3.11.6.15.2.2.6, Child Tax Credit (CTC), and IRM 3.11.6.11.5, Correspondence for Disallowing a Claim (Letter 105C, Letter 105SP, Letter 106C, and Letter 106SP), for instructions on disallowing the claim.

(5) Use of IAT tools is required. IRM instructions take precedence over any instructions, directions or default inputs the IAT tools provide. If specific IRM instructions are not present, accept the IAT Tool results.

Note: Prior to using the IAT tools, you must complete setup and complete your IAT profile.

(6) All references to line numbers are for the current revision of the form or schedule unless otherwise specified.

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(7) Researching previous tax years may assist in processing a return. Tax examiners must have a valid business reason to access related accounts. When researching previous tax years, use CC IMFOL instead of CC MFREQ when an account isn't on the Taxpayer Information File (TIF).

(8) When processing an amended return, the CII Case ID is required in the remarks section of all IDRS transactions, such as REQ54, ENREQ, REQ77, and credit transfers.

IRM 3.11.6.4, Amended Return Processing Overview: New subsection with instructions from IRM 3.11.6.2, General Amended Return Processing, and IRM 3.11.6.5, Amended Return Preliminary Review, to this subsection.

(1) Taxpayers can add, delete, update, or change tax information reported on their original tax return, including amounts adjusted by the IRS, by filing an amended return. Generally, taxpayers need to complete and submit, electronically or by mail, a Form 1040-X, Amended U.S. Individual Income Tax Return, to amend their original return, but they do have the option to use Form 1040, U.S. Individual Income Tax Return, Form 1040-SR, U.S. Tax Return for Seniors, or Form 1040-NR, U.S. Nonresident Alien Income Tax Return. Regardless of the filing method used, Submission Processing (SP) 1040-X tax examiners use the Correspondence Imaging Inventory (CII) system when processing amended returns.

(2) Certain amended returns received electronically are processed through automation. If an electronically filed amended return isn't processed through automation, it will be transferred to the CII system for manual processing.

(3) Amended returns received by mail are digitized for processing.

(4) The general sequence is to determine if:

1. Routing criteria is met.
2. The claim is complete.
3. The claim is allowable.
4. The claim is processable.

(5) When processing amended returns and CP Notices, use IDRS, AMS, CII, EUP, and RRD.

(6) Use of IAT tools is required. IRM instructions take precedence over any instructions, directions or default inputs the IAT tools provide. If specific IRM instructions are not present, accept the IAT Tool results.

Note: Prior to using the IAT tools, you must complete setup and complete your IAT profile.

(7) Researching previous tax years may assist in processing a return. Tax examiners must have a valid business reason to access related accounts.

(8) When instructed to treat a case as classified waste, see IRM 3.11.6.17.22, Classified Waste.

IRM 3.11.6.7.1, 25% Income Omission Screening: Paragraph (4) - Added routing instructions to the subsection.

(1) All amended returns must be screened for possible income omission of 25% or more.

(2) A taxpayer's statute of limitations for assessments (ASED) extends to six years after the taxpayer's valid original return was filed (IRC 6501(e)), if the taxpayer omits more than 25% of the gross income reported on an original return or superseding return.

Caution: The 25% omission rule does not extend the RSED.

(3) Use the 25% Omission Calculator (IMF) when screening an amended return to determine if the 25% omission rule applies.

(4) If the case requires any of the following to be calculated, send the case to AM:

- S-Corp GRs + Other Income X TP's Share
- P/S GRs + Other Income X TP's Share
- Trust flow Thru Income

(5) If the 25% omission rule applies, send the case to AM.

IRM 3.11.6.7.3, Master File Verification Screening: Revised the subsection to split certain information into different subsections, IRM 3.11.6.7.3.1, Master File Verification Screening of a Form 1040-X, and IRM 3.11.6.7.3.2, Master File Verification Screening of an Amended Form 1040.

(1) Master file verification screening is required on all amended returns, CPs, and any miscellaneous claim adjustment prior to:

- Inputting an adjustment
- Initiating correspondence

Exception: Master file verification isn't required when corresponding for a missing tax period or TIN, or when a return has been perfected

(2) When master file verifying:

- a. Screen for possible income omission of 25% or more per IRM 3.11.6.7.1, 25% Income Omission Screening.
- b. Review AMS account summary and CII case notes on all cases.
- c. Be sure to consider all previous adjustments. If no changes can be identified see IRM 3.11.6.7.5, Duplicate Returns and Identical Open CII Cases.

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- d. For single page returns with a payment made within a few days of the received date or "W-7" stamped returns, research IDRS to determine if it was for a payment or ITIN renewal only. If the preceding scenarios are applicable, treat as a duplicate return. See IRM 3.11.6.7.5, Duplicate Returns and Identical Open CII Cases.

(3) If a Form 1040-X is received with a Form 1040 attached, determine if the amended Form 1040 that matches Column C of Form 1040-X. Then follow IRM 3.11.6.7.3.1 (2), Master File Verification Screening of a Form 1040-X.

IRM 3.11.6.7.3.1, Master File Verification Screening of a Form 1040-X: New subsection specific to master file verification of Form 1040-X.

(1) Page 1 of Form 1040-X contains three columns to help taxpayers calculate changes:

- a. Column A, Original amount, shows amounts originally claimed by the taxpayer, amounts adjusted by the IRS (math error on original return) or amounts adjusted from a previously filed Form 1040-X for the same tax period.
- b. Column B, Net change, shows the amount of change (increase or decrease) for each line the taxpayer is changing. Taxpayers are instructed to show decreases in parenthesis, explain each change in the Explanation of Changes on page 2 of Form 1040-X or attached statement and attach any schedule and/or form related to the change.
- c. Column C, Correct Amount, shows the amended figures.

(2) Master file verification requires using IDRS to compare lines 1-15 Column A and Column C of Form 1040-X. If Column A or Column C doesn't match and an amended Form 1040 is attached matching Column C, follow IRM 3.11.6.7.3.2, Master File Verification Screening of an Amended Form 1040.

Caution: The American Rescue Plan Act of 2021 allows the taxpayer to exclude \$10,200 (MFJ - \$10,200 for each spouse) of Unemployment Compensation from income for the tax year 2020. Taxpayers may file a Form 1040-X with an incomplete Column A or incorrect Column A due to systemic recovery performed on these accounts. Refer to IRM 21.6.6.2.54, Unemployment Compensation Exclusion due to American Rescue Plan Act (ARPA) of 2021, and the 2020 Unemployment Compensation Exclusion (UCE) FAQs found on [irs.gov](https://www.irs.gov) for additional information regarding the UCE.

(3) When the amount shown on a supporting form or schedule differs from the amount shown on the Form 1040-X:

- 1. # [REDACTED] # adjust using the 1040-X amount.
- 2. # [REDACTED] # correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.

IRM 3.11.6.7.3.2, Master File Verification Screening of an Amended Form 1040: New subsection specific to master file verification of an amended Form 1040.

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(1) Master file verification requires using IDRS to compare:

- Lines 1 - 11 on Form 1040 and lines 1 - 26 on Form 1040, Schedule 1.
- Lines 12 -13 on Form 1040.
- Line 15 on Form 1040.
- Lines 16 - 17 on Form 1040 and lines 1 - 3 on Form 1040, Schedule 2, Part I.
- Lines 19 - 20 on Form 1040 and lines 1 - 8 on Form 1040, Schedule 3, Part I.
- Line 23 on Form 1040 and lines 4 - 21 on Form 1040, Schedule 2, Part II.
- Line 24 on Form 1040.
- Line 25d on Form 1040.
- Line 26 on Form 1040.
- Line 27 on Form 1040.
- Lines 28 - 31 Form 1040 and lines 9 - 15 on Form 1040, Schedule 3, Part II.

(2) When the amount shown on a supporting form or schedule differs from the amount shown on the amended Form 1040:

1. # [REDACTED] # adjust using the amended Form 1040 amount.
2. # [REDACTED] # correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.

IRM 3.11.6.7.4, Math Verification Screening: The entire subsection has been revised to split the information into different subsections, IRM 3.11.6.7.4.1, Math Verification Screening of a Form 1040-X, and IRM 3.11.6.7.4.2, Math Verification Screening of an Amended Form 1040.

(1) Math verification screening is required when one or more of the following are met:

- a. Screen for possible income omission of 25% or more per , 25% Income Omission Screening.
- b. There's a total tax change (positive or negative) # [REDACTED] #
- c. Column A entries don't match TXMOD or IMFOL (no math error code is present) and IRM 3.11.6.7.3.1 (2) doesn't apply.
- d. A math error is present. Also see IRM 3.11.6.17.6, Math Error Response Cases.
- e. There are amounts that are blank, illegible or incorrect.

Exception: Math verification isn't required when the claim doesn't meet SP criteria, the entry is off by a dollar due to rounding, or the error can be identified as a misplaced entry that results in no difference between the taxpayer's expected refund or balance due and the overall adjustment being made.

IRM 3.11.6.7.4.1, Math Verification Screening of a Form 1040-X: New subsection specific to math verification of a Form 1040-X.

(1) Math verification screening of Form 1040-X includes doing the following:

- a. Verifying the math on the entire amended Form 1040-X, lines 1-15.
- b. Verifying the math on any included form, schedule and worksheet related to the change.
- c. Verifying the corrected tax computation.
- d. Verify all income-based items on claims involving an income change. Recalculate the items when the income changes, even if the taxpayer doesn't address them.

(2) If you're unable to "perfect" the return based on information submitted and through IDRS research, correspond requesting clarification:

If ...	Then ...
There's an unexplained amount that results in a change # [REDACTED] # to lines 11-15, Column B	Accept the amount and adjust using the taxpayer's Column B figures.
There's an unexplained amount that results in a change # [REDACTED] # to lines 11-15, Column B	Correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.
The taxpayer's Column A figures (original amount) don't match IDRS	Correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.
For any other reason	Correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.

(3) When math verifying the return and an error is discovered, re-compute the correct amounts using the information supplied and IDRS research. After perfecting the Total Tax (line 11), if the recomputed lines 12 - 15 amounts are:

- a. # [REDACTED] #, adjust using the taxpayer's figures.
- b. # [REDACTED] #, adjust the account using your recomputed figures. See IRM 3.11.6.17.5, Inputting a Corrected Adjustment.

IRM 3.11.6.7.4.2, Math Verification Screening of an Amended Form 1040. New subsection specific to math verification of an amended Form 1040.

(1) Math verification screening of an amended Form 1040 includes doing the following:

- a. Verifying the math on the entire amended Form 1040, lines 1-31.
- b. Verifying the math on Form 1040, Schedule 1, lines 1-26, if applicable.
- c. Verifying the math on Form 1040, Schedule 2, lines 1-21, if applicable.
- d. Verifying the math on Form 1040, Schedule 3, lines 1-15, if applicable.
- e. Verifying the math on any other included form, schedule and worksheet related to the change.

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- f. Verifying the corrected tax computation.
- g. Verify all income-based items on claims involving an income change. Recalculate the items when the income changes, even if the taxpayer doesn't address them.

(2) If you're unable to "perfect" the return based on information submitted and through IDRS research, correspond requesting clarification:

If ...	Then ...
There's an unexplained amount that results in a change # [REDACTED] # to lines 24-31	Accept the amount and adjust using the taxpayer's figures.
There's an unexplained amount that results in a change # [REDACTED] # to lines 24-31	Correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.
For any other reason	Correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.

(3) When math verifying the return and an error is discovered, re-compute the correct amounts using the information supplied and IDRS research. After perfecting the Total Tax (line 24), if the recomputed lines 25d- 31 amounts are:

1. # [REDACTED] # , adjust using the taxpayer's figures.
2. # [REDACTED] # , adjust the account using your recomputed figures. See IRM 3.11.6.17.5, Inputting a Corrected Adjustment.

IRM 3.11.6.8.13, Frivolous Claim Screening: Paragraph (7) - Corrected spelling and grammatical error. SERP Feedback #31714.

(1) A frivolous argument is used for the purpose of expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities. See paragraph 7 below for a list of frivolous arguments.

(2) A -E freeze is set by a posted TC 810 with a Responsibility Code (Res C). A TC 810 with Res C indicates a frivolous return, and the entire account is frozen. Send all cases with a TC 810 with a Res C to AM.

(3) F- freezes are set by a posted TC 971 AC 089 and indicates that a frivolous return has been received and the entire account is frozen. Adjustments aren't made to accounts showing an F- freeze.

(4) Send any "suspicious" return or case with an F- freeze to the local Frivolous Return Program (FRP) Coordinator to review as follows:

- a. Input a case message stating the "case meets requirements to send to the FRP coordinator" and suspend the case to your lead or manager.
- b. The lead or manager must input a TC 971 with AC 013 with "SENT TO FRP" in the remarks area and forward the case to the local FRP coordinator.

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(5) The FRP Coordinator reviews any case sent in which the taxpayer:

- a. Argues for any reason against filing a tax return or the paying of taxes.
- b. Uses one of the frivolous arguments or statements listed in paragraph 7 below.
- c. Marks out or alters in any manner, the penalty or perjury statement (i.e., the jurat) in the signature area.

(6) If a non-frivolous claim is received with an open control base to an employee in the FRP Unit (IDRS Numbers begin with 14867, 14868, or 14869) send the case to FRP at the following address:

IRS Frivolous Return Program
1973 N Rulon White Blvd
Mail Stop 4450
Ogden, UT 84404

Input a TC 971 with AC 013 and enter "Sent to FRP" in the remarks area.

(7) The following list includes Recognized known frivolous arguments made by both individuals and businesses are included and is not inclusive of all frivolous arguments. Notice 2010-33 also is a non-exclusive source for identifying frivolous arguments..

- **Alleged Churches/First Amendment** - Taxpayer receives income from non-religious sources, may claim a vow of poverty, and may submit a tax return with all or substantially all of the gross income claimed as a contribution on Schedule A.
- **Altered Form** - Taxpayer submits a tax return altering any or all line-items with the intent of showing non-compliance with the tax laws.
- **Altered Jurat/Uniform Commercial Code (UCC) 1-207** - Taxpayer submits a tax return that contains income and deductions and alters or lines through all or part of the jurat. The return may include a reference to UCC 1-207 or a statement that the return wasn't signed under penalties of perjury. The alteration may be located elsewhere on the return and an arrow to the jurat.
- **Amended Returns/Form 843 Claim** - Taxpayer files an amended return or Form 843 to obtain a refund of all taxes paid in prior years based on a tax avoidance argument.
- **American Indian Employment Credit** - Taxpayers submit returns and claims reducing taxable income by substantial amounts and citing an American Indian Employment Credit. Although there's an Indian Employment Credit available for business that employ American Indians or their spouses, there's no provision for its use by the actual employee.
- **Argument against Government Action/Inaction** - Taxpayer claims a deduction or credit on the tax return based on dissatisfaction with government actions or spending.
- **Bosnian Refugees** - Taxpayer filing claim eliminating tax based on their status as a Bosnian refugee.
- Certain instances of misuse or excessive use of the **section 6421** fuels credit.
- **#** [REDACTED]

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- **Challenges to Authority/Title 26 or "Law" in Other Documents** - Taxpayer may argue that Title 26 of the United States Code (USC) isn't law because it was never enacted as named. They may also argue that other laws or documents prevent the IRS from assessing and collecting tax, such as the Bible, Bill of Rights, Declaration of Independence, etc.
 - **Disclaimer** - Taxpayer submits a disclaimer. The disclaimer states they "disclaim the liability of the tax due", making the liability on the tax return zero.
 - **Employment Tax/CFR 1.861** - No employer is legally obligated to withhold income or employment taxes on employees' wages.
 - Erroneous claims that taxes are only owed by persons with a fiduciary relationship to the United States or the IRS.
 - **Federal Reserve Notes Are Not Legal Tender** - Taxpayer argues that Federal Reserve notes are not money, so they are not income when received.
 - **Fifth Amendment** - Taxpayer makes an improper blanket assertion of the Fifth Amendment right against self-incrimination as a basis for not providing financial information.
 - **Form 1099 MISC** -Form 1099 MISC -The Frivolous Form 1099 is used to claim large refunds based on false income amounts and withholding. The false income typically is reported as Other Income. Typically, the Form 1099 MISC payer (issuer) is a large bank, loan, and/or mortgage company and the income and withholding may be substantiated on IRPTR. The fraudulent withholding is generally 33 percent of the reported income but may be up to 100 percent. The taxpayer may include other issues on these fraudulent claims.
 - **Form 2555 Deduction** - Taxpayer submits a return showing income and deducts the same amount (or a large portion of the amount) by adding "Form 2555" to Schedule 1. Form 2555, Foreign Earned Income, is usually attached showing the taxpayer's "foreign address" is in the United States. The taxpayer also shows income on Form 2555 as "foreign earned income" even though the employer's address is also in the United States.
 - **Fuel Tax Credit Returns** - Taxpayers submit returns that reflect fuel tax claimed for occupations that would not justify the use of fuel used for non-taxable purposes, such as hairdressers, housekeepers, nurse, etc. Realistically, the taxpayers would not have money sufficient to live on, if indeed they had purchased the amount of fuel on which they claimed the credits. Therefore, the claims remain so far beyond a reasonable range as to doubt good faith on the return in general.
 - **In Lieu of** - Taxpayer submits a document containing personal identifying information and a summary of income received "in lieu of" an official income tax form.
 - **IRC 1001** -Taxpayer claims on Schedule A under "Other Miscellaneous Deductions" no gain realized for even exchange of property-Labor (property)-Employer's (property) with NO GAIN REALIZED Butcher's Union Co. v. Crescent City Co., 111 US 746 S.CT.Rptr., pp.660-661.
 - **IRC 83** - Claims, generally in the form of Form 843, Claim for Refund and Request For Abatement, request abatements of previously assessed taxes and/or penalties using IRC 83 as justification. The claims further describe that the abatement is based on an allegation that the taxpayer previously failed to compute, under IRC 83, the amount of property transferred in connection with the performance of services.

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- **IRC 1341** - Taxpayer claims compensation for personal labor isn't taxed by Title 26, IRC 1341, sometimes arguing that the taxpayer has a "claim of right" to exclude the cost or value of the labor.
- **IRC 3121** - Taxpayer contends that IRC 3121 exempts the Federal Insurance Contribution Act (FICA) portion of earnings from the definition of "wages" and therefore from "gross income" for federal income tax purposes. The taxpayer attempts to reduce taxable income by their portion of withheld Social Security tax.
- **IRS is a Private Organization/Collects Tribute, Not Taxes** - Taxpayer argues that the IRS is an entity named the Internal Revenue and Tax Service, Inc. and since the IRS deposits its revenues in the Federal Reserve Bank, it is a collection agency for the Federal Reserve Bank. Additionally, the taxpayer argues the Department of Treasury is part of the United Nations and secretly leading the tax-paying public into a "New World Order".
- **Native American Indian Treaty**- The filings usually include Form 1099-MISC or other income documents that include withholding and results in a refund.
- **Mariner's Tax Deduction** (or the like) related to invalid deductions for meals.
- **Misinterpretation of the 9th Amendment to the U.S. Constitution** Taxpayer's objection to military spending.
- **Non-negotiable Charge Back** - Taxpayer attempts to sell their birthright back to the government for a large dollar amount and requests that a "Treasury Direct Account" be set up to hold the money.
- **Not a Citizen/Free Citizen/Not a Resident of Federal Zone** - Taxpayer argues they are not a citizen of the United States and received no income or benefits from sources within the United State.
- **Not a Person or Individual** - Taxpayer argues against being a "Person" or "Individual" within the meaning of the IRC; therefore, isn't subject to income taxes.
- **Obscene, Vulgar, Harassing** - Taxpayer submits documents or other materials indicating that non-filing is due to dissatisfaction with tax policies or taxation in general. Often this argument is expressed in an extremely demeaning manner with obscene, vulgar, or crude language and characters.
- # [REDACTED]
- # [REDACTED]
- # [REDACTED]
- # [REDACTED]
- # [REDACTED]

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- # [REDACTED]
- **Outlandish and/or Unsubstantiated Credits** - Taxpayers submit returns and claims that generally reflect income, but also claim the exact amount of income entered as withholding. Oftentimes the filing contains Forms **1099-OID** (Original Issue Discount). In some instances, the 1099-OID is shown generated to a payee unrelated to the taxpayer (such as the Department of the Treasury or various judges or attorneys), yet the withholding is claimed on the taxpayer's return. The refunds claimed, resulting from these filings, are large.
- **Prisoners and substitute W-2**-- Prisoners supplying a substitute W-2 (Form **4852**) with the explanation portion of the Form **4852** stating the income is based on computation of minimum wage for hours worked within the prison. The Form 4852 lists a withholding amount that allegedly represents the amount an employer would withhold from an employee's wages if working for minimum wage. The inmate then claims a refund based on the data for income and withholding they say that the prison should have reported. Prisons never withhold tax from pay and don't issue Form **W-2**.
- # [REDACTED]
- **Services Not Taxable/Thirteenth Amendment/Form of Servitude** - Taxpayer argues that income results from the sale of goods; therefore, the value of services isn't taxable. This includes indentured servitude arguments and barter offsets. The taxpayer may also argue that the Thirteenth Amendment outlawed slavery. They may claim to be a "natural enfranchised individual and freeman" who is a resident of a state and therefore a nonresident alien for the purpose of the IRC.
- **Sixteenth Amendment** - Taxpayer argues the Sixteenth Amendment wasn't properly ratified; therefore, the federal government doesn't have the legal authority to collect an income tax without apportionment.
- **Taxes are Voluntary/Law doesn't Require** - Taxpayer submits a tax return, amended tax return, or correspondence that argues income taxes are voluntary.
- **Thumbprint in lieu of a signature** - Thumbprint is present in the signature area on a return.
- **Trusts** - Taxpayer attempts to flow income through the trust to avoid personal tax liability. Promoters use "business trusts" as a means of evading income tax.
- **U.S. vs. Long** - Taxpayer submits a tax return with zero money amounts and refers to U.S. vs. Long.
- **Unsigned Tax Returns** - Taxpayer submits a completed unsigned tax return. A statement why the return isn't signed is attached or added to the return indicating disagreement with the tax system.
- **Unsupportable non-taxable compensation** - Taxpayer reports wages but deducts all or a portion of the income as non-taxable compensation.

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- **Untaxed** - Taxpayer argues that they should be "untaxed" and attempts to drop out of the Social Security system. They withdraw or rescind their Social Security Number (SSN), claiming they are a sovereign citizen.
- **Valuation** - Taxpayer argues that income isn't taxable because of the declining fair market value of the dollar. They state the dollar isn't backed by gold/silver, or the value of services is offset by the value of the labor (barter income).
- **Wages Deducted in Cost of Goods Sold** - Taxpayer submits a return with a Schedule C claiming a deduction equal, or nearly equal, to the amount reported as wage income. The deduction is usually included in the cost of goods sold but could appear under a different deduction category.
- **Wages/Receipts Not Income** - Taxpayer argues that salaries and wages are not "income" within the meaning of the Sixteenth Amendment. Taxpayer may also argue that labor worth a certain amount is exchanged for money worth the same amount, so there's no income to be taxed.
- **Wages, tips, and other compensation received for the performance of personal services** - Taxpayer argues that the wages, tips or other compensation received are not taxable income or are offset by an equivalent deduction for the personal services rendered, including an argument that a taxpayer has a "claim of right" to exclude the cost or value of the taxpayer's labor from income or that taxpayers have a basis in their labor equal to the fair market value of the wages they receive, or similar arguments described as frivolous in Rev. Rul. 2004–29, 2004–1 C.B. 627, or Rev. Rul. 2007–19, 2007–1 C.B. 843.
- **Zero Returns** - Taxpayer submits a tax return with zero money amounts and attaches a statement claiming there's no section of the IRC that establishes an income tax liability. The statement may also contain arguments regarding the definition of income. Taxpayer may cite the Latin phrase "Nunc Pro Tunc" ("Then and Now") on the return, Form **1096** and/or 1099. Taxpayer may list all zeros and claim a refund of all Federal Withholding, or claim an amount for wages, AGI and Standard Deduction, enter no tax and claim a refund of all Federal Withholding, or taxpayer claims wages and AGI, but carries AGI to refund line.
- **Zero Wages on a Substitute W-2** - Filer generally attaches either a substitute Form **W-2**, Form 1099, or Form **4852** that shows "\$0" wages or no wage information. Entries are usually for Federal income tax withheld but can be Social Security tax withheld or Medicare tax withheld. An explanation on the Form 1040-X or Form **4852** may cite "statutory language behind IRC 3401 and IRC 3121" or include some reference to the company refusing to issue a corrected Form **W-2** for fear of IRS retaliation.

IRM 3.11.6.8.15, Return Integrity and Verification Operation (RIVO) Case Screening: Paragraph (1) - Added a table with verification procedures. Paragraph (2) - Deleted the instruction and combined it with the new table in paragraph (1).

(1) The Return Integrity Verification Operation (RIVO) identifies, and intercepts refunds from returns with questionable wage and/or withholding claims, which may include identity theft related issues.

If ...	Then ...
Using CC IRPTR for verification	Follow IRM 3.11.6.2.6.1.1, CC IRPTR.

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A TC 971 AC 123 with a MISC field entry of "1040X INVALID IDOC" is present	Follow IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INVALID IDOC
A TC 971 AC 123 with a MISC field entry of "1040X INC MISMATCH" is present	Follow IRM 3.11.6.17.24, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INC MISMATCH
A TC 971 AC 199 with a MISC field entry of "AMWEX60033JDDB73EFDS" is present	Follow IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199
A TC 971 AC 199 with a MISC field entry of "AMWEX60033 IRP EFDS" is present	Follow IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199

(2) Use the following chart to on cases with RIVO involvement:

Note: RIVO should not receive any CP notices or returns that have already been stamped by RIVO.

If ...	And ...	Then ...
RIVO is holding the refund with a TC 971 AC 134 Note: Cases with a TC 971 AC 134 are pre-refund wage verification, not ID theft.	Wages and withholding in Column C of the Form 1040-X can be verified per CC IRPTR # [REDACTED]	Process the Form 1040-X using normal procedures.
RIVO is holding the refund with a TC 971 AC 134 Note: Cases with a TC 971 AC 134 are pre-refund wage verification, not ID theft.	Wages and withholding in Column C of the amended return can't be verified per CC IRPTR. # [REDACTED]	Take the following action: Exception: If there's additional routing criteria and RIVO takes priority, then route the claim based on the second routing criteria. See IRM

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		3.11.6.8, Sorting, Routing, and Priority Screening, for routing priority. 1. Adjust the account to the Form 1040-X figures following normal procedures. 2. Use HC 4 to set the -K freeze. 3. Open an IDRS control to: C#,AQC6X,A,AQ C2 1487877777,* 4. Close the CII case.
RIVO is holding the refund with a TC 971 AC 134 Note: Cases with a TC 971 AC 134 are pre-refund wage verification, not ID theft.	There's an AQC marker (TC 971 AC 122, 140, or 128) and the account has not been adjusted by RIVO # [REDACTED] [REDACTED] [REDACTED] #	Take the following action: Exception: If there's additional routing criteria and RIVO takes priority, then route the claim based on the second routing criteria. See IRM 3.11.6.8, Sorting, Routing, and Priority Screening, for routing priority. 1. Adjust the account to the Form 1040-X figures following normal procedures. 2. Use HC 4 to set the -K freeze. 3. Open an IDRS control to: C#,AQC6X,A,AQ C2 1487877777,* 4. Close the CII case.
There's an open case to RIVO	The amended return:	Don't input an

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Automated Questionable Credit (AQC), QRPA, or the account was previously adjusted by the AQC program. (The account will show a closed AQC control with a TC 971 AC 122, 140, or 128.) (The TC 971 AC 128 must contain a MISC field of AQCPTC191 or AQCPTC195 and a TC 810 with a memo amount.)	- Addresses income, withholding, or credits - Addresses the previously adjusted issues - Has Letter 4800C or Letter 3219C attached or mentioned.	adjustment. Send the entire case to RIVO AQC program: RIVO AQC Program Stop 763 ATSC 4800 Buford Hwy Atlanta, GA 39901
There's an open case to RIVO Automated Questionable Credit (AQC), QRPA, or the account was previously adjusted by the AQC program. (The account will show a closed AQC control with a TC 971 AC 122, 140, or 128.) (The TC 971 AC 128 must contain a MISC field of AQCPTC191 or AQCPTC195 and a TC 810 with a memo amount.)	The amended return is changing items other than income, withholding, or credits.	Follow normal processing procedures. Note: For open controls, place the case in "B" status, input the adjustment, and then return the case to its original status.
There are Estimated Tax (ES) Payments on the module, but the taxpayer isn't claiming ES payments on the amended return. Or the taxpayer is claiming a small portion of the ES payments on the module.	# [REDACTED] #	Send the case to your local RIVO. Input a CC Acton history item "TO RIVO." - Austin: 6574 AUSC - Kansas City: 6574 S-2 KCSC - Ogden: 9002 OSC - Memphis: 6574 AUSC

(3) Claims returned from RIVO may have a stamp indicating they have been reviewed.

If ...	And ...	Then ...
RIVO doesn't Provide any specific processing instructions	The claim still appears suspicious	Elevate to your Lead or Manager. The Lead or Manager must check with the local P&A Analyst # [REDACTED] # .

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Indicate "No RIVO Potential" or similar statement		
RIVO indicates the wages and/or withholding can't be verified, 1040-X can't be verified/disallow, or similar wording	The wages or withholding are the only issue	Take the following action: - Input a TC 290 .00. - Send a Letter 916C using the following fill-in: We can't verify your claim for wages or withholding. Please verify your information. - Close the CII case.
RIVO indicates the wages and/or withholding can't be verified, 1040-X can't be verified/disallow, or similar wording	The claim has a mix of items that can or can't be verified on IRPTR	Take the following action: - Input the processable changes and allow items that can be verified through IRPTR. - Disallow items that can't be verified on IRPTR. Send a Letter 106C disallowing the claim and input the adjustment per IRM 3.11.6.11.5, Correspondence for Disallowing a Claim (Letter 105C, Letter 105SP, Letter 106C, and Letter 106SP), using the following fill-in: We can't verify your claim for (fill in the blank). Please verify your information. - Close the CII case.
RIVO indicates "RIVO is no longer interested in the return."		Follow normal processing procedures.
RIVO returns the claim with instructions for the 1040-X team to work the case	Other routing criteria are present	Follow normal processing procedures. The case must be annotated with the route criteria and the RIVO processing instructions must be left attached.
RIVO returns the claim with instructions for the 1040-X team to work the case	The processing instructions conflict with IRM instructions	Send the case to AM. The case must be annotated with the issue that doesn't meet SP 1040-X criteria and the RIVO processing instructions must be left attached.
RIVO returns the claim with instructions for the 1040-X team to work the case	The case will be processed Note: If a Z freeze is present on the case,	Follow normal processing procedures and add "Per RIVO" in the remarks.

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	see IRM 3.11.6.8.14, Criminal Investigation (CI) Scheme Development Center (SDC) Screening.	
RIVO returns the claim with instructions for the 1040-X team to send the case to Files		1. Input a TC 290 .00. 2. Add "Per RIVO" in the remarks 3. Close the CII case.

IRM 3.11.6.8.16, Category A (CAT-A) Criteria Screening: Paragraph (1) - Updated the routing instructions to mirror AM instructions. Paragraph (9) - Updated the instruction to simplify the routing instructions.

(1) To determine if a case meets Category A (CAT-A) criteria, see IRM 21.5.3-2, Examination Criteria (CAT-A) - General, and IRM 21.5.3-3, Examination Criteria (CAT-A) - Credits. The "CAT-A criteria" cited refers to the amount of the tax decrease, credit increase, or certain other changes. If the amended return results in a balance due, or increases the balance, do not send to CAT-A Classification. Only complete claims can be referred to CAT-A. A claim is considered complete if it has all information required to process the return.

(2) If processing a superseding return, follow IRM 3.11.6.8.11, Superseding Return Discriminant Function (DIF) Score Screening.

(3) Only complete claims can be referred to CAT-A. A claim is considered complete if it has all information required to process the return. If the claim is incomplete, correspond following IRM 3.11.6.11, Correspondence Procedures.

Caution: If the response to the correspondence is incomplete, send the claim to CAT-A.

(4) When screening a case for CAT-A criteria, ensure the change isolated from any other change on the return meets the criteria listed.

(5) If a CAT-A criteria is met and there is an increase to Earned Income Tax Credit (EITC), unless a CAT-A EITC exception is present, screen the case through CC DDBCK. If the case is selected, follow DDBCK Selected procedures in IRM 3.11.6.14.4 (7), Command Code DDBCK (Dependent Database Check). If the case is not selected, send the case to CAT-A.

(6) Don't apply CAT-A criteria to:

- Combat Zone returns when the TP is actively serving in a Combat Zone. See IRM 3.11.6.17.4, Combat Zone
- CP notices
- Credits that are being disallowed
- Credits that are being reduced below the CAT-A tolerance due to master file or math verification

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(7) If the case is being forwarded to CAT-A, do not input a TC 971 AC 013.

(8) If a dependent's TIN is being changed from an ITIN to SSN, follow IRM 3.11.6.14.1, Revoking a Dependent's ITIN, before sending the claim to CAT-A.

(9) If the claim meets CAT-A criteria, follow the table.

If ...	Then ...
The CAT-A issue meets SP criteria and the claim is complete	Suspend the case to CAT-A. Caution: If Schedule C meets CAT-A criteria and EIC is increasing, input CC DDBCK to check the validation results prior to referring the case to CAT-A.
The CAT-A issue doesn't meet SP 1040-X criteria	Send to AM as Out of Scope. Follow IRM 3.11.6.10.1, MEFP Reassignment and Reroute Guide, or IRM 3.11.6.10.2, MEFS Reassignment and Reroute Guide, as appropriate.
An AUR criteria is present per IRM 3.11.6.8.17, Automated Underreporter (AUR) Screening	Send to AUR following IRM 3.11.6.10.1, MEFP Reassignment and Reroute Guide, or IRM 3.11.6.10.2, MEFS Reassignment and Reroute Guide, as appropriate.
There's also an out-of-scope issue present on the case	Send to AM as Out of Scope. Follow IRM 3.11.6.10.1, MEFP Reassignment and Reroute Guide, or IRM 3.11.6.10.2, MEFS Reassignment and Reroute Guide, as appropriate.

IRM 3.11.6.8.21.2, Transaction Code (TC) 971 and Action Codes: Paragraph (2) - The table has been updated to include additional action codes.

(1) A TC 971, when input with one of the action codes (AC) below, indicates the taxpayer filed an amended return and begins an action trail for the document. The action code indicates where the return was routed. Since some of these actions generate a TC 977 on master file and a -A or E- freeze on IDRS, the received date of the Form 1040-X must be input for the transaction date. If you're only routing correspondence or a form attached to a Form 1040-X , you generally don't need to enter an action code unless instructed to do so.

(2) The most common TC 971 action codes are:

Action Code	Description
002	Used when routing a return with No TC 150 to Batching to prevent the E-Freeze from switching to a -A Freeze when the return posts.

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010	MeF amended returns, scanned cases processed in SP, and paper filed amended return claims forwarded to Accounts Management (Automatically input by CII).
012	Collection (When routing the entire return).
013	Exam or Frivolous.
014	Statute function.
015	Underreporter function.
016	Destination International Cases amended returns/claims go to Philadelphia (Automatically input by CII).
065	Form 8857, Request for Innocent Spouse Relief (and Separation of Liability and Equitable Relief), filed. Send the case to Covington, KY. (Input by Cincinnati Centralized Innocent Spouse Operation).
071	Form 8379, Injured Spouse Claim and Allocation.
111	ID Theft.
113	Total AOTC, CTC and/or EIC amounts that were disallowed due to the PATH Act.
120	Amended return/claim in Submission Processing.
123	If the MISC field entry is: "UCERECOVERY03112021", see IRM 3.11.6.15.1.1.3, Unemployment Compensation Exclusion (UCE) - Tax Year 2020 Only (Line 1). "1040X INVALID IDOC", see IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INVALID IDOC. "1040X INC MISMATCH", IRM 3.11.6.17.24, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INC MISMATCH.
134	RIVO or CI SDC. See IRM 3.11.6.8.15, Return Integrity and Verification Operation (RIVO) Screening.
137	See IRM 3.11.6.13.1, Entity Changes.
192	Schedule LEP, Request for Alternative Language Products by Taxpayers With Limited English Proficiency (LEP). See IRM 3.11.6.13.2, Schedule LEP, Request for Change in Language Preference.
199	See IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199
592	Form 9000, Alternate Media Preference. See IRM 3.11.6.13.3, Form 9000, Alternative Media Preference.
661	Undeliverable mail (UD) indicator.
698	Form 8938, Statement of Foreign Financial Assets, attached to Form 1040-X. See IRM 3.11.6.17.13, Form 8938, Statement of Foreign Financial Assets.

Note: For further information, see TC 971 action codes in Document 6209, IRS Processing Codes and Information, Section 8C, Master File Codes.

IRM 3.11.6.15.2.2, Nonrefundable Credits - Line 7: Paragraph (9) - Added processing instructions for credits not allowed by law. Paragraph (10) - Added

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processing procedures for cases claiming the Native American Tax Credit, Tribal Tax Credit, and Sovereign Tax Credit.

- (1) Taxpayers use Form 1040-X line 7, Credits, to reduce their tax by claiming non-refundable credits by an amount not to exceed line 6, Tax.
- (2) Math verify the form or schedule, if one is required.
- (3) If the credit requires a qualifying child, use CC INOLE to verify the name control, TIN, and date of birth of the qualifying child.
- (4) If the taxpayer claims credits greater than the tax on line 6 and the full amount of the credit(s) are used to reduce the corrected total tax on line 11 or if the taxpayer isn't eligible for all or part of non-refundable credit(s), see IRM 3.11.6.17.5, Inputting a Corrected Adjustment.
- (5) If unable to determine the source of the line 7 change, research IDRS and attachments for indications of routing criteria or other processing. If the cause of the change can't be determined # [REDACTED] #, process normally.

Note: # [REDACTED]

#

- (6) If the taxpayer makes an initial claim # [REDACTED] # that can't be substantiated, correspond per IRM 3.11.6.12, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.
- (7) Adjust the credit with Transaction Code (TC) 29X, Reason Code (RC) 036, unless a specific RC applies.
- (8) Non-refundable credits must be applied in the order that they appear in IRM 21.6.3.4.1(1), Nonrefundable Credits Procedures.
- (9) If a superseding return or amended return is received claiming a credit not allowed by law, follow IRM 3.11.6.17.26, Credits Not Allowed by Law.
- (10) If one of the credits listed below is being claimed on a return, follow IRM 3.11.6.17.26.1, Native American Tax Credit, Tribal Tax Credit, and Sovereign Tax Credit.

- Native American Tax Credit
- Tribal Tax Credit
- Sovereign Tax Credit
- "Tax" on Form 1040, Schedule 3, Line 6z, and supporting documentation is attached that is related to one of the credits listed above.
- "Tax" on Form 1040, Schedule 3, Line 13z, and supporting documentation is attached that is related to one of the credits listed above.

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IRM 3.11.6.15.5, Refundable Credits - Line 15: Paragraph (6) - Added processing instructions for credits not allowed by law. Paragraph (7) - Added processing instructions for cases claiming the Native American Tax Credit, Tribal Tax Credit, and Sovereign Tax Credit.

(1) A refundable credit isn't limited by the amount of tax owed. If total credit(s) or payment(s) exceed the tax liability, the excess is refundable.

(2) The following subsections provide processing instructions for refundable credits:

- Schedule 8812, Credits for Qualifying Children and Other Dependents
- Form 8863, Education Credits (American Opportunity and Lifetime Learning Credits)
- Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
- Form 4136, Credit for Federal Tax Paid on Fuels
- Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals
- Recovery Rebate Credit
- Form 2441, Dependent Care Credit.

(3) #

(4) If the taxpayer claims a non-refundable credit on line 15 of Form 1040-X, move the amount to line 7. See IRM 3.11.6.15.2.2, Nonrefundable Credits - Line 7.

(5) The taxpayer may request all or a portion of their overpayment be credited to the subsequent tax year as an estimated payment. See IRM 3.11.6.15.6.2, Credit Elect (Line 23).

(6) If a superseding return or amended return is received claiming a credit not allowed by law, follow IRM 3.11.6.17.26, Credits Not Allowed by Law.

(7) If one of the credits listed below is being claimed on a return, follow IRM 3.11.6.17.26.1, Native American Tax Credit, Tribal Tax Credit, and Sovereign Tax Credit.

- Native American Tax Credit
- Tribal Tax Credit
- Sovereign Tax Credit
- "Tax" on Form 1040, Schedule 3, Line 6z, and supporting documentation is attached that is related to one of the credits listed above.
- "Tax" on Form 1040, Schedule 3, Line 13z, and supporting documentation is attached that is related to one of the credits listed above.

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IRM 3.11.6.16.2, Integrated Data Retrieval System (IDRS) Transaction Codes: Paragraph (2) - The table has been updated to include additional transaction codes.

(1) Some IDRS Transaction Codes require routing or special handling. For definitions of various Transaction Codes, refer to Document 6209, IRS Processing Codes and Information, or IRM 21.5.6, Freeze Codes.

(2) The table below lists the common transaction codes used in Submission Processing. The complete list of these codes is contained in Document 6209, IRS Processing Codes and Information.

Transaction Codes	Action
TC 140 is present	See IRM 3.11.6.13.1.2.1, Filing Status 2 Changes.
TC 160 - 162	Send the case to AM.
TC 170	See IRM 3.11.6.17.8, Estimated Tax Penalty.
TC 300 - 361 (TC 300 is most commonly used)	Send the case to AM Exception: If an -L freeze or TC 420 is present, see IRM 3.11.6.8.12, Examination Case Screening.
TC 420 and no 421	See IRM 3.11.6.8.12, Examination Case Screening.
TC 420 and 421 with no TC 300	Continue processing.
TC 424 and 425 with no TC 300	Continue processing.
TC 424 (with no TC 425)	See IRM 3.11.6.8.12, Examination Case Screening.
TC 480 and 780 (with a -Y freeze)	See IRM 3.11.6.8.20.3, Collection Function Case Screening.
TC 520 (without a TC 521 or 522)	Send the case to AM.
TC 520 with a 521 or 522	Continue processing.
TC 576 (without a TC 577)	Send the case to AM.
TC 576 with a posted TC 577	Continue processing.
TC 582	Continue processing.
TC 594	See IRM 3.11.6.6.1, Transaction Code (TC) 150 Research (No TC 150).
TC 810	See IRM 3.11.6.8.13, Frivolous Claims Screening.
TC 841 without a subsequent 846	Send the case to AM.
TC 885	Send the case to AM.
TC 896 (relating to MFT 29)	Send the case to AM.
TC 904	See IRM 3.11.6.6.4, Form 1040-X without Form 1040 Attached (No TC 150).
TC 914, 916 or 918	See IRM 3.11.6.8.14, Criminal Investigation (CI) Scheme

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without subsequent 912, 915, 917 or 919	Development Center (SDC) Screening.
TC 922	See IRM 3.11.6.8.17, Automated Underreporter (AUR) Screening.
TC 970 AC 001	Direct Deposit.
TC 971 AC 111	See IRM 3.11.6.8.9 Identity Theft (IDT) Screening.
TC 971 AC 123	If the MISC field entry is: • "UCERECOVERY03112021", see IRM 3.11.6.15.1.1.3, Unemployment Compensation Exclusion (UCE) - Tax Year 2020 Only (Line 1). • "1040X INVALID IDOC", see IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INVALID IDOC. • "1040X INC MISMATCH", IRM 3.11.6.17.24, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INC MISMATCH.
TC 971 AC 137 with a filing status change	See IRM 3.11.6.13.1, Entity Changes.
TC 971 AC 199	See IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199.
TC 976 or 977	Continue processing.

IRM 3.11.6.17.7, Inputting a Disallowance Adjustment: Paragraph (1) - The table has been updated to include new disallowance issues. Paragraph (3) - The table has been updated to include new disallowance issues.

(1) Follow the table below when sending a Letter 105C:

If ...	Then ...
The disallowance is for PATH Act	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 98 if the original return was paper filed. ▪ 99 If the original return was e-filed. b. Input a TC 290 for .00. c. Use Source Code 0. d. Use the applicable Reason Code(s). e. Use CII Indicator "1" f. Use Source Document Indicator "N". g. Input the appropriate remarks

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	2. Correspond as follows: a. Send a Letter 105C b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page" c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.2.6.1.1, CC IRPTR	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 98 if the original return was paper filed. ▪ 99 If the original return was e-filed. b. Input a TC 290 for .00. c. Use Source Code 0. d. Use Hold Code 4 if the module is in a credit balance. e. Use the applicable Reason Code(s). f. Use CII Indicator "1" g. Use Source Document Indicator "N". h. Input the appropriate remarks 2. Correspond as follows: a. Send a Letter 105C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page" c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INVALID IDOC	1. Input the adjustment as follows: a. Use Blocking Series: • 98 if the original return was paper filed. • 99 If the original return was e-filed. b. Input a TC 290 for .00.

	c. Use Source Code 0. d. Use Hold Code 4 if the module is in a credit balance. e. Use the applicable Reason Code(s). f. Use CII Indicator "1" g. Use Source Document Indicator "N". h. Input the appropriate remarks 2. Correspond as follows: a. Send a Letter 105C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page" c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INC MISMATCH	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 98 if the original return was paper filed. ▪ 99 If the original return was e-filed. b. Input a TC 290 for .00. c. Use Source Code 0. d. Use Hold Code 4 if the module is in a credit balance. e. Use the applicable Reason Code(s). f. Use CII Indicator "1" g. Use Source Document Indicator "N". h. Input the appropriate remarks 2. Correspond as follows: a. Send a Letter 105C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page" c. Leave a CII Case Note describing the issue.

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The claim is being disallowed per IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 98 if the original return was paper filed. ▪ 99 If the original return was e-filed. b. Input a TC 290 for .00. c. Use Source Code 0. d. Use Hold Code 4 if the module is in a credit balance. e. Use the applicable Reason Code(s). f. Use CII Indicator "1" g. Use Source Document Indicator "N". h. Input the appropriate remarks 2. Correspond as follows: a. Send a Letter 105C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page" c. Leave a CII Case Note describing the issue.
The disallowance is for all other claims	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 98 if the original return was paper filed. ▪ 99 If the original return was e-filed. b. Input a TC 290 for .00. c. Use Source Code 0. d. Use the applicable Reason Code(s). e. Use CII Indicator "1". f. Use Source Document Indicator "N" g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 105C.

	b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page". c. Leave a CII Case Note describing the issue.
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(2) When the partial disallowance of a claim results in a balance due or zero-balance, send a Letter 105C as outlined in paragraph 1 and input the adjustment following Letter 106C adjustment procedures outlined in paragraph 3 below.

(3) Follow the table below when sending a Letter 106C:

Note: When sending Letter 106C the:

- "Amount of Claim" is the total the taxpayer is expecting.
- "We only allowed" amount is the result of the adjustment.

If ...	Then ...
The disallowance is for PATH Act	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 18 if the original return was paper filed. ▪ 00 If the original return was e-filed. b. Input a TC 29X for the corrected total tax. c. Use Source Code 1 d. Use the applicable Reason Code(s). e. Use CII Indicator "1" f. Use Source Document Indicator "N". g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 106C. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page". c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.2.6.1.1, CC IRPTR	1. Input the adjustment as follows: a. Use Blocking Series:

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	▪ 18 if the original return was paper filed. ▪ 00 If the original return was e-filed. b. Input a TC 29X for the corrected total tax. c. Use Source Code 1. d. Use the applicable Reason Code(s). e. Use CII Indicator "1". f. Use Source Document Indicator "N". g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 106C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page". c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INVALID IDOC	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 18 if the original return was paper filed. ▪ 00 If the original return was e-filed. b. Input a TC 29X for the corrected total tax. c. Use Source Code 1. d. Use the applicable Reason Code(s). e. Use CII Indicator "1". f. Use Source Document Indicator "N". g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 106C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File"

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	button on the "Active Case Page". c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INC MISMATCH	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 18 if the original return was paper filed. ▪ 00 If the original return was e-filed. b. Input a TC 29X for the corrected total tax. c. Use Source Code 1. d. Use the applicable Reason Code(s). e. Use CII Indicator "1". f. Use Source Document Indicator "N". g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 106C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page". c. Leave a CII Case Note describing the issue.
The claim is being disallowed per IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 18 if the original return was paper filed. ▪ 00 If the original return was e-filed. b. Input a TC 29X for the corrected total tax. c. Use Source Code 1. d. Use the applicable Reason Code(s). e. Use CII Indicator "1". f. Use Source Document Indicator "N".

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	g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 106C with the fill-in: We're unable to verify the income or withholding amount claimed on your amended return. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page". c. Leave a CII Case Note describing the issue.
The disallowance is for all other claims	1. Input the adjustment as follows: a. Use Blocking Series: ▪ 18 if the original return was paper filed. ▪ 00 If the original return was e-filed. b. Input a TC 29X for the corrected total tax. c. Use Source Code 1. d. Use the applicable Reason Code(s). e. Use CII Indicator "1". f. Use Source Document Indicator "N". g. Input the appropriate remarks. 2. Correspond as follows: a. Send a Letter 106C. b. Print the C-Letter to PDF and attach it to the case with the "Attach File" button on the "Active Case Page". c. Leave a CII Case Note describing the issue.

IRM 3.11.6.17.23, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INVALID IDOC: The subsection has been revised to match other TC 971 AC 123 processing instructions.

(1) If a TC 971 AC 123 with a MISC field entry of "1040X INVALID IDOC" is present, disallow the claim. Refer to IRM 3.11.6.17.7, Inputting a Disallowance Adjustment.

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IRM 3.11.6.17.24, Transaction Code (TC) 971 with Action Code (AC) 123 - 1040X INC MISMATCH: The subsection has been revised to match other TC 971 AC 123 processing instructions.

(1) When a TC 971 AC 123 with a MISC field entry of "1040X INC MISMATCH" is present, disallow the claim. Refer to IRM 3.11.6.17.7, Inputting a Disallowance Adjustment.

IRM 3.11.6.17.25, Transaction Code (TC) 971 with Action Code (AC) 199: New subsection to provide processing instructions when certain TC 971 AC 199 indicators are present.

(1) If a TC 971 AC 199 with one of the following MISC field entries is present, disallow the claim. Refer to IRM 3.11.6.17.7, Inputting a Disallowance Adjustment.

- "AMWEX60033JDDDB73EFDS"
- "AMWEX60033 IRP EFDS"

IRM 3.11.6.17.26, Credits Not Allowed by Law: New subsection to provide processing instructions for cases claiming credits not allowed by law.

(1) When a credit is being claimed on a superseding return or amended return that doesn't have a legal basis, follow the table below.

If ...	Then ...
A new credit is being claimed on a superseding return or amended return that's not allowed by law	Disallow the claim. Follow IRM 3.11.6.17.7, Inputting a Disallowance Adjustment, using the fill-in: Under the Internal Revenue Code and Treasury regulations, only credits authorized by federal statute are allowable.
The superseding return or amended return is a response to a math error (ME) for a credit that's not allowed by law	Treat the case as an unsubstantiated ME response. Follow unsubstantiated ME response procedures in IRM 3.11.6.17.6, Math Error Response Cases.

IRM 3.11.6.17.26.1, Native American Tax Credit, Tribal Tax Credit, and Sovereign Tax Credit: New subsection to provide processing instructions for amended returns claiming these credits.

(1) If any of the credits listed below are present on a case, follow the table.

- Native American Tax Credit

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- Tribal Tax Credit
- Sovereign Tax Credit
- "Tax" on Form 1040, Schedule 3, Line 6z, and supporting documentation is attached that is related to one of the credits listed above.
- "Tax" on Form 1040, Schedule 3, Line 13z, and supporting documentation is attached that is related to one of the credits listed above.

If ...	And ...	Then ...
Processing an MEFP or MEFS case	There is an initial claim for one of the credits in paragraph (2) above	Disallow the claim. Follow IRM 3.11.6.17.7, Inputting a Disallowance Adjustment, using the fill-in: Under the Internal Revenue Code and Treasury regulations, only credits authorized by federal statute are allowable.
Processing an MEFP	The superseding return or amended return is a response to a math error (ME) for one of the credits in paragraph (2) above	Treat the case as an unsubstantiated ME response and take the following action: 1. Update the case data: ▪ Doc Type to "1040X MeF". ▪ Category code to "MEFA". 2. Reassign the case to 0130084325.
Processing an MEFS	The superseding return or amended return is a response to a math error (ME) for one of the credits in paragraph (2) above	Treat the case as an unsubstantiated ME response and take the following action: 1. Update the case data: ▪ Doc Type to "1040X". ▪ Category code to "XRET". 2. Reassign the case to 0130084325.

Editorial changes have been made throughout the IRM to:

Update subsection titles.

Update reference links.