

IRM PROCEDURAL UPDATE

DATE: 12/16/2016

NUMBER: wi-21-1216-1754

SUBJECT: BMF International Accounts Management

AFFECTED IRM(s)/SUBSECTION(s): 21.8.2

CHANGE(s):

IRM 21.8.2.1.3 Added Exception regarding TAC appointment calls, updated fax numbers as a result of Convergence Unified Communications deployment, and deleted paragraph (4).

1. The following websites are helpful when researching international issues:
 - o Submission Processing website at <http://win.web.irs.gov/SP/index.htm>
 - o IRC listed by Code section number at <http://www.law.cornell.edu/uscode/text>
 - o Tax treaties on line at <https://www.irs.gov/individuals/international-taxpayers/tax-treaties>
 - o Various international topics at <http://www.irs.gov/business/international/index.html>
 - o Foreign Account Tax Compliance Act at <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>
 - o IRS FBAR and Title 31 at <http://www.irs.gov/business/international/index.html>
 - o IRS Bulletins, Notices, Announcements, etc. at <http://www.irs.gov/irb/>
 - o U.S. Citizenship and Immigration Services (USCIS) website at <http://www.uscis.gov>
 - o Lexis-Nexis at <http://www.lexisnexis.com/clients/irshome/>
 - o The Social Security Administration website <http://www.ssa.gov/>
 - o Qualified Intermediaries at <http://www.irs.gov/business/corporations/article/0,,id=150934,00.html>
 - o Electronic Tax Law Assistance at <http://www.irs.gov/help/page/0,,id=133197,00.html>
 - o United States Department of State at <http://www.state.gov/>
 - o International dialing codes at <http://www.countrycallingcodes.com/>
 - o IR Web research center at <http://rnet.web.irs.gov/index1.htm>
2. Assistors staffing the International line **DO NOT** use the Telephone Transfer Guide (TTG) to transfer calls. They can use "The Source for Telephone Numbers" at: <http://gatekeeper.web.irs.gov/plList.asp> to provide the correct toll-free number to the caller. If the caller is calling outside the United States the assistor should perform the needed resolution. If the assistor is not

trained or the caller does not want to call back, complete Form 4442, *Inquiry Referral*. See IRM 21.3.5.4, *Referral Procedures*, for complete procedures.

NOTE: International assistors may transfer calls within the International line using local procedures.

EXCEPTION: When international customers call the International line (267-941-1000) and indicate they want to go to a Taxpayer Assistance Center (TAC), the International assistor will first try to resolve all issues presented by the taxpayer on the call. If it is determined TAC service is still needed, the assistor will transfer the caller to 92055 (Application 55) for English or 92056 (Application 56) for Spanish so an appointment can be made. The International assistor will advise the customer to explain to the TAC appointment assistor the customer called the International line, and the International CSR that transferred the call to them has already provided assistance but the caller still requires a TAC appointment. For further information refer to IRM 21.1.1.6, *Customer Service Representative (CSR) Duties*.

3. **Assistors staffing any toll-free line** should not transfer calls to the International line (267-941-1000). They can provide the International **non toll-free number** or any of the numbers below to a caller for help with international issues. If the caller does not want to call back, offer to prepare Form 4442, *Inquiry Referral*. Route to BMF International at the Ogden campus via fax at # [REDACTED] # (number is for internal use only). For a list of BMF international issues see IRM 21.8.2.1.1, *Campus Consolidation and Program Centralization*. For more information on the referral process see IRM 21.3.5.4, *Referral Procedures*.

Title or Organization	Phone	Fax
International (Taxpayer Customer Service)	267-941-1000**	# [REDACTED] # (number is for internal use only)
International Automated Collection System (ACS)	267-941-1004**	
Automated Underreporter (AUR)	267-941-1026**	267-466-1023
Electronic Federal Tax Payment System (EFTPS)	303-967-5916	
International Estate and Gift	866-699-4083 (toll-free) 859-669-2349* (not toll-free)	
Excise Tax (Form 720, Form 730, Form 2290 and Form 8849)	859-669-5733	
FBAR and Title 31 Helpline	866-270-0733 (toll-free) 313-234-6146 (not toll-free)	

International Examination	267-941-1037**	267-466-1463
Offer in Compromise (OIC) - General	267-941-1004**	787-759-5466
(OIC) - Accepted Offers Only	631-447-4018	
Taxpayer Advocate Service - English speaking	787-522-8601	855-818-5697
Taxpayer Advocate Service - Spanish speaking only	787-522-8600	
U.S. Certification Program	267-941-1000**	267-466-1035

* This telephone number goes to voice mail but messages are checked daily. The International Estate and Gift e-mail address is sbse.eg.intl@irs.gov, and can be provided.

REMINDER: Numbers marked with (**) CANNOT be accessed using IRS phones.

IRM 21.8.2.12.2.1 Updated the Withholding Allowance information.

1. The withholding agent issues a Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, which is an information return similar to a Form 1099.
2. Form 1042-S provides the pertinent data in verifying that the withholding is correct including:
 - o Income Code (identifies type of income paid)
 - o Gross Income Paid
 - o Chapter 3 or 4 exemption code/tax rate. The exemption codes are located on the back of the Form 1042-S.
 - o Withholding Allowance (completed only for specific Income Codes, refer to current year form instructions)
 - o Net Income
 - o Federal Tax Withheld
 - o Tax withheld by other agents
 - o Tax paid by withholding agent
 - o Total withholding credit
 - o Amount repaid to recipient
 - o Withholding agent's information
 - o Recipient's information (including the Country Code of residency of the recipient for tax purposes)
3. Form 1042-S returns can be filed on paper if there are less than 250 income recipients for which data must be reported. If 250 or more Form 1042-S returns are submitted, withholding agents are required to file them electronically. All financial institutions must file Forms 1042-S electronically (regardless of how many forms are being filed).

4. Electronic submissions of 1042-S forms are filed using the Filing Information Returns Electronically (FIRE) System. FIRE, which is located at <http://fire.irs.gov>, is a Web based system so it is available 24 hours a day - 7 days a week. See Pub 1187, **Specifications for Electronic Filing of Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding**, for further information.
5. Forms 1042-S, whether filed on paper or electronically, must be filed with the Internal Revenue Service by March 15. Taxpayers may request a 30 day extension of time to file Form 1042-S by filing a completed Form 8809, *Application for Automatic Extension of Time To File Information Returns*. An additional 30 day extension may be requested by submitting a second Form 8809. Generally, requests for additional time are only granted in cases of extreme hardship or catastrophic event. See Pub 1187, **Specifications for Electronic Filing of Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding**, for rules on filing requests for an extension of time to file electronically.

NOTE: The Form 8809 does not extend the time for filing Form 1042.

6. Paper Form 1042-S returns are filed at the Ogden Submission Processing Campus with the Form 1042-T being used as the paper transmittal form for paper Form 1042-S returns.
7. For assistance with electronic filings or extensions of time to file, taxpayers can contact the IRS by e-mail at mccirp@irs.gov or by phone at the following numbers:
 - o 866-455-7438 (toll free)
 - o 304-263-8700 (toll call)
 - o 877-477-0572 (fax)
 - o 304-579-4105 (international fax)
8. The Form 1042 is the taxable return. It should reflect the total of all taxes withheld and paid over to the IRS, as reflected on the Forms 1042-S.
9. The Form 1042-S is processed with FLC 60, Tax Class 5, and Document Code 02 for paper documents.
10. Form 1042 and Form 1042-S are sorted, batched, numbered and follow basic pipeline processing.
 - a. During the Code and Edit function, the Form 1042-S returns are detached from the Form 1042 and processed separately.
 - b. Form 1042-S returns follow basic campus processing but the records do not post to Master File.
11. The tax data extracted from Form 1042-S processing is exchanged with foreign countries with which the United States has a tax treaty or exchange of information agreement. Form OECD (Organization for Economic Cooperation and Development) is used to exchange this information. See IRM 21.8.2.13.
12. To claim any over-withheld amount, the income recipient must file Form 1040NR, 1120-F, 1120-FSC, 990-T, 990-PF, or 8804, along with a copy of the Form 1042-S, even if a return is not otherwise required to be filed. This applies to all but a Qualified Intermediary (QI), Withholding Foreign Partnership (WP), Withholding Foreign Trust (WT) (and, for purposes of

chapter 4 taxes only, a Participating Foreign Financial Institution (PFFI) or Model 1 Foreign Financial Institution (Model 1 FFI)) that is claiming a collective refund on behalf of its account holders, partners, owners, or beneficiaries pursuant to its respective agreement with the IRS. See IRM 21.8.2.12.10, **Qualified Intermediary Agreements (QI)**, and Rev. Proc. 2014-39 and Rev. Proc. 2014-47 for information on collective refund procedures.

13. See IRM 21.8.2.12.2.2, *Claims for Tax Withheld at Source*, for claims involving Form 1042-S tax withheld at source.

IRM 21.8.2.12.2.2 Updated claims for tax withheld at source per LB&I.

1. If tax is withheld at source under sections 1441 - 1443, section 1446 (in the case of publicly held partnerships), or Chapter 4, the withholding agent **MUST** issue a Form 1042-S to the recipient. Use the following chart to handle claims for tax withheld at source.

EXCEPTION: For Form 1120-F claims or amended returns follow IRM 21.8.2.12.2.8, *FATCA Form 1042-S Accounts Management Form 1120-F Amended Returns (New Form 1042-S Credits)*, or IRM 21.8.2.12.2.9, *FATCA Form 1042-S Accounts Management Form 1120-F Amended Returns (Credits Denied)*, accordingly.

If...	Then...
A foreign corporation had tax withheld by a withholding agent who reported this credit on Form 1042	The recipient can only recover this withholding by filing an income tax return.
The taxpayer files a claim on Form 843 for tax erroneously withheld	Return the claim to the taxpayer. Advise the taxpayer that an income tax return must be filed with Form 1042-S attached, even if a return is not normally required.
The taxpayer files an amended return	Process as a normal duplicate filing case, 1. Verify that the income on Form 1042-S is reported (use CFOL commands OR request return, if necessary). NOTE: When the income was not considered, adjust the account accordingly. 2. Research command code IRPTR to verify the same information on the Form 1042-S is reported in IRPTR.

The taxpayer files an amended return claiming that the amount withheld on Form 1042-S was incorrect	Return the claim to the taxpayer. Advise the taxpayer to resubmit the amended return with a copy of the corrected Form 1042-S.
The taxpayer files an amended return with a corrected Form 1042-S.	1. Research command code IRPTR to verify the same information on the Form 1042-S is reported in IRPTR. When verified, allow the credit with transaction code 766. Input a TC 29X with a Reference Code 330 for the amount of the credit to generate the TC 766. NOTE: Use of the reference code 330 will cause Master File to use the 180- day interest free calculation on the amount of the Chapter 3 or Chapter 4 withholding credit.

IRM 21.8.2.12.2.3 Updated FATCA information per LB&I.

- Beginning January 1, 2015 through December 31, 2015 all Forms 1120-F claiming Form 1042-S, Form 8288-A, and/or Form 8805 credits (Credit Reference Number (CRN) 330) will be reviewed for validity. Forms 1120-F with a credit balance will have the entire refund systemically frozen for up to 154 days. However, Forms 1120-F with a zero balance or a balance due will not have a systemic freeze. The items below will identify these systemically frozen refunds:
 - R Freeze;
 - Transaction Code (TC) 766 CRN 330;
 - TC 570; and
 - TC 971 Action Code (AC) 746.

DO NOT RELEASE THE FREEZE. The examples below illustrate how the systemic freeze will affect refunds or offsets of refundable credit amounts.

EXAMPLE: TC 150 for \$1,000 with a CRN 330 for \$1,500 will generate the systemic freeze and hold the \$500 refund.

EXAMPLE: TC 150 for \$.00 with a CRN other than 330 for \$1,000 and a CRN 330 for \$1,500 will generate the systemic freeze to hold the entire \$2,500 refund.

2. Beginning January 1, 2016 the entire refund is no longer frozen. All Forms 1120-F claiming withholding relating to Chapter 3 & 4 (Line 5i) will continue to be reviewed for validity but will no longer have a freeze code on the account. The amount of withholding claimed on Line 5i will be systemically frozen for up to 154 days with a Transaction Code (TC) 810. **DO NOT RELEASE THE FREEZE.** The items below will identify these systemically frozen refunds:
 - o TC 810;
 - o TC 766 CRN 330; and
 - o TC 971 Action Code (AC) 746.
3. Notices **will not** generate regarding the systemic freeze, which may result in taxpayer inquiries.

NOTE: Under the Hiring Incentives to Restore Employment (HIRE) Act enacted March 18, 2010, IRS has up to 180 interest free days to review IRC Chapters 3 and 4 credits.

4. The 154 day freeze period begins from the later of the Form 1120-F due date or the date the complete return including all necessary documentation was actually filed.

EXAMPLE: A complete refund 1120-F is filed in January. The refund will be held until September if the return due date is March 15th.

EXAMPLE: A complete refund 1120-F is filed in May for a return due in March. The refund will be held until November.

5. **DO NOT RELEASE THE FREEZE.** Compliance will review the validity of these credits during the 154 day freeze period.
6. If additional time is necessary to review the credits, Compliance will extend the systemic freeze and send Letter 3064C. An extended freeze is identified by a TC 971 and AC 747 with a two digit character (01-99; the number of cycles the freeze is extended) in the miscellaneous field.
7. If a taxpayer calls to inquire about their refund and it is a frozen CRN 330 (1042-S/8288-A/8805) refund (initial freeze) advise the caller: "The IRS will need additional time to process your return. Please allow IRS up to six months from the original due date or the actual filing date of the return whichever is later to receive your refund".
8. If a taxpayer calls to inquire about their refund and the initial freeze has been extended, advise the caller: "The IRS will need additional time beyond the initial six months indicated in the Form 1120-F instructions to process the return. Please allow up to 12 months from the original due date of the Form 1120-F or the date you actually filed the Form 1120-F, whichever is later, to process your return. If after our review you are due a refund, we will pay you interest on that amount from the later of the due date or the date you filed your return. We apologize for the inconvenience".
9. If a taxpayer calls to inquire about a balance due notice they received because we reduced or eliminated their credits, follow procedures in IRM 21.8.2.12.2.5 or IRM 21.8.2.12.2.6 as appropriate.

10. Refer taxpayers who indicate waiting for their refund will create economic harm to TAS. See IRM 13.1.7.2, *TAS Case Criteria*, for referral procedures.
11. If a duplicate or amended return is received for the purpose of receiving the frozen credit, issue correspondex Letter 3064C, or other appropriate letter and release the -A freeze. Use the language in Paragraph 6 or 7 above to advise the taxpayer of the initial or additional delay. Follow procedures in IRM 21.8.2.12.2.8 or IRM 21.8.2.12.2.9 to process other duplicate or amended returns accordingly.

EXCEPTION: If an amended return is received that will increase or decrease tax **and is unrelated to credit(s) originally claimed on Form 1120-F**, process per normal procedures following appropriate CAT-A criteria. A TC 29X adjustment will not release the systemic freeze.

12. If a duplicate or amended return is received claiming a new credit or a denied credit, follow procedures in IRM 21.8.2.12.2.8 or IRM 21.8.2.12.2.9 as appropriate.
13. Accounts Management CSRs will report time spent on working FATCA issues under 710-8439X (FATCA).
14. In addition to this **systemic review process**, Compliance will continue with their **manual review process** of Form 1042-S, Form 8805, and Form 8288-A credits on certain returns. The items below will identify these returns:
 - o Project Code Status "1080" will be on Command Code (CC) AMDISA;

NOTE: As of January 25, 2016 Project Code "1501" will be used.

- o Freeze Codes (-X, -L and -R) will be on CC BMFOLT and CC TXMODA; and
- o Control Base and History Information section of CC TXMODA will reference **PROJECT1080** or **PROJECT1501**, **HOLDREFUND**, **CNTCTEXAM**, or similar history.

NOTE: If the taxpayer writes or calls asking about their refund, inform the taxpayer refunds of certain overpayments, which pertain to tax, withheld and reported on Forms 1042-S, 8805, or 8288-A may require additional time to be processed. Therefore, please allow up to six months for these refunds to be issued. If six months have passed, inform the taxpayer the refund will be delayed pending the examination of the tax return, prepare a referral (Form 4442) and securely e-mail it to # [REDACTED] #, and close the case "PROJCD1080" or "PROJCD1501". **DO NOT RELEASE THE FREEZE.**

IRM 21.8.2.12.2.4 Updated FATCA information per LB&I.

1. IRS implemented a systemic matching program to review the validity of credits on Forms 1120-F. See IRM 21.8.2.12.2.3 for more information.

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will need to determine the reason for a Form 1042-S not matching. If a reason is identified, the withholding agent may need to submit an amended Form 1042-S with the IRS and/or provide a corrected copy of Form 1042-S to the taxpayer.

NOTE: #

6. If a taxpayer has more than one Form 1042-S that does not match, a separate Letter 5532C is issued for each Form 1042-S. However, only one adjustment (TC 767, RC 161) will post to IDRS to reverse the credits as long as the reversal occurs in the same cycle.

EXAMPLE: Taxpayer attached five Forms 1042-S to their income tax return for a total credit of \$1,000. Two Forms 1042-S totalling \$300.00 do not match. Two Letters 5532C will be issued but only one TC 767 for \$300.00 with Reason Code 161 will post to IDRS.

7. **IF THE MATCHING PROGRAM INDICATES A FORM 1042-S WAS PREVIOUSLY ALLOWED**, a Letter 5533C, *Notification of Preliminary Action Regarding Chapter 3 or Chapter 4: Credit Previously Allowed*, is issued. The letter advises the taxpayer we reduced or eliminated the amount shown on Form 1120-F, line 5i because our records show that their credit has already been allowed.
8. If a taxpayer has more than one Form 1042-S that was previously allowed, a separate Letter 5533C is issued for each Form 1042-S. However, only one adjustment (TC 767, RC 162) will post to IDRS to reverse the credits as long as the reversal occurs in the same cycle.

EXAMPLE: Taxpayer attached five Forms 1042-S to their income tax return for a total credit of \$1,000. Two Forms 1042-S totalling \$300.00 were previously allowed. Two Letters 5533C will be issued but only one TC 767 for \$300.00 with Reason Code 162 will post to IDRS.

9. **IF THE MATCHING PROGRAM INDICATES THE WITHHOLDING AGENT DID NOT DEPOSIT WITHHOLDING WITH THE IRS**, a Letter 5642C, *Notification of Preliminary Action Regarding Chapter 3 or Chapter 4 Withholdings Shown as Payments*, is issued. The letter advises the taxpayer we reduced or eliminated the amount shown on Form 1120-F, line 5i because our records show that the withholding agent did not deposit tax with IRS. The transaction codes below determine whether the applicable withholding agent made deposits. The credits must be unreversed on the applicable withholding agent's Form 1042 (MFT 12) account for the same tax period to meet the deposit criteria.

Credit/Payment	Credit/Payment Description
430/660	Estimated tax payment
610	Payment with return
620	Payment with extension
640	Advanced payment of deficiency
650	Federal Tax Deposit
670	Subsequent payment
700	Credit applied (manual)
706	Overpayment from another tax module (generated)
710	Overpayment applied from prior tax period (manual)
716	Overpayment applied from prior tax period (generated)
740	Undeliverable refund check redeposited
760	Substantiated credit
766	Refundable credit allowance (generated)
790	Overpayment applied from IMF (manual)
800	Credit for withheld taxes
821	Reverse overpayment credit transferred (generated)
822	Correction of overpayment transferred in error
832	Correction of credit elect transfer
841	Cancelled refund check deposited
842	Refund deletion
848	Refund transferred out of account

10. If a taxpayer has more than one Form 1042-S and the withholding agent did not deposit withholding with IRS a separate Letter 5642C is issued for each Form 1042-S. However, only one adjustment (TC 767, RC 163) will post to IDRS to reverse the credits as long as the reversal occurs in the same cycle.

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[REDACTED]

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[REDACTED]

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11. **IF THE TAXPAYER FILED MULTIPLE 1042-S FORMS AND THE MATCHING PROGRAM INDICATES ONE FORM 1042-S DID NOT MATCH "AND" ONE FORM 1042-S WAS PREVIOUSLY ALLOWED, "AND" ONE WITHHOLDING AGENT DID NOT DEPOSIT WITHHOLDING WITH THE IRS, a Letter 5532C, Letter 5533C, and a Letter 5642C is issued. Three adjustments will post to IDRS, one TC 767 with Reason Code 161, one TC 767 with Reason Code 162, and one TC 767 with Reason Code 163.**
12. **IN ALL CASES**, if credits are reversed in separate cycles multiple TCs 767 will post to IDRS.

CAUTION: After a reversal posts (TC 767), there may still be a freeze. Some Form 1042-S credits will remain frozen until the 154 day freeze or the extended freeze is systemically released. **DO NOT RELEASE THE FREEZE.**

13. When a reversal posts (TC 767 (RC 161, 162, or 163)), an adjustment notice (CP 210 or 220) will generate to the taxpayer. After a reversal posts, the taxpayer may still have an overpayment or the taxpayer may now have a balance due.
14. Accounts Management will not validate credits that may still be frozen (not reversed) on the account.

EXAMPLE: The original return includes \$5,000 in frozen credits. \$1,000 was reversed with TC 767 RC 161. \$4,000 remains frozen. Accounts Management will only verify the \$1,000 credit that was reversed.

15. Accounts Management will not validate Form 8288-A or Form 8805 credits that are on the account.
16. Accounts Management assistants will take the following actions on accounts affected by the new systemic matching program:
- o Follow all normal statute guidelines. Refer to Statutes for clearance or assessment when necessary. See IRM 25.6, *Statute of Limitations*.
 - o Follow all normal Category A guidelines. See IRM 21.5.3, *General Claims Procedures* in conjunction with IRM 21.8.2.1.13, *Examination Criteria*.
 - o Follow all normal amended return guidelines and procedures. For further information see IRM 21.5.2.4, *Adjustment Guidelines-Procedures*.
 - o Follow all normal payment tracer guidelines and procedures. For further information see IRM 21.5.7, *Payment Tracers*.
 - o Follow all normal credit transfer guidelines and procedures. For further information see IRM 21.5.8, *Credit Transfers*.

IRM 21.8.2.12.2.5 Updated FATCA information per LB&I.

1. The instructions in this IRM section pertain only to accounts where the taxpayer was issued a Letter 5532C, *Notification of Preliminary Action Regarding Chapter 3 or Chapter 4 Withholdings Shown as Payments on Your Tax Return*, **and** one or more credits were reversed (TC 767, RC 161) because the withholding agent's Form 1042-S (Copy A) submitted to IRS did not match the recipient's (taxpayer's) Form 1042-S (Copy B, C, or D) filed with their income tax return. See IRM 21.8.2.12.2.4 for additional information about Letter 5532C.
2. The following table explains how Account Management assistors will respond to telephone/written inquiries concerning Letter 5532C, CP 210/220, and/or credit reversal (TC 767, RC 161):

If	And	Then
Taxpayer writes or calls	Asks why their credit was denied or doesn't understand their letter/notice	1. Advise taxpayer their credit was denied because their Form 1042-S information did not match the information reported by their withholding agent. 2. Advise taxpayer they must contact their withholding agent to determine the reason for the mismatch. NOTE: If a mismatch is identified, the withholding agent may need to submit a corrected Form 1042-S with the IRS and/or provide a corrected copy of Form 1042-S to the taxpayer
Taxpayer writes and explains the withholding agent confirmed the taxpayer's copy of Form 1042-S matches what the withholding agent submitted to IRS.	Taxpayer provides a copy of their Form 1042-S	Follow the instructions in Paragraph (3) below.

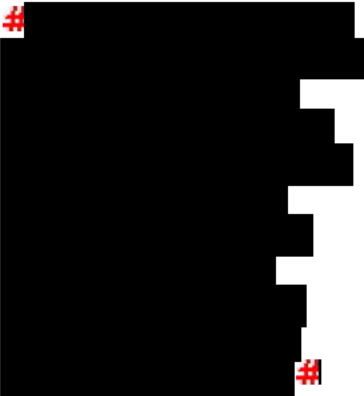
NOTE: # [REDACTED]		
Taxpayer writes and explains the withholding agent confirmed the taxpayer's copy of Form 1042-S matches what the withholding agent submitted to IRS. NOTE: # [REDACTED]	Taxpayer DOES NOT provide a copy of their Form 1042-S	Request a copy and close case. NOTE: When taxpayer provides a copy of their Form 1042-S, follow the instructions in Paragraph (3) below.
Taxpayer calls and explains the withholding agent confirmed the taxpayer's copy of Form 1042-S matches what the withholding agent submitted to IRS. NOTE: # [REDACTED]	Taxpayer provides a copy of their Form 1042-S	Prepare Form 4442 for an In-House referral. Follow procedures in IRM 21.3.5.4, <i>Referral Procedures</i>. When working these referrals, follow the instructions in Paragraph (3) below.
Taxpayer calls and explains the withholding agent confirmed the taxpayer's copy of Form 1042-S matches what the withholding agent submitted to IRS.	Taxpayer DOES NOT provide a copy of their Form 1042-S	Request a copy by fax and prepare Form 4442 for an In-House referral. Follow procedures in IRM 21.3.5.4, <i>Referral Procedures</i>. When working these referrals, follow the instructions in Paragraph (3) below. NOTE: If taxpayer cannot

NOTE: # [REDACTED]		provide a copy of their Form 1042-S by fax request a copy by mail and close case.
Taxpayer writes and states the withholding agent explained the original Form 1042-S DID NOT match	Taxpayer provides a copy of their corrected Form 1042-S	Follow the instructions in Paragraph (3) below.
Taxpayer writes and states the withholding agent explained the original Form 1042-S DID NOT match	Taxpayer DOES NOT provide a copy of their corrected Form 1042-S	Request a copy and close case. NOTE: When taxpayer provides a copy of their Form 1042-S, follow the instructions in Paragraph (3) below.
Taxpayer calls and states the withholding agent explained the original Form 1042-S DID NOT match	Taxpayer provides a corrected copy of their Form 1042-S	Prepare Form 4442 for an In-House referral. Follow procedures in IRM 21.3.5.4, <i>Referral Procedures</i> . When working these referrals, follow the instructions in Paragraph (3) below.
Taxpayer calls and states the withholding agent explained the original Form 1042-S DID NOT match	Taxpayer DOES NOT provide a corrected copy of their Form 1042-S	Request a copy by fax and prepare Form 4442 for an In-House referral. Follow procedures in IRM 21.3.5.4, <i>Referral Procedures</i> . When working these referrals, follow the instructions in Paragraph (3) below. NOTE: If taxpayer cannot provide a copy of their Form 1042-S by fax request a copy by mail and close case.
Taxpayer writes or calls	Claims to be a victim of identity theft	Follow Identity Theft procedures in IRM 25.23.11, <i>Identity Protection and Victim Assistance - Business Master File (BMF) Identify Theft Procedures for Accounts Management</i> .

- Once the taxpayer's copy (B, C, or D) of Form 1042-S is received, Account Management assistants will follow the instructions below to validate a reversed Form 1042-S credit (TC 767 RC 161) and adjust the account.

CAUTION: Accounts Management will not validate credits that may still be frozen (not reversed) on the account. To determine if the reversed Form 1042-S credit is valid you may need to request the original return.

If	Then	Next Steps/Additional Information
Taxpayer provides Form 1042-S (Copy A)	- Advise taxpayer we can't match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information they provided with the Form 1042-S information their withholding agent filed. - Advise taxpayer to contact their withholding agent to explain to them they are required to file Form 1042-S (Copy A) with the IRS and provide only Copies B, C, and D to the recipient of the income.	- Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i> - Issue Letter 916C and advise the taxpayer to contact their withholding agent since only the withholding agent is authorized to send Form 1042-S Copy A to IRS. Refer to IRM 21.5.3.4.6.3, <i>No Consideration Procedures</i>
Taxpayer provides their copy of Form 1042-S	- Compare Form 1042-S with the information on CC IRPTR(L), Document Code 02, to determine if the information listed in IRM 21.8.2.12.2.4(2) matches. EXCEPTION: If the taxpayer did not have a TIN when the withholding agent provided the Form 1042-S to the taxpayer follow procedures in Paragraph 4 below. # [REDACTED]	If ALL the information DOES match "AND" the withholding agent did deposit withholding with the IRS, adjust the account by taking the following actions: - Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. - Enter CIS notes indicating Form 1042-S information matches. - Adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the verified reversed credit(s). REMINDER: If the

		systemic freeze is still on the account the adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.
Taxpayer provides their copy of Form 1042-S	1. Compare Form 1042-S with the information on CC IRPTR(L), Document Code 02, to determine if the information listed in IRM 21.8.2.12.2.4(2) matches. EXCEPTION: If the taxpayer did not have a TIN when the withholding agent provided the Form 1042-S to the taxpayer follow procedures in Paragraph 4 below. 2. 	If ALL the information DOES NOT match "AND/OR" the withholding agent did not deposit withholding with the IRS, take the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information does not match and/or the withholding agent did not deposit withholding with the IRS. 3. Disallow the claim, follow procedures in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>. 4. Advise taxpayer the information they provided does not match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information filed by their withholding agent and/or the withholding agent did not deposit withholding with the IRS.  

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4. Follow the instructions below to validate a reversed Form 1042-S credit (TC 767 RC 161) and adjust the account when the taxpayer did not have a TIN when the Form 1042-S was issued by the withholding agent.

If	Then	Next Steps
Taxpayer provides Form 1042-S (Copy A)	1. Advise taxpayer we can't match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information they provided with the Form 1042-S information their withholding agent filed. 2. Advise taxpayer to contact their withholding agent to explain to them they are required to file Form 1042-S (Copy A) with the IRS and provide only Copies B, C, and D to the recipient of the income.	1. Attach the Form 1042-S to your case, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i> 2. Issue Letter 916C and advise the taxpayer to contact their withholding agent since only the withholding agent is authorized to send Form 1042-S Copy A to IRS. Refer to IRM 21.5.3.4.6.3, <i>No Consideration Procedures</i>
Taxpayer provides their copy of Form 1042-S	1. Compare the Form 1042-S provided by the taxpayer with the information on CC IRPTR(I) using the Withholding Agent's EIN. 2. Scroll through the data to locate the taxpayer's name for the credit you are validating. 3. Once located determine if the information identifying the taxpayer, in addition to the withholding amount	If the information DOES match "and" the withholding agent did deposit withholding with the IRS, adjust the account by taking the following actions: 1. Attach the Form 1042-S to your case, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information matches. 3. Adjust the recipient's Form 1120-F tax

	information on the Form 1042-S matches the information found. 4. # [REDACTED] [REDACTED] [REDACTED] #	account using Transaction Code 290 .00 and Credit Reference Number 330 for the amount of the verified reversed credit(s).
Taxpayer provides their copy of Form 1042-S	The data cannot be located on CC IRPTR(I) using the Withholding Agents EIN or the information does not match and/or the Withholding Agent did not deposit withholding with the IRS	Take the following actions: 1. Attach the Form 1042-S to your case, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information does not match and/or the withholding agent did not deposit withholding with the IRS. 3. Disallow the claim, follow procedures in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>.

		4. Advise taxpayer the information they provided does not match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information filed by their withholding agent and/or the withholding agent did not deposit withholding with the IRS. #  #
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IRM 21.8.2.12.2.7 Added new subsection for FATCA Matching Program Form 1042-S Credit Reversals on Forms 1120-F - Accounts Management Telephone/Written Inquiries - Letter 5642C and renumbered the remaining subsections per LB&I.

1. The instructions in this IRM section pertain only to accounts where the taxpayer was issued a Letter 5642C, *Notification of Preliminary Action Regarding Chapter 3 or Chapter 4 Withholdings Shown as Payments*, and one or more credits were reversed (TC 767 RC 163) because the withholding agent (WA) did not deposit withholding with the IRS.
2. The following table explains how Account Management assistors will respond to telephone/written inquiries concerning Letter 5642C, CP 210/220, and/or credit reversal (TC 767, RC 163):

If	Then	Next Steps
Taxpayer writes or calls NOTE: If the taxpayer has already contacted their withholding agent and the	Asks why their credit was denied or doesn't understand their letter/notice	Advise taxpayer of the following: 1. Their credit was denied because their withholding agent did not deposit withholding with the IRS. 2. Contact their

withholding agent resolved the deposit issue then follow the procedures below.		withholding agent and explain: ▪ Their Form 1042-S credit was denied because the withholding agent did not deposit withholding with the IRS. ▪ In order to resolve this issue, the withholding agent must contact the IRS by calling 267-941-1000 (non toll-free number).
Taxpayer writes or calls and explains the WA resolved the deposit issue.	# [REDACTED] #	Adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the reversed credit(s). REMINDER: If the systemic freeze is still on the account the adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.
Taxpayer writes or calls and explains the WA resolved the deposit issue.	# [REDACTED] #	1. Enter CIS notes indicating withholding agent did not deposit withholding with the IRS. NOTE: If no CIS case exists, create one.

		2. Disallow the claim, follow procedures in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>. 3. Advise taxpayer the withholding agent did not deposit withholding with the IRS. The withholding agent must contact the IRS to resolve this issue.
Taxpayer writes or calls	Claims to be a victim of identify theft	Follow Identify Theft procedures in IRM 25.23.11, <i>Identity Protection and Victim Assistance - Business Master File (BMF) Identify Theft Procedures for Accounts Management</i> .

IRM 21.8.2.12.2.8 Updated FATCA information per LB&I.

1. The instructions in this IRM section pertains to amended returns with a "new" Form 1042-S (Copy B, C, or D) attached. This means the Form 1042-S credit was not claimed on the original return and therefore was never verified. You may need to request the original return to determine if the Form 1042-S credit is new.

CAUTION: Just because one or more of the following transaction codes are posted on IDRS DOES NOT mean the Form 1042-S credit isn't new:

TC 971 AC 746

TC 971 AC 747

TC 767 with Reason Codes 161, 162 and/or 163

2. The following table explains how Accounts Management assistants will work Form 1120-F amended returns and substantiate a new Form 1042-S credit attached:

REMINDER: DO NOT forget to release the -A freeze.

If	Then	Next Steps/Additional Information
Taxpayer provides	1. Advise taxpayer we can't match the Form	1. Attach Form 1042-S, see IRM

Form 1042-S (Copy A)	1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information they provided with the Form 1042-S information their withholding agent filed. 2. Advise taxpayer to contact their withholding agent to explain to them they are required to file Form 1042-S (Copy A) with the IRS and provide only Copies B, C, and D to the recipient of the income.	21.5.1.5.3, <i>CIS Source Documentation</i> 2. Issue Letter 916C and advise the taxpayer to contact their withholding agent since only the withholding agent is authorized to send Form 1042-S Copy A to IRS. Refer to IRM 21.5.3.4.6.3, <i>No Consideration Procedures</i>.
Taxpayer provides their copy of Form 1042-S	1. Compare Form 1042-S with the information on CC IRPTR(L), Document Code 02, to determine if the information listed in IRM 21.8.2.12.2.4(2) matches. EXCEPTION: If the taxpayer did not have a TIN when the withholding agent provided the Form 1042-S to the taxpayer follow procedures in IRM 21.8.2.12.2.5(4) above. 2. # 	If ALL the information DOES match "AND" the withholding agent did deposit withholding with the IRS, adjust the account by taking the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information matches. 3. Adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the verified

		reversed credit(s). REMINDER: If the systemic freeze is still on the account the adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.
Taxpayer provides their copy of Form 1042-S	1. Compare Form 1042-S provided by the taxpayer with the information on CC IRPTR(L), Document Code 02, to determine if the data elements listed in IRM 21.8.2.12.2.4(2) match. EXCEPTION: If the taxpayer did not have a TIN when the withholding agent provided the Form 1042-S to the taxpayer follow procedures in IRM 21.8.2.12.2.5(4) above. 2. 	If ALL the information DOES NOT match "AND/OR" the withholding agent did not deposit withholding with the IRS, take the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information does not match and/or the withholding agent did not deposit withholding with the IRS. 3. Disallow the claim, follow procedures in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>. 4. Advise taxpayer the

			information they provided does not match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information filed by their withholding agent and/or the withholding agent did not deposit withholding with the IRS.
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IRM 21.8.2.12.2.9 Updated FATCA information per LB&I.

1. The instructions in this IRM section pertains to amended returns with a "denied" Form 1042-S credit attached.

CAUTION: Just because one or more of the following transaction codes are posted on IDRS DOES NOT mean the Form 1042-S credit has been denied:

TC 971 AC 746

TC 971 AC 747

TC 767 with Reason Codes 161, 162 and/or 163

REMINDER: If a duplicate or amended return is received for the purpose of receiving the frozen credit, issue correspondex Letter 3064C, or other appropriate letter. Use the language in Paragraph 6 or 7 from IRM 21.8.2.12.2.3, to advise the taxpayer of the initial or additional delay.

2. The following table explains how Accounts Management assistants will work Form 1120-F amended returns and substantiate a denied Form 1042-S (Copy B, C, or D) attached:

REMINDER: DO NOT forget to release the -A freeze.

If	Then/And	Next Steps/Additional Information
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Taxpayer provides Form 1042-S (Copy A)	1. Advise taxpayer we can't match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information they provided with the Form 1042-S information their withholding agent filed. 2. Advise taxpayer to contact their withholding agent to explain to them they are required to file Form 1042-S (Copy A) with the IRS and provide only Copies B, C, and D to the recipient of the income.	1. Attach Form 1042-S, see IRM 21.5.1.5.3 , <i>CIS Source Documentation</i> 2. Issue Letter 916C and advise the taxpayer to contact their withholding agent since only the withholding agent is authorized to send Form 1042-S Copy A to IRS. Refer to IRM 21.5.3.4.6.3, <i>No Consideration Procedures</i>.
Taxpayer provides their copy of Form 1042-S	Form 1042-S credit was denied (Letter 5532C TC 767 RC 161)	1. Compare Form 1042-S provided by the taxpayer with the information on CC IRPTR(L), Document Code 02, to determine if the data elements listed in IRM 21.8.2.12.2.4(2) match. EXCEPTION: If the taxpayer did not have a TIN when the withholding agent provided the Form 1042-S to the taxpayer follow procedures in IRM 21.8.2.12.2.5(4) above. 2. # 

		# If ALL the information DOES match "AND" the withholding agent did deposit withholding with the IRS, adjust the account by taking the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information matches. 3. Adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the verified reversed credit(s). REMINDER: If the systemic freeze is still on the account the adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.
Taxpayer provides their copy of Form 1042-S	Form 1042-S credit was denied (Letter 5532C TC 767 RC 161)	1. Compare Form 1042-S provided by the taxpayer with the information on CC IRPTR(L), Document Code 02, to determine if the data elements listed in IRM 21.8.2.12.2.4(2) match. EXCEPTION: If the taxpayer did not have a TIN when the withholding agent provided the Form 1042-S to the taxpayer follow procedures in IRM 21.8.2.12.2.5(4) above. 2. #

		If ALL the information DOES NOT match "AND/OR "the withholding agent did not deposit withholding with the IRS, take the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating Form 1042-S information does not match and/or the withholding agent did not deposit withholding with the IRS. 3. Disallow the claim, follow procedures in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>. 4. Advise taxpayer the information they provided does not match the Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i>, information filed by their withholding agent and/or the WA did not deposit withholding with the IRS.
Taxpayer provides their copy of Form 1042-S	Form 1042-S credit was denied (Letter 5533C TC 767 RC 162)	# 1. Prepare Form 4442, explaining the taxpayer filed an amended return, and account research shows the credit was denied with a RC 162. Provide the following information on Form 4442: ▪ Taxpayer's TIN; ▪ Tax period;

		▪ Withholding Agent's Name; ▪ Withholding Agent's TIN; and ▪ Dollar amount of the credit being claimed. 2. # [REDACTED] 3. Enter CIS notes indicating why the referral was made. 4. Keep the control base open. LB&I will respond in 14 days with instructions and language for a written response to the taxpayer.
Taxpayer provides their copy of Form 1042-S	Form 1042-S credit was denied (Letter 5642C TC 767 RC 163)	1. # [REDACTED] If the withholding agent did deposit withholding with the IRS, adjust the account by taking the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating the withholding agent did deposit withholding with the IRS. 3. Adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the reversed credit(s). REMINDER: If the systemic freeze is still on the account the

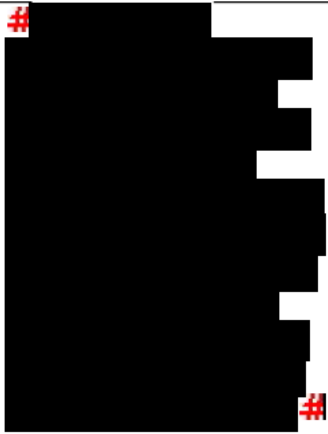
		adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.
Taxpayer provides their copy of Form 1042-S	Form 1042-S credit was denied (Letter 5642C TC 767 RC 163)	1. # [REDACTED] If the withholding agent did not deposit withholding with the IRS, take the following actions: 1. Attach Form 1042-S, see IRM 21.5.1.5.3, <i>CIS Source Documentation</i>. 2. Enter CIS notes indicating the withholding agent did not deposit withholding with the IRS. 3. Disallow the claim, follow procedures in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>. 4. Advise taxpayer the WA did not deposit withholding with the IRS.

IRM 21.8.2.12.2.10 Updated the title of the subsection.

21.8.2.12.2.10 (05/09/2016) (12/16/2016)	FATCA Form 1042-S Accounts Management Telephone Inquiries (Withholding Agent) - Letter 5532C
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IRM 21.8.2.12.2.11 Added new subsection for FATCA Form 1042-S Accounts Management Telephone Inquiries (Withholding Agent) - Letter 5642C per LB&I.

1. The instructions in this IRM section pertain to withholding agents (WA) calling with questions about their recipients Form 1042-S credit being denied by IRS.
2. The following table explains how Account Management assistants will respond to telephone inquiries from a withholding agent concerning a credit that was denied because the withholding agent did not deposit withholding with the IRS:

If	Then	Next Steps
WA doesn't understand why their recipient's credit was denied		1. Explain the credit was denied because we show they did not deposit withholding with the IRS. 2. Advise the WA they must resolve the deposit issue before the recipient's Form 1042-S credit can be allowed. NOTE: If the withholding agent states they did deposit withholding follow the procedures below.
WA claims they did deposit withholding		Adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the reversed credit(s). REMINDER: If the systemic freeze is still on the account the adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.

WA claims they did deposit withholding	# [REDACTED] #	1. Advise WA they must provide proof of deposit(s), such as EFTPS acknowledgement, cancelled check, etc. 2. Follow normal payment tracer and credit transfer procedures. 3. After the deposit issue is resolved adjust the recipient's Form 1120-F tax account using Transaction Code 290 .00 and Credit Reference Number (CRN) 330 for the amount of the reversed credit(s). REMINDER: If the systemic freeze is still on the account the adjustment will not release it, which may result in refund inquiries. For refund inquiries follow the procedures in IRM 21.8.2.12.2.3 to explain when the systemic freeze will release.
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