IRM PROCEDURAL UPDATE

DATE: 03/10/2025

NUMBER: ts-21-0325-0323

SUBJECT: Update to Reporting Agent Verification; Reworded Ascertained Date Information; Updates Regarding Processing of Forms 941-X Filed By Federal Agencies; Update Routing to GECS

AFFECTED IRM(s)/SUBSECTION(s): 21.7.2

CHANGE(s):

IRM 21.7.2.4.4.6(3) Updated to allow for variance in scenarios.

(3) If the missing return is not located, process as per instructions in the following table:

If	And	Then
The adjusted return was intended for another tax period for which there is a posted TC 150.		1. Follow procedures in IRM 21.7.9.4.10.2, *TC 976 Return Posted to Incorrect TIN/Tax Period, Account for Which It was Intended Contains the Original Return (TC 150)*, to resolve the E-freeze. 2. Adjust the correct account as appropriate.
An adjusted return was filed for an incorrect MFT (e.g., employer is Form 941 filer but files a Form 944-X).	The adjusted return reports a tax decrease or credit increase	1. Generate Letter 4384C to the taxpayer explaining their adjusted return cannot be processed and inform them of the proper form to be filed. 2. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input.
An adjusted return was filed for an incorrect MFT (e.g., employer is Form 941 filer but files a Form 944-X).	The adjusted return reports a tax increase or credit decrease	1. Follow procedures in IRM 21.7.9.4.10.2, *TC 976 Return Posted to Incorrect TIN/Tax Period, Account for Which It was Intended Contains the Original Return (TC 150)*, to resolve the E-freeze and adjust the correct account as appropriate. 2. Generate Letter 4384C explaining

		that the adjustment has been made, but in the future they must file the appropriate "X" form (identify the specific form to be used) to make corrections.
Less than 60 days have passed from the return due date for the tax period for which the adjusted return was filed		1. Monitor for the posting of the original return through the 60th day following the return due date. 2. If the original return posts, process the adjustment as requested on the Form 94XX as appropriate. Otherwise, continue processing per the following rows of this table.
More than 60 days have passed since the return due date for the tax period for which the adjusted return was filed	The Form 94XX is a claim for non-refundable and/or refundable credits **only** (i.e., the Form 94XX reports no other taxable wage figures or other tax figures)	1. Reject the Form 94XX. Indicate in the rejection letter that we cannot process the 94XX because we have no record of having received an original employment tax return. Advise the taxpayer to file an original return incorporating the changes reported on the Form 94XX. 2. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. **Note:** When rejecting the Form 94XX, follow IRM 21.5.3.4.2, *Tax Decrease or Credit Increase Processing*, and (9) in IRM 21.5.1.5.6, *Incomplete CII claims*, for the correct input of TC 971-270. **Exception:** As per guidance in IRM 21.5.3.4.3, *Tax Decrease and Statute Consideration*, claims being processed within 180 days or after RSED expiration must be suspended and missing information requested rather than being rejected. Accordingly, continue processing such cases as per guidance in the next two rows of this table as appropriate (i.e., contact the taxpayer and do not reject).
More than 60 days have passed since the return due	The adjusted employer's tax return is intended to be an original return (e.g., Column 2 of the	1. Make two attempts to contact the taxpayer by phone if a telephone number is available to obtain a signed copy of an original return

date for the tax period for which the adjusted return was filed	Form 94XX is blank or contains zero figures)	including the corrected information along with any required schedules. 2. If you are unable to reach the taxpayer, send a letter requesting a copy of the original return from the taxpayer. Suspend the case for 40 days. 3. Continue processing as per the table in (4) below for response and non-response cases.
More than 60 days have passed since the return due date for the tax period for which the adjusted return was filed	The adjusted employer's tax return is **not** intended to be an original return (e.g, Column 2 figures are not blank or zero)	1. Make two attempts to contact the taxpayer by phone if a telephone number is available to obtain a signed copy of their original return along with any required schedules. Advise the taxpayer to provide proof of timely filing if that information is available, as appropriate. 2. If you are unable to reach the taxpayer, send a letter requesting a copy of the original return from the taxpayer. Suspend the case for 40 days. 3. Continue processing as per the table in (4) below for response and non-response cases. **Exception:** If the **only** change reported on the Form 94XX is to Line 6 wages (equivalent to Line 2 on Form 941), input a TC 971 AC 002 to release the E- freeze (if a TC 971 AC 010 was previously input) and close the case without contacting the taxpayer.

Caution: When rejecting Forms 94XX, extreme care must be taken to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. See IRM 21.3.3.4.24, *Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors*, for additional information.

IRM 21.7.2.4.4.11(1) Reworded reporting agent signature requirements for clarification.

(1) Forms 94XX must be signed in order to be considered processable. The table that follows provides guidance on who may sign Forms 94XX:

If	Then
Form 94XX filed by a corporation	Any of these officers may sign the Form 94XX: • President • Vice President • Other principal officer with authority to sign **Note:** The signature on the Form 94XX is evidence that the officer is authorized to sign.
Form 94XX filed by a partnership or Limited Liability Company (LLC) treated as a partnership (i.e., entity has MFT 06 filing requirements)	Any partner, member or authorized officer may sign. **Note:** The signature on the Form 94XX is evidence that the individual is authorized to sign.
Form 94XX filed by a sole-proprietor	The owner may sign. **Note:** The signature on the Form 94XX is evidence that the individual is authorized to sign. However, if the person signing is obviously not the owner (e.g., legible signature/name entered clearly does not match entity record), address the signature as per the rows below for Forms 94XX signed under a power of attorney and/or by a Reporting Agent as appropriate.
Form 94XX filed by a single-member Limited Liability Company (LLC) treated as a disregarded entity for federal income tax purposes (i.e., account has no income tax return filing requirement)	The owner/member of the LLC may sign or a principal officer duly authorized to sign **Note:** The signature on the Form 94XX is evidence that the individual is authorized to sign.
Form 94XX filed by an exempt organization	Any of these officers may sign: • Executive Director • Director/President • Vice President • Treasurer • Assistant Treasurer • Chief Accounting Officer • Any other officer with authority to sign **Note:** The signature on the Form 94XX is evidence that the officer is authorized to sign.
Form 94XX filed by a trust or estate	The fiduciary must sign. **Note:** The signature on the claim is evidence that the officer is authorized to sign.
Form 94XX signed under a **power of attorney**	Check Command Code CFINK to verify an authorization has been recorded for the individual

	signing the Form 94XX and authority to sign returns was granted. **Note:** If a Form 2848 is attached, consider the signature on the Form 94XX to be valid if there is an entry on Line 5a granting authority to sign returns. If the authorization has not been recorded, take action to forward the Form 2848 to the CAF operation as appropriate. **Reminder:** Signature authority cannot be granted via the filing of Form 8821 or via third party designation on original returns.
Form 94XX signed by a **Reporting Agent** (i.e., "attorney in fact", "agent", or other title indicating individual who signed acts for a Reporting Agent firm)	Check Command Code RFINK to verify any authorization has been recorded. If there is a record of any Reporting Agent on RFINK, the signature on the Form 94XX is evidence that the individual has authority to sign for that Reporting Agent. **Note:** Reporting Agent authorizations on Form 8655 are made at the company/firm level.

Note: Form 5884-C and Form 5884-D signature requirements are the same as for Form 94XX.

(2) The following table provides guidance on handling common Form 94XX signature problems:

If	And	Then
The Form 94XX is not signed	There are other conditions present which make the Form 94XX unprocessable	Reject the Form 94XX using Letter 4384C and identify all items required to perfect the filing. Advise the taxpayer to resubmit a signed, complete Form 94XX. **Exception:** Procedures in IRM 21.5.3.4.3, *Tax Decrease and Statute Consideration*, must be followed if the Form 94XX was received within 180 days of the Refund Statute Expiration Date (RSED).
The Form 94XX is not signed but is otherwise processable	The Form 94XX reports a net tax increase or credit decrease	1. Process the adjustment requested (as appropriate) and close the case. 2. Correspond for the missing signature (and any other missing information) using Letter 143C. Advise the

		taxpayer in the letter that we completed the changes requested on their Form 94XX (specify form type). See IRM 21.5.3.4.1, *Tax Increase or Credit Decrease Processing*, for more information. **Note:** Letter 143C responses will be treated as a new case.
The Form 94XX is not signed but is otherwise processable	The Form 94XX reports a net tax decrease or credit increase	Reject the Form 94XX using Letter 4384C and advise the taxpayer to resubmit a complete, signed Form 94XX. **Exception:** Procedures in IRM 21.5.3.4.3, *Tax Decrease and Statute Consideration*, must be followed if the Form 94XX was received within 180 days of the Refund Statute Expiration Date (RSED).
The Form 94XX indicates the person who signed did so as per a **power of attorney** but there is no authorization recorded granting signature authority (could not be verified via CC CFINK) and there is no Form 2848 attached granting signature authority	The Form 94XX reports a net tax increase or credit decrease	1. Process the adjustment requested (as appropriate) and close the case. 2. Correspond for the taxpayer's signature (and any other missing information) using Letter 143C. Advise the taxpayer in the letter that we completed the changes requested on their Form 94XX (specify form type) but that we have no record the person who signed was authorized to do so. See IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing, for more information. **Note:** Letter 143C responses will be treated as a new case.
The Form 94XX indicates the person who signed did so as per a **power of attorney** but there is no authorization recorded granting signature authority (could not be	The Form 94XX reports a net tax decrease or credit increase	Reject the Form 94XX using Letter 4384C. Advise the taxpayer in the letter that we have no record the person who signed the form was authorized to do so and request that they resubmit a complete Form 94XX (specify form type) signed by an individual

verified via CC CFINK) and there is no Form 2848 attached granting signature authority		authorized to do so for their business or organization. **Exception:** Procedures in IRM 21.5.3.4.3, *Tax Decrease and Statute Consideration*, must be followed if the Form 94XX was received within 180 days of the Refund Statute Expiration Date (RSED).
The Form 94XX indicates the person who signed did so as a **Reporting Agent** (i.e., “attorney in fact”, “agent”, or other title indicating individual who signed acts for a Reporting Agent firm) but there is no authorization recorded (could not be verified via CC RFINK)	The Form 94XX reports a net tax increase or credit decrease	1. Process the adjustment requested (as appropriate) and close the case. 2. Correspond for the taxpayer’s signature (and any other missing information) using Letter 143C. Advise the taxpayer in the letter that we completed the changes requested on their Form 94XX (specify form type) but that we have no record the person who signed was authorized to do so. See IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing, for more information. **Note:** Letter 143C responses will be treated as a new case.
The Form 94XX indicates the person who signed did so as a **Reporting Agent** (i.e., “attorney in fact”, “agent”, or other title indicating individual who signed acts for a Reporting Agent firm) but there is no authorization recorded (could not be verified via CC RFINK)	The Form 94XX reports a net tax decrease or credit increase	Reject the Form 94XX using Letter 4384C. Advise the taxpayer in the letter that we have no record the person who signed the form was authorized to do so and request that they resubmit a complete Form 94XX (specify form type) signed by an individual authorized to do so for their business or organization. **Exception:** Procedures in IRM 21.5.3.4.3, *Tax Decrease and Statute Consideration*, must be followed if the Form 94XX was received within 180 days of the Refund Statute Expiration Date (RSED).

Note: Rev. Proc. 2005-39 provides guidance on the use of facsimile signatures when filing Form 94X series employment tax returns. **Do not** reject Forms 94XX or correspond for a missing signature if the Form 94XX was signed by means of a rubber stamp, mechanical device, or computer software program.

Note: When rejecting a Form 94XX, follow IRM 21.5.3.4.2, *Tax Decrease or Credit Increase Processing*, and (9) in IRM 21.5.1.5.6, *Incomplete CII claims*, for the correct input of TC 971-270.

Caution: When rejecting documents, extreme care must be taken to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. See IRM 21.3.3.4.24, *Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors*, for additional information.

IRM 21.7.2.4.5.6(2) Correction in note. Use IRN 107 for the total amount on line number 15.

(2) Use the applicable reference numbers to adjust tax, wages, and credits on employment tax returns. The following table shows the valid reference numbers for Form 941-X.

Item Reference Number (IRN)	Explanation
111	Federal income tax withheld from wages, tips, and other compensation (line 7 of Form 941-X - column 4).
004	Taxable social security wages (line 8 of Form 941-X - column 3 **plus** line 20 of Form 941-X - column 3).
005	Taxable social security tips (line 11 of Form 941-X - column 3).
073	Taxable Medicare wages and tips (line 12 of Form 941-X - column 3 **plus** line 21 of Form 941-X - column 3).
074	Taxable Wages & tips subject to Additional Medicare Tax withholding (line 13 of Form 941-X - column 3 **plus** line 22 of Form 941-X - column 3) (valid for tax periods beginning after December 31, 2012).
112	Total social security, Medicare tax, and (for tax periods beginning after December 31, 2012) Additional Medicare Tax.
114	Section 3121(q) Notice and Demand — Tax due on unreported tips (line 14 of Form 941-X - column 4). Only for MFT 01 tax periods 201103 and after.
104	Income tax withheld figured at IRC Section 3509 tax rate on Special addition to wages for federal income tax (line 19 of Form 941-X - column 4).
105	Social security, Medicare taxes, and (for tax periods beginning after December 31, 2012) Additional Medicare taxes figured at IRC Section 3509 tax rates on Special addition to wages for social security taxes, Special addition to wages for Medicare taxes, and Special addition to wages for Additional Medicare Tax (total of lines

	20, 21, and 22 from Form 941-X - column 4).
106/107/108	Tax adjustments (line 15 of Form 941-X - column 4). See IRN 113 and Note below table.
113	Total adjustments (total of lines 15, 19, 20, 21, and 22 of Form 941-X - column 4). See IRN 106/107/108 above and Note below table. **Reminder:** IRN 113 must be used when adjusting IRNs 104 through 108.
119	Qualified Small Business Payroll Tax Credit for Increasing Research Activities (line 16 of Form 941-X - column 4). **Note:** For ease of reference, this credit is generally referred to as the "QSB Research Credit" throughout this IRM. **Caution:** For Form 941, IRN 119 is **only** valid for tax periods 201706 and later.

Note: Use Item reference numbers 106, 107, and 108 to adjust any corrections a taxpayer may have for lines 7, 8, and 9 on Form 941. If Form 941-X does not specify what is actually being corrected, use IRN 107 for total amount on line 15 - column 4. See IRM 21.7.2.4.1, *Item Reference numbers (IRNs) and Credit Reference Numbers (CRNs) - Employment Taxes*, for additional information on IRNs.

Caution: Form 941-X is revised on a regular basis and line numbers for particular adjustment items occasionally change. However, there is no requirement for the taxpayer to use the most current version of Form 941-X. Although line numbers are provided in the table above for easy reference, employees are responsible for ensuring the proper adjustment action is taken based on the form version filed by the taxpayer.

Note: Although CRN 290 is valid for MFT 01, this credit cannot be claimed or adjusted by filing a Form 941-X. This credit is only allowed during the processing of Form 5884-C and Form 5884-D. See IRM 21.7.2.5.15, *Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans, and Form 5884-D, Employee Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters*, for more information.

Caution: See IRM 21.7.2.7.6, *COVID-19 Related Employment Tax Relief and Forms 94XX*, for information on IRN/CRN usage on tax accounts for 2020 and subsequent tax periods.

IRM 21.7.2.4.5.6.3(5) Reworded IRM regarding ascertained date and due date of amended return for an interest free adjustment.

(5) Use the table below to make your adjustment(s).

If	Then
The Form 941-X was filed by the due date of the return for the period in which the taxpayer discovered the reporting error	Input TC 298 and BS 20 with the correct interest computation date (INTCMP-DT). See IRM 21.7.2.4.4.2, *Interest-Free Adjustment (Employment Tax Returns)*, and example below for additional information.
The Form 941-X was not filed by the due date of the return for the period in which the error was ascertained **OR** "date you discovered errors" was blank and the date error was discovered was not furnished in Part 4	Input TC 290 with BS 20.

Example: An employer discovers an error on February 5, 2025 and files a Form 941-X which is received by the IRS on March 4, 2025 for the MFT 01 202412 tax period. The interest computation date would be March 4, 2025.

IRM 21.7.2.4.6.3.3(3) and (5) Corrected date of example in exception. Updated the wording regarding cases that do not qualify for interest free adjustments.

(3) Check for the date the taxpayer discovered the error. If not entered on page 1, review the explanation to see if it was entered there.

Note: # [redacted] # , if the ascertained date is not provided and a telephone number is available, make two attempts to contact the taxpayer by phone to obtain the information. If the ascertained date cannot be obtained by phone, input the adjustment as a TC 290.

Exception: If you receive a Form 943-X for the immediately preceding tax year prior to the due date for the current tax year (for example, a Form 943-X reporting a tax increase for tax year 2024 received on or before January 31, 2026), it is not necessary to contact the taxpayer for an ascertained date. In that situation, input a TC 298 with the applicable interest computation date. See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, for more information.

Reminder: # [redacted] #

(4) Math verify adjustments to income tax withholding, social security tax, Medicare tax, and Additional Medicare Tax (AdMT). # [redacted] # If the Form 943-X includes an adjustment to the QSB Research Credit, also see IRM 21.7.2.5.21, *Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities*, for additional processing and verification requirements.

(5) Use the table below to make your adjustment(s).

If	Then
The Form 943-X was filed by the due date of the return for the period in which the taxpayer discovered the reporting error	Input TC 298, BS 20, and the appropriate IRNs with the correct interest computation date (INTCMP-DT). See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, and example below for additional information.
The Form 943-X was not filed by the due date of the return for the period in which the error was ascertained **OR** "date you discovered errors" was blank and the date error was discovered was not furnished in Part 4	Input TC 290 and the appropriate IRNs with BS 20.

Example: An employer discovers an error on February 5, 2025 and files a Form 943-X which is received by the IRS on March 4, 2025 for the MFT 11 202412 tax period. The interest computation date would be March 4, 2025.

IRM 21.7.2.4.7.4.3(3) and (5) Corrected date of example in exception. Updated the wording regarding cases that do not qualify for interest free adjustments.

(3) Check for the date the taxpayer discovered the error. If not entered on page 1, review the explanation.

Note: # [redacted] # , if the ascertained date is not provided and a telephone number is available, make two attempts to contact the taxpayer by phone to obtain the information. If the ascertained date cannot be obtained by phone, input the adjustment as a TC 290.

Exception: If you receive a Form 944-X for the immediately preceding tax year prior to the due date for the current tax year (for example, a Form 944-X reporting a tax increase for tax year 2024 received on or before January 31, 2026), it is not necessary to contact the taxpayer for an ascertained date. In that situation, input a TC 298 with the applicable interest computation date. See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, for more information.

Reminder: # [redacted] #

(4) Math verify adjustments to income tax withholding, social security tax, Medicare tax, and Additional Medicare Tax (AdMT). # [redacted] # If the Form 944-X includes an adjustment to the QSB Research Credit, also see IRM 21.7.2.5.21, *Form 8974, Qualified Small*

Business Payroll Tax Credit for Increasing Research Activities, for additional processing and verification requirements.

(5) Use the table below to make your adjustment(s).

If	Then
Return is filed by the due date of the return for the period in which the taxpayer discovered the reporting error	Input TC 298, BS 20 and the correct interest computation date (INTCMP-DT). See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, and example below for additional information.
Return is not filed by the due date of the return for the period in which the error was ascertained **OR** "date you discovered errors" was blank and the date error was discovered was not furnished in Part 4	Input TC 290 with BS 20.

Example: An employer discovers an error on February 5, 2025 and files a Form 944-X which is received by the IRS on March 4, 2025 for the MFT 14 202412 tax period. The interest computation date would be March 4, 2025.

IRM 21.7.2.4.8.1.3(3) and (5) Corrected date of example in exception. Updated the wording regarding cases that do not qualify for interest free adjustments.

(3) Check for the date the taxpayer discovered the error. If not entered on page 1, review the explanation.

Note: # [redacted] # , if the ascertained date is not provided and a telephone number is available, make two attempts to contact the taxpayer by phone to obtain the information. If the ascertained date cannot be obtained by phone, input the adjustment as a TC 290.

Exception: If you receive a Form 945-X for the immediately preceding tax year prior to the due date for the current tax year (for example, a Form 945-X reporting a tax increase for tax year 2024 received on or before January 31, 2026), it is not necessary to contact the taxpayer for an ascertained date. In that situation, input a TC 298 with the applicable interest computation date. See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, for more information.

Reminder: # [redacted] #

(4) Math verify adjustments to income tax and/or BUWH.

(5) Use the table below to make your adjustment(s).

If	Then
The Form 945-X was filed by the due date of the return for the period in which the taxpayer discovered the reporting error	Input TC 298, BS 20, IRN 003 and/or IRN 008 as appropriate, and the correct interest computation date (INTCMP-DT). See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, and example below for additional information.
The Form 945-X was not filed by the due date of the return for the period in which the error was ascertained **OR** "date you discovered errors" was blank and the date error was discovered was not furnished in Part 4	Input TC 290 with BS 20 along with IRN 003 and/or IRN 008 as appropriate.

Example: An employer discovers an error on February 5, 2025 and files a Form 945-X which is received by the IRS on March 4, 2025 for the MFT 16 202412 tax period. The interest computation date would be March 4, 2025.

IRM 21.7.2.5.7.2(4) Added a new paragraph with guidelines for Letter 134C replies.

(4) If the employer replies to a Letter 134C indicating they disagree with the assessment or they submit an amended return attempting to reduce or remove the prior assessment, **do not** reduce or remove the assessment resulting from the information received from the federal agency. Refer the employer to the Letter 134C for information on how to contact the federal agency if they disagree with the assessment.

IRM 21.7.2.5.7.2.1 Corrected subsection title. Added guidance regarding FTD penalties and case documentation.

IRM 21.7.2.5.7.2.1(1) Added new paragraph and caution providing guidance on case documentation and FTD penalties.

Return Posted (TC 150), Wage Payments Made by Federal Agencies

(1) If a return for the employer is posted:

1. # [redacted] #

Caution: # [redacted] #

Example: # [redacted] #

Exception: If the return on file has an entry on one of the adjustment lines corresponding to the federal agency wage determination, no further adjustment is necessary.

2. Use IRN 004 to show the amount of taxable social security wages.
3. Use IRN 073 to show the amount of taxable Medicare wages.
4. Use IRN 112 for the total FICA tax adjustment (employee and employer shares).
5. Use IRN 110 and IRN 113 to reduce tax for the employee share of FICA tax already collected from the employee's wages by the federal agency.
6. Initiate Letter 134C to the employer (use the address currently showing on ENMOD/BMFOLE) advising that we have processed the Form 941-X and a notice of adjustment for the employer's portion of FICA will be issued. Include a copy of the Form 941-X from the government agency.
7. Document the case indicating the Form 941-X was received from the federal agency.

Caution: Do not include FITW (Federal Income Tax Withheld) (IRN 003/111) in the adjustment.

Caution: FTD penalties are not applicable on tax increases resulting from information received from various government agencies due to U.S. Department of Labor (USDOL) back wage audits under Titles 26 USC 3121 and 40 USC 3141, etc. Do not unnecessarily restrict the account from systemic penalty computation.

Note: If the TC 150 on the module was a dummy return prepared per procedures later in this IRM section and there is a credit balance on the module which exceeds the amount of the assessment reflected on the Form 941-X filed by the federal agency, then use Hold Code 1 with the adjustment to hold the credit and allow the notice of adjustment to be issued. Also, in this particular situation, inform the employer in the Letter 134C being issued that they must file the appropriate original employment tax return to report any other taxes due and/or to claim a refund for any overpaid taxes.

IRM 21.7.2.5.7.2.2 Removed subsection.

IRM 21.7.2.5.7.2.2 Renumbered subsection. Editorial changes.

(1) If no return for the employer has posted and there are no filing requirements for the current quarter, take the following actions:

1. Initiate Letter 134C to the employer (use the address currently showing on ENMOD/BMFOLE).
   • Include a copy of the Form 941-X received from the federal agency.
   • Advise the employer that we will be processing the Form 941-X and will issue a notice of adjustment once that action is complete.
   • Advise the employer of the amount of tax that will be assessed.
   • Advise the employer that they should go ahead and make payment for the amount of tax to be assessed in order to limit any interest charges that may be due.
2. Prepare a dummy return on the applicable employment tax return (usually Form 941) showing zero tax for the tax period for which the Form 941-X was filed.
   • Enter "Dummy Return Prepared by IRS — Do Not Correspond for Signature" on the signature line.
   • Mark the block for "Final" return.
   • Enter Computer Condition Codes (CCC) "F" and "X" on the face of the dummy return. **DO NOT** enter any other Computer Condition Codes such as "M", "D", "J", or "R" to restrict penalties or interest.
   • Route the completed dummy return to Submission Processing.
3. Monitor the account until the dummy return posts to the module.
4. Follow the procedures in IRM 21.7.2.5.7.2.1, *Return Posted (TC 150), Wage Payments Made by Federal Agencies*, to adjust the account per the Form 941-X.

   Note: Do not issue a second Letter 134C to the employer when the assessment is made under these procedures.

IRM 21.7.2.5.7.2.4 Removed subsection.

IRM 21.7.2.5.7.2.3 Renumbered and renamed subsection. Clarified procedures for processing cases with no original return posted and open filing requirements.

No Return Posted, Open Filing Requirements (Wage Payments Made by Federal Agencies)

(1) A federal agency may submit a Form 941-X before the employer's tax return is processed and posted to their tax account. This includes some situations where the federal agency submits the Form 941-X prior to the return due date for the tax period affected.

(2) In these situations, it will be necessary to research the employer's account for the missing tax return and take the appropriate action prior to taking action on the Form 941-X. This research should include reviewing the employer's account for misapplied tax returns and unposted or rejected tax returns. The employer's tax return data must also be reviewed to determine whether they have reported the additional wages and tax on their Form 941 and used one of the adjustment lines to back out the employee share collected by the federal agency.

(3) Take the following action:

If	And	Then
An original return is located	There is an entry on one of the adjustment lines corresponding to the federal agency wage determination	1. Take the appropriate action to process or reprocess the return to the account. 2. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. No further adjustment action is necessary. 3. Document the case indicating the Form 941-X was received from the federal agency reporting back wages paid.
An original return is located	There is **no** entry on one of the adjustment lines corresponding to the federal agency wage determination	1. Take the appropriate action to process or reprocess the return to the account. 2. Monitor the account for posting of the original return. 3. Follow the procedures in IRM 21.7.2.5.7.2.1, *Return Posted (TC 150), Wage Payments Made by Federal Agencies*.
Less than 60 days have passed from the return due date for the tax period the Form 941-X was filed for	There is no indication a return has been filed	Monitor the account for posting of the original return through the 60th day following the return due date. If a return posts, follow guidelines in IRM 21.7.2.5.7.2.1, *Return Posted (TC 150), Wage Payments Made by Federal Agencies.*
More than 60 days have passed from the	There is no indication of a return being filed; e.g., Unpostable,	Follow the procedures in IRM 21.7.2.5.7.2.2, *No Return Posted, No Filing Requirements (Wage Payments Made by*

return due date for the tax period the Form 941-X was filed for	Reject, open controls, etc.	*Federal Agencies)*, **except**: • Do not indicate "Final" and do not CCC "F". • If there are credits on the module, be certain to enter CCC "X" on the dummy return and use Hold Code 1 when adjusting the account to hold any excess credits.

Reminder: All open controls and assignments must be considered and contacts made as appropriate prior to taking action on a tax account per these procedures.

IRM 21.7.2.5.20(3) Updated routing regarding GECS cases.

(3) Do not process these claims. Route any claims identified for this issue to:
Internal Revenue Service
GECS M/S 7700
1973 North Rulon White Blvd
Ogden, UT 84404

IRM 21.7.2.6.5.10.3(2) and (4) Corrected date of example in exception. Updated the wording regarding cases that do not qualify for interest free adjustments.

(2) Check for the date the taxpayer discovered the error. If not entered on page 1, review the explanation.

Note: # [redacted] # , if the ascertained date is not provided and a telephone number is available, make two attempts to contact taxpayer by phone to obtain the information. If the ascertained date cannot be obtained by phone, input the adjustment as a TC 290.

Exception: If you receive a Form CT-1X for the immediately preceding tax year prior to the due date for the current tax year (for example, a Form CT-1X reporting a tax increase for tax year 2024 received on or before February 28, 2026), it is not necessary to contact the taxpayer for an ascertained date. In that situation, input a TC 298 with the applicable interest computation date. See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, for more information.

Reminder: # [redacted] #

(3) Math verify all Tier I and Tier II tax adjustment items reported on the Form CT-1X.

Exception: # [redacted]

[redacted] #

(4) Use the table below to make your adjustment(s).

If	Then
Return is filed by the due date of the return for the period in which the taxpayer discovered the reporting error	Input TC 298, IRN 070, BS 20 and the correct interest computation date (INTCMP-DT). See IRM 21.7.2.4.4.2, *Interest-Free Adjustments (Employment Tax Returns)*, and example below for additional information.
Return is not filed by the due date of the return for the period in which the error was ascertained **OR** "date you discovered errors" was blank and the date error was discovered was not furnished in Part 4	Input TC 290 and IRN 070 with BS 20.

Example: An employer discovers an error on February 5, 2025 and files a Form CT-1X which is received by the IRS on March 4, 2025 for the MFT 09 202312 tax period. The interest computation date would be March 4, 2025.

IRM 21.7.2.7.6.6(8) Corrected name of IRM 21.7.2.7.6.3.

(8) After applying the guidance in (6) and (7) above, continue handling processable supplemental Forms 94XX as follows:

1. If not already done, link and close each previously filed Form 94XX case the supplemental Form 94XX was intended to replace to the case for the supplemental Form 94XX.
2. Take action to submit the supplemental Form 94XX for SBSE review/analysis.
   • Add the following case note: "Supplemental Form 94XX submitted for SBSE review/analysis."
   • If one or more of the Forms 94XX the supplemental Form 94XX was intended to replace could not be located, also add an appropriate case note (e.g., "Second and fourth listed Forms 94XX could not be located.") identifying the missing Forms 94XX.
   • If one or more of the Forms 94XX the supplemental Form 94XX was intended to replace was received after January 31, 2024, also add an appropriate case note (e.g., "Third and fourth listed Forms 94XX were received after January 31, 2024.").
   • If AMS/CII reflects one or more unprocessed Forms 94XX in addition to those the supplemental Form 94XX was intended to replace, also add a case note as follows: "Additional unprocessed Forms 94XX on file."
   • Suspend the CII case control to CAT-A with primary reason code TPP Supplemental Claim.

3. For cases returned by SBSE after review/analysis, complete the processing of the supplemental Form 94XX by following guidance in the appropriate IRM subsection corresponding to the SBSE handling instructions (e.g., if SBSE clears the Form 94XX for processing as a full allowance, follow handling guidance in IRM 21.7.2.7.6.3, *Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS*).

Note: # [redacted] #

Caution: For amended claims date field and refund schedule date field purposes, use the received date for the earliest Form 94XX being replaced by the supplemental Form 94XX when completing any final adjustments on the account.

Note: If the supplemental Form 94XX reports a net tax increase/credit decrease, use the ascertained (error discovery) date from the supplemental Form 94XX or, if blank, the latest error discovery date entered on the Form(s) 94XX it is intended to replace, for interest computation date purposes.