

**IRM PROCEDURAL UPDATE**

**DATE: 12/08/2024**

**NUMBER: ts-25-1225-3700**

**SUBJECT: Various Updates**

**AFFECTED IRM(s)/SUBSECTION(s): 25.23.11**

**CHANGE(s):**

**IRM 25.23.11.5(4) Updated Row 5 in the table to clarify MISC code ENTLOK can only be input by IPSO and RICS Headquarters.**

(4) To input the ID theft indicator, use IAT BTR Tool and Command Code (CC) REQ77 initiated from TXMODA, when BTR Tool is unavailable. The BMF indicators differ from IMF indicators as the BMF IDT TCs 971 AC 522 do not appear on the entity. Ensure the secondary date and "MISC" sections are correctly input. Indicators must be input on all MFTs and tax periods where ID theft is suspected and/or confirmed.

**Note: The Secondary Date** field will reflect the IRS receive date or the date of the taxpayer's inquiry. (Due to a programming issue if using today's date and you receive an error message, use the prior day's date). If the identity theft issue was internally identified, use the date you recognized the taxpayer was a victim of identity theft. The ID theft indicators are only input on the TXMODA not the entity section.

**Exception:** RICS systemic selections for potential BMF IDT review do not contain a secondary date.

**Note: MISC-** In the MISC field enter WI AM XXXXXX. See below for the definitions of the tax administration codes to be used. See IRM 25.23.9-1, TC 971 AC 5XX - MISC Codes, for additional information.

Action Code	Tax Administration Code	Definition
1.522	IDTCLM	Taxpayer makes a claim of identity theft, but no taxpayer documentation provided. The indicator is input on taxpayer asserted BMF ID theft accounts and IRS Identified BMF ID theft accounts.  See IRM 25.23.9.6.1 , <i>Allegation or Suspicion of BMF</i>

		<p><i>Identity Theft - TC 971 AC 522 IDTCLM</i>, for additional information.</p> <p><b>Example:</b> Form 14566 is received from a taxpayer phone call. TC 971 AC 522 should be input with IDTCLM in the MISC field.</p> <p><b>Note:</b> The taxpayer may still need to complete Form 14039-B if additional information is needed.</p>
2.522	IDTDOC	<p>Taxpayer provided a Form 14039, Identity Theft Affidavit or Form 14039-B, Business Identity Theft Affidavit, or taxpayer supporting documentation. See IRM 25.23.9.6.2, Taxpayer Supporting Documentation-TC 971 AC 522 IDTDOC, for additional information.</p> <p>If a loose Form 14039-B is received and no TC 971 AC 522 IDTCLM is on the module, input only the TC 971 AC 522 IDTDOC to indicate the ID theft claim was received from taxpayer.</p>
3.522	CLSIDT	<p>BMF ID theft case resolved and was confirmed IDT. See IRM 25.23.9.6.3, Closing BMF Identity Theft Issues - TC 971 AC 522 CLSIDT, for additional information.</p>
4.524	EINFAB	<p>EIN is fabricated and the account has been locked. Send Form 14566, BMF Identity Theft Referral, to the AM BMF liaison mailbox, *TS AM BMF IDT, if it is determined the entity is fabricated.</p> <p><b>Note:</b> Input of MISC code EINFAB is limited to IPSO and RICS and generates TC 020 on the entity.</p>
5.524	ENTLOK	<p>EIN is legitimate, identity theft confirmed, and the entity locked to prevent name, address, and responsible party updates.</p> <p><b>Note:</b> Input of MISC code ENTLOK is limited to IPSO and RICS Headquarters and does <b>not</b> generate TC 020 on the entity.</p>

**IRM 25.23.11.6.3.2(2) Updated timeframes and guidance for taxpayers throughout the If/Then chart.**

(2) If the taxpayer **calls** and the return is being held for (or pending) RICS review, follow the If/Then chart below:

If the taxpayer calls and	Then
1. Claims they have no knowledge of the business referenced on the notice/letter	1. Advise the taxpayer to follow the instructions on the letter and submit a signed statement with a copy of their Letter 6042C via fax, mail, or the Document Upload Tool within 30 days from the date of the letter.
2. Questions the notice/letter or is asking for assistance	<p>1. Advise the taxpayer to follow the instructions on the Letter 6042C and they must reply and provide the requested information via fax, mail, or the Document Upload Tool within 30 days from the date of the letter.</p> <p>2. If the taxpayer questions why they received the notice, use the following statement, <b>We received federal tax returns for the entity name and employer identification number (EIN) listed on the notice. We need more information about this entity for us to process the returns.</b></p> <p><b>Caution: #</b> [REDACTED]</p> <p>[REDACTED] #</p>
3. The taxpayer states they did not receive a Letter 6042C and RICS <b>has not</b> made a final determination of ID theft	<p>1. Send an e4442 referral to RICS using # [REDACTED] #. In Section B of the e4442, request RICS re-issue the letter and include additional information the taxpayer provides</p> <p><b>Note:</b> If the taxpayer states their address has changed, do not update the address on the account. Notate the address change on the referral and</p>

	<p>advise the taxpayer to submit Form 8822-B. Refer to IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes for additional information.</p> <ol style="list-style-type: none"> <li>2. Explain to the taxpayer their tax return is under review and they must respond to the letter providing the requested information.</li> <li>3. Advise the taxpayer they should receive the reissued letter within 30 days.</li> </ol> <p><b>Reminder:</b> Do <b>not</b> reissue the letter to the taxpayer. Only RICS can reissue the letter.</p> <p><b>Note:</b> # [REDACTED] [REDACTED] #</p>
<p>4. The taxpayer states they did not receive a Letter 6042C and RICS <b>has</b> made a final determination of ID theft For example, research may show any of the following (this is not all-inclusive):</p> <ul style="list-style-type: none"> <li>• Closed RICS control with IDRS activity code of IDTCONFRMD</li> <li>• An unreversed TC 971 AC 522 containing CLSIDT posted to tax module</li> <li>• A previous request to reissue the letter and AMS/IDRS history indicates RICS has made a final IDT determination, and the letter will not be reissued</li> </ul> <p><b>Note:</b> RICS does not send determination letters for Entity Fabrication (EF) or ID theft programs. If RICS has made a determination of ID theft, they do</p>	<ol style="list-style-type: none"> <li>1. Advise the taxpayer after review of their account, the return was determined to be an invalid filing. The return will not be processed, and a refund will not be issued or overpayments applied.</li> <li>2. Advise the taxpayer if they have additional information to support the return filed, please fax that supporting documentation to 844-201-5531.</li> </ol>

<p>not communicate with or respond back to the individual. Refer to actions taken on AMS/IDRS to see the case determination made by RICS.</p>	
<p>5. If the taxpayer responded to the Letter 6042C , Entity Verification for Businesses, and calls back claiming they did not receive a refund or their return did not complete processing due to RICS review, <b>no confirmed BMF IDT TC</b> posted to the account and 120 days have passed from the taxpayer's letter response received date</p> <p><b>Note:</b> If 120 days have <b>not</b> passed advise the taxpayer that generally cases are resolved within 120 days; however, due to extenuating circumstances, our inventories have increased drastically which has increased the time to resolve cases.</p>	<ol style="list-style-type: none"> <li>1. Send an e-4442 using # [REDACTED]</li> <li>2. # [REDACTED]</li> </ol> <p><b>Note:</b> If the taxpayer states their address has changed, do not update the address on the account. Notate the address change on the referral and advise the taxpayer to submit Form 8822-B. Refer to IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes for additional information.</p> <ol style="list-style-type: none"> <li>3. Advise the taxpayer that generally cases are resolved within 120 days; however, due to extenuating circumstances, our inventories have increased drastically which has increased the time to resolve cases.</li> </ol>
<p>6. If the taxpayer responded to Letter 6042C and did not receive a refund or their return did not process due to RICS review, and a <b>confirmed BMF IDT</b> transaction code posted to the account</p> <p><b>Note:</b> RICS does not send determination letters for Entity Fabrication (EF) or ID theft programs. If RICS has made a determination of ID theft, they do not communicate with or respond back to the individual. Refer to actions taken on AMS/IDRS to see the case determination made by RICS.</p>	<ol style="list-style-type: none"> <li>1. Advise the taxpayer after review of the response to letter 6042C, the return was determined to be an invalid filing. The return will not be processed, and a refund will not be issued or overpayments applied.</li> <li>2. Advise the taxpayer if they have additional information to support the return filed, please fax that supporting documentation to 844-201-5531.</li> </ol>
<p>7. The taxpayer submitted additional information to support the return filed and states they did not receive a</p>	<ol style="list-style-type: none"> <li>1. Send an e-4442 using # [REDACTED]</li> <li>2. # [REDACTED]</li> </ol>

<p>refund or their return was determined to be an invalid filing due to RICS review.</p> <p>For example, research may show any of the following (this is not all-inclusive):</p> <ul style="list-style-type: none"> <li>• Closed RICS control with IDRS activity code of NOTIDT</li> <li>• TC 971 AC 522 containing CLSIDT reversed with TC 972 AC 522 containing NOTIDT posted to the tax module</li> <li>• TC 971 AC 711 reversed with TC 971 AC 712, TC 971 AC 713, or TC 971 AC 717 with corresponding DLN on TC 973 to allow the return to post</li> <li>• AMS narrative indicating no IDT and actions taken</li> </ul> <p><b>Note:</b> If 120 days have <b>not</b> passed advise the taxpayer that generally cases are resolved within 120 days; however, due to extenuating circumstances, our inventories have increased drastically which has increased the time to resolve cases.</p>	<div style="background-color: black; width: 100px; height: 15px; margin-bottom: 5px;"></div> <p style="text-align: right; color: red; font-weight: bold;">#</p> <p><b>Note:</b> If the taxpayer states their address has changed, do not update the address on the account. Notate the address change on the referral and advise the taxpayer to submit Form 8822-B. Refer to IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes for additional information.</p> <ol style="list-style-type: none"> <li>3. Advise the taxpayer that generally cases are resolved within 120 days; however, due to extenuating circumstances, our inventories have increased drastically which has increased the time to resolve cases.</li> </ol>
<p>8. If the taxpayer submitted additional information to support the return filed and states they did not receive a refund or their return was determined to be an invalid filing due to RICS review, and RICS <b>has</b> confirmed the final determination of ID theft</p> <p><b>Note:</b> RICS does not send determination letters for Entity Fabrication (EF) or ID theft programs. If RICS has made a determination of ID theft, they do not communicate with or respond back to the individual. Refer to actions taken on AMS/IDRS to see the case determination made by</p>	<ol style="list-style-type: none"> <li>1. Advise the taxpayer after review of the additional information submitted, the return was determined to be an invalid filing. The return will not be processed, and a refund will not be issued or overpayments applied.</li> <li>2. Advise the taxpayer if they have additional information to support the return filed, please fax that supporting documentation to 844-201-5531.</li> </ol>

RICS.	
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**Note:** The taxpayer does NOT need to file a Form 14039 or Form 14039-B; RICS will ensure all appropriate actions to protect the taxpayer's account will be taken.

**IRM 25.23.11.6.10(5) Box 2, Added IRM reference for Category C Erroneous Refunds.**

(5) Follow the chart below:

	<b>If</b>	<b>And</b>	<b>Then</b>
1.	No refund issued or refund has been returned		<ul style="list-style-type: none"> <li>Review account to determine whether an additional adjustment is required. For example, if SBSE only removed a portion of the ERC and the taxpayer states they did not file the amended return then the additional credit would need to be reversed.</li> <li>Input TC 971 AC 522 to indicate an IDT claim was received, and TC 971 AC 522 to close the IDT claim, as required.</li> <li>Send closing letter.</li> </ul>
2.	Refund issued and not returned	TCIS shows the check was issued to the Entity Address of Record	<ul style="list-style-type: none"> <li>Review account to determine whether an additional adjustment is required. For example, if SBSE only removed a portion of the ERC and the taxpayer states they did not file the amended return then the additional credit would need to be reversed.</li> <li>Follow Category C erroneous refund procedures per IRM 21.4.5.5.4, Category C Erroneous Refunds.</li> <li>Input TC 971 AC 522 to indicate an IDT claim was received, and TC 971 AC 522 to close the IDT claim, as required.</li> <li>Send closing letter.</li> </ul>
3.	Refund issued and	TCIS shows the check was issued	<ul style="list-style-type: none"> <li>Review account to determine whether an additional adjustment is required. For</li> </ul>

not returned	to an address other than the Entity Address of Record	<p>example, if SBSE only removed a portion of the ERC and the taxpayer states they did not file the amended return then the additional credit would need to be reversed.</p> <ul style="list-style-type: none"> <li>• Follow lost refund procedures as outlined in IRM 25.23.11.6.9, Lost Refund.</li> <li>• Input TC 971 AC 522 to indicate an IDT claim was received, and TC 971 AC 522 to close the IDT claim, as required.</li> <li>• Send closing letter.</li> </ul>
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