

IRM PROCEDURAL UPDATE

DATE: 04/28/2025

NUMBER: ts-21-0425-3224

SUBJECT: Exam Potential Cases; 106C URL; Clarification on Statutes

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

CHANGE(s):

IRM 21.7.2.7.6.3(12) Updated statute paragraph, added friendly URLs for partial disallow cases and made editorial changes.

(12) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that are cleared for processing by RAAS. Cases cleared for processing by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to allow claims cleared by RAAS. As usual:

- Review the associated Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.
- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis (i.e., **do not** adjust the account). Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period

mismatch" or "EIN and Tax Period mismatch."

4) Reassign the case to IDRS number **0230281416**.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits*, for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

Note: See IRM 21.7.2.7.11, *Replies to 105C disallowance and 106C Partial Disallowance Letters issued disallowing ERC claims*, for replies to the 105C and 106C letters. The friendly URL for the 105C is **IRS.gov/erc105c**. The friendly URL for the 106C is **IRS.gov/erc106c**.

IRM 21.7.2.7.8.1 Updated statute paragraph, added friendly URL for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as being filed by employers who did not file Forms W-2 as expected.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts meeting the specified filtering criteria for missing Forms W-2 will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"No W2 filed"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for missing Forms W-2. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having failed filtering analysis for no Forms W-2 filed. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Note: If the Form 94XX does **not** report a new or increased ERC amount, enter "No W-2 filter does not apply" in CII case notes. Also, reassign the case and correct any case Priority Code as per guidance in (11) of IRM 21.7.2.7, *COVID-19 Related Employment Tax Relief*.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for missing Forms W-2 as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs:

		"Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports	The other	1. Complete the CAT-A referral as usual.

other tax or credit changes in addition to ERC changes	changes do meet CAT-A criteria when considered separately from the ERC changes reported	2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s). Note: If a secondary failed filter notation "Establishment Date" is present, insert the following text in three open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021." "Our records show that your business was established after December 31, 2021. Our records also show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or

		December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see [insert appropriate friendly URL IRS.gov/erc105c or IRS.gov/erc106c, as appropriate]."
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(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for missing Forms W-2 as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	• Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> • If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on

	the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s). Note: If a secondary failed filter notation "Establishment Date" is present, insert the following text in three open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021." "Our records show that your business was established after December 31, 2021. Our records also show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see [insert friendly URL IRS.gov/erc105c or IRS.gov/erc106c, as appropriate]."
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IRM 21.7.2.7.8.2 Updated statute paragraph, added friendly URL for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as being filed by employers whose entity establishment date does not support their having been eligible for ERC.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts meeting the specified filtering criteria for entity establishment dates will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"Establishment Date"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for entity establishment dates. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having failed filtering analysis for entity establishment date. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing

the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Note: If the Form 94XX does **not** report a new or increased ERC amount, enter "Establishment date filter does not apply" in CII case notes. Also, reassign the case and correct any case Priority Code as per guidance in (11) of IRM 21.7.2.7, *COVID-19 Related Employment Tax Relief*.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for entity establishment dates as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business was established after December 31, 2021." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business was established

		after December 31, 2021." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s). Note: If a secondary failed filter notation "No W2 filed" is present, insert the following text in three open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid

	qualified wages to employees between March 13, 2020, and December 31, 2021." "Our records show that your business was established after December 31, 2021. Our records also show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see [insert friendly URL IRS.gov/erc105c or IRS.gov/erc106c, as appropriate]."
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(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for entity establishment dates as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business was established after December 31, 2021." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	• Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> • If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.

The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s). Note: If a secondary failed filter notation "No W2 filed" is present, insert the following text in three open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021." "Our records show that your business was established after December 31, 2021. Our records also show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see [insert friendly URL IRS.gov/erc105c or IRS.gov/erc106c, as appropriate]."
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IRM 21.7.2.7.8.3 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as having been potentially filed by fabricated entities.

(3) Cases identified by RAAS for additional handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Fabricated"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

(4) These cases generally require additional processing actions by AM before the Forms 94XX reporting ERC amounts can be fully analyzed by RAAS. This handling may include:

- Making contacts with or referrals to other IRS operations to confirm fabricated entity determinations and handling for the Form 94XX.
- Returning some cases to RAAS for additional analysis if the Form 94XX is deemed processable (i.e., was determined to have not been filed by a fabricated entity).

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that are returned by RAAS to AM for additional processing actions, including those returned to AM to address possible fabricated entity issues. Cases returned for additional handling actions by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking additional actions to address the potentially fabricated entity issue identified by RAAS. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.
- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.

- If a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) After applying the guidance in (5) above, continue to address **otherwise processable** Forms 94XX identified to AM by RAAS as possible fabricated entity issues as appropriate per guidance in IRM 21.7.2.4.4.13, *Forms 94XX with Return Integrity and Compliance Services (RICS)*, *Return Integrity Verification Operations (RIVO)*, or *Identity Theft (IDT) Involvement*, and other IRM guidance linked therein.

Caution: After following the guidance above, if instructions are received that the Form 94XX should be allowed (e.g., a determination was made that the entity was **not** fabricated), the case **must** be returned to RAAS for additional analysis **before** an adjustment to the tax account can be made. Take the following actions to refer such a case for further RAAS consideration:

- 1) Enter/update the case with **Priority Code 6**.
- 2) Enter an appropriate case note to document the reason the case is being referred for additional RAAS analysis (e.g., if the EIN was determined to have not been fabricated, enter "EIN not fabricated").
- 3) Reassign the case to IDRS number **0230281416**.

Note: Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above or after following guidance in IRM 21.7.2.4.4.13, *Forms 94XX with Return Integrity and Compliance Services (RICS)*, *Return Integrity Verification Operations (RIVO)*, or *Identity Theft (IDT) Involvement*, and other linked IRM

guidance **do not** require further RAAS consideration.

Caution: If a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.

IRM 21.7.2.7.8.4 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as having been filed for tax accounts to which no original employment tax return has been processed **and no other filtering criteria was met**.

Note: Cases where other filtering criteria were met and there is no TC 150 original return posted are handled per guidance specific to that filtering criteria (e.g., a case meeting filtering criteria for ineligible government entities that also has no posted TC 150 is worked per guidance in IRM 21.7.2.7.8.6, *Disallowance of Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Ineligible Government Entities*).

(3) Cases identified by RAAS for additional handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskyERC-No941"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

(4) These cases generally require additional processing actions by AM before the Forms 94XX reporting ERC amounts can be fully analyzed by RAAS. This handling may include:

- Rejection of some Forms 94XX.

- In some instances, contacting the taxpayer to secure an original tax return.
- Returning some cases to RAAS for additional analysis after an original return is secured and processed.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that are returned by RAAS to AM for additional processing actions, including those returned to AM to address missing original returns. Cases returned for additional handling actions by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking additional actions to address the missing original return issue identified by RAAS. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.
- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Some cases identified to AM for action by RAAS in this workstream may be the result of the original return being held for review by RICS/RIVO/IDT. See IRM 21.7.2.4.4.13, *Forms 94XX with Return Integrity and Compliance Services (RICS), Return Integrity Verification Operations (RIVO), or Identity Theft (IDT) Involvement*, for information on researching those account conditions.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10. *COVID-19 Related Employment Tax Credits* for information on the 2021 tax periods with extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) After applying the guidance in (5) above, continue to address **otherwise processable** missing original return issues identified to AM by RAAS as per guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted*.

Caution: After following the guidance above, if an original return was located/secured and processed, the case **must** be returned to RAAS for additional analysis **after** the return is posted to the account and **before** an adjustment to the tax account can be made. Take the following actions to refer such a case for further RAAS consideration:

- 1) Enter/update the case with **Priority Code 6**.
- 2) Enter the following case note: "TC 150 posted".
- 3) Reassign the case to IDRS number **0230281416**.

Note: Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above or as per guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted*, **do not** require further RAAS consideration.

IRM 21.7.2.7.8.5 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as having been filed by entities with payment/depositing patterns indicative of a lack of employment activity and/or business activity.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts identified by RAAS as meeting filtering criteria for non-payment/non-depositing patterns will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskyERC-Disallow"** and **"No payments"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed by an entity with payment/depositing patterns indicative of a lack of employment activity and/or business activity. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having been filed an entity with payment/depositing patterns indicative of a lack of employment activity and/or business activity. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC*

Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150). Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10. *COVID-19 Related Employment Tax Credits*. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

Caution: If a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM

by RAAS as having been filed an entity with payment/depositing patterns indicative of a lack of employment activity and/or business activity as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Based on our records, we have determined you are not an Eligible Employer or did not pay qualified wages for purposes of the Employee Retention Credit (ERC). ERC is a credit only against the employer's portion of social security or Medicare tax. We have no record you made employment tax deposits required for employers operating a trade or business from 2019 through 2022." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the

		correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in three open paragraphs: " we have determined you are not an Eligible Employer or did not pay qualified wages for purposes of the Employee Retention Credit (ERC)." "ERC is a credit only against the employer's portion of social security or Medicare tax. We have no record you made employment tax deposits required for employers operating a trade or business from 2019 through 2022." "we recorded the other changes you reported. For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.

The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).
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(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed an entity with payment/depositing patterns indicative of a lack of employment activity and/or business activity as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Based on our records, we have determined you are not an Eligible Employer or did not pay qualified wages for purposes of the Employee Retention Credit (ERC). ERC is a credit only against the employer's portion of social security or Medicare tax. We have no record you made employment tax deposits required for employers operating a trade or business from 2019 through

	2022." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	- Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> - If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: - As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. - If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. - When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.6 Updated statute paragraph, added friendly URLs for [irs.gov](https://www.irs.gov) website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as having been filed by ineligible government entities.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed by ineligible government entities will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"Government Entity"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed by an ineligible government entity. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having been filed by an ineligible government entity. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed by an ineligible government entity as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full

		disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "You aren't eligible to claim a 2020 Employee Retention Credit because you are a Federal, State or local government entity (or instrumentality thereof) according to your previous filings." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "We recorded the other changes reported on your Form [specify form]. However, you aren't eligible to claim a 2020 Employee Retention Credit because you are a Federal, State or local government entity (or instrumentality thereof) according to your previous filings."

		"For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed

		filter(s).
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(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed by an ineligible government entity as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E-freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "You aren't eligible to claim a 2020 Employee Retention Credit because you are a Federal, State or local government entity (or instrumentality thereof) according to your previous filings." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	• Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> • If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C

	disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).
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IRM 21.7.2.7.8.7 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as having been filed by dormant (i.e., otherwise inactive) entities.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts identified by RAAS as having been filed by dormant (i.e., otherwise inactive) entities will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"Dormant EIN"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having

been filed by a dormant (i.e., otherwise inactive) entity. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having been filed by a dormant entity. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed by a dormant entity as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Based on a review of IRS records, we have determined you aren't an Eligible Employer for purposes of the Employee Retention Credit (ERC) because you weren't operating a trade or business during the period(s) shown above. Only employers operating a trade or business (including tax-exempt organizations and certain government entities operating in 2021) are eligible for ERC." "For more information on Employee Retention Credit (ERC)

		eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c ."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in three open paragraphs: "we have determined you aren't an Eligible Employer for purposes of the Employee Retention Credit (ERC) because you weren't operating a trade or business during the period(s) shown above." "Only employers operating a trade or business (including tax-exempt organizations and certain government entities operating in 2021) are eligible for ERC." "we recorded the other changes you reported on your Form [specify Form]. For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received

	separately from the ERC changes reported	from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed by a dormant entity as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input.

	2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Based on a review of IRS records, we have determined you aren't an Eligible Employer for purposes of the Employee Retention Credit (ERC) because you weren't operating a trade or business during the period(s) shown above. Only employers operating a trade or business (including tax-exempt organizations and certain government entities operating in 2021) are eligible for ERC." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	- Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> - If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: - As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. - If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. - When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.8 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for fourth quarter 2021 Forms 94XX reporting ERC amounts which were identified by RAAS as having been filed by an employer that was **not** a Recovery Startup Business (RSB).

(3) Only Recovery Startup Businesses (RSBs) were eligible to claim ERC for the fourth quarter of 2021. And, RSBs reporting ERC amounts on Forms 941-X for the fourth quarter of 2021 were required to mark box 31b of Form 941-X even if corresponding Line 18 was marked on the original Form 941 filed. Accordingly, Forms 941-X filed claiming ERC for the fourth quarter of 2021 without Line 31b being checked are disallowance criteria.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskyERC-Disallow"** and **"Not RSB in 202112"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to fourth quarter 2021 Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed by a non-RSB employer. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow a fourth quarter 2021 Form 94XX on the basis of it having been filed by a non-RSB employer. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.
- **In addition**, review the Form 941-X to verify whether Line 31b was marked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch" or "Line 31b marked"
- 4) For EIN or tax period mismatch cases, reassign the case to IDRS number **0230281416**. For cases where Line 31b was marked, reassign the case to IDRS number **0430482128**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** fourth quarter 2021 Forms 94XX identified to AM by RAAS as having been filed by a non-RSB employer as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Only employers which are recovery startup businesses are eligible for the Employee Retention Credit for wages paid in the fourth quarter of 2021. Your Form 941-X did not indicate on Line 31b that you were a recovery startup business." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit	The other changes do	Partially disallow the claim:

changes in addition to ERC changes	not meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "We recorded the other changes reported on your Form [specify form]. However, only employers which are recovery startup businesses are eligible for the Employee Retention Credit for wages paid in the fourth quarter of 2021. Your Form 941-X did not indicate on Line 31b that you were a recovery startup business." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or

		106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (6) above, continue handling **otherwise processable** fourth quarter 2021 Forms 94XX identified to AM by RAAS as having been filed by a non-RSB employer as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Only employers which are recovery startup businesses are eligible for the Employee Retention Credit for wages paid in the fourth quarter of 2021. Your Form 941-X did not

	indicate on Line 31b that you were a recovery startup business." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	- Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> - If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: - As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. - If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. - When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.9 Updated statute paragraph, added friendly URLs for [irs.gov](https://www.irs.gov) website and made editorial changes.

(1) Certain Form 94XX cases reporting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those

with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as having been filed by employers who were not eligible for ERC based on an analysis of their gross receipts.

(3) The IRS has determined that third quarter 2021 Forms 94XX reporting new or increased ERC amounts (only) filed by employers who were not eligible for ERC based on an analysis of their gross receipts will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskyERC-Disallow"** and **"202109 Gross Receipts"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed by ineligible employers. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having failed filtering analysis for gross receipts. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.
- **In addition**, review the Form 941-X to verify whether Line 31b was marked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch" or "Line 31b marked"
- 4) For EIN or tax period mismatch cases, reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed by an employer who was not eligible to claim ERC based on an analysis of their gross receipts as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in three open paragraphs: "Based on a review of IRS records, we have determined you are not an Eligible Employer for purposes of the Employee Retention Credit (ERC) during the period(s) shown above. Only employers that experienced a full or partial suspension of operations due to a government order related to COVID-19 or who experienced the required decline in gross receipts are Eligible Employers." "Our records indicate there were no government orders related to COVID-19 in effect during the quarter(s) you claimed ERC which could have fully or partially suspended your trade or business. Our records also show you do not meet the required decline in gross receipts." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition	The other changes do not meet CAT-	Partially disallow the claim: 1. Complete a TC 29X adjustment in

to ERC changes	A criteria when considered separately from the ERC changes reported	Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in three open paragraphs: "we determined you are not an Eligible Employer for the Employee Retention Credit (ERC) during the period(s) shown above. Only employers that experienced a full or partial suspension of operations due to a government order related to COVID-19 or who experienced the required decline in gross receipts are Eligible Employers." "Our records indicate there were no government orders related to COVID-19 in effect during the quarter(s) you claimed ERC which could have fully or partially suspended your trade or business. Our records also show you do not meet the required decline in gross receipts." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the

	the ERC changes reported	case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed by an employer who was not eligible to claim ERC based on an analysis of their gross receipts as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input.

	2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in three open paragraphs: "Based on a review of IRS records, we have determined you are not an Eligible Employer for purposes of the Employee Retention Credit (ERC) during the period(s) shown above. Only employers that experienced a full or partial suspension of operations due to a government order related to COVID-19 or who experienced the required decline in gross receipts are Eligible Employers." "Our records indicate there were no government orders related to COVID-19 in effect during the quarter(s) you claimed ERC which could have fully or partially suspended your trade or business. Our records also show you do not meet the required decline in gross receipts." "For more information on Employee Retention Credit (ERC eligibility requirements and how to respond to this letter if you disagree, please see irs.gov/erc105c."")
The Form 94XX reports other tax or credit changes in addition to ERC changes	- Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> - If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: - As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. - If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. - When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.10 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as being filed by employers who are claiming ERC credit for related individuals.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts meeting the specified filtering criteria for related individuals will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"Related-Individuals"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for related individuals. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be

conducted **before** taking action to disallow the Form 94XX on the basis of it having failed filtering analysis for related individuals. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria related individuals as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Wages paid to related individuals are not qualified wages for purposes of computing the ERC. Related individuals include, among other categories, a corporation's majority owner or constructive majority owner, and their spouse, children, siblings, or other specified relatives" "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see irs.gov/erc105c."
The Form 94XX reports	The other	Partially disallow the claim:

other tax or credit changes in addition to ERC changes	changes do not meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Wages paid to related individuals aren't qualified wages for the ERC. Related individuals include, among other categories, a corporation's majority owner, and their spouse, parents, children, siblings, or other relatives as described in the FAQs about ERC on irs.gov." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see irs.gov/erc106c".
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance

		letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for related individuals as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Wages paid to related individuals aren't qualified wages for the ERC. Related individuals include, among other categories, a corporation's majority owner, and their spouse, parents, children, siblings, or other relatives as

	described in the FAQs about ERC on irs.gov ." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c ."
The Form 94XX reports other tax or credit changes in addition to ERC changes	- Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> - If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: - As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. - If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. - When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.11 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those

with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as being filed by employers who are claiming ERC credit for claiming both Paycheck Protection Program (PPP) Loan and Employee Retention Credit (ERC) for the same tax period resulting in more financial assistance than what was reported as wages.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts meeting the specified filtering criteria for Overclaimed Paycheck Protection Program (PPP) and Employee Retention Credit (ERC) will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskyERC-Disallow"** and **"Overclaimed-PPP"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for Overclaimed PPP Loan. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having failed filtering analysis for Overclaimed PPP Loan. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow

guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria Overclaimed Paycheck Protection Program (PPP) and Employee Retention Credit (ERC) as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, "Disallowance and Partial Disallowance Procedures" and insert the following text in two open paragraphs: "The amount of qualified wages you used to calculate your Employee Retention Credit uses the same wages used as payroll costs Paycheck Protection Program (PPP) loan forgiveness. You can't claim the ERC on wages that were reported as payroll costs to obtain PPP loan forgiveness." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see irs.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, "Disallowance and Partial Disallowance Procedures") with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1,

		"Disallowance and Partial Disallowance Procedures" and insert the following text in two open paragraphs: "The amount of qualified wages you used to calculate your Employee Retention Credit uses the same wages used as payroll costs Paycheck Protection Program (PPP) loan forgiveness. You can't claim the ERC on wages that were reported as payroll costs to obtain PPP loan forgiveness." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see irs.gov/erc106c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters.

		2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).
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(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for Overclaimed Paycheck Protection Program (PPP) and Employee Retention Credit (ERC) as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "The amount of qualified wages you used to calculate your Employee Retention Credit uses the same wages used as payroll costs Paycheck Protection Program (PPP) loan forgiveness. You can't claim the ERC on wages that were reported as payroll costs to obtain PPP loan forgiveness." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC	• Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i>

changes	If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: - As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. - If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. - When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.12 Updated statute paragraph, added friendly URLs for irs.gov website and made editorial changes.

(1) Certain Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, assessment to be made, claim is allowable, disallowance criteria, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as being filed by employers who are claiming ERC credit for using the same wages to justify claims for both Sick and Family Leave (SFL) and Employee Retention Credit (ERC).

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts (only) filed for accounts meeting the specified filtering criteria for overclaimed qualified sick leave will be formally disallowed.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"Overclaim-SFL"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for overclaimed qualified sick and family leave. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to disallow the Form 94XX on the basis of it having failed filtering analysis for overclaimed qualified sick and family leave. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.

Exception: If there is no posted original return, **do not** follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted* unless directed to do so per instructions in (7) below and **do not** follow procedures in IRM 21.7.2.7.8.4, *Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Missing Original Returns (No TC 150)*. Continue processing as per guidance in this paragraph and then follow guidance in (7) below instead of (6).

Caution: The missing TC 150 condition will generally be identified by RAAS in the CII case notes. However, AM employees are responsible for reviewing the account for the presence of an original return when processing the released Form 941-X regardless of whether such a note is present and for applying (6) or (7) guidance below as appropriate.

- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.

- **In addition**, if a Form 94X-X is received that is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021. See IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits* for information regarding 2021 tax periods with an extended ASED. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria overclaimed qualified sick and family leave as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (1) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and</i>

		<i>Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: “ "The amount of qualified wages you used to calculate your Employee Retention Credit uses the same wages you previously used to claim the Sick and Family Leave credit. You can't claim ERC on wages previously used to claim the Sick and Family Credit." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see irs.gov/erc105c."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "The amount of qualified wages you used to calculate your Employee Retention Credit uses the same wages you previously used to claim the Sick and Family Leave credit. You can't claim ERC on wages previously used to claim the Sick and Family Credit." "For more information on Employee Retention Credit (ERC) eligibility requirements and how to

		respond to this letter if you disagree, please see irs.gov/erc106c ."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	1. Complete the CAT-A referral as usual. 2. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for Overclaimed Qualified Sick Leave (SFL) and Employee Retention Credit (ERC) as follows:

If	Then
The Form 94XX reports only changes to ERC	Disallow the claim: 1. Input a TC 971 AC 002 to release the E- freeze if a TC 971 AC 010 was previously input. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "The amount of qualified wages you used to calculate your Employee Retention Credit uses the same wages you previously used to claim the Sick and Family Leave credit. You can't claim ERC on wages previously used to claim the Sick and Family Credit." <i>"For more information on Employee Retention Credit (ERC) eligibility requirements and how to respond to this letter if you disagree, please see IRS.gov/erc105c."</i>
The Form 94XX reports other tax or credit changes in addition to ERC changes	• Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> • If an original return is secured, complete processing of the Form 941-X as per guidance in (6) above after the original return is posted.
The CII case notes indicate multiple RAAS disallowance filters were met	Each failed filter must be considered: 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as

	well as any text provided in other subsections applicable to the other failed filter(s).
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IRM 21.7.2.7.8.13 Added new subsection to provide handling guidance on RAAS Risked - Exam Potential cases.

Handling of Form 94XX ERC Claims Meeting RAAS Filtering Criteria for Risked ERC-Exam Potential

(1) Certain Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases will be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled (i.e., additional handling required, claim is allowable, or partial disallowance criteria).

Caution: RAAS analysis for these cases generally does not include consideration of non-ERC related tax items that may be reported on a Form 94XX, including those with a mix of ERC and non-ERC change items.

(2) This subsection provides handling guidance for Forms 94XX reporting ERC amounts which were identified by RAAS as needing further review.

(3) The IRS has determined that Forms 94XX reporting new or increased ERC amounts meet the specified filtering criteria for needing further review will show risked ERC-exam potential.

(4) Cases identified by RAAS for handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230488068**
- CII case notation: **"RiskedERC-Review"** and **"Risked ERC-Exam Potential"**

Note: CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

(5) All other Form 94XX processing guidelines and requirements also apply to Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for risked ERC-exam potential. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all

preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action on the Form 94XX on the basis of RAAS determination risked ERC-exam potential. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.5.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.
- AM employees must review the account for the presence of an original return when processing the released Form 941-X. If there is no posted original return, follow guidance in IRM 21.7.2.4.4.6, *Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted*, per instructions in (7) below
- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, If a Form 94X-X is received is a duplicate of a previously processed ERC claim, do not rework the original claim based on any subsequent RAAS analysis.
- Compare the EIN and tax period match on the Form 941-X to the EIN and tax period specified in RAAS CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 except for certain ERC credits for 2021 IRM 25.6.1.9.5.10. *COVID-19 Related Employment Tax Credits*. The suspended inventory was reviewed for statute imminent 2020 and 2021 account situations prior to normal ASED expirations of April 15, 2024 and April 15, 2025. There is still heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

(6) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM

by RAAS as having been filed for accounts meeting the specified filtering criteria risked ERC-exam potential as follows:

If	And	Then
The Form 94XX reports only changes to ERC and/or the Form 94XX reports other tax or credit changes in addition to ERC changes	# [REDACTED]	See IRM 21.7.2.7.6.3, <i>Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS and Forms 94XX Reporting Tax Increases or Credit Decreases To</i> execute the worksheet using normal guidance.
The Form 94XX reports only changes to ERC or the Form 94XX reports other tax and/or credit changes in addition to ERC changes	# [REDACTED]	# [REDACTED]
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported and # [REDACTED]	Complete the CAT-A referral per IRM 21.5.3-2, <i>Examination Criteria (CAT-A) - General</i> .
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported and # [REDACTED]	# [REDACTED]

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 with the exception of certain ERC credits for 2021 outlined in IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits*.

(7) **For accounts with no posted TC 150 original return:** After applying the guidance in (5) above, continue handling **otherwise processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for risked ERC-exam potential as follows:

If	Then
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Any line marked with a # is for Official Use Only

The Form 94XX reports other tax or credit changes in addition to ERC changes or ERC only	• Follow guidance in IRM 21.7.2.4.4.6, <i>Adjusted Employer's Tax Return or Claim for Refund Return Filed — No TC 150 Posted</i> • If an original return is secured, complete processing of the Form 94X-X as per guidance in (6) above after the original return is posted.
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IRM 21.7.2.7.11(2) Added information on friendly URL [IRS.gov/erc106c](https://www.irs.gov/erc106c).

(2) AM assistors receiving calls from taxpayers regarding Letter 105C should direct callers to webpage Understanding Letter 105-C, Disallowance of the Employee Retention Credit, using friendly URL [IRS.gov/erc105c](https://www.irs.gov/erc105c). AM assistors receiving calls from taxpayers regarding Letter 106C should direct callers to webpage If you receive Letter 106-C about the Employee Retention Credit, using friendly URL [IRS.gov/erc106c](https://www.irs.gov/erc106c). The web pages provides the taxpayers with the steps to take in determining if they may be eligible, the time line for replying, what steps to take if they are disputing the disallowance and what they should include in the reply. It also instructs taxpayers on what will happen once their responses are received. The Letter 105C and Letter 106C also instruct taxpayers on what to submit if they disagree with the determination to disallow the ERC claim.