IRM PROCEDURAL UPDATE

DATE: 03/17/2025

NUMBER: ts-21-0325-0378

SUBJECT: Update Regarding Replies to ERC Claims That Were Disallowed With 105C or 106C; Provides Procedures for Cases Returned From CAT-A HQ Reserved 9

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

CHANGE(s):

IRM 21.7.2.7.11(3) Added CAT-A prior to HQ Reserved 9. Removed note regarding CAT-A reviewers that is replaced with IRM 21.7.2.7.11.1.

IRM 21.7.2.7.11(4) Added instructions to link original or amended return cases in CII to the case being worked prior to sending the case to CAT-A HQ Reserved 9.

IRM 21.7.2.7.11(5) Removed prior para 5 and replaced it with instructions to follow IRM 21.7.2.7.11.1 when cases are returned from HQ Reserved 9.

(3) Use the table below for Letter 105C or Letter 106C replies regarding ERC claims.

If	And	Then
The taxpayer submits a copy of the Letter 105C or Letter 106C they received.	No additional information is included and there is no indication the taxpayer is appealing the determination.	Close the case as a “no consideration.” Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.
The taxpayer submits a reply to the Letter 105C or Letter 106C and additional information regarding the ERC claim.	The disallowance was **NOT** a result of RAAS analysis, or provided by CAT-A **AND** CSR can review the prior ERC claim and the additional information to determine the taxpayer is eligible.	Follow normal adjustment procedures.
The taxpayer submits a reply to the Letter 105C or Letter 106C and additional information regarding the ERC claim.	The disallowance was **NOT** a result of RAAS analysis, or provided by CAT-A **AND** determination cannot be made to allow the claim.	• Link the prior CII case where the disallowance letter was sent. • Follow the procedures in IRM 21.5.3.4.6.3, No Consideration

		Procedures, and explain what additional information is needed to make a determination.
The taxpayer submits a reply to the Letter 105C or Letter 106C and additional information regarding the ERC claim.	The prior determination to disallow the claim was provided by CAT-A **OR** based on RAAS analysis.	• Link the prior CII case where the disallowance letter was sent. • Attach any needed documentation listed in paragraph 4 below, • Forward the case to CAT-A using HQ Reserved 9.
Taxpayer resubmits the same claim or resubmits a claim without new or additional information and a determination cannot be made to allow the claim.	The taxpayer submits a statement requesting an appeal, where no prior Appeals consideration was made and was not previously closed with finality. See IRM 8.7.7.2.2, *Liability Issues Previously Closed with Finality*.	• Link the prior CII case where the claim was disallowed. • Attach any needed documentation listed in paragraph 4 below, • Forward the case to CAT-A using HQ Reserved 9.

(4) Ensure the following documents are attached to the CII case or link the CII case that the document is attached to before sending the case to CAT-A using HQ Reserved 9.

- Taxpayer's original disallowed claim.
- Copy of the Letter 105C or Letter 106C
- Taxpayer's request for an appeal (if the taxpayer submitted one.)
- Any additional documentation the taxpayer provided that may enable the ERC claim to be processed.
- Link any CII cases that contain original or amended returns to the CII case being forwarded for review.

(5) When the case is returned from Examination, follow IRM 21.7.2.7.11.1, *Previously Disallowed 105C and 106C replies of ERC Claims returned from Exam HQ Reserved 9*.

IRM 21.7.2.7.11.1 Added new subsection regarding 105C and 106C replies that are returned from CAT-A HQ Reserved 9.

Previously Disallowed 105C and 106C replies of ERC Claims returned from Exam HQ Reserved 9

(1) The guidance in this subsection is intended to be applied by AM employees specifically designated to process responses to ERC claim disallowance Letter 105C and Letter 106C that have been sent to CAT-A HQ Reserved 9. CAT-A will provide a case note in CII.

(2) Cases meeting Appeals criteria will be sent directly to Appeals by compliance. AM will be responsible for sending the Letter 86C.

(3) Follow the table below based on case note left by compliance in CII.

Case note	Actions
Accepted - Allow in full	Process the Form 94XX based on the figures on the Form per existing IRM guidance. **Note:** The ERC Math Verification Worksheet found in IRM 21.7.2.7.6.3 (14) will **NOT** be used.
Accepted - Allow in part	1. Process the Form 94XX allowing the credits based on the figures provided in the CII case note. 2. Send the Letter 106C. Use the notes in CII to provide the reason for the disallowance. **Note:** More information on the disallowance can be found in each applicable subsection of IRM 21.7.2.7.8, *Additional Case Processing Actions and/or Disallowance Actions for Forms 94XX Meeting ERC - related Filtering Criteria*. **Note:** The ERC Math Verification Worksheet found in IRM 21.7.2.7.6.3 (14) will **NOT** be used.
Routed to Appeals	1. Exam will send case directly to appeals. 2. AM will issue the Letter 86C o In an open paragraph include the following text, “Your claim has been sent to the Independent Office of Appeals. Please allow 120 days for them to contact you regarding your claim.” o Provide the Appeals Customer Service telephone number 855-865-3401.

Note: If cases sent to CAT-A HQ Reserved 9 need more information, compliance will obtain the information from the taxpayer.