



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

3.17.20

DECEMBER 2, 2024

EFFECTIVE DATE

(01-01-2025)

PURPOSE

- (1) This transmits revised IRM 3.17.20, *Accounting and Data Control, Refund Intercept Program*.

MATERIAL CHANGES

- (1) IRM 3.17.20.1.9 added subsection for Program Reviews
- (2) IRM 3.17.20.1.10 added subsection on Vulnerability Assessments
- (3) Editorial and grammar updates throughout the document. This includes updates to organizational title Wage and Investment to Taxpayer Services

EFFECT ON OTHER DOCUMENTS

IRM 3.17.20, *Refund Intercept Program* dated November 14, 2023 (effective January 1, 2024) is superseded.

AUDIENCE

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3.17.20

Refund Intercept Program

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3.17.20.1
(11-14-2023)
Program Scope and Objectives

- (1) The Refund Intercept Program was created to review scheduled generated refunds (Transaction Code (TC) 846) and make a determination if issuing a manual refund within the 45-day interest-free period results in a reduced or eliminated credit interest amount.
- (2) **Purpose:** These procedures provide guidelines and requirements for the prevention of unnecessary credit interest issued by the IRS.
- (3) **Audience:** Director, Submission Processing Site Accounting Operations.
- (4) **Policy Owner:** Director, Submission Processing and Director, Customer Account Services.
- (5) **Program Owner:** Submission Processing (SP), an organization within Taxpayer Services (TS) division.
- (6) **Program Goals:** Program goals: the prevention of issuing unnecessary credit interest with systemic refunds.
- (7) This IRM provides guidance for the Refund Intercept Program to reduce refund interest paid on current year and prior year tax returns during original settlement processing, and on refunds issued with credit interest as a result of data processing tentative carryback (TCB) adjustments.

Note: IRM deviations must be submitted in writing following instructions from IRM 1.11.2.2, *Internal Management Documents System - Internal Revenue Manual (IRM) Process, IRM Standards* and elevated through appropriate channels for executive approval.

3.17.20.1.1
(11-14-2023)
Background

- (1) The Refund Intercept Program procedures are used by Submission Processing, Accounting Operations, to perform a review of a listing of BMF accounts to identify if a systemic generated refund with interest will be stopped so that a manual refund without interest can be issued within the 45-day interest free period.

3.17.20.1.2
(12-07-2017)
Authority

- (1) The federal government operates under accounting principles established by the Federal Accounting Standards Advisory Board, a government entity led by the secretary of the Treasury, the director of the Office of Management and Budget, and the comptroller general, who heads the Government Accountability Office.
- (2) The Refund Intercept Program was created to review scheduled generated refunds (Transaction Code (TC) 846) and make a determination if issuing a manual refund within the 45-day interest-free period results in a reduced or eliminated credit interest amount.
- (3) Other Authority citations include:
 - The Deficit Reduction Act of 1984, as amended (Public Law 98-369) (26 USC 6402 and 31 USC 3720A)
 - The Chief Financial Officers Act of 1990, as amended (Public Law 101-576) (31 USC 901 et seq.)
- (4) The IRS mission is to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

- (5) The IRS frames internal controls by principles outlined in Standards for Internal Control in the Federal Government, GAO-14-704G. Internal control is a process used by management to help achieve its objective.
- (6) Ethical conduct for federal employees is explained in Document 9300, 14 General Principles of Ethical Conduct for Federal Employees (5 C.F.R. 2635.101(b)).

3.17.20.1.3
(12-07-2017)

Roles and Responsibility

- (1) The Submission Processing Headquarters Refund Intercept Analyst (and back-up) is the individual responsible for the oversight of the Refund Intercept Interest Recovery program.
- (2) An Accountable Officer is any government employee or officer who, by reason of employment, is responsible for or has custody of government funds. Accountable Officers are held accountable for losses occurring within their accounting jurisdictions until restitution is made or relief is granted.
- (3) The Federal Accounting Standards Advisory Board (FASAB) establishes accounting concepts and standards. The Federal Financial Management Improvement Act (FFMIA) of 1996 prescribes that agencies implementation and maintenance of financial management systems substantially comply with Federal Financial Management Systems requirements, applicable Federal Accounting Standards and U. S. Government Standard General Ledger at transaction level and audits to report compliance.
- (4) The Field Director, Submission Processing, is normally the Accountable Officer for the campus accounting system. The Field Director, Submission Processing, usually delegates the authority for carrying out the accounting function. However, the ultimate responsibility remains with the Field Director, Submission Processing who can be held financially responsible if proper controls are not maintained. The Accountable Officer is responsible for ensuring that the following principles and standards are met in maintaining the accounting system.

3.17.20.1.4
(12-07-2017)

Terms and Acronyms

- (1) See Exhibit 3.17.20-1 for commonly used acronyms and their definitions.

3.17.20.1.5
(11-26-2021)

Program Controls

- (1) Internal controls are a key part of everyday work life. Throughout the year, you, your peers, subordinates, and Management report on internal controls, cumulating in the annual assurance statement. In this statement, the Commissioner attests to the strength of the IRS's controls and notes the processes we have in place to ensure they are working effectively. These events together comprise the assurance process.
- (2) You play a critical role in the assurance process when Management completes the annual Federal Managers Financial Integrity Act (FMFIA) Managerial Assessment in June. This assessment walks through key control areas and asks you to identify and report on deficiencies in the design or operation of internal controls (e.g., this IRM, other IRMs or systems.)
- (3) That assessment moves up through each level of management to your business unit head. It helps identify and elevate control issues and develop corrective actions at the appropriate level.

- (4) Every IRS employee plays a critical role in the assurance process.
- (5) More information on internal controls can be found in IRM 1.4.2, Monitoring and Improving Internal Control.

3.17.20.1.6
(12-07-2017)

Statutory Requirements

- (1) IRC 6611(a) provides that interest shall be allowed and paid on any overpayment of tax at the overpayment rate established under IRC 6621.
- (2) The Deficit Reduction Act of 1984, as amended (Public Law 98-369) (26 USC 6402 and 31 USC 3720A).
- (3) The Chief Financial Officers Act of 1990, as amended (Public Law 101-576) (31 USC 901 et seq.).

3.17.20.1.7
(12-07-2017)

Management and Congressional Needs

- (1) The program requires designated Accounting Operation Tax Examining Technicians to have the capability to recognize the criteria and take immediate action on Business Master File (BMF) accounts, due to the limited amount of time available for working these cases. The tax examining technician with primary responsibility for working the program, must notify management when more assistance is required to work the listing. Management must then determine if additional staff is available and/or a tolerance modification is needed.

3.17.20.1.8
(01-01-2019)

Technical Requirements

- (1) Required Skills:
 - The employees working the program must have extensive knowledge of pre-posted and posted account transactions, including the ability to perform the analysis required to accurately issue manual refunds.
 - The program involves conducting extensive Integrated Data Retrieval System (IDRS)/Corporate Files On-line (CFOL) research. The employees must also have extensive IDRS input experience related to refund processing, account maintenance, and the ability to perform restricted interest computations. Use of the Control D (Ctrl-D) reporting system and Microsoft Excel is also a requirement.
 - The following IDRS Command Codes (CCs) are required to work the program: ACTON, ADC24, ADC48, ADD24, ADD48, ADJ54, BMFOL, BRTVU, COMPA, DRT24, DRT48, ENMOD, FRM77, INOLE, LETER, LPAGD, LPAGE, MFREQ, NOREF, RECON, REQ54, REQ77, RFUND, RTVUE, SUMRY, TERUP\$, TRDBV, TXMOD, UPTIN.
 - **It is mandatory for all Taxpayer Services (TS) employees to utilize Integrated Automation Technologies (IAT) Manual Refund tool when initiating a manual refund request Form 5792, Request for IDRS Generated Refund (IGR) and/or Form 3753, Manual Refund Posting Voucher.** See IRM 21.4.4.5, Preparation of Manual Refund Forms regarding the mandatory use of the IAT, Erroneous Refund Monitoring Tool (EMT) is also required when a manual refund is initiated. See IRM 21.4.4.6, Other Manual Refund Requirements.

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- (2) The program requires tax examining technicians to have the capability to recognize the criteria and take immediate action on Business Master File (BMF) accounts, due to the limited amount of time available for working these cases. The tax examining technician with primary responsibility for working the program, must notify management when more assistance is required to work the listing. Management must then determine if additional staff is available and/or a tolerance modification is needed.
- (3) The program requires very close control of all steps in the process to ensure manual refunds are properly prepared and issued in a timely manner. As a result, it is necessary for the employees performing the review to take on a number of duties that would normally be considered clerical in nature. Nevertheless, each step in the process will be used as an opportunity to evaluate the accuracy and timeliness of the refund action, and as such, requires knowledge and account analysis skills not expected of clerical employees.
- (4) Employees with responsibility for the program must be highly self-motivated and must be able to work independently, without managerial assistance. The ability to properly identify, set priorities and effectively control the review process is an extreme requirement.
- (5) Employees are required to elevate information, related to interest savings and issues, through their local management. Management will work with site Planning & Analysis (P&A) staff and Headquarters (HQ) to address processing impact.

3.17.20.1.9
(01-01-2025)
Program Review

- (1) Functional areas are responsible for reviewing the information in this IRM annually to ensure accuracy, consistency, and to promote effective program administration.
- (2) Program Reviews are mission critical to the health of accounting and deposit programs to ensure integrity of the general ledger accounts and accuracy of the financial statements. It is essential that each function conducts its operations with an emphasis on mitigating risks, identifying best practices, and adhering to IRM requirements. An objective assessment of program compliance, including all applicable procedures and guidelines, is necessary to ensure that adequate internal controls are in place.
- (3) **Program Effectiveness:** The program effectiveness includes conducting reviews and analysis to detect and identify material or significant deficiencies that could adversely impact IRS audits and/or financial statements. These reviews are necessary to ensure Submission Processing is conducting business as prescribed in the governing IRM's and are designed to identify potential internal control deficiencies that will impair the integrity of the general ledger accounts and/or financial reporting.
- (4) **Program Reviews:** A program review ensures actions are in accordance with IRM procedures. SP HQ Accounting and Deposit Section conducts program reviews to verify compliance with IRM requirements, address TIGTA/GAO findings, identify risks to internal controls, address error trends, and training

needs, as needed. In addition, the reviews ensure IRM procedures are applicable, adequate, and adhere to Department of the Treasury and/or IRS guidelines.

- Program reviews will be planned and conducted based on business needs and priorities.
- Notification will be provided to the SP campus leadership in advance.
- Reviews will be conducted to evaluate program delivery and conformance to administrative and/or IRM compliance requirements.
- The program review summary report will outline observations and recommendations for program guidance, corrective actions, and/or mitigation strategies, as appropriate.
- A memorandum signed by the Director, SP will be forwarded to the Field Director, SP with a high-level overview of the areas of improvement.
- Functional areas will retain a copy of the report and all applicable supporting documentation in a centralized location.

(5) **Corrective Action Plan:** The Corrective Action Plan is a plan of action that is developed to resolve the condition that resulted in noncompliance with IRM requirements. In addition, an effective Corrective Action Plan identifies the root cause of problems to minimize or eliminate their recurrence. Corrective actions are developed, implemented, managed, and monitored to promote program improvement.

- a. As part of the Program Review process, functional areas are required to provide a written Corrective Action Plan response to the review recommendations within 30 days of receiving the program review summary report.
- b. The Corrective Action Plan must include:
 - Date of Review
 - Program Reviewed
 - Recommended/Risk Identified
 - Corrective Action
 - Completion Date

(6) A copy of the program review and Corrective Action Plan must be retained as substantive documentation and evidence of mitigation and/or remediation of the noncompliance.

3.17.20.1.10
(01-01-2025)
**Vulnerability
Assessments**

(1) A vulnerability assessment identifies, quantifies, and prioritizes the vulnerabilities of government programs and assets including systems/technology, property, funds, and employees. Vulnerability assessments will be conducted on any business process to assess the risks of business failure and/or weakness caused by internal or external factors.

3.17.20.2
(01-01-2019)
**Business Master File
(BMF) - Listing
Information**

(1) The BMF-IR Refund Intercept Listings are available on Ctrl-D under job name: OBMFIRxx (xx = campus Filing Location Code (FLC)). The data in these files is extracted from Enterprise Computing Center (ECC) Non-Tape Distribution to Submission Processing Centers under Report Name: BMF REFUND INTERCEPT Reports. These files are transmitted to Submission Processing Centers, each week on Friday, after Master File processing.

Note: If the current BMF-IR Listings are not available on Ctrl-D, on Friday of each week, the employee(s) must notify HQ, open an IRWorks ticket and/or

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The Refund Intercept Report must be worked no later than (NLT) the second Thursday following the report date, including the input of CC NOREF and initiating manual refund requests.

- (2) The Refund BMF-IR Refund Intercept Files are a weekly extract of all refunds

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Locator Number (DLN). These refunds are grouped by Net Tax Refund Report Line numbers starting with line number 01. The account information is listed for each line number starting with the largest interest amount and ending with the smallest. Each line of the listing contains one account record:

- a. Access Ctrl-D.
 - b. Search for report using the filter option.
 - c. Locate the BMFIRXX (variable) - BMF Refund Intercept file, highlight and select one. These files will display the BMF Refund Intercept/45-Day Interest-Free Period listing for the current posting cycle.
- (3) The column header descriptions for the BMF Refund Intercept/45-Day Interest-Free Period Listings are as follows:
- SC/LC - SC-Service Center, e.g., 29 Ogden C-Line Code, e.g., 09 Kansas City C-Line Code, e.g., 61 = Form 1120, U.S. Corporation Income Tax Return series Corporate Income-Prior Year Controlling DLN, Literal
 - DLN - Controlling DLN, Literal
 - TIN - Tax Identification Number
 - N/C - Name Control, Literal
 - MFT - Master File Tax Code, Literal
 - TXPD - Tax Period, Literal
 - Tot Ref Amt - Total Refund Amount, Literal, no decimal for cents
 - Principal Amt - Principal Amount (overpayment), Literal, no decimal for cents
 - Int Amt - Interest Amount, Literal, no decimal for cents
 - CY - Posting Cycle
- (4) The pre-screened BMF listing File is available on Ctrl-D under job name PRTA60X on the immediate Friday after BMF processes. For example, BMF processes cycle 201505 on February 05, 2015; the BMF listing file will be on Ctrl-D on February 06, 2015. The files can be located under Report Name 160-44-XX (BMF) Reports. The listing contains records for BMF refunds with open 45-day periods and no limiting freeze or refund type conditions.

Caution: The listing contains both original settlement and other types of BMF refunds. The 45-day interest-free period rules are different for other than original settlement and TCBs. The **160-44-XX** Listing is the first of several stages designed to streamline the Refund Interception Review program. The review process in this procedure will be followed on the refund transactions identified on pre-screened listings just as it is done on the BMF-IR Listings.

- (5) The column header descriptions for the BMF Edited Refund Report listings are as follows:

- TINTYPE/TIN - Tax Identification Number, the first position is the File Segment Indicator, e.g., 0 - Valid Segment, 1 - Invalid Segment
- MFT - Master File Tax Code
- YYYYMM or TAXPER - Tax Period
- NAME - Name Control
- LC - SC-Service Center, e.g., 61 - Form 1120, *U.S. Corporation Income Tax Return* series Corporate Income-Prior Year Controlling DLN
- PRINCIPAL - Principal Amount (overpayment)
- INTEREST - Interest Amount
- TOTAL - Total Refund Amount

3.17.20.3
(01-01-2023)
**Cycle Folder and Listing
Preparation**

- (1) The listings must be reviewed immediately to ensure the 45-day interest-free period is met. Immediate review is critical to eliminate and/or reduce allowable credit interest.

Note: For both listings, if refunds need to be stopped, CC NOREF must be input NLT close of business (COB) the second Thursday following the report date and prior to initiating a manual refund request.

- (2) Access the refund data on Control D and print the listing pages containing the line numbers subject to the 45-day period for BMF: 02 (see note), 11, 12, 15, 16, 17, 21, 22, 25, 26, 27, 31, 32, 36, 37, 41, 42, 46, 47, 56, 57, 60, 61, 62, 65, 66, 87, 89, 90, 91 and 99. See IRM 2.4.20, *Command Codes RFUND and REFAP*, Exhibit 12 *Description of Line Item Numbers*. Documentation of all actions taken must be kept within each cycle folder and include the following:

Note: line 02 may not be required or available.

- Refund Cycle
- Date and time the listings were printed. Notate any circumstance pertinent when working the listings, such as BMF Accelerated Cycle, holiday or equipment failure, etc. See Document 6209 Section 16, Julian Date, Cycle and Notice Calendars, BMF Accelerated Paper - Filed Refund Cycle Chart: *SERP - 6209 - IRM Supplements (irs.gov)*.

Note: MFT 13 is exempt from the Refund Intercept Program.

- (3) When preparing the listing for review, a visual break between the first and last record for each line numbers (i.e., 61, 62, etc.) will facilitate the use of the listings. Separation of line items can be identified by underlining, outlining or highlighting.
- (4) After identifying the volume of accounts for the cycle that are subject to review, evaluate workload conditions. If the volume is high, notify the manager that assistance is needed to work the program. Management will determine if additional staffing or a tolerance adjustment is necessary.

Note: Prepare a cycle folder for the listings by refund posting cycles. The folders will be maintained in cycle order for the fiscal year and stored in the work area for a minimum of one year following the close of the fiscal year. The folders can then be archived following the published guidelines for original refund documents.

3.17.20.3.1
(01-01-2023)
**Listing Review and
Annotation**

- (1) The listing will be used as a control document throughout the review process, so it is recommended that annotations do not overwrite the listings original data.

- (2) During peak volume periods, review the refunds with the highest interest

refunds with high interest is large, concentrate on completing the high interest refunds first before moving on to the lower amounts.

Note: During peak, BMF Current Year line numbers must be worked expeditiously.

- (3) The first step in the account review is to determine the return and TCB adjustment received dates. On original settlement line numbers, use CC BMFOL to determine the return received dates. See IRM 2.4.20, Exhibit 12, *Description of Line Item Numbers*. On TCB related refunds, use CC TXMOD to determine the credit-interest-date (CR-INT-DT) of the TCB adjustment. This date is shown one line down from the TC 295 or TC 299 transaction DLN on the right side of the page. The refunds cannot be stopped if the date is not present. Compare the received dates for each account to the last day for input. This will be done at the same time as the received dates are reviewed.
- (4) The last day for input chart shows the last day for input of refund transactions. Also, note that other factors must be taken into consideration to determine if it must be followed or not. Every effort must be made to input the refund at least 1 workday prior to the last day for input date.
- (5) It takes three work days, counting the date manual refunds are input for checks to be issued to taxpayers. If the refund input day is followed by two consecutive work days, it can be input on the 43rd date. This does not allow re-input of the refund if the CC RFUND/REFAP inputs do not match and must be avoided, if possible.
- (6) The refund input day must be adjusted to an earlier date if there is a holiday or intervening weekend following the input date that would cause the interest-free period to expire before the check is issued.
- (7) Do not take the time to do a complete analysis of each account while checking the Received Date for the last day for input dates. It is very important to identify the accounts that will generate refund interceptions and the last day for input dates as early as possible in the review.
- (8) If the 45-day period and last day for input date are open and there is no other reason the generated refund cannot be stopped, underline or highlight the record starting at the left of the TIN column. Write the last day for input (LDI = month and day) to the right of the Cycle column after you underline or highlight the record. If the refund is being issued due to a bad received date write the month and day of the posted received date first, then the last day for input date to the right of the received date.
- (9) If the 45-day period or last day for input date is not open, indicate the record as expired. Also, annotate any other conditions that prevent the manual refund from being issued. Do not underline or highlight the record if the 45-day interest-free period is expired or there is another reason to not intercept the refund.

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- (10) When the refund can be intercepted on original settlement returns, bring the account onto the local IDRS file (CC MFREQ) during the received date review. This step is done to update the local file for subsequent input and to check for math errors. If a math error is indicated on the first page of the tax module, annotate **ME** on the listing. You will be able to identify the module to be included on the Notice Retype Fax List after all receive dates have been verified.

Note: NOREF must be initiated NLT COB the second Thursday following the report date and prior to initiating a manual refund request.

- (11) As the accounts are brought onto the local file, print the TXMOD and ENMOD displays for any accounts that require immediate action following the MFREQ or RECON input. If the volume of refunds is high, it is best to print the accounts as needed by date rather than all at once.
- (12) If it is determined that the generated refund will be stopped and no manual refund will be issued, print the ENMOD and TXMOD displays and use the prints to document the CC NOREF refund reversal input. Annotate **Stop Only** on the listings for these accounts.
- (13) If the Fax List cannot be prepared due to time constraints, annotate that it was not sent on the cover sheet of the listing. Continue with the review.
- (14) After screening the accounts to assess the volume that are within the last day for input, notify management to allow a final determination of any adjustments to the selection tolerance and staffing needed.
- (15) Use the dates on the listings to establish which refunds have to be worked first and to control the review process. Be sure to pay close attention to completing the highest interest amount refunds first.
- (16) After each Form 5792, Request for IDRS Generated Refund (IGR) is prepared, annotate **R** on the listings to the right of the last day for input dates. Use red ink or pencil to make the notations highly visible.
- (17) After each refund transaction is input on IDRS, write the input date on the listings to the right of the **R**. This serves as a visual confirmation that the refund transaction has been completed and can be quickly scanned to verify all actions have been taken on the listings.
- (18) After all of the refund and refund stop transactions are input and verified, total the number of accounts reviewed, the number of refunds stopped, and the total amount of interest saved for the BMF Refund Intercept Savings listings and annotate the totals on the cover sheets of the listings.

3.17.20.3.1.1
(01-01-2014)
Records Control

- (1) All BMF processed listing files will be maintained in the unit for the period of one (1) year.
- (2) At the end of the one year period, all BMF processed listing files are to be kept for an additional two (2) years.

3.17.20.4
(01-01-2019)

Limitations on Refund Interceptions

- (1) There are a number of conditions that will prevent refunds from being worked even when the interest-free period is open or the last day for input has not passed. These conditions can be checked at the same time as the received date review. Other limitations may not be found until further research is performed.

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- (3) The Questionable Refund Program (QRP) is now under the program responsibility of the Return Integrity and Compliance Services (RICS). RICS identifies individuals filing false returns claiming refundable credits, income and withholding as part of schemes. These programs are implemented at the beginning of every filing season. Research transactions codes to determine if credits will be released. Contact with RICS could be required. The following examples of QRP account identifiers:

If the Account Identifier is:	Then the description is:
TC 971, Action Code (AC) 052	Generated by QRP and causes returns to re-sequence 1–2 cycles
TC 971, AC 053	Generated by QRP and causes direct deposit to flip to paper

Taxpayer modules that contain a TC 971 AC 052 will not be worked. This is a definer for modules selected under the IVO QRP. Displayed on CC TXMOD may be a control showing ACTIVITY (IN_VERIFY) and CATEGORY (NVFY).

- a. If a TC 971 AC 052 is present on the account prior to performing any account action, **DO NOT WORK THIS TIN** for the Refund Intercept Program.
 - b. If you see this specific activity control prior to performing NOREF, continue normal processing to avoid the issuance of two refunds. RICS will not pursue this case any further once they have identified the manual refund (TC 840). If contacted by RICS, inform them the only way to get the money back is to contact the taxpayer.
- (4) If there is an open control base on a module, employees are required to contact the area with the active control base prior to initiating a manual refund. Annotate that contact was made with the work area with the active control base in the remarks section of the Form 5792, Request for IDRS Generated Refund (IGR). Do not issue a refund if there is a pending assessment or TC 971 AC 665 on the module indicating a Form 2859, Request for Quick or Prompt Assessment is in process. The other work area could request that you stop the generated refund and not issue a manual refund. If this occurs, count the interest as savings.
- (5) If there is a TC 130 present on ENMOD (with service center indicator), there could be a Non-Master File balance due. Contact Kansas City Non Master File
- stopped. If you are unable to take action on the account, annotate the listing

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as **NMF**. The Kansas City NMF function could request that you stop the generated refund (TC 846) but not reissue a manual refund (TC 840). If they do, count the interest as savings.

- (6) There could be more than one tax adjustment transaction posting at the same time as TCB refund account. If a TC 291 is posting in the same cycle as the TCB adjustment, annotate the listing as **Mixed Cr**. Credits against taxable income or credits against tax are allowable in the same cycle as the refund. These credits must be included in the overpayment amount.
- (7) Some TCB adjustment refunds have manually computed credit interest (TC 770) posting the same cycle as the refund. The employee that input the adjustment is required to enter an abbreviated reason, such as **RSCH/CR** (Research Credit) in the ACTON activity field. If there is no history item and the TC 770 appears questionable, call the employee to verify the correct action. If there is a TC 770 with money present, annotate the listing as **TC 770**.
- (8) Check for any pending assessment transactions, credit transfers or credit reversals that will affect the availability of the credit that is being refunded. Stop the generated refund and claim the interest saved if all of the available credit is being reversed. If only part of the credit is being reversed, claim the savings on the portion that is being reversed and issue a refund for the remainder credit. These reversals will require restricted interest computations.
- (9) Check the return display data against the posted data using IDRS CC BRTVU to identify possible fraudulent filers and misapplied payment errors.
- (10) Some refunds can include interest on offset credits or abated penalties and interest (i.e., TC 826, TC 197, TC 277, etc.). This interest must be paid and

program.
- (11) Research will indicate a manual refund was issued. Manual refunds are identified by TC 840 (Manual Refund, Form 5792, Request for IDRS Generated Refund (IGR) and Form 3753, Manual Refund Posting Voucher or TC 971 AC 664 (Manual Refund processed by Accounting, Form 3753, Manual Refund Posting Voucher only). If you identify either of these codes, do not issue a manual refund, unless certain it is **NOT A DUPLICATE**. Coordinate with the initiating function to determine if the potential refund is due to the taxpayer.
- (12) Cases identified with TC 846 as direct deposits (DD). Do not attempt to issue manual refunds on these cases.

Note: Manual refunds (TC 840) could also be issued via direct deposit in certain situations, i.e., hardships. TC 840 will show a DD indicator "9" on TXMOD only. It will not appear on BMFOLT.

3.17.20.5
(11-19-2015)
**Integrated Data Retrieval
System (IDRS)
Command Code BRTVU**

- (1) Use CC BRTVU (BMF) to review the return line entry information prior to issuing manual refunds. Enter the TIN, Master File Tax (MFT) and tax period in the following format: (BMF) BRTVU NN-NNNNNNN NNNYYYYMM.
- (2) The response will be a summary screen, which can be used to retrieve each page of the return information. Enter a 1, 2, etc., immediately to the right of the **R** on the first line of the response page to see a display of the data for the selected page.

- (3) Look for inconsistencies in the submitted return information compared to the posted information. Evaluate the amounts claimed in relationship to other entries. Question entries, such as the reported income being low compared to the amount claimed as withholding or the amount entered on the refund line being less than the generated amount.
- (4) If the amount being refunded exceeds the amount claimed on the BRTVU display, compare the estimated payments or other credit amounts claimed to the posted amounts. Periodically a payment intended for the next tax year will be applied to the current year account. If this is the case, transfer the excess credit to the next tax year using CC ADD24.
- (5) If the refund is based on a payment that is not claimed by the taxpayer and there is no indication it was intended for a future period, research the credit using the Remittance Transaction Research (RTR) database. If this application is not available to the employee(s) performing the review, contact one of the following Accounting functions for assistance: Payment Tracer or Erroneous Refund.

3.17.20.6
(11-19-2015)
**Integrated Data Retrieval
System (IDRS)
Command Codes
MFREQ and RECON**

- (1) If the tax account is not already present on the Local IDRS file (TXMOD) or does not reflect all current information on CFOL, the current account information for the original settlement refunds must be updated to the Local IDRS file at the time the last day for input is determined to be open. This step is completed by using CC MFREQ and RECON. This step is also required to allow identification of any math errors reflected at the start of the review process for inclusion on the Notice Retype Fax List. Math errors can then be reviewed on the local file (TXMOD). Command Code RECON will be input for review of TCB refunds and is not required to be performed before the Notice Retype Fax List is prepared for Notice Review. The cut-off for faxing the Notice Retype List to Notice Review is 11:00 a.m. local time Wednesday, the first week of review. These times vary depending on local requirements. The cut-off time frame must be verified with the local Notice Review staff.
- (2) Use CC MFREQ with definer **C** to update the module on the local IDRS file when a **No Data** message is displayed when CC TXMOD is input.
- (3) Use CC RECON if the latest transactions shown on BMFOL are not present on the CC TXMOD module display on the local IDRS file.

3.17.20.7
(01-01-2014)
Notice Retype Procedure

- (1) A notice will be issued to the taxpayer when TCB or math error adjustments appear on the account. Any notice generated must be corrected by Notice Review (NR) to reflect the correct refund and interest amount.
- (2) NR must be alerted to request the applicable notices on the local control file before the BMF Refund Intercept Program report is available. Selections can be made by MFT or notice type. Coordinate with Notice Review by providing a list to request selection of the notices each week before 12:00 noon EST on Thursday.
- (3) If a restricted interest computation is required, annotate the listing with an **NR** next to the ME math error entry. Annotating the listing will provide a quick visual confirmation of the notices that need to be corrected.
- (4) Contact Notice Review to coordinate the notice correction.

3.17.20.8
(01-01-2015)
**Restricted Interest
Computations**

- (1) It will be necessary to manually compute credit interest on accounts that include abatements of interest and or penalty (TC 197 or TC 277) or have TC 826 credit offsets with TC 776 credit interest that are posted in the same cycle as the generated refunds. The IRS is required to pay credit interest on penalty and interest abatements only when the taxpayer has paid the assessed penalty or interest and it is subsequently abated.
- (2) There could be occasions when part of the overpayment being refunded on an account needs to be held for a pending adjustment or dishonored check or credit reversal. This can occur when a locally input action comes onto an account right after the Master File analysis has been completed. This happens very infrequently so no description of the interest computation is included in this procedure. See IRM 20.2, *Interest* for additional information.
- (3) When the abated amount is more than the most recent assessment, there will be more than one computation line on the COMPA. The total of the abated amount (or amounts, if combined) will be shown on the last line of the COMPA screen with each preceding line showing the balance after subtracting the last assessment. Continue this sequence by always subtracting the assessment prior to the last.
- (4) These computations are based on the assessment dates and the manual refund input date without consideration of payments on the account following the assessment dates. See IRM 20.2, *Interest* for guidance.

3.17.20.8.1
(11-26-2021)
**Display of Computation
of Interest on Abated
Interest and Penalty**

- (1) The following table is an example of this type of manual credit interest computation. The table below displays posted transactions. The original return was filed and full paid before the audit assessment posted. Below is a display of posted transactions where the original return was filed and full paid before the Audit assessment posted:

TC	Date	Amount	Cycle	Description
TC 300	05082000	3,885.00	200017	Tax Assessment (Audit)
TC 336	05082000	862.01	200017	Interest Assessment
TC 670	07172000	4,785.24-	200030	Payment (ignored)
TC 276	08072000	19.27	200030	Penalty Assessment
TC 196	08072000	48.96	200030	Interest Assessment
TC 299	05122003	76,754.00-	200318	Tax Abatement (TCB)
TC 277	05122003	19.27-	200318	Penalty Abatement
TC 197	05122003	262.33-	200318	Interest Abatement
TC 776	05122003	14,412.19-	200318	Credit Interest Paid
TC 846	05122003	91,417.79	200318	Generated Refund
TC 770	04302003	64.73-	200319	Credit Interest Man/Ref
TC 840	04302003	77,005.60	200319	Manual Refund

TC	Date	Amount	Cycle	Description
TC 777	05122003	14,412.19	200321	Credit Interest Reversal
TC 841	05122003	91,447.79-	200321	Refund Reversal

Note: All of the abatement transactions considered in this type of computation must be posted in the same cycle as the TC 776 and TC 846.

(2) Setting up the interest computation.

- First, start with establishing the date the manual refund will be input, then add one workday to get the final **TO** date for the last line of the COMPA. Review the posted assessment transaction dates, recording each date, subtracting each assessed amount from the abated amount and repeating this step until the total abated amount is eliminated.
- In this example, the abated interest and penalty can be combined on the COMPA because they share the same assessment date (08-07-2000). All of the penalty amount will be reversed as of this date.
- If the assessment dates are not the same on the abated interest and penalty, the computations will have to be done separately using the same procedure on both types.

(3) Description of interest on abated amounts

- Refund input date 04-30-2015, plus one workday: 05-01-2015. Most recent assessment date: 08-07-2015.
- The TC 197 for \$262.33- and the TC 277 for \$19.27- (abatements) added together totals \$281.60. Both are assessed on the same date and the penalty amount will be eliminated as of that day so they can be combined. This can be performed if the penalty was not completely eliminated. Input start date of 08-07-2000 with a **To** date 05-01-2003 on \$281.60.
- Subtract the combined amount assessed on 08-07-2000 from the total abated amount. TC 196 for \$48.96 plus TC 276 for \$19.27 = \$68.23. Total abatement \$281.60 minus \$68.23 = \$213.37. This is the amount to compute interest, in the next step.
- Use the start date of the last COMPA line (08-07-2015) as the **To** date for the next preceding line, and the next most recent assessment date (05-08-2015) as the start date. Input start date of 05-08-2015 with a **To** date 08-07-2015 on \$213.37.
- The amount assessed on 05-08-2015 eliminates the remaining abated amount, and the IDRS interest computation will be captured on two lines.

3.17.20.8.1.1
(11-26-2021)

**Example of IDRS
COMPA Print to be
Attached to Form 5792,
Request for IDRS
Generated Refund (IGR)**

- (1) See example of the IDRS interest computation on the abated amount using IDRS command code COMPA, below.

COMPA with two entries (2 rows of dates (from/to) and the amount), and final row with the Total Interest.	Interest amount for each computation period and the bottom row identifying the total interest.
05082015 08072015 213.37	\$4.83
08072015 05012018 281.60	\$59.90
Total Interest \$64.73	\$64.73 (TC 770)

- Add the TC 299, TC 197 and TC 277 amounts to arrive at the overpayment amount.
- The \$76,754.00 abated tax, plus the \$262.33 abated interest, plus the \$19.27 abated penalty totals the \$77,035.60 overpayment.
- The overpayment plus the \$64.73 credit interest (TC 770) on the abated amounts totals \$77,100.33, which is the TC 840 refund amount.
- Note that the TC 777 interest reversal paired with the TC 841 refund cancellation totals the full amount shown on the TC 776 paired with the TC 846 refund.

3.17.20.9
(01-01-2014)

**Interest on Credit Offset
Interest**

- The interest on the credit offset interest is combined into the TC 776 amount that is paired with the TC 846 refund transaction. This interest will be reversed when the generated refund reversal posts (TC 841), following input of the refund stop (NOREF). As a result, any interest due on the credit offset interest will have to be manually computed and entered in the TC 770 interest field on the Form 5792, Request for IDRS Generated Refund (IGR). Attach COMPA prints to the Form 5792, Request for IDRS Generated Refund.
- The TC 776 interest transactions, paired with the TC 826 offsets, will not be reversed when the refund reversal posts. As a result, it will be included in the overpayment amount shown on the Form 5792, Request for IDRS Generated Refund. Note in the remarks section that the total TC 776 amount on the offsets is included in the overpayment amount.
- In the abatement example, all of the transactions will be posted in the same cycle as the TC 846.
- Occasionally, more than one offset amount could be paired with a single TC 776 amount. This occurs when the offsets are split to pay separate accruals on the gaining account and post with the same transaction date on the gaining account.
- Any generated TC 776 interest amounts paired with offsets require no additional verification.
- The posting dates on the TC 776 paired with the offsets will match the posting dates of the offsets on the gaining module. The TC 826 will post with the credit availability date of the TCB loss year module.
- If generated interest is paid on a TC 826 transaction, the TC 826 will be immediately followed by an INT-TO-DT>MMDDYYYY. If no interest is paid on the

offset amount, it will be followed by an INT-TO-DT>00000000. The INT-TO-DT dates are used as the **start** dates for the interest on the corresponding TC 776 amounts when the manual interest computation is completed.

- (8) The interest savings claimed for the refund must be reduced by the TC 776 amounts paired with the offsets and any additional interest paid on this
- (9) Listed below is an example of the manual credit interest computation on accounts with TC 776 interest paired with TC 826 offsets.
- See the display of posted transactions. The original return was filed and full paid before the TCB adjustment posted.
 - Note that the transactions included in this computation must be posted in the same cycle as the TC 776 and TC 846.
 - The offset, interest and refund transactions that are paired together are separated by a space from the others to emphasize their relationship to each other.
 - The IDRS displays will not show this separation.

#

3.17.20.9.1
(01-01-2014)
**Setting Up the Interest
Computation**

- (1) Start with establishing the date the manual refund will be input then add one workday to get the **To** date. Use this date as the **To** date for each of the individual computations.
- (2) The **start** dates for COMPA will be the INT TO DT> shown for each TC 826. If the TC 826 offset has INT TO DT>MMDDYYYY paired with it, there was no interest paid on the offset.

3.17.20.9.1.1
(11-26-2021)
**Display of Computation
Interest on Credit Offset
Interest**

- (1) See example display of posted transactions where the original return was filed and full-paid before the TCB adjustment posted, below:

TC	Date	Amount	Cycle	Description
TC 299	09082003	175,049.00-	200335 INT-TO-DT>03152002	Tax Abatement
TC 826	03152002	16,440.28	200335 INT-TO-DT>04292002	Credit Offset Out
TC 776	04292002	89.26-	200335	Credit Interest on Offset
TC 826	03152002	10,242.19	200335 INT-TO-DT>00000000	Credit Offset Out
TC 826	03152002	67,848.33	200335 INT-TO-DT>04302002	Credit Offset Out
TC 776	04302002	299.92-	200335	Credit Interest on Offset
TC 826	03152002	3,392.42	200335 INT-TO-DT>07152002	Credit Offset Out

TC	Date	Amount	Cycle	Description
TC 776	07152002	39.91-	200335	Credit Interest on Offset
TC 826	03152002	9,757.62	200335 INT-TO-DT>06102002	Credit Offset Out
TC 776	06102002	81.74-	200335	Credit Interest on Offset
TC 776	09082003	3,322.53-	200335	Credit Interest Overpayment
TC 846	09082003	71,201.52	200335	Generated Refund
TC 770	09032003	20.45-	200337	Manual Credit Interest
TC 840	09032003	67,899.44	200337	Manual Refund
TC 777	09082003	3,322.53	200338	Credit Interest Reversal
TC 841	09082003	71,201.52-	200338	Refund Reversal

3.17.20.9.1.1.1
(11-19-2015)
**Setting Up the Interest
Computation**

- (1) Start with establishing the date the manual refund will be input then add one workday to get the **To** date. Use this date as the **To** date for each of the individual computations.
- (2) The **start** dates for the COMPA will be the INT-TO-DT> shown for each TC 826. If the TC 826 offset has INT-TO-DT>MMDDYYYY paired with it, there was no interest paid on the offset.
- (3) Unlike the computations set up for the interest on the abated interest and penalty, each of the offset transactions are independent of the others. Do a separate COMPA for each offset, starting with the first one following the TC 295 or TC 299. Total the interest amounts together to determine the interest that must be paid on the posted offset interest. This amount is entered on the Form 5792, Request for IDRS Generated Refund in the TC 770 field.

3.17.20.9.1.1.1.1
(11-26-2021)
**Description of Interest
on Credit Offset Interest**

- (1) See below description of interest on credit offset interest:

Refund Input Date 09-03-2015 plus 1 day	1st TC 826 INT-TO-DT>:04-29-2014	TC 776 Interest Amount:
09042015	04292014	\$89.26

- (2) Use IDRS to compute the interest on the interest paired with the offset amounts as shown below.
 - a. Print these IDRS screens and attach them to the Form 5792, Request for IDRS Generated Refund (IGR).
 - b. Note that the definer **G** is used on these COMPA inputs. This example is of a Form 1120, U.S. Corporation Income Tax Return BMF account that received credit interest under the normal corporate (COMPA **C**) rate on

the first \$10,000 of the overpayment. The remaining overpayment and the interest on the credit offset interest are subject to the GATT (COMPAG) interest rate limitation.

- (3) The TC 776 following the interest on the fifth offset amount is paired with the TC 846 generated refund and is comprised of the interest on the remaining overpayment (TC 299 amount less all the TC 826 offset amounts) and the interest on the posted TC 776 interest paired with the offsets.
- (4) Note that the TC 777 interest reversal paired with the TC 841 refund cancellation only reverses the TC 776 paired with the TC 846. The TC 776 paired with the TC 826 offsets have not been reversed.

3.17.20.9.1.1.1.2
(11-26-2021)

**Example of IDRS Input
Used to Compute the
Interest Paired with the
Offset Amounts**

- (1) See IDRS command code COMPAG example where the total Interest is \$20.45 (Total of the Interest Amount rows), or the TC 770 amount:

COMPAG date	From	COMPAG TO DATE	COMPAG Amount	Interest Amount
09042015		04292014	\$89.26	\$3.69
04302014		09042015	\$299.92	\$12.37
07152014		09042015	\$39.91	\$1.35
06122014		09042015	\$81.74	\$3.04

3.17.20.10
(11-14-2023)

**Monitoring
Requirements**

- (1) Prior to June 20th, 2023, anytime a manual refund was initiated by Accounting, the technical lead, employee, or a designated individual would monitor the account daily (weekly for BMF) using the Erroneous Manual Refund Tool (EMT)/Case Monitoring Tool to ensure a duplicate refund condition has not occurred. Beginning on June 20th, 2023, monitoring of all manual refunds is handled by Accounts Management HQ with the use of their new automated EMT Tool. Any manual refunds entered into the old EMT tool prior to this date, will still need to be monitored until posted. See IRM 21.4.4.6.1, *Monitoring Manual Refunds* for more information.

Note: No monitoring control bases need to be opened when completing a manual refund effective June 20, 2023.

3.17.20.11
(01-01-2014)

**IDRS Control Base
Information**

- (1) The IDRS control base is established when initiating a manual refund on CC RFUND. The control base information reflected on IDRS can be used to track the status of account until all transactions are posted.
- (2) The table below reflect the IDRS control base display information and Field Description.

Field	Description
C#	Numeric sequence of the control base.
STATUS	Will reflect as one of the following alpha codes:
	A (Assigned)
	B (Background)
	S (Suspense)
	C (Closed)
	M (Monitor)
ACT-DT	Date of the most recent update to the control base
ACTION-EMP	Employee IDRS number of the person who did the input
ACTIVITY	Ten character field for abbreviated remarks. Following input of CC NOREF, it will be RR20XX4480 (current year variable cycle). This will be updated to RIM20XX480 if AFC misses the interception of the generated refund
RCVD-DT	Date of RFUND input, can be revised
ASSIGN-TO	Employee who input RFUND, can be revised
CAT	Control Base Category will be:
	840- when the refund is input
	RFDL after the NOREF is input
	841P when the TC 777 and TC 841 posts

- (3) The IDRS CC input screen requires the input of a Status Code and Category Code. It automatically generates an Activity description.
- The Status Code is included on the refund input screen as part of the Line 4 entries. The literal **C** on Line 4 must be overlaid with **B** to establish the control base in background status.
 - The Category Code is also included on Line 4. It will be established as 840- when the refund is input.
 - Input of the CC RFUND **R** will cause IDRS to establish the Activity field with the description IDRSREFUND.
- (4) The IDRS CC NOREF input screen requires the input of a Status Code and a Category Code and a revision to the Activity description.
- The Status Code is included on the refund stop screen as part of the Line 2 entries. Status Code **B** must be entered in the designated field to leave the control base in Background status.
 - Also, the Category Code is included on Line 2. It will be entered as RFDL on the input screen.
 - The Activity description is computer generated as RR200X44T (current year variable cycle) when the NOREF is input. The resulting update on the control base activity display will be RR20XX580.

- (5) When the reversal of the TC 776 and TC 846 is processed, the Category Code will be changed to 841P. This will provide an easy visual reference to check for on the weekly IDRS Inventory listing.
- (6) When all actions are completed, close the IDRS control base using CC ACTON.

3.17.20.11.1
(01-13-2014)
**TC 470/TC 570 Module
Freeze Input**

- (1) A manual refund input will cause the taxpayer account to reflect a balance due status, pending the posting of the refund reversal (TC 841). Input a TC 470 with posting delay code "1" and the following statement in the "Remarks": "NSD PN TC 841 of TC 846." The TC 470 initiates a module freeze code "T", which prevents balance due notices and systemic credit transfers from occurring.
- (2) If an account has a proposed assessment, offset or credit reversal identified at the completion of the Refund Intercept Review, input CC NOREF and a TC 570 to prevent an erroneous refund from generating. This must be completed prior to the posting of the proposed assessment, offset or credit reversal. When TC 570 is input, the following statement will be used in the "Remarks": "Pending Assessment". Do not issue a manual refund if this occurs.
- (3) In the event the refund reversal (TC 841) posts prior to the proposed assessment, offset or credit reversal, an erroneous refund could generate. The TC 570 initiates a module freeze code "R", preventing the issuance of an erroneous refund. This situation is most likely to occur on Examination and Underreporter cases.

3.17.20.12
(01-01-2023)
**Refund Interception
Savings Log**

- (1) The Refund Interception Savings Log is used for tracking the review statistics for the Refund Intercept Program. It is a spreadsheet maintained by fiscal year ending, with weekly results and broken down by posting cycle for BMF Accounts. It also provides combined totals. The BMF sites E-mail completed Logs weekly to Refund Interest Analyst Larenda.Jackson@irs.gov, Annette.Lloyd@irs.gov, Stuart.D.Simpson@irs.gov, and Richard.K.McErlane@irs.gov. A copy of the current Refund Intercept Savings Log can be obtained from the Submission Processing Refund Analyst, Richard McErlane or the backup.
- (2) The Refund Interception Savings log is designed to automatically provide weekly and monthly receipt totals, the number of refunds stopped input and the total interest saved. Also, the Log generates quarterly, half-year and full year totals. The log is designed to automatically modify all the totals when corrections to previously entered data are made.
- (3) The transaction dates (23C) of the TC 846 are used to designate the month the results are reported.
- (4) The data collected from the sites is used to compile Headquarters reports.

3.17.20.12.1
(01-01-2015)
**Production Report on
Work Planning & Control
(WP&C)**

- (1) On the Production Report for the WP&C, the sites will record the number of accounts reviewed and the number of refund stops for the Refund Intercept Program. All work and volumes will be charged to Organization, Function, and Program (OFF) 420-38740.
- (2) Clerical hours used for the Refund Intercept Program will be charged to OFF 420-38740.

3.17.20.13
(01-01-2014)
**Correcting Accounts
Identified with Incorrect
Received Dates**

- (1) During receive date review of the Refund Intercept listings, it will become apparent returns have posted with incorrect received dates. Research for inconsistencies such as the received date is earlier than a previously posted TC 460 or a TC 140 posted later than the IRS received date. Other examples might be a number of returns posted with an odd received date such as 05-11-09 present on the cycle listing with a current Julian date and year shown in the Document Locator Number (DLN).
- (2) Order the questionable returns from Files within two weeks following the receipt of the cycle listing. If the posted received date is identified as correct/incorrect, issuance of an additional refund of the interest will be necessary. Subtract the savings and volume from the Refund Intercept Report.
- (3) If you determine the posted received date is in error, issue the manual refund without interest and stop the generated refund.
- (4) If the received dates are incorrect, the assessment statute expiration date (ASED) and correspondence received dates (CRD) will need to be updated and/or added to the modules. The collection statute expiration date (CSED) does not need to be corrected. They are established by the 23C posting date of the TC 150 and are correct as shown in the table below.

If ...	Then ...
Incorrect IRS received dates detected	<ol style="list-style-type: none"> 1. Determine if the following dates are correct/incorrect. <ol style="list-style-type: none"> a. ASED b. CRD 2. Calculate correct dates <ol style="list-style-type: none"> a. ASED is 3 years after the return was filed (received date) b. CRD is the same as the date the return was filed (received date).
ASED is correct	Take no action
ASED is incorrect	Input REQ77 <ol style="list-style-type: none"> 1. Overlay TXMOD with REQ77 (transmit) 2. Input TC = 560, Extension date = 3 years + received date (date filed/Julian date) 3. REMARKS> RECD DT MM-DD-YY PER RETURN (transmit)
CRD is correct	Take no action

If ...	Then ...
CRD is incorrect	Input CC REQ77 1. Overlay TXMOD with REQ54 (transmit) 2. Input RET-PROC-DT> MMDDYYYY= correct received date, TC>290, AMT>.00, HOLD-CD>3, PRT CD>8 SOURCE-DOC-ATTACHED?>N, REMARKS>RECD DT MM-DD-YY PER RETURN

Exhibit 3.17.20-1 (12-07-2017)

Acronyms and Abbreviations

For a complete listing of Acronyms and Abbreviations, use the following website for research purposes: *Communications & Liaison Abbreviations and Acronyms*.

