



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.24.8

JUNE 13, 2024

## EFFECTIVE DATE

(06-13-2024)

## PURPOSE

- (1) This revises IRM 4.24.8, Excise Tax, Examination Guidance for Excise Claims for Refund or Abatement.

## MATERIAL CHANGES

- (1) Refer to the table below for a description of the material changes made.

Number	Subsection	Description of Change
1	IRM 4.24.8.1, Program Scope and Objectives	Updated primary stakeholders to also include SB/SE Field and Specialty Examination Quality (FSEQ). Corrected reference to IRM 1.1.16.5.3.1. Moved Program Goals to IRM 4.24.8.1.4.
2	IRM 4.24.8.1.2, Authority	Moved content from IRM 4.24.8.4. Added additional claim authorities (IRC 6511 and IRC 6675) impacting Excise Tax. Added reference to additional authorities in IRM 4.10.11.1.2.
3	IRM 4.24.8.1.4, Program Management and Reviews	Moved Program Goals from IRM 4.24.8.1. Updated Program Effectiveness to be consistent with other Excise IRM sections.
4	IRM 4.24.8.1.5, Terms	Changed title to Program Controls. Moved terms and their definitions to Exhibit 4.24.8-5. Added guidance about the Interim Guidance process and a statement about safeguard measures for information management systems.
5	IRM 4.24.8.1.6, Acronyms	Changed title to Terms and Acronyms. Moved acronyms and their definitions to Exhibit 4.24.8-5.
6	IRM 4.24.8.1.7, Related Resources	Added additional references to related resources in IRM 4.10.8 and IRM 4.10.11. Added reference to related resources in IRM 4.24.22. Incorporated guidance that updated the explanation for the Taxpayer Bill of Rights (TBOR), as well as provided an electronic link to the applicable website.
7	IRM 4.24.8.2, Overview of Claims	Updated title to IRM 4.10.8.10 reference. Corrected references to IRM 4.24.25.5.8 and IRM 4.24.6.13. Incorporated IGM SBSE-04-0623-0017, Excise Examinations of Indian Tribal Governments.

Number	Subsection	Description of Change
8	IRM 4.24.8.3, Claim Form Types	Changed title to Claim Forms. Added additional information about the purpose of Form 720-X. Removed reference to IRM 4.24.8.6 since it is not relevant to this subsection and moved it to IRM 4.24.8.3.1. Removed reference to IRM 21.7.8.4.5 since it was obsolete and replaced it with a reference to IRM 4.24.22.4.5. Added a reference to IRM 4.24.22.4.5. Added the new sustainable aviation fuel credit to purpose of Form 4136 and Form 8864.
9	IRM 4.24.8.3.1, Claim Processing	Added reference to IRM 4.24.8.6. Removed reference to IRM 21.7.8 since it was obsolete and added reference to IRM 4.24.22.
10	IRM 4.24.8.4, Claim Types	Changed title to Scope of Claim Examinations. Moved existing content to IRM 4.24.8.1.2. Added new content to provide guidance on expanding the scope of a claim examination to non-claim issues or limiting the scope to only the claim issue.
11	IRM 4.24.8.5, Statute of Limitations for IRC 6416(a), IRC 6420, IRC 6421, IRC 6426, and IRC 6427 Claims	Added additional guidance about IRC 6206 SOLs. Added reference to IRM 25.6.22. Updated IRC 6426 and IRC 6427 explanation to include renewable diesel and sustainable aviation fuel.
12	IRM 4.24.8.5.1, Agreed Paid Claim Statute of Limitations Considerations	Changed title to Agreed Paid Claims Statute of Limitations Considerations. Removed reference to IRM 4.4.25.4 and replaced with reference to IRM 4.24.21.5.7.
13	IRM 4.24.8.5.2, Unagreed Paid Claim Statute of Limitations Considerations	Changed title to Unagreed Paid Claims Statute of Limitations Considerations. Added reference to IRM 4.24.10. Added guidance relating to when partial assessments or quick assessments are required due to the time remaining on the SOL. Added reference to IRM 4.24.21.5.7. Added guidance on how to establish the IDRS command code STAUP. Added reference to IRM 4.24.10.7 and 4.24.10.8 for procedures examiners must follow when a case is ready for closure to Appeals. Updated the guidance about cases where the taxpayer failed to reach an agreement with Appeals to say that Appeals will issue Letter 1363 or Letter 1364.

Number	Subsection	Description of Change
14	IRM 4.24.8.6, Claim Classification and Control Procedures	Replaced reference to CCOC with Cincinnati Campus since the CCOC is not a commonly used acronym. Removed reference to IRM 21.7.8.3.2(2) since it was obsolete and added reference to IRM 4.24.22. Moved note about how to determine the received date of a claim to IRM 4.24.8.8. Moved guidance about starting unpaid claims within 30 days of assignment to IRM 4.24.8.8. Removed guidance about verifying the claim amount on the AMDISA since this was a duplicate of guidance in IRM 4.24.8.8.
15	IRM 4.24.8.6.1, Master File Control Procedures for Form 8849 Claims	Moved statement that Form 8849 transactions are separate and distinct from Form 720 transactions from IRM 4.24.8.6.1.1. Moved guidance that paid claims may be processed under various tax modules to IRM 4.24.8.13. Moved guidance that examiners must check AMDISA prior to closing to IRM 4.24.8.10 and IRM 4.24.8.15. Removed reference to IRM 21.7.8.4.5.6.9 since it was obsolete and did not provide additional guidance for this subsection. Corrected reference to IRM 4.24.25.2.
16	IRM 4.24.8.6.1.1, Determining the Form 8849 Examination Period	Added clarifying language to existing guidance.
17	IRM 4.24.8.6.1.2, Use of Revenue Protection Codes (RPCs) in Issue Management System (IMS)	Added additional explanation and guidance about protection of revenue protection codes. Added guidance that time charged on Form 5344 must match the allocation in ERCS.
18	IRM 4.24.8.7, Claim Categories	Added guidance about the definition of taxpayer in relation excise taxes imposed on certain facilities and services. Added reference to IRM 4.24.8.8.
19	IRM 4.24.8.7.1, Amendments to Form 720, Form 2290, Form 730, and Form 11-C	Added guidance that Form 720-X can be used to make changes to the sustainable aviation fuel credit. Replaced reference to CCOC with Cincinnati Campus since the CCOC is not a commonly used acronym. Added additional reference to Form 8849, Schedule 6, instructions.
20	IRM 4.24.8.7.2, Refundable Credit	Added the corresponding MFT module for each type of income tax return.
21	IRM 4.24.8.7.3, Business Related Credits	Changed title to Business Related Credit. Added IRC 40 and IRC 40B business related credits.
22	IRM 4.24.8.7.4, Third Party Claims	Clarified that third party refund claims (other than for fuel taxes) are processed on MFT 03. Added guidance about the MFTs that the various Form 8849s are processed under.

Number	Subsection	Description of Change
23	IRM 4.24.8.8, Unpaid Claims (AIMS Source Code 30) - Introduction	Changed title to Unpaid Claims – Introduction. Moved note about how to determine the received date of a claim from IRM 4.24.8.6. Moved guidance about starting unpaid claims within 30 days of assignment from IRM 4.24.8.6. Replaced reference to IRM 4.4.4.4 with reference to IRM Exhibit 4.10.11-7. Added a reference to IRM 20.2.10.4.2, Underpayment of Collected Excise Taxes. Incorporated IGM SBSE-04-0424-0015, Interim Guidance for Completion of Form 5344 for Certain MFT 40 Unpaid Claims.
24	IRM 4.24.8.9, Unpaid Claims - Survey	Changed title to Unpaid Claims – Survey After Assignment. Added a list of all forms and letters that must be completed for unpaid claim surveys. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
25	IRM 4.24.8.9.1, Form 5344, Examination Closing Record, Unpaid Claims - Surveyed	Changed title to Form 5344, Unpaid Claims – Surveyed. Added guidance that the examiner must verify pre-populated fields. Added guidance about completing Item 12 for Form 720-X, Line 1, claims. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
26	IRM 4.24.8.9.2, Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claims - Surveyed	Changed title to Form 3198, Unpaid Claims – Surveyed. Moved restricted interest procedures to IRM 4.24.8.25 to avoid duplication of guidance throughout. Added reference to IRM 4.24.8.25 procedures if restricted interest applies. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System. Removed reference to IRM 4.4.12.3 and replaced with reference to IRM 4.38.1.7.3.1.22.7.
27	IRM 4.24.8.10, Unpaid Claims Report Writing and Case Processing Procedures	Corrected title for reference to IRM 4.10.8.10. Removed reference to IRM 4.10.8.10.1 since it was obsolete, and the information was not moved to another subsection. Moved guidance that examiners must check AMDISA prior to closing from IRM 4.24.8.6.1. Updated guidance that explains the types of examination reports that are issued, in addition to the other forms that must be issued. Moved explanation about the purpose of Form 2297 from IRM 4.24.8.10.1. Updated guidance to reflect that only Form 3363 is required to be signed in an agreed unpaid claim case.

Number	Subsection	Description of Change
28	IRM 4.24.8.10.1, Report Writing Regular Agreed Cases - Unpaid Claim Disallowed in Full or Partially Allowed	Changed title to Report Writing Agreed Cases - Unpaid Claims Disallowed in Full or Partially Allowed. Updated guidance to provide a list of forms that must be included in the 30-day letter package. Updated guidance to reflect that Form 5385 is issued instead of Form 5384. Provided additional guidance about the examination reports that are required if the case also includes non-claim issues. Incorporated report writing guidance from IGM SBSE-04-0123-0002. Moved explanation about the purpose of Form 2297 to IRM 4.24.8.10. Moved Form 3198 instructions to IRM 4.24.8.10.1.3.
29	IRM 4.24.8.10.1.1, Form 5344, Examination Closing Record, Unpaid Claim - Disallowed in Full	Updated title to Form 5344, Unpaid Claims - Disallowed in Full. Removed reference to IRM 4.4.12.5.2 and replaced with reference to IRM 4.38.1.7.3.1.
30	IRM 4.24.8.10.1.2, Form 5344, Examination Closing Record, Unpaid Claim - Partially Allowed	Updated title to Form 5344, Unpaid Claims - Partially Allowed. Incorporated IGM SBSE-04-0424-0015, Interim Guidance for Completion of Form 5344 for Certain MFT 40 Unpaid Claims. Removed reference to IRM 4.4.12 and replaced with reference to IRM 4.38.1.7.3.1.
31	IRM 4.24.8.10.1.3, Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Disallowed in Full or Partially Allowed	Changed title to Form 3198, Unpaid Claims - Disallowed in Full or Partially Allowed. Moved restricted interest procedures to IRM 4.24.8.25 to avoid duplication of guidance throughout. Added reference to IRM 4.24.8.25 procedures if restricted interest applies. Replaced reference to IRM 4.4.7.3.8 with reference to Exhibit 4.24.8-2. Moved Form 3198 instructions from IRM 4.24.8.10.1.
32	IRM 4.24.8.10.2, Report Writing Regular Agreed Cases - Unpaid Claim - Allowed in Full	Changed title to Report Writing Agreed Cases - Unpaid Claims - Allowed in Full. Incorporated report writing guidance from IGM SBSE-04-0123-0002. Updated reference to IRM 4.10.8.10.2 with IRM 4.10.11.2.10. Added reference to Exhibit 4.24.8-2. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System. Removed reference to IRM 4.4.12 and replaced with reference to IRM 4.38.1.7.3.1.
33	IRM 4.24.8.10.2.1, Form 5344, Examination Closing Record, Unpaid Claim - Allowed In Full	Changed title to Form 5344, Unpaid Claims - Allowed in Full. Incorporated IGM SBSE-04-0424-0015, Interim Guidance for Completion of Form 5344 for Certain MFT 40 Unpaid Claims.

Number	Subsection	Description of Change
34	IRM 4.24.8.10.2.2, Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Allowed In Full	Changed title to Form 3198, Unpaid Claims - Allowed in Full. Moved restricted interest procedures to IRM 4.24.8.25 to avoid duplication of guidance throughout. Added reference to IRM 4.24.8.25 procedures if restricted interest applies. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
35	IRM 4.24.8.10.3, Report Writing Regular Agreed Cases - Unpaid Claim - Increase to Original Amount	Changed title to Report Writing Agreed Cases - Unpaid Claims - Increase to Original Amount. Added reference to IRM 4.24.8.10.2 for guidance on completing Form 5384. Added reference to Exhibit 4.24.8-2. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
36	IRM 4.24.8.10.3.1, Form 5344, Examination Closing Record, Unpaid Claim - Increase to Original Amount	Changed title to Form 5344, Unpaid Claims - Increase to Original Amount. Removed reference to IRM 4.4.12 and replaced with reference to IRM 4.38.1.7.3.1.
37	IRM 4.24.8.10.3.2, Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Increase to Original Amount	Changed title to Form 3198, Unpaid Claims - Increase to Original Amount.
38	New IRM 4.24.8.10.4	Added title Unpaid Claims - Special Rules for Form 2290, Heavy Highway Vehicle Use Tax Return. Moved guidance from IRM 4.24.8.11. Updated guidance to clarify that interest is allowable for vehicles miles sold, destroyed, or stolen in the period.
39	IRM 4.24.8.11, Unpaid Claims - Special Rules for Form 2290, Heavy Highway Vehicle Use Tax Return	Updated title to Report Writing and Case Processing for Excepted Agreed/Partially Agreed Cases - Unpaid Claims. Moved prior guidance to IRM 4.24.8.10.4. Added new guidance for report writing procedures for partially agreed unpaid claims.
40	New IRM 4.24.8.11.1	Added title Form 5344, Unpaid Claims – Excepted Agreed/Partially Agreed Cases. Added guidance for completing Form 5344 for excepted agreed/ partially agreed unpaid claims.
41	New IRM 4.24.8.11.2	Added title Form 3198, Unpaid Claims – Excepted Agreed/Partially Agreed Cases. Added guidance for completing Form 3198 for excepted agreed/ partially agreed unpaid claims.

Number	Subsection	Description of Change
42	IRM 4.24.8.12, Unpaid Claims - Unagreed and Excepted Agreed Cases	Updated title to Report Writing Unagreed Cases - Unpaid Claims. Updated and added additional guidance for report writing procedures for unagreed unpaid claims.
43	New IRM 4.24.8.12.1	Added title Form 5344, Unpaid Claims – Unagreed Cases. Added guidance for completing Form 5344 for unagreed unpaid claims.
44	New IRM 4.24.8.12.2	Added title Form 3198, Unpaid Claims – Unagreed Cases. Added guidance for completing Form 3198 for unagreed unpaid claims.
45	IRM 4.24.8.13, Paid Claims (AIMS Source Code 31) - Introduction	Changed title to Paid Claims – Introduction. Moved guidance that paid claims may be processed under various tax modules from IRM 4.24.8.6.1. Moved IRC 6675 penalty guidance to IRM 4.24.8.15.
46	IRM 4.24.8.14, Paid Claims (AIMS Source Code 31) - Survey After Assignment	Changed title to Paid Claims – Survey After Assignment. Added clarifying guidance relating to the filing indicator.
47	IRM 4.24.8.15, Paid Claims - Report Writing and Case Processing Procedures	Moved IRC 6675 penalty guidance from IRM 4.24.8.13. Added reference to IRM 4.24.8.16 for guidance on increases to paid claims. Clarified guidance relating to annual Form 8849s that can be filed by exempt entities. Moved guidance that examiners must check AMDISA prior to closing from IRM 4.24.8.6.1. Added reference to IRM Exhibit 4.24.20-1.
48	IRM 4.24.8.15.1, Paid Claim Report Writing and Case Processing Procedures - No Change/No Adjustments	Changed title to Report Writing and Case Processing Procedures - Paid Claims - No Change/No Adjustments. Corrected title to IRM reference 4.24.21.5.4. Updated reference to Exhibit 4.24.8-4. Added reference to Exhibit 4.24.8-3. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
49	IRM 4.24.8.15.1.1, Form 5344, Examination Closing Record, Paid Claims - No Change	Changed title to Form 5344, Paid Claims - No Change. Added guidance that the examiner must verify pre-populated fields.
50	IRM 4.24.8.15.1.2, Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim - No Change	Changed title to Form 3198, Paid Claims - No Change. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.



Number	Subsection	Description of Change
51	IRM 4.24.8.15.2, Paid Claim Report Writing and Case Processing Procedures - Agreed	Changed title to Report Writing and Case Processing Procedures – Paid Claims – Agreed. Updated reference to Exhibit 4.24.8-4. Added example language for paid non-fuel claims. Added reference to Exhibit 4.24.8-3. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
52	IRM 4.24.8.15.2.1, Form 5344, Examination Closing Record, Paid Claim - Agreed	Changed title to Form 5344, Paid Claims – Agreed. Added guidance that the examiner must verify pre-populated fields. Added references to IRM 4.38.1.7.3.1.2 and IRM 4.24.21. Added additional information about the disposal codes that must be used.
53	IRM 4.24.8.15.2.2, Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim - Agreed	Changed title to Form 3198, Paid Claims – Agreed. Added clarifying language for the Form 3198 procedures when penalty code sections 6651(a)(1) (FTF), 6651(a)(2) (FTP), and 6656 (FTD) should not be assessed. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
54	New IRM 4.24.8.15.3	Added title Report Writing and Case Processing Procedures - Paid Claims - Excepted Agreed/ Partially Agreed. Moved partially agreed guidance from 4.24.8.16.2. Updated and added new guidance relating to partially agreed paid claims.
55	New IRM 4.24.8.15.3.1	Added title Form 5344, Paid Claim – Excepted Agreed/Partially Agreed. Added new guidance relating completion of Form 5344 for partially agreed paid claims.
56	New IRM 4.24.8.15.3.2	Added title Form 3198, Paid Claim - Excepted Agreed/Partially Agreed. Added new guidance relating completion of Form 3198 for partially agreed paid claims.
57	New IRM 4.24.8.15.4	Added title Report Writing and Case Processing Procedures - Paid Claim – Unagreed. Moved unagreed guidance from 4.24.8.16.2. Updated and added new guidance relating to unagreed paid claims.
58	New IRM 4.24.8.15.4.1	Added title Form 5344, Paid Claim – Unagreed. Moved unagreed guidance from 4.24.8.16.2.1.
59	New IRM 4.24.8.15.4.2	Added title Form 3198, Paid Claim – Unagreed. Added new guidance relating completion of Form 3198 for unagreed paid claims.



Number	Subsection	Description of Change
60	IRM 4.24.8.16, Increase to Paid Claim Introduction	Changed title to Increase to Paid Claims Introduction. Added guidance that Form 5348 should be completed.
61	IRM 4.24.8.16.1, Report Writing Regular Agreed Cases - Paid Claim - Increase to Original Amount	Changed title to Report Writing Agreed Cases – Paid Claims – Increase to Original Amount. Removed existing guidance for Form 5384, columns 1-8 and replaced with a reference to IRM 4.24.8.10.2 to remove duplicative guidance. Added reference to Exhibit 4.24.8-3. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
62	IRM 4.24.8.16.1.1, Form 5344, Examination Closing Record, Paid Claim - Increase to Original Amount	Changed title to Form 5344, Paid Claims – Increase to Original Amount. Added guidance that the examiner must verify pre-populated fields. Removed reference to IRM 4.4.12 and replaced with reference to IRM 4.38.1.7.3. Removed existing guidance for Form 5344 and replaced with a reference to IRM 4.24.8.10.2.1 to remove duplicative guidance.
63	IRM 4.24.8.16.1.2, Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim - Increase to Original Amount	Changed title to Form 3198, Paid Claims - Increase to Original Amount. Moved restricted interest procedures to IRM 4.24.8.25 to avoid duplication of guidance throughout. Added reference to IRM 4.24.8.25 procedures if restricted interest applies. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
64	IRM 4.24.8.16.2, Paid Claim Report Writing and Case Processing Procedures - Partially Agreed and Unagreed	Removed subsection. Moved guidance to IRM 4.24.8.15.3 and IRM 4.24.8.15.4.
65	IRM 4.24.8.16.2.1, Form 5344, Examination Closing Record, Paid Claim - Unagreed	Removed subsection. Moved guidance to IRM 4.24.8.15.4.1.
66	IRM 4.24.8.17, IRC 6675, Excessive Claims Penalty Processing	Changed title to IRC 6675 Excessive Claims Penalty Overview. Added background and authority relating to the excessive claims penalty. Moved excessive claims processing guidance to IRM 4.24.8.17.1.
67	New IRM 4.24.8.17.1	Added title IRC 6675 Excessive Claims Penalty Processing. Moved excessive claims processing guidance from IRM 4.24.8.17.
68	IRM 4.24.8.18, IRC 4081(e) Claims	Added guidance that IRC 4081(e) claims are non-interest bearing and require additional documentation on Form 3198.

Number	Subsection	Description of Change
69	IRM 4.24.8.19, Overview of Examination Assessment for Claims	Corrected links to Policy Statements.
70	IRM 4.24.8.21, Claims Received or Cases Previously Considered by Appeals	Updated link to Independent Office of Appeals AARS website.
71	IRM 4.24.8.22, Erroneous Refunds - Suits to Recover	Added reference to IRM 1.2.1.5.31 and IRM 1.2.1.5.27.
72	IRM 4.24.8.23, Form 907, Agreement to Extend the Time to Bring Suit	Updated content to provide guidance that the requested new expiration date on Form 907 should not be a date more than two years from the expiration of the statute. Updated guidance to state that managers should contact their servicing Technical Services for assistance in the execution of the Form 907 based on guidance for SBSE in IRM 4.10.11.2.16.1.1(7). Updated procedures to state that Letter 929-A is the transmittal letter used for signed Form 907s.
73	IRM 4.24.8.24, Request for Reconsideration of Disallowed Claims	Updated title to Request for Reconsideration of Previously Disallowed Claims. Updated content relating reconsiderations of previously disallowed claims to provide additional background, authority, and guidance. Provided additional guidance about closing cases after issuance of Letter 917. Corrected paragraph (14) to state Form 907 instead of Form 906.
74	New IRM 4.24.8.24.1	Added title Report Writing and Case Processing Procedures - Reconsideration of Previously Disallowed Claims. Added guidance for report writing and case processing for reconsiderations of previously disallowed claims.
75	IRM 4.24.8.25, Restricted Interest	Updated content to provide additional types of excise claims that are subject to special interest rules if not paid within 45 days of receipt (20 days for electronic claims), including the new sustainable aviation fuel credit. Removed IRC sections listed in paragraph (3) since all IRC sections applicable to restricted interest are listed in IRM 20.2.1, Exhibit 20.2.1-1, which is referenced. Moved case processing guidance relating to restricted interest cases from individual subsections to limit duplication. Incorporated IGM SBSE-04-0424-0015, Interim Guidance for Completion of Form 5344 for Certain MFT 40 Unpaid Claims.

Number	Subsection	Description of Change
76	IRM 4.24.8.26, Claims for Refunds of an Overpayment of Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer	Changed title to Claims for Refund of an Overpayment of Tax. Added introductory information about certain claims for refund that are overpayments of tax by the taxpayer and overpayments of tax by someone other than the person that paid the tax to the government. Moved content to IRM 4.24.8.26.2.
77	New IRM 4.24.8.26.1	Added title Claims for Refund of an Overpayment of Tax on Communications and Air Transportation Taxes. Added guidance for examining issues related to collected taxes under IRC 4251, IRC 4261, and IRC 4271.
78	New IRM 4.24.8.26.2	Added title Claims for Refund of an Overpayment of Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer. Moved content from IRM 4.24.8.26. Updated content to provide guidance on the types of refund claims that may be filed for overpayments of the foreign insurance excise tax. Provided additional guidance on IRC 953(d) elections.
79	New IRM 4.24.8.26.3	Added title Claims for Refund of an Overpayment of Tax on Vaccines Tax. Added guidance for examining issues related to vaccines that have been exported as provided under IRC 6416(b)(2) or returned (other than for resale) to the person that paid the tax or destroyed under IRC 4132(b).
80	New IRM 4.24.8.26.4	Added title Claims for Refund on an Overpayment of Tax on Wagering. Added links to IRM 4.24.22.4.4.6 and IRM 4.24.22.4.5.6.9 for additional information.
81	Exhibit 4.24.8-1, Claim Types, Filing Methods and Claim Due Dates	Added IRC 6402 and IRC 6419 to the code sections applicable to the table. Updated table to reflect claims that can be filed on Form 720 Schedule C, Line 14(a). Updated the time to file and IRC citations throughout table. Updated table to add claims that can be filed on Form 730, Line 5 and Form 2290, Line 5.
82	Exhibit 4.24.8-2, Credit Reference Numbers and Corresponding Abstract Numbers	Changed title to Unpaid Claims – Letters. Moved existing content to Exhibit 4.24.8-3. Added new table with guidance for preparing and issuing letters in unpaid claim cases. Incorporated IGM SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System.
83	New Exhibit 4.24.8-3	Added title Paid Claims – Letters. Added new table with guidance for preparing and issuing letters in paid claim cases.

Number	Subsection	Description of Change
84	New Exhibit 4.24.8-4	Added title Credit Reference Numbers and Corresponding Abstract Numbers. Moved guidance from Exhibit 4.24.8-2. Updated table to include existing CRN 303 and new CRNs 317, 440, 441, 442, and 454. Also updated some of the CRN descriptions to provide a more accurate description.
85	New IRM Exhibit 4.24.8-5	Added title Terms and Acronyms. Moved relevant content from IRM 4.24.8.1.5 and IRM 4.24.8.1.6 to here. Removed Abstract Number from acronym table and replaced it with IRS No. Added IRC 4662 to the Form 637 definition. Added the definition of IDRS command codes AMDISA, BMFOLA and TXMODA. Removed CCOC and CC from the acronym table since the use of these acronym were removed from this subsection. Moved AMDISA to terms table.

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.24.8 dated December 16, 2020. This IRM Section (section) incorporates the following Interim Guidance Memorandums (IGMs): SBSE-04-0123-0002, Interim Guidance on Revised Report Writing Procedures for Claims, dated January 4, 2023, SBSE-04-0623-0017, Excise Examinations of Indian Tribal Governments, dated June 2, 2023, SBSE-04-0623-0027 Interim Guidance for the New Letter 6517, Paid Fuel Claim Short Statute Assessment, dated June 8, 2023, SBSE-04-0424-0013, Electronic Case Closing Procedures in the Issue Management System, dated April 16, 2024, and SBSE-04-0424-0015, Interim Guidance for Completion of Form 5344 for Certain MFT 40 Unpaid Claims, dated April 29, 2024.

## AUDIENCE

This section is for Excise Tax territory managers, group managers (managers), revenue agents (RAs), fuel compliance agents (FCAs), (RAs and FCAs are collectively and hereinafter referred to as “examiners” throughout this section), and personnel at the Cincinnati and Ogden campuses who process excise tax returns (returns), excise tax refunds (refunds) and excise tax claims (claims).

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 Small Business/Self Employed

4.24.8

Examination Guidance for Excise Claims for Refund or Abatement

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4.24.8.10.2 Report Writing Agreed Cases - Unpaid Claims - Allowed in Full

4.24.8.10.2.1 Form 5344, Unpaid Claims - Allowed in Full

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- 4.24.8.10.2.2 Form 3198, Unpaid Claims - Allowed in Full
  - 4.24.8.10.3 Report Writing Agreed Cases - Unpaid Claims - Increase to Original Amount
    - 4.24.8.10.3.1 Form 5344, Unpaid Claims - Increase to Original Amount
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  - 4.24.8.10.4 Unpaid Claims - Special Rules for Form 2290
  - 4.24.8.11 Report Writing and Case Processing for Excepted Agreed/Partially Agreed Cases - Unpaid Claims
    - 4.24.8.11.1 Form 5344, Unpaid Claims – Excepted Agreed/Partially Agreed Cases
    - 4.24.8.11.2 Form 3198, Unpaid Claims – Excepted Agreed/Partially Agreed Cases
  - 4.24.8.12 Report Writing Unagreed Cases - Unpaid Claims
    - 4.24.8.12.1 Form 5344, Unpaid Claims – Unagreed Cases
    - 4.24.8.12.2 Form 3198, Unpaid Claims – Unagreed Cases
  - 4.24.8.13 Paid Claims - Introduction
  - 4.24.8.14 Paid Claims - Survey After Assignment
  - 4.24.8.15 Paid Claims - Report Writing and Case Processing Procedures
    - 4.24.8.15.1 Report Writing and Case Processing Procedures - Paid Claims - No Change/No Adjustments
      - 4.24.8.15.1.1 Form 5344, Paid Claims - No Change
      - 4.24.8.15.1.2 Form 3198, Paid Claims - No Change
    - 4.24.8.15.2 Report Writing and Case Processing Procedures - Paid Claims - Agreed
      - 4.24.8.15.2.1 Form 5344, Paid Claims - Agreed
      - 4.24.8.15.2.2 Form 3198, Paid Claims - Agreed
    - 4.24.8.15.3 Report Writing and Case Processing Procedures - Paid Claims - Excepted Agreed/Partially Agreed
      - 4.24.8.15.3.1 Form 5344, Paid Claim - Excepted Agreed/Partially Agreed
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    - 4.24.8.15.4 Report Writing and Case Processing Procedures - Paid Claim - Unagreed
      - 4.24.8.15.4.1 Form 5344, Paid Claim - Unagreed
      - 4.24.8.15.4.2 Form 3198, Paid Claim - Unagreed
  - 4.24.8.16 Increase to Paid Claims Introduction
    - 4.24.8.16.1 Report Writing Agreed Cases - Paid Claims - Increase to Original Amount
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  - 4.24.8.17 IRC 6675 Excessive Claims Penalty Overview
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  - 4.24.8.19 Overview of Examination Assessment for Claims
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  - 4.24.8.21 Claims Received or Cases Previously Considered by Appeals
  - 4.24.8.22 Erroneous Refunds - Suit to Recover
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4.24.8.24 Request for Reconsideration of Previously Disallowed Claims

4.24.8.24.1 Report Writing and Case Processing Procedures - Reconsideration of Previously Disallowed Claims

4.24.8.25 Restricted Interest

4.24.8.26 Claims for Refund of an Overpayment of Tax

4.24.8.26.1 Claims for Refund of an Overpayment of Tax on Communications and Air Transportation Taxes

4.24.8.26.2 Claims for Refund of an Overpayment of Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer

4.24.8.26.3 Claims for Refund of an Overpayment of Tax on Vaccines Tax

4.24.8.26.4 Claims for Refund on an Overpayment of Tax on Wagering

Exhibits

4.24.8-1 Claim Types, Filing Methods, and Claim Due Dates

4.24.8-2 Unpaid Claims – Letters

4.24.8-3 Paid Claims – Letters

4.24.8-4 Credit Reference Numbers and Corresponding Abstract Numbers

4.24.8-5 Terms and Acronyms





4.24.8.1  
(06-13-2024)  
**Program Scope and Objectives**

- (1) **Purpose** - This section provides general guidelines and report writing procedures for Excise Tax Program managers, examiners, and personnel at the Cincinnati and Ogden campuses who process claims for credit or refund.
- (2) **Audience** - The audience of this section includes the Director, Examination - Specialty Tax, Chief, Estate & Gift/Excise Tax Exam, Excise Tax territory managers, group managers (managers), revenue agents (RAs), fuel compliance agents (FCAs) (collectively and hereinafter referred to as “examiners” throughout this section), personnel at the Cincinnati and Ogden campuses who process excise tax returns (returns), excise tax refunds (refunds) and excise tax claims (claims).
- (3) **Policy Owner** - Director, Examination - Specialty Policy, is responsible for the administration, procedures and updates related to the technical guidance, information processing steps, and methods specific to claims.
- (4) **Program Owner** - Director, Examination - Specialty Tax, owns Excise Tax Examination.
- (5) **Primary Stakeholders** - Independent Office of Appeals (Appeals), Counsel, Excise Tax Examination, Field and Specialty Examination Quality (FSEQ), Large Business and International (LB&I) and Tax Exempt/Government Entities are the primary stakeholders for this section.

4.24.8.1.1  
(06-13-2024)  
**Background**

- (1) This section provides the intended audience the policies and procedures for claims.

4.24.8.1.2  
(06-13-2024)  
**Authority**

- (1) IRC 6402 provides the general rule in the case of any overpayment, within the applicable period of limitations, the Secretary may credit the amount of such overpayment, including any interest allowed thereon, against any liability in respect of an internal revenue tax on the part of the person who made the overpayment and shall refund any balance to such person, less:
  - Any past-due support (as defined in Section 464(c) of the Social Security Act),
  - Debts owed to federal agencies,
  - Past-due, legally enforceable state income tax obligations, or
  - Unemployment compensation debts.
- (2) IRC 6511(a) provides that a claim for credit or refund of an overpayment of tax must be made within three years from the time the return was filed or two years from the time the tax was paid, whichever is later, or, if no return was filed, within two years from the time the tax was paid. See IRM 4.10.11.5.2, Refund Statute Expiration Date (RSED) - Consideration and Examiner’s Responsibilities, for further discussion on the timeliness requirements for claims for refund.
- (3) The IRC sections below provide the authority for some of the most common excise claims for refund or credit:
  - IRC 6412, Floor stocks refunds
  - IRC 6415, Credits or refunds to persons who collected certain taxes
  - IRC 6416, Certain taxes on sales and services

- IRC 6419, Excise tax on wagering
  - IRC 6420, Gasoline used on farms
  - IRC 6421, Gasoline used for certain nonhighway purposes, used by local transit systems, or sold for certain exempt purposes
  - IRC 6426, Credit for alcohol fuel, biodiesel and alternative fuel mixtures
  - IRC 6427, Fuels not used for taxable purposes
- (4) IRC 6206 provides any portion of a refund made under IRC 6416(a)(4), or payment made under IRC 6420, IRC 6421, or IRC 6427, which constitutes an excessive amount (as defined in IRC 6675(b)), and any civil penalty provided by IRC 6675, may be assessed and collected as if it were a tax imposed by IRC 4081 or IRC 4041. See IRM 4.24.8.5 for additional information.
- (5) IRC 6675 imposes a penalty, in addition to any criminal penalty provided by law, for claims made under IRC 6416(a)(4), IRC 6420, IRC 6421, and IRC 6427 if the claim is for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause. The penalty is two times the excessive amount or \$10, whichever is greater. The term excessive amount means the amount in which the amount claimed for any period exceeds the amount allowable.
- (6) Additional authorities relating to claims can be found in IRM 4.10.11.1.2, Authority.

4.24.8.1.3  
(06-13-2024)  
**Responsibilities**

- (1) Director, Examination - Specialty Policy, is responsible for the procedures and policies addressed in this section.
- (2) Program Manager, Excise Tax Policy, is responsible for ensuring the procedures are accurate and updated regularly, as needed.
- (3) Chief, Estate & Gift/Excise Tax Exam, is responsible for ensuring the procedures within this section are adhered to by employees in the Excise Tax Examination.
- (4) Territory managers are responsible for ensuring managers are aware and adhere to the procedures in this section.
- (5) Excise managers are responsible for ensuring their employees have current copies of this section and are adhering to the procedures in this section.
- (6) Excise examiners are responsible for following the procedures and policies addressed in this section.

4.24.8.1.4  
(06-13-2024)  
**Program Management and Reviews**

- (1) **Program Goals** - The processes and procedures provided in this section are consistent with the objectives or goals for Excise Tax Examination addressed in IRM 1.1.16.5.3.1, Excise Tax Examination.
- (2) **Program Reports** - Information regarding the reporting of program objectives are included in, but not limited to, Headquarters Examination Monthly Briefing, Program Manager Monthly Briefing, Examination Operational Reviews, and Business Performance Reviews. These reports provide reliable and timely information. Periodic program reviews are conducted to:
- Determine if procedures are being followed.
  - Validate the policies and procedures.
  - Identify and share best practices.

- (3) **Program Effectiveness** - Program effectiveness is measured by the Examination Quality Review Staff, in FSEQ, which supports the SB/SE quality improvement program utilizing National Quality Review System to conduct independent case reviews from a statistically valid sample of examination case work. National, area and territory trend analyses on the quality attributes are used to establish baselines to assess program performance, identify opportunities to improve work processes, analyze causes for failure, assess the feasibility of possible solutions and measure the success of quality improvement efforts.
- (4) **Annual Review** - Program Manager, Excise Tax Policy, is responsible for reviewing the information in this section annually to ensure accuracy and promote consistent tax administration.

## 4.24.8.1.5 (06-13-2024) Program Controls

- (1) Excise Tax will use Interim Guidance (IG) procedures to issue instructions to staff that cannot wait for an IRM update. IG memos are used Servicewide to issue guidance faster than an IRM section update. They have established clearance procedures and a system for tracking, controlling, and revoking them. IG memos are associated with their related IRM sections(s) on IRM Online and in the Freedom of Information Act (FOIA) library and are incorporated into the IRM within two years (unless reissued). Instructions for authoring, clearing, distributing, and monitoring IG memos are found in IRM 1.11.10, Interim Guidance Process. Excise Tax specific processes are established and administered by Excise Tax Policy.
- (2) All interim guidance memos will be assigned control numbers and be added to the Internal Management Document (IMD) Tracking System. This system links these memos to their related IRM section in IRM Online. The IMD Tracking System is used to monitor the status and expiration dates of each memo. Authors should contact an SBSE IMD Coordinator for a control number before final approval of the document. The components of the control number are:

Component	Example
Division/Function	SBSE
The IRM Part Number (Business Process Number)	Usually 04 for Examining Process (Business Process Numbers are found in IRM 1.11.1.5)
Month and Year	April 2024 would be 0424
Sequential Tracking Number	Starting with 0001. This sequence starts over each calendar year

- (3) IG memos are in effect for two years from the issuance date or through the stated expiration date on the guidance, if earlier. To remain in force, procedures must be incorporated into the IRM by the expiration date.
- (4) All information management systems that are utilized have safeguard measures in place, which address all key components of Information Technology (IT) security to restrict access to sensitive data.

- 4.24.8.1.6 (06-13-2024) (1) Refer to Exhibit 4.24.8-5 for the definitions to terms and acronyms used throughout this section.

#### Terms and Acronyms

- 4.24.8.1.7 (06-13-2024) (1) The following IRM Sections provide additional information:

#### Related Resources

IRM	Title	Guidance on
IRM 4.24.1	Introduction to Excise Taxes	General information about basic examiner responsibilities, Excise Tax IRM Sections, materials about excise tax abstracts, returns and claims forms.
IRM 4.10.8	Report Writing	Preparation of audit reports, details regarding the preparation of corrected reports, issues that require special reports and forms, and some case closing requirements.
IRM 4.10.11	Claims for Refund and Requests for Abatement	Examinations and report writing specific to claims for refund, requests for abatement, and audit reconsiderations.
IRM 4.24.10	Appeals Referral Procedures	Procedures relating to the Appeals referral process for unagreed or partially agreed claim cases.
IRM 4.24.20	Excise Tax Report Writing Guide	Guidelines about the preparation of examination reports in terms of content and format.
IRM 4.24.21	Case Closings	Information and procedural guidance about closing examined and non-examined Excise Tax Examination cases.
IRM 4.24.22	Campus Procedures for Excise Taxes	Information claim processing and classification procedures completed at the Cincinnati Campus.

- (2) Refer to *Excise Tax Knowledge Base Homepage*, accessed via the Virtual Library on IRS Source - Home, for general guidance, procedures, law, and regulations for a wide variety of excise topics including claim information such as IRC sections, filing due dates, type of use tables, statute dates and legislative developments.
- (3) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accordance with taxpayer rights. See IRC 7803(a)(3). For additional information about the TBOR, see *Taxpayer Bill of Rights*.

- 4.24.8.2 (06-13-2024) (1) This section provides general guidelines and procedures for claims.

#### Overview of Claims

- (2) A claim may either be a "formal" or an "informal" request.
- Formal claims are filed on a standard form such as the forms listed in IRM 4.24.8.3.
  - An "informal" claim is a written request for a refund submitted by the taxpayer either on a non-standard form or by some other means so long as the required claim elements are identified. An informal claim must

have a written component apprising the IRS a refund is sought and describe the legal and factual basis for the refund, so the IRS may investigate the claim. Refer to IRM 25.6.1.10.2.6.3, Informal Claims, and IRM 4.10.8.10, Claims for Refund and Overassessments, for additional information.

- (3) Claims include:
  - Claims for credit.
  - Claims for refund.
  - Requests for abatement, which are requests for reduction of tax, penalty and/or interest that has not been paid.
- (4) Protective claims are formal claims or amended returns for credit or refund normally based on expected changes in a:
  - Current regulation,
  - Pending legislation, or
  - Current litigation.
- (5) Protective claims are filed to protect the claimant's right to recover tax paid to the Treasury before the expiration of the statute of limitations (SOL). A claim identifying a pending court case or decision should be considered a protective claim. Refer to IRM 21.5.3.4.7.3, Protective Claims, for additional information.
- (6) Examiners must conduct an analysis of all claims and Form 720 IRS Nos. reported for the primary period under examination. Examiners must also conduct a comparative analysis of prior and subsequent tax periods to help identify large, unusual, and questionable (LUQ) items, patterns of noncompliance, or inconsistencies between tax periods. Examiners must follow IRM 4.24.25.5.8, B200-1 - Required Filing Checks Prior/Subsequent Period Returns, Related Excise Tax Returns, Filing Verification, to document evidence of taxpayer compliance.
- (7) Refer to IRM 4.24.6.2.14, Excise Examinations of Indian Tribal Government (ITG) Cases, for contact procedures to follow if the claim is filed by an ITG.
- (8) This section does not contain information for every possible claim for credit or refund situation. Examiners should exercise care and conduct necessary research specific to the examination.
- (9) Examiners should refer to procedures found in IRM 4.24.6.13, Requesting Excise Subject Matter Expert (SME) Assistance, to request the assistance or advice of a SME.

## 4.24.8.3 (06-13-2024) **Claim Forms**

- (1) Form 720-X is used to make adjustments (increases or decreases) to the tax liability previously reported on Form 720. Form 720-X is also used to make changes to claims made on Form 720, Schedule C, for the IRC 4051(d) tire credit and IRC 6426 credits.
- (2) Adjustments reported on Form 720-X are made as follows:
  - Form 720-X, Line 1 - Used to make adjustments to a previously filed Form 720 (IRS No.).

- Form 720-X, Line 2 - Used to make changes to claims filed on Form 720, Schedule C, for the IRC 4051(d) and IRC 6426 credits (CRN).
- (3) Form 8849 is used to claim a refund of excise taxes. The following schedules are associated with Form 8849:
- *Schedule 1*, Nontaxable Use of Fuels
  - *Schedule 2*, Sales by Registered Ultimate Vendors
  - *Schedule 3*, Certain Fuel Mixtures and the Alternative Fuel Credit
  - *Schedule 5*, Section 4081(e) Claims
  - *Schedule 6*, Other Claims
  - *Schedule 8*, Registered Credit Card Issuers
- Note:** IRM 4.24.22.4.5, Form 8849, Claim for Refund of Excise Taxes, provides additional information about Form 8849.
- (4) Form 720, Schedule C, is used to claim a credit against liabilities reported on Form 720, Part I or Part II.
- (5) Form 4136, Credit for Federal Tax Paid on Fuels, is used to claim an income tax credit rather than an excise tax credit on Form 720, or payment on Form 8849. Form 4136 is attached to the claimant's annual income tax return and is used to claim a credit for the following:
- Certain nontaxable uses or sales of fuel
  - Alternative fuel credit
  - Biodiesel or renewable diesel mixture credit
  - Sustainable aviation fuel credit
  - Diesel-water fuel emulsion blending
  - Exported dyed fuels or gasoline blendstocks
- (6) Form 6478, Biofuel Producer Credit, along with Form 3800, General Business Credit, is used to claim a nonrefundable income tax credit for qualified second generation biofuel production under IRC 40.
- (7) Form 8864, Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit, along with Form 3800, is used to claim a nonrefundable income tax credit for biodiesel or renewable diesel under IRC 40A or sustainable aviation fuel under IRC 40B. The credit is claimed for certain sales and uses of biodiesel, renewable diesel, or sustainable aviation fuels that have not been claimed, or that cannot be claimed, on Form 720, Schedule C, Form 4136, or Form 8849.
- (8) Form 843, Claim for Refund and Request for Abatement, is used to claim a refund or request an abatement of certain taxes, interest, penalties, fees and additions to tax. Refer to Form 843 instructions for additional information. Refer to IRM 4.24.16.4, Claim for Refund of Fuel Compliance Penalties, for additional information about claim procedures relating to fuel compliance penalties.
- (9) Form 730, Monthly Tax Return for Wagers, Line 5, is used to claim a credit for tax paid under two circumstances:
- If there is an overpayment of tax, or
  - When tax has been imposed with respect to a wager the taxpayer laid off with another person who is liable for the wagering tax.
- (10) Form 2290, Heavy Highway Vehicle Use Tax Return, Line 5, is used to claim a credit for tax paid on a vehicle that was:



- Sold before June 1 and not used during the remainder of the period,
- Destroyed (so damaged by accident or other casualty it is not economical to rebuild it) or stolen before June 1 and not used during the remainder of the period, or
- Used during the prior period 5,000 miles or less (7,500 miles or less for agricultural vehicles).

## 4.24.8.3.1 (06-13-2024) Claim Processing

- (1) The following claims are filed and processed at the Cincinnati Campus by Centralized Specialty Tax Operations (CSTO):

- Form 8849
- Form 720-X

**Note:** IRM 4.24.8.6 describes the Cincinnati Campus procedures for processing amended returns.

- (2) The following claims are filed and processed at the Ogden Campus by Submission Processing:

- Form 720, Schedule C
- Form 730
- Form 2290

**Note:** Form 4136, Form 8864, and Form 6478 are attached to the income tax return and processed at Submission Processing where the taxpayer files the related income tax return.

- (3) CSTO may allow, disallow, select for examination or not consider a claim based on criteria found in IRM 4.24.8.20.

**Note:** IRM 4.24.22, Campus Procedures for Excise Taxes, provides guidance to the Cincinnati Centralized Specialty Tax operation for addressing/resolving taxpayer correspondence, telephone inquiries and Taxpayer Assistance Centers issues relating to Excise Tax.

## 4.24.8.4 (06-13-2024) Scope of Claim Examinations

- (1) In addition to the classified claim issue, the scope of a claim examination should include other significant issues identified during the examination.
- (2) Examiners must verify that duplicate claims were not filed by the claimant on other returns or by related entities.
- (3) Examiners should consider a taxpayer's entire business activity and other potential excise tax liabilities to determine if the examination should be expanded beyond the claim for refund. For example:
- a. If a taxpayer files a claim for refund of transportation of persons by air (CRN 326) on Form 8849, the examiner should consider expanding the scope of the examination to include potential excise tax liabilities under IRS No. 26, Transportation of persons by air.
  - b. If a taxpayer files a claim for the biodiesel mixture credit (CRN 390) on Form 8849, the examiner should consider expanding the scope of the examination to include any potential excise liabilities filed on Form 720, including but not limited to tax on biodiesel.

- c. If a taxpayer files a claim for nontaxable use of diesel fuel (CRN 360) on Form 8849, the examiner should consider expanding the scope of the examination to include any potential excise liabilities filed on Form 720 or Form 2290.

- (4) When conducting a review of a biodiesel mixture claim, it is necessary to follow the fuel to determine the point of taxation. Due to the excluded liquid provisions, biodiesel claimants often times are not the party liable for the tax. The examiner must review sales of B99.9 - B70 to determine if the party that purchased the product reported tax to the IRS. If the examiner is unable to verify that tax has been reported to the IRS by the customer, then Form 5346, Examination Information Report, must be completed for the sales to these customers. If Form 5346 was not submitted, the examiner must document reasons on Form 9984, Examining Officer's Activity Record. Refer to IRM 4.24.25.5.8.1, Form 5346, Examination Information Report, for guidance on completing and submitting Form 5346.
- (5) Whenever possible, the examiner should consult with their manager when raising new issues. The examiner must document reasons for expanding the examination or when limiting the scope to only the original claim for refund. This must be documented on Form 9984.

4.24.8.5  
(06-13-2024)

**Statute of Limitations for  
IRC 6416(a), IRC 6420,  
IRC 6421, IRC 6426, and  
IRC 6427 Claims**

- (1) The examiner determines and protects the SOL for all examinations. Refer to IRM 25.6.23, Examination Process - Assessment Statute of Limitations Controls, for general information about SOL protective actions.
- (2) IRC 6206 provides that any portion of a claim made under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427, which constitutes an excessive amount (as defined under IRC 6675(b)), and any civil penalty provided under IRC 6675 may be assessed and collected as if it were a tax imposed by IRC 4081 (with respect to refunds under IRC 6416(a)(4) and payments under IRC 6420 and IRC 6421), or IRC 4041 or 4081 (with respect to payments under IRC 6427) and as if the person who made the claim were liable for such tax. The period for assessing any such portion, and for assessing any such penalty, shall be three years from the last day prescribed for filing such claim. The SOL to make an assessment cannot be extended.
- (3) Any portion of an IRC 6426 claim, which constitutes an excessive amount must be assessed within three years from the time the return was filed or two years from the time the tax was paid, whichever period expires later, or if no return was filed by the taxpayer, within two years from the time the tax was paid. IRC 6511(c) authorizes the SOL to be extended by mutual agreement. Refer to IRM 25.6.22, Statute of Limitations, Extension of Assessment Statute of Limitations by Consent, for additional guidance on the processes and procedures used to solicit, secure, and record extensions of the assessment statute of limitations.
- (4) A biodiesel or renewable diesel mixture claim, sustainable aviation fuel claim, or alternative fuel claim filed on Form 720, Schedule C, may include both IRC 6426 and IRC 6427 claims. The IRC 6427 portion of a paid claim may not be extended. If the IRC 6426 portion of a paid claim is extended, then the claims must be closed separately.

4.24.8.5.1  
(06-13-2024)  
**Agreed Paid Claims  
Statute of Limitations  
Considerations**

- (1) Agreed paid claim assessments that fall under IRC 6206 and have 60 days or less remaining on the SOL require a quick assessment. Refer to IRM 4.24.21.5.7, Partial Assessments and Quick Assessments, for procedural guidance on processing quick assessments.
- (2) Agreed paid claim assessments that fall under IRC 6206 and have more than 60 days, but less than 180 days, remaining on the SOL, are placed in a red folder. On Form 3198, Special Handling Notice for Examination Case Processing, in the “Special Features” section, check the “Other Instructions” box, and enter the following information: “THE LAST DAY TO MAKE AN ASSESSMENT UNDER IRC 6206 IS MM-DD-YYYY.”
- (3) In general, paid claim assessments with more than 180 days remaining on the SOL close under normal processing procedures. On Form 3198, in the “Special Features” section, check the “Other Instructions” box, and enter the following information: “THE LAST DAY TO MAKE AN ASSESSMENT UNDER IRC 6206 IS MM-DD-YYYY.”

4.24.8.5.2  
(06-13-2024)  
**Unagreed Paid Claims  
Statute of Limitations  
Considerations**

- (1) Unagreed paid claim assessments that fall under IRC 6206 and have **365 days or more** remaining on the SOL when they are expected to be received in Appeals are processed employing regular unagreed case closing procedures for Appeals cases. Refer to IRM 4.24.10, Appeals Referral Procedures, for additional guidance. In addition, the following procedures apply:
  - On Form 3198, in the “Special Features” section, check the “Other Instructions” box and enter the following information: “THE LAST DAY TO MAKE AN ASSESSMENT UNDER IRC 6206 IS MM-DD-YYYY.”

**Note:** Form 4665, Report Transmittal, must also be completed. Refer to IRM 4.24.10.8, Transferring an Excise Tax Examination Case to Appeals, for procedures relating to Form 4665.
- (2) Unagreed paid claim assessments that fall under IRC 6206 and have **365 days or less, but more than 60 days**, remaining on the SOL must be processed using partial assessment procedures if the taxpayer requests an Appeals conference. Refer to IRM 4.24.21.5.7, Partial Assessments and Quick Assessments, for guidance on processing partial assessments.
- (3) Unagreed paid claim assessments that have **60 days or less** remaining on the SOL must be processed using quick assessment procedures. Refer to IRM 4.24.21.5.7 for guidance on processing quick assessments.
- (4) After the partial assessment or quick assessment procedures have been completed, the examiner can proceed with closing the case to Appeals using the procedures in this subsection.
- (5) IRS collection activity must be suspended during the appeals process by establishing IDRS command code STAUP using the following procedures:
  - Prepare Form 3177, Notice of Action for Entry on Master File.
  - Enter “STAUP status 48 requested for 15 cycles” next to TRC 470 in the “Other” section.
  - Enter “03” in the MFT Period column and the applicable period(s) in the “Taxable Period” column.

- Obtain managerial approval in the top margin since there is no signature block.
- Fax Form 3177 to CCP for input.

**Note:** EFax numbers can be located on the Exam Procedures Knowledge Base Homepage, accessed via the Virtual Library on IRS Source - Home, SB/SE Campus Exam Procedures shelf, Exam - Centralized Case Processing (CCP) book, Contacts chapter, on the *CCP Exam EFax Numbers* page.

- (6) To engage in the appeals process, the taxpayer must agree to the following steps and procedures:

1. The taxpayer must make a divisible portion payment of the assessed amount for each unagreed tax period.

**Note:** A divisible portion payment may equal a single transaction in each tax period.

2. The examiner must complete Form 3244-A, Payment Posting Voucher, with code 640, Advanced Payment on Deficiency, to process payments received by the examiner.
3. The taxpayer must send a completed Form 843, Claim for Refund and Request for Abatement, to the examiner to request a refund of the payments made.

**Note:** The examiner must carefully review the information provided with Form 843. If additional consideration of the information justifies claim allowance, payment for the divisible portion of the assessment will be refunded and the entire assessment made under IRC 6206 will be abated. If the information does not warrant a claim allowance, the taxpayer may request an appeals conference for the divisible payments.

- (7) The examiner, upon receipt of Form 843, must complete Form 5348, AIMS/ERCS Update (Examination Update), to update AIMS/ERCS to reflect Source Code 30 and the unpaid claim amounts (i.e., the payments made by the taxpayer) for each tax period.

**Note:** If the claim period has 210 days or less remaining on the SOL, the examiner must complete Form 5348 to update the SOL with alpha code "AA."

- (8) The taxpayer must remit divisible payments and file Form 843 to engage in the Appeals process. Taxpayer failure to remit divisible payments and submit Form 843 will result in case being closed to CCP for closure.

- (9) When the case is ready for closure to Appeals, the examiner must follow the closing procedures in IRM 4.24.10.7, Case Routing Procedures for Unagreed Excise Tax Examination Cases to Appeals, and IRM 4.24.10.8, Transferring an Excise Tax Examination Case to Appeals.

- (10) Taxpayer failure to reach an agreement with the Appeals Office after remitting divisible payments and submitting Form 843, will result in Appeals issuing Letter 1363, Appeals Partial Disallowance of Refund Claim, or Letter 1364, Appeals Full Disallowance of Refund Claim, if a signed Form 2297, Waiver of Statutory Notification of Claim Disallowance, is not secured. The statutory notice of claim disallowance letter explains that the taxpayer may file suit with

the United States Court of Claims or United States District Court within two years of the mailing of date of the letter.

4.24.8.6  
(06-13-2024)  
**Claim Classification and Control Procedures**

- (1) Paid claims, unpaid claims, and amended returns are classified at the Cincinnati Campus by CSTO. Interest-bearing fuel claims, such as those filed on Form 8849, Schedules 2, 3 and 8 are generally selected only as paid claims. Refer to IRM 4.24.22, Campus Procedures for Excise Taxes, for additional information on classification procedures for claims. Claims related to an original return assigned to a field group are not classified by CSTO but are forwarded to the field group for association with the original return.
- (2) Paid claims that meet specific criteria are also classified by Workload Selection and Delivery (WSD).

4.24.8.6.1  
(06-13-2024)  
**Master File Control Procedures for Form 8849 Claims**

- (1) CSTO unpaid claim selection process:
  - a. Check for Transaction Code (TC) 150 on Master File to determine if the return posted. If yes, Form 8849 claims are established with MFT 40, Source Code 30 (unpaid claim) and no Push Code. If TC 150 is not posted, the claim is established the same way but with Push Code 036.
  - b. The activity code will be the applicable abstract.
  - c. Unpaid claims with less than 210 days remaining on the SOL are established on MFT 40 and will have an SOL of "AA."
  - d. Claims filed on Form 720-X will have the SOL for the original-filed Form 720. Examiners need to verify and update the SOL as appropriate.
  - e. Claims will be established on Examination Returns Control System (ERCS) with Status Code 08.
  - f. Claims will be updated to Status Code 10 and shipped via Form 3210, Document Transmittal, to field groups.
  - g. Source Code and Status Code are determined by CSTO.
- (2) Excise WSD paid claim selection process:
  - a. If MFT 03 is on Audit Information Management System (AIMS), establish Source Code 31, with the tax period that corresponds to the claim period.
  - b. If MFT 03 is not on AIMS follow IRM 4.24.6.6, Establishing Substitute for Return (SFR) Controls on Non-Filed Cases, and establish Source Code 31, Push Code 051 and the tax period that corresponds to the claim period.

**Note:** No filing requirements are established for the substitute module.
  - c. Paid claims are established with an activity code directly related to the CRN of the claim. The use of an activity code requires a numeric SOL.

**Note:** The use of Push Code 051 does not remove the IRM 1.4.40.4.3(3), Statute Controls, requirement for the manager to screen the return to determine the accuracy of the assessment SOL information and to identify the need for establishing statute controls.
- (3) CSTO paid claim control procedures:
  - a. Push Code 051 establishes SFR controls for paid claims, Source Code 31 and MFT 03 for Form 720.

**Note:** No filing requirements are established for the substitute module.

- b. Paid claims have “live” SOLs.

**Note:** Transactions reported on Form 8849 are separate and distinct from transactions reported on Form 720 for SOL and examination purposes.

- c. The CSTO AIMS/ERCS unit updates the paid claim SOL from “EE” to the correct SOL date before the claim is sent to the field. The manager is responsible for verifying and updating the paid claim SOL as warranted within 5 days of receipt of the claim.

- (4) Paid claims are established in IMS under cycle type EX-Regular and unpaid claims under cycle type EX-Claims. Refer to IRM 4.24.25.2, Issue Management System (IMS), for further guidance about IMS.

4.24.8.6.1.1  
(06-13-2024)

**Determining the Form 8849 Examination Period**

- (1) Certain claims filed on Form 8849 can be aggregated over multiple quarterly tax periods within a claimant’s income tax year.

- (2) A Form 8849 examination period is established based on the last quarter included in the claim. For example:

- An annual Form 8849 claim that includes all four calendar quarters of 2022 will be established with a 202212 claim period since the last day included in the claim falls in the 4th quarter.
- A Form 8849 claim that includes February 1, 2022, through April 15, 2022, will be established with a 202206 claim period since the last day included in the claim falls in the 2nd quarter.

**Reminder:** Examiners are responsible for verifying and updating the SOL for the actual dates claimed and the type of claim filed (e.g., nontaxable use, ultimate vendor, etc.).

- (3) For fiscal year taxpayers who file an annual Form 8849, the established examination period is based on the last quarter of the claim. For example, a claimant with a fiscal year end of June 30, 2022 that files an annual Form 8849, *Schedule 1*, that includes amounts from all four quarters of the fiscal year, will have an examination claim period of 202206.

4.24.8.6.1.2  
(06-13-2024)

**Use of Revenue Protection Codes (RPCs) in Issue Management System (IMS)**

- (1) Time spent examining claims must be kept separate from regular examination time. This is referred to as Protection of Revenue Base (P of RB). The “P of RB” indicator in ERCS allows tracking of claim examinations. In IMS, these indicators are Revenue Protection Codes (RPCs). The three codes are:

- N = Neither (i.e., no claim filed) – Used when there is no filed request for refund. “N” applies to regular examination activities prior to any request for refund. Once there is a request for refund, all subsequent time charges should be made to either “P” or “R.”
- P = Claim Issues (Protection) – Used to record time spent protecting the revenue base (i.e., working the claim issue).
- R = Related - Used to record time spent examining regular (non P of RB) issues on returns where a claim has been filed.

- (2) In IMS, when a case is established under EX-Regular, time is applied to “N” time and when a claim is established under EX-Claims, claim time is applied



under “P” time. Once an examiner charges either “P” or “R” time to a return, ERCS will no longer allow “N” time to be charged. IMS users should refer to IMS Help under “Update RP Code” for assistance.

**Note:** The allocation of time charged on Form 5344, Examination Closing Record, must match the allocation in ERCS (i.e., Item 23 on Form 5344 must match RBP hours in ERCS and Item 28 on Form 5344 must match examiner’s time in ERCS). The examiner must correct the time in ERCS if not originally allocated properly.

- (3) A claim amount must be entered in ERCS to “Identify Claim Issues” in IMS. To update the claim amount in ERCS, use Form 5348.
- (4) The “Claim Date” determines the beginning date for time charged or updated to “P” for identified claim issues. The “Claim Date” is generally the claim received date or the date the claim became processable. Refer to paragraph (4) in IRM 4.24.8.8 for additional information.

## 4.24.8.7 (06-13-2024) Claim Categories

- (1) Claims can be differentiated as:
  - First party claims, or
  - Third party claims.
- (2) First party claims are normally filed on Form 720, Schedule C, or on an amended return by the taxpayer who filed the original return, which changes or reduces the original taxes reported and paid against the IRS No.
- (3) Third party claims are filed by a person other than the person who paid the tax to the government. These are almost always filed using the CRN. Examples include:
  - A farmer who files a claim for fuel used on a farm for farming purposes.
  - A registered ultimate vendor who sells taxable fuel tax-exempt to a state or local government or gasoline to a non-profit educational organization.
  - A taxpayer for excise taxes imposed on certain facilities and services.

**Note:** Taxpayer is the person paying for the facility or service for the tax, see IRM 4.24.8.8.

- (4) There are four categories of refunds each with unique processing requirements:
  - Amended returns
  - Refundable credits
  - Business related credits
  - Third party claims

## 4.24.8.7.1 (06-13-2024) Amendments to Form 720, Form 2290, Form 730, and Form 11-C

- (1) Form 720-X is used to make adjustments (increases or decreases) to tax liability previously reported on Form 720. Form 720-X is not used to make changes to claims made on Form 720, Schedule C, except for the IRC 4051(d) tire credit and IRC 6426 credits (biodiesel mixture, sustainable aviation fuel, alternative fuel mixture and alternative fuel credits).
- (2) Cincinnati Campus receives all Form 720-X returns.



- (3) Claims for overpayments of certain taxes relating to Form 720, Form 2290, and Form 730 may be filed on the tax return form or may be filed on Form 8849, *Schedule 6*. See Instructions for Schedule 6, Form 8849 Other Claims, for additional information on claims that can be filed on Form 8849, Schedule 6.

**Note:** A claim for credit for tax paid on vehicles that were sold, destroyed, stolen, or used 5,000 miles or less (7,500 miles or less for agricultural vehicles) can also be made on Form 2290, Line 5.

- (4) Claims for overpayments of tax relating to Form 11-C may be filed on Form 8849, *Schedule 6*.

#### 4.24.8.7.2 (06-13-2024)

##### Refundable Credit

- (1) A refundable credit refers to a payment for a claim amount that reduces a tax liability below zero. A non-refundable credit is limited to the tax liability.
- (2) IRC 34 allows a refundable credit, which is claimed on Form 4136 and attached to the claimant's income tax return. The credit is equal to the amounts payable to a taxpayer under IRC 6420, IRC 6421, and IRC 6427.

**Note:** If any claim is made under these IRC sections, then no credit is allowed under IRC 34.

- (3) IRC 34 refunds are processed on the corresponding income tax module, which includes:
- MFT 02: Form 1120, U.S. Corporation Income Tax Return, Form 1120-S, U.S. Income Tax Return for an S Corporation, and Form 1120-C, U.S. Income Tax Return for Cooperative Associations
  - MFT 05: Form 1041, U.S. Income Tax Return for Estates and Trusts
  - MFT 06: Form 1065, U.S. Return of Partnership Income
  - MFT 30: Form 1040, U.S. Individual Income Tax Return
  - MFT 34: Form 990-T, Exempt Organization Business Income Tax Return

#### 4.24.8.7.3 (06-13-2024)

##### Business Related Credit

- (1) IRC 38 allows a nonrefundable general business credit against income tax liability for the following:
- IRC 40 credit for second generation biofuel claimed on Form 6478
  - IRC 40A credit for biodiesel or renewable diesel claimed on Form 8864
  - IRC 40B credit for sustainable aviation fuel claimed on Form 8864
- (2) As described in IRM 4.24.8.7.2(3) the credit is processed on the corresponding income tax module.

#### 4.24.8.7.4 (06-13-2024)

##### Third Party Claims

- (1) Third party claims are filed by claimants other than the taxpayer that reported the tax liability.
- (2) Third party claims (other than for fuel taxes) for collected taxes and certain retail or manufacturer taxes are processed and controlled on MFT 03. Some examples of these types of claims include:
- Tire and retail tax for exported items
  - Communications tax

- Air transportation tax claims filed by the airline or other air transportation provider
- (3) If a claim that requires processing on MFT 03 was filed on Form 8849 and Form 720 was not filed for the claim period (i.e., no TC 150), an SFR must be established on MFT 03 using Push Code 051 in order to process the claim.
- (4) Form 8849, Schedule 1, is processed on MFT 40.
- (5) Form 8849, Schedules 2, 3, and 8 are processed on the income tax module. Claims processed prior to the filing of an income tax return for the associated tax period are posted to a “substitute” module using the appropriate income tax MFT (e.g., MFT 02 or MFT 06) until the TC 150 for the income tax return posts.
- (6) Form 8849, Schedule 6, is processed on MFTs 03, 40, 60, 63, or 64, depending on the type of tax for which the claim relates. Refer to IRM 4.24.22.4.5.6, Form 8849, Schedule 6, Other Claims, for additional information.

## 4.24.8.8 (06-13-2024) Unpaid Claims - Introduction

- (1) Unpaid claims selected for examination are controlled with AIMS Source Code 30, if research shows the original return has never been examined and the return, if applicable, does not otherwise warrant examination.
- (2) Source Code 30 requires a claim amount be present on AIMS and ERCS.
- (3) The examiner must verify the AMDISA claim amount matches the claim amount per the return. If the AMDISA claim amount does not match the claim amount per the return, the examiner must complete Form 5348 to update the AMDISA claim amount.

**Note:** If multiple claims are filed for the same period, the AMDISA claim amount should equal the total of all abstracts and CRNs claimed.

- (4) The examiner must determine the claim received date or the date the claim became processable (e.g., Notice 2022-39 provided that the 180-day claim period for making a 2022 one-time alternative fuel claim began on October 13, 2022. Claims that were filed before October 13, 2022, were not processable until October 13, 2022).

**Note:** In situations where a claim assignment does not include the manually filed claim envelope or a scan of the envelope in which the claim was submitted, an examiner should follow the guidelines provided in IRM 25.6.1.6.15, When a Document is Treated As Filed Under the IRC, and IRM 25.6.1.6.13, Determining the Received Date.

- (5) The examiner must begin working unpaid claims within 30 days of assignment. If the IRS does not act on a claim for refund within six months from the filing date of the claim, the taxpayer is permitted to file a refund suit. Therefore, claims are considered priority work.
- (6) Claims for refund, request for abatements and audit reconsiderations require Disposal Codes (DCs) that depend on the underlying situation. DCs indicate the disposition of an examination. Examiners should refer to IRM Exhibit

4.10.11-7, Disposal Codes - Claims for Refund, Requests for Abatement, and Audit Reconsiderations, for the appropriate DCs to use when closing unpaid claims, requests for abatement, and audit reconsiderations.

- (7) Additional examination DCs are identified in Document 6209, IRS Processing Codes and Information, Section 12, and Document 6036, Examination Division Reporting Codes Booklet.
- (8) Special rules apply to interest on overpayments of Chapter 33 Excise Taxes. See IRM 20.2.10.4.2, Underpayment of Collected Excise Taxes.

#### 4.24.8.9

(06-13-2024)

#### Unpaid Claims - Survey After Assignment

- (1) Activity Code 615 is used for examination survey time.
- (2) Unpaid claims selected for examination must be assigned to an examiner. If after review, the examiner determines that a claim should be allowed in full and the related return (if applicable) does not warrant examination, the claim may be "Surveyed After Assignment."
- (3) Claims previously closed by Appeals cannot be surveyed. Refer to IRM 4.24.8.21 for additional information.
- (4) The examiner must complete the following for unpaid claims surveyed after assignment:
  - Form 2503, Survey After Assignment-Excise or Employment Tax
  - Letter 570-X, Examination Report (Claim Allowed in Full)
  - Form 3198, Special Handling Notice for Examination Case Processing
  - Form 5344, Examination Closing Record

**Note:** Form 5384, Excise Tax Examination Changes and Consent to Assessment & Collection, is not required.

**Note:** Form 5351, Examination Non-Examined Closings, cannot be used to survey unpaid claims.
- (5) The examiner will prepare Form 2503 in IMS and briefly explain why the claim is being surveyed. A copy of Form 2503 must be signed and approved by the manager and then uploaded into the IMS case file for record.
- (6) The claim must be stamped "Survey After Assignment," signed and dated by both the examiner and manager.
- (7) The examiner must prepare Letter 570-X. Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of unpaid claim letters.
- (8) Refer to IRM 4.10.2.5, Decision to Survey a Return, for additional survey procedures.

#### 4.24.8.9.1

(06-13-2024)

#### Form 5344, Unpaid Claims - Surveyed

- (1) There is an IMS option to survey unpaid claims after assignment. Both Form 2503 and Form 5344 must be generated in IMS for the claim to close by the group. Refer to IMS help menu for additional information.
- (2) When generating Form 5344 in IMS, the required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3.1.2, Form

5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.

- (3) Complete Form 5344 and include it in the case file when closed from the group. Do not apply time to the surveyed claim. The following items should be completed:
  - a. Item 12: For Form 720-X, Line 1, claims only, enter TC 301 with the amount of the claim allowed and a negative sign.
  - b. Item 13: Enter 34.
  - c. Item 15: Enter abstract with claim amount and a negative sign or the CRN with claim amount allowed and a positive sign.
  - d. Item 21: Enter claim amount.
- (4) Do not complete Item 22, Item 23, Item 24, or Item 404 on Form 5344.
- (5) Refer to IRM 4.38.1.7.3.1.22.7, Surveyed Claims, for additional instructions for the preparation of Form 5344 when closing surveyed claims.

4.24.8.9.2  
(06-13-2024)  
**Form 3198, Unpaid  
Claims - Surveyed**

- (1) On Form 3198 in the “Special Features” section, the examiner must document the following:
  - a. Check the boxes for “Surveyed Claim” and “Other Instructions”.
  - b. Enter the abstract or CRN and claim amount(s) allowed next to the “Other Instructions” section. Provide the claim received date and claim type, e.g., registered ultimate vendor or end user.
- (2) In the “Letter Instructions for CCP” section, check the boxes “No letter required to be sent by CCP” and “Other Instructions”. Next to “Other Instructions” enter the claim received date.

**Note:** This needs to be completed on all claims that are totally or partially allowed even if restricted interest does not apply.

**Reminder:** Closing letters must be mailed by the group prior to the case closing to CCP.

- (3) If the claim is non-interest bearing, or if interest is restricted, additional documentation is required on Form 3198. Refer to IRM 4.24.8.25 for guidance on completing Form 3198 if restricted interest applies.

4.24.8.10  
(06-13-2024)  
**Unpaid Claims Report  
Writing and Case  
Processing Procedures**

- (1) Generally, report writing and case processing procedures involving claims are similar to those for other excise examination cases. Refer to IRM 4.10.8.10, Claims for Refund and Overassessments, for additional information. This section provides case closing and general report writing procedures specifically for unpaid claims related to:
  - Form 720, Schedule C
  - Form 720-X, Line 1
  - Form 720-X, Line 2
  - Form 8849
  - Informal claims

(2) There are four possible results when an unpaid claim is examined. The claim may be:

- Disallowed in full
- Partially allowed
- Allowed in full
- Increase to the original amount

(3) When an unpaid claim examination involves more than one period and has different examination results (e.g., one period closed allowed in full and one period closed fully or partially disallowed), follow report writing procedures specific to each type of closure for each period.

**Note:** While transmittal and closing letters may differ for each period, all periods may be shown together on one examination report, if applicable.

(4) Before preparing an examination report on a case involving a claim, examiners must have a current transcript (e.g., TXMODA, BMFOLA, etc.) for the taxpayer's account.

(5) Prior to closing an examination, examiners must check AMDISA to identify claims that are in transit from CSTO.

(6) The assertion or non-assertion of the excessive claims penalty under IRC 6675 must be addressed in the case file if an unpaid fuel claim examination results in a full or partial disallowance. Refer to IRM 20.1.11.5, IRC 6675 Excessive Claims with Respect to the Use of Certain Fuels, and IRM 4.24.8.17 for appropriate guidance.

(7) The following forms are used in conjunction with Form 5384, Excise Tax Examination Changes and Consent to Assessment & Collection, or Form 5385, Excise Tax Examination Changes, for unpaid claims that are disallowed in full or in part:

- Form 3363, Acceptance of Proposed Disallowance of Claim for Refund or Credit
- Form 2297, Waiver of Statutory Notification of Claim Disallowance

(8) Form 3363 is used to secure an agreement when an unpaid claim is disallowed in full or partially allowed and no penalties or other adjustments to the tax liability are necessary. Form 3363 does not waive the taxpayer's right to file suit on the disallowance.

(9) In an agreed case where an unpaid claim is being disallowed in full or partially allowed and the excessive claims penalty is proposed, Form 5384 must be secured to indicate agreement.

(10) In an agreed case where an unpaid claim is being disallowed in full or partially allowed with additional adjustments to the tax liability, both Form 3363 and Form 2504-E, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, must be secured to indicate agreement.

(11) Form 2297 is signed when the taxpayer waives the requirement for the IRS to issue a certified notice of claim disallowance (Letter 905, Final Partial Claim Disallowance Letter, or Letter 906, Final Full Claim Disallowance Letter). A signed Form 2297 starts the two-year period for the taxpayer to file suit as allowed in IRC 6532.

- (12) If Form 2297 is not secured, and the case is not being closed to Appeals, the case is closed to Tech Services for issuance of Letter 905 or 906.
- (13) Form 3363 and Form 2297 are not required if the unpaid claim is surveyed or allowed in full.
- (14) A case involving an unpaid claim is considered agreed, if the claim is allowed in full, or if agreement is secured on Form 3363.

**Note:** A signature on Form 2297 is not required for the case to be considered agreed. Form 2297 only waives the requirement for the issuance of a statutory notice of claim disallowance.

- (15) Complete Form 5384 or Form 5385 by following regular report writing procedures in IRM Exhibit 4.24.20-1, Instructions for Completing Form 5384 and Form 5385, for the items listed below:
  - a. Column 1: Enter period ended
  - b. Column 3: Enter kind of tax
  - c. Column 7: Enter penalties
- (16) The subsections below cover report writing procedures specific to unpaid claims.

4.24.8.10.1  
(06-13-2024)  
**Report Writing Agreed  
Cases - Unpaid Claims  
Disallowed in Full or  
Partially Allowed**

- (1) When an unpaid claim is disallowed in full or partially allowed, examiners must prepare and issue the following:
  - Letter 569-X, Claim Disallowance Letter, 30-day letter used to notify the taxpayer of the findings and offer the opportunity to appeal. Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of unpaid claim letters.
  - Form 5385, Excise Tax Examination Changes, reflecting the claim disallowance and adjustments to the tax and/or penalties.
  - Form 886-A, Explanation of Items, or an Excise Issue Summary Lead Sheet, is required for unagreed cases, optional for others.
  - Form 3363, Acceptance of Proposed Disallowance of Claim for Refund or Credit, to secure an agreement to the claim disallowance.
  - Form 2297, Waiver of Statutory Notification of Claim Disallowance, to solicit a waiver of the requirement to receive a statutory notice of claim disallowance that must otherwise be issued by Technical Services.
  - Form 13683, Statement of Disputed Issues.
  - Publication 3498, The Examination Process.
- (2) If the case also includes a proposed excessive claims penalty, Form 5384 should also be issued to solicit an agreement for the penalty.
- (3) If the case also includes non-claim issues, Letter 950-E, 30-Day Letter - Straight Deficiency or Over-Assessment for Excise Tax Examination Cases, and Form 2504-E, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, should also be issued. Form 2504-E is issued to solicit an agreement for the non-claim issues.
- (4) Complete Form 5385 for unpaid claims taken on Form 720, Schedule C, Form 720-X, Line 2, or Form 8849 as shown below:



- a. Column 2: Enter the CRN shown on the claim.
- b. Column 4: Enter claim amount allowed plus the amount from column 5.
- c. Column 5: Enter the posted amount per return, plus any subsequent adjustments, from TXMODA for the CRN claimed. If no amount, enter zero.

**Note:** The posted amount per return from TXMODA must be specific to the MFT under examination. BMFOLA may be used if TXMODA is not available.

- d. Column 6: Enter claim amount allowed.
- e. Column 8: Enter difference of column 6 less column 7.

(5) Complete Form 5385 for unpaid claims taken on Form 720-X, Line 1, as shown below:

- a. Column 2: Enter IRS No. claimed.
- b. Column 4: Enter amount from column 5 minus claim amount allowed.
- c. Column 5: Enter the posted amount per the return for the IRS No. claimed, including any subsequent adjustments, from TXMODA.
- d. Column 6: Enter claim amount allowed.
- e. Column 8: Enter difference of column 6 less column 7.

**Note:** Negative numbers are not permitted in column 4 or column 5.

(6) Enter any other proposed adjustments or issues not related to the claim with which the taxpayer agrees using the appropriate IRS Nos.

(7) In the "Other information" section include a statement regarding the disposition of the claim.

**Example: Claim Disallowed in Full:** "On (date) you filed (Form \_\_\_\_\_), or an informal claim for a refund of (\$ amount) for (tax period). As the result of our examination, we disallowed your claim in full, as shown in this report."

**Example: Claim Disallowed in Full with Additional Tax Due:** "On (date) you filed (Form \_\_\_\_\_), or an informal claim for a refund of \$ (amount) for (tax period). As the result of our examination, we disallowed your claim in full. However, we increased your tax liability by other adjustments as shown in this report."

**Example: Claim Allowed in Part:** "On (date) you filed (Form \_\_\_\_\_), or an informal claim for a refund of (\$ amount) for (tax period). As the result of our examination, we allowed your claim in part, as shown in this report."

4.24.8.10.1.1  
(06-13-2024)  
**Form 5344, Unpaid  
Claims - Disallowed in  
Full**

- (1) This section provides case closing procedures specifically for unpaid claims disallowed in full and agreed. In addition to the procedures below, non-claim examination issues must also be included on Form 5344, if applicable.
- (2) When generating Form 5344, in IMS, the required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete and remaining required filed. Refer to IRM 4.38.1.7.3.1.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.



- (3) The following Form 5344 items are specific to all types of unpaid claims disallowed in full:
  - a. Item 12: No entry.
  - b. Item 15: No entry.
  - c. Item 20: If the taxpayer signed Form 2297, enter signature date, otherwise no entry.
  - d. Item 21: Enter amount claimed (must match AMDISA).
  - e. Item 22: Enter claim amount.
  - f. Item 23: Enter time charged to examining claim.
  - g. Item 24: Enter alpha code "Z".
- (4) Complete Form 5344, Item 404 for Form 720-X, Line 1, as follows:
  - a. Item 404-a: Enter applicable abstract.
  - b. Item 404-b: Enter 01.
  - c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
  - d. Item 404-d: Enter zero if no other Form 720 adjustments are made.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23).
- (5) Complete Item 404 for Form 720-X, Line 2 and Form 720, Schedule C, claims as follows:
  - a. Item 404-a: Convert CRN to applicable abstract.
  - b. Item 404-b: Enter 01.
  - c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
  - d. Item 404-d: Enter zero if no other Form 720 adjustments are made.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23), even though this was a CRN claim.
- (6) Item 404 is generally not completed for unpaid claims reported on Form 8849. However, Form 8849 collected taxes claims established on MFT 03 require Item 404 section to be completed as follows:
  - a. Item 404-a: Enter applicable abstract.
  - b. Item 404-b: Enter 01.
  - c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
  - d. Item 404-d: Enter zero if no other Form 720 adjustments are made.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23).

4.24.8.10.1.2  
(06-13-2024)  
**Form 5344, Unpaid  
Claims - Partially  
Allowed**

- (1) This section provides case closing procedures specifically for unpaid claims that are partially allowed and agreed. In addition to the procedures below, non-claim examination issues must also be included on Form 5344, if applicable.
- (2) When generating Form 5344 in IMS, the required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3.1.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.
- (3) The items below are specific to unpaid claims reported on Form 720-X, Line 1:

- a. Item 03 (**MFT 40 only**): Enter the later of the claim received date or the date the claim became processable. Refer to paragraph 4 in IRM 4.24.8.8.
  - b. Item 12: Enter TC 301 with the amount of claim allowed and a negative sign.
  - c. Item 13: Enter 04.
  - d. Item 15: Enter abstract with claim amount allowed and a negative sign.
  - e. Item 20: If the taxpayer signed Form 2297, enter signature date, otherwise no entry.
  - f. Item 21: Enter amount claimed (must match AMDISA).
  - g. Item 22: Enter claim amount disallowed.
  - h. Item 23: Enter time charged to examining claim.
  - i. Item 24: Enter alpha code "Z".
  - j. Item 51 (**MFT 40 only**): Enter the applicable reason code. Refer to paragraph 7 in IRM 4.24.8.25.
- (4) Complete Form 5344, Item 404 for Form 720-X, Line 1, as follows:
- a. Item 404-a: Enter applicable abstract.
  - b. Item 404-b: Enter 04.
  - c. Item 404-c: Enter non-claim time as reported under Item 28. If no time allowed, enter zero.
  - d. Item 404-d: Enter claim amount allowed and a negative sign.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23).
- (5) The completion of Form 5344, Item 404 section, depends on the claim type and will be covered later. The Items below are specific to unpaid claims partially allowed filed on Form 720-X, Line 2, Form 720, Schedule C, and Form 8849:
- a. Item 03 (**MFT 40 only**): Enter the later of the claim received date or the date the claim became processable. Refer to paragraph 4 in IRM 4.24.8.8.
  - b. Item 12: No entry.
  - c. Item 13: Enter 04.
  - d. Item 15: Enter CRN with claim amount allowed and a positive sign.
  - e. Item 20: If the taxpayer signed Form 2297, enter signature date, otherwise, no entry.
  - f. Item 21: Enter amount claimed (must match AMDISA).
  - g. Item 22: Enter claim amount disallowed.
  - h. Item 23: Enter time charged to examining claim.
  - i. Item 24: Enter alpha code "Z".
  - j. Item 51 (**MFT 40 only**): Enter the applicable reason code. Refer to paragraph 7 in IRM 4.24.8.25.
- (6) Complete Form 5344, Item 404 for Form 720-X, Line 2 and Form 720, Schedule C, as follows:
- a. Item 404-a: Convert CRN to applicable abstract.
  - b. Item 404-b: Enter 04.
  - c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
  - d. Item 404-d: Enter claim amount allowed and a negative sign.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23), even though this was a CRN claim.

- (7) Item 404-d generally is not completed for unpaid claims reported on Form 8849. However, Form 8849 collected taxes claims established on MFT 03 require the 404 section be completed as follows:

- a. Item 404-a: Enter abstract.
- b. Item 404-b: Enter 04.
- c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
- d. Item 404-d: Enter claim amount allowed and a negative sign.
- e. Item 404-e: Enter abstract claim time (must equal Item 23).

4.24.8.10.1.3  
(06-13-2024)

## **Form 3198, Unpaid Claims - Disallowed in Full or Partially Allowed**

- (1) In the "Special Features" section, check the box "Other Instructions" and include a statement on the disposition of the claim. For example:
    - "Unpaid claim disallowed in full."
    - "Unpaid disallowed in part, pay CRN No. and \$ amount." Provide claim received date and claim type: e.g., registered ultimate vendor or end user.
  - (2) If the claim is non-interest bearing, or if interest is restricted, additional documentation is required on Form 3198. Refer to IRM 4.24.8.25 for guidance on completing Form 3198 if restricted interest applies.
  - (3) If Form 2297 was not signed, the examiner must close the case to Tech Services. On Form 3198, in the Forward to Technical Services section, check the box "Statutory Notice of Claim Disallowance - Letter 905 and Letter 906". Check the box "Forward to Tech Services" and update the case to Status 21.
- Note:** Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of unpaid claim letters.
- (4) If Form 2297 was signed, then in the "Letter Instructions for CCP" section, check the box "No letter required to be sent by CCP".

4.24.8.10.2  
(06-13-2024)

## **Report Writing Agreed Cases - Unpaid Claims - Allowed in Full**

- (1) This section contains instructions for the preparation of the examination report when an unpaid claim is allowed in full. The taxpayer is not required to sign Form 5384 if an unpaid claim is allowed in full and no additional tax is proposed. If there are additional proposed adjustments, a signature is required.
- (2) Complete Form 5384 for unpaid claims taken on Form 720, Schedule C, Form 720-X, Line 2, or Form 8849 as shown below:
  - a. Column 2: Enter the CRN shown on the claim.
  - b. Column 4: Enter claim amount allowed plus the amount from column 5.
  - c. Column 5: Enter the posted amount per return, plus any subsequent adjustments, from TXMODA for the CRN claimed. If no amount, enter zero.

**Note:** The posted amount per return from TXMODA must be specific to the MFT under examination. BMFOLA may be used if TXMODA is not available.

  - d. Column 6: Enter claim amount allowed.
  - e. Column 8: Enter claim amount allowed.

- (3) Complete Form 5384 for unpaid claims taken on Form 720-X, Line 1, as shown below:
  - a. Column 2: Enter IRS No. claimed.
  - b. Column 4: Enter the amount from column 5 minus claim amount allowed.
  - c. Column 5: Enter the posted amount per return for the IRS No. claimed, including any subsequent adjustments, from TXMODA.
  - d. Column 6: Enter claim amount allowed.
  - e. Column 8: Enter claim amount allowed.

**Note:** If offsetting adjustments are proposed, which reduce the amount refundable, the claim will be treated as a partially or wholly disallowed claim. The report writing procedures for claims disallowed in full or partially allowed should be followed. Refer to IRM 4.10.11.2.10, Claims for Refund-Allowed in Full With Offsetting Adjustments, for additional information.

- (4) Enter any other proposed adjustments or issues not related to the claim to which the taxpayer agrees using the appropriate IRS No.
- (5) In the "Other information" section, include a statement regarding the disposition of the claim.

**Example: Claim Allowed in Full:** "On (date) you filed Form \_\_\_\_ or an informal claim for a refund of (\$ amount) for (tax period). As a result of our examination, we allowed your claim in full as shown in this report."

**Example: Claim Allowed in Full but Offset by Other Adjustments:** "On (date) you filed Form \_\_\_\_ or an informal claim for a refund of (\$ amount) for (tax period). As a result of our examination, we allowed your claim in full; however, the total amount of the refund is increased or decreased by other adjustments as shown in this report."

- (6) Issue Letter 6219, Excise Claim Allowed in Full Report - Transmittal, to transmit the agreed report to the taxpayer.
- (7) The examiner must prepare Letter 570-X. Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of claim letters.

4.24.8.10.2.1  
(06-13-2024)  
**Form 5344, Unpaid  
Claims - Allowed in Full**

- (1) This section provides case closing procedures specifically for unpaid claims that are allowed in full. In addition to the procedures below, non-claim examination issues must also be included on Form 5344, if applicable.
- (2) When generating Form 5344 in IMS the required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3.1.2, Form 5344 Entries, for information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.
- (3) The items below are specific to unpaid claims taken on Form 720-X, Line 1:
  - a. Item 03 (**MFT 40 only**): Enter the later of the claim received date or the date the claim became processable. Refer to paragraph 4 in IRM 4.24.8.8.
  - b. Item 12: Enter TC 301 with the amount of claim allowed and a negative sign.
  - c. Item 13: Enter 03.

- d. Item 15: Enter abstract with claim amount allowed and a negative sign.
  - e. Item 20: No entry.
  - f. Item 21: Enter amount claimed (must match AMDISA).
  - g. Item 22: Enter zero.
  - h. Item 23: Enter time charged to examining claim.
  - i. Item 24: Enter alpha code "Z."
  - j. Item 28: Enter time spent examining non-claim issue (if applicable).
  - k. Item 51 (**MFT 40 only**): Enter the applicable reason code. Refer to paragraph 7 in IRM 4.24.8.25.
- (4) Complete Form 5344, Item 404 for Form 720-X, Line 1, as follows:
- a. Item 404-a: Enter applicable abstract.
  - b. Item 404-b: Enter 03.
  - c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
  - d. Item 404-d: Enter claim amount allowed and a negative sign.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23).
- (5) The items below are specific to unpaid excise claims taken on Form 720-X, Line 2, Form 720, Schedule C, and Form 8849:
- a. Item 03 (**MFT 40 only**): Enter the later of the claim received date or the date the claim became processable. Refer to paragraph 4 in IRM 4.24.8.8.
  - b. Item 12: No entry.
  - c. Item 13: Enter 03.
  - d. Item 15: Enter CRN with claim amount allowed and a positive sign.
  - e. Item 20: No entry.
  - f. Item 21: Enter amount claimed (must match AMDISA).
  - g. Item 22: Enter zero.
  - h. Item 23: Enter time charged to examining claim.
  - i. Item 24: Enter alpha code "Z."
  - j. Item 28: Enter time spent examining non-claim issue (if applicable).
  - k. Item 51 (**MFT 40 only**): Enter the applicable reason code. Refer to paragraph 7 in IRM 4.24.8.25.
- (6) For Form 720-X, Line 2, and Form 720, Schedule C, complete Item 404 as follows:
- a. Item 404-a: Convert CRN to applicable abstract.
  - b. Item 404-b: Enter 03.
  - c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
  - d. Item 404-d: Enter claim amount allowed and a negative sign.
  - e. Item 404-e: Enter abstract claim time (must equal Item 23), even though this was a CRN claim.
- (7) Item 404 is generally not completed for unpaid claims reported on Form 8849.

**Exception:** Form 8849 collected taxes claims established on an MFT 03 require the 404 section to be completed as follows:

- a. Item 404-a: Enter applicable abstract.
- b. Item 404-b: Enter 03.

- c. Item 404-c: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
- d. Item 404-d: Enter claim amount allowed and a negative sign.
- e. Item 404-e: Enter abstract claim time (must equal Item 23).

4.24.8.10.2.2  
(06-13-2024)

**Form 3198, Unpaid  
Claims - Allowed in Full**

- (1) On Form 3198 in the "Special Features" section, check the "Other Instructions" box include the statement "Unpaid claim allowed in full pay IRS No. or CRN and \$ amount." Provide claim received date and claim type: e.g., registered ultimate vendor or end user.
- (2) If the claim is non-interest bearing, or if interest is restricted, additional documentation is required on Form 3198. Refer to IRM Exhibit 20.2.1-1, Provisions Restricting Interest, for a list of provisions restricting and prohibiting interest on excise taxes. Refer to IRM 4.24.8.25 for guidance on completing Form 3198 if restricted interest applies.
- (3) In the "Letter Instructions for CCP" section, check the boxes "No letter required to be sent by CCP" and "Other Instructions." Next to "Other Instructions" enter the claim received date.

**Note:** This needs to be completed on all claims that are totally or partially allowed even if restricted interest does not apply.

**Reminder:** Closing letters must be mailed by the group prior to the case closing to CCP.

4.24.8.10.3  
(06-13-2024)

**Report Writing Agreed  
Cases - Unpaid Claims -  
Increase to Original  
Amount**

- (1) This section contains instructions for the preparation of reports when the taxpayer agrees with the examiner's proposal to increase the original amount of the claim.
- (2) An increase to an unpaid claim requires the taxpayer's signature.
- (3) Follow the unpaid claim allowed in full procedures in IRM 4.24.8.10.2 for guidance on completion of Form 5384, columns 1 - 8.
- (4) On Form 5384, in the "Other information" section, include a statement regarding the disposition of the claim.

**Example:** On (date) you filed Form (\_\_\_\_), or an informal claim for refund of (\$ amount) for (tax period). On (date) you provided additional information to increase the amount claimed by (\$ additional amount). As a result of our examination, we allowed your claim in full as shown on this report.

- (5) Issue Letter 4121-X, Letter to Transmit Expected Agreed Examination Report, to transmit the agreed report to the taxpayer.
- (6) Complete Form 5348 to update the new (adjusted) claim amount in ERCS.
- (7) The examiner will prepare Letter 570-X. Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of unpaid claim letters.

4.24.8.10.3.1  
(06-13-2024)

**Form 5344, Unpaid Claims - Increase to Original Amount**

- (1) Follow the procedures in IRM 4.24.8.10.2.1 for completion of Form 5344.

4.24.8.10.3.2  
(06-13-2024)

**Form 3198, Unpaid Claims - Increase to Original Amount**

- (1) Follow the procedures in IRM 4.24.8.10.2.2 for completion of Form 3198.

4.24.8.10.4  
(06-13-2024)

**Unpaid Claims - Special Rules for Form 2290**

- (1) When a Form 2290 claim is for vehicles sold, destroyed, stolen, or used less than 5,000 miles in the period (7,500 miles or less for agricultural vehicles), the claim will be assigned CRN 365.
- (2) When a Form 2290 claim is for vehicles sold, destroyed, stolen, or used less than 5,000 miles in the period (7,500 miles or less for agricultural vehicles), complete Form 5384 or Form 5385 as follows:
- a. Column 2: Enter CRN 365.
  - b. Column 4: Enter claim amount allowed plus the amount from column 5.
  - c. Column 5: Enter the posted amount per return for CRN 365 from TXMODA. If no amount, enter zero.
  - d. Column 6: Enter claim amount allowed.
  - e. Column 8: Enter claim amount allowed.
- (3) When a Form 2290 claim is for vehicles sold, destroyed, stolen, or used less than 5,000 miles in the period (7,500 miles or less for agricultural vehicles), complete Form 5344 using the unpaid claim procedures in IRM 4.24.8.10 based on the type of closure. The following items are specific to Form 2290 claims:
- a. Item 12: No entry.
  - b. Item 15: Enter CRN 365 with amount allowed and a positive sign.
- (4) When a Form 2290 claim is for vehicles used less than 5,000 miles in the period (7,500 miles or less for agricultural vehicles), restricted interest applies. Refer to IRM 20.2.10.4.10, Heavy Highway Vehicles. Complete Form 3198 using instructions from IRM 4.24.8.10.2.2(2).
- (5) When a Form 2290 claim is for vehicles sold, destroyed, stolen in the period, interest is allowable. Complete Form 3198 using instructions in IRM 4.24.8.10.2.2(1).
- (6) When a Form 2290 claim is for an error in the tax reported per return, complete Form 5384 or Form 5385 as follows:
- a. Column 2: Enter IRS No. 196.
  - b. Column 4: Enter tax amount per examination.
  - c. Column 5: Enter tax amounts per return as reflected on TXMODA.
  - d. Column 6: Enter claim amount allowed.
  - e. Column 8: Enter claim amount allowed.
- (7) When a Form 2290 claim is for an error in the tax reported per return,



complete Form 5344 using the unpaid claim procedures in IRM 4.24.8.10 based on the type of closure. The following items are specific to Form 2290 claims:

- a. Item 12: Enter TC 301 with the claim amount allowed and a negative sign.
- b. Item 15: No entry.

4.24.8.11  
(06-13-2024)

**Report Writing and Case Processing for Excepted Agreed/Partially Agreed Cases - Unpaid Claims**

- (1) Generally, report writing procedures for excepted agreed cases involving claims are similar to excepted cases not involving claims.
- (2) In an excepted agreed case, the taxpayer agrees to proposed adjustments, but the examination results are subject to review, additional processing, or some other condition communicated to the taxpayer. Refer to IRM 4.10.8.5, Excepted Agreed Cases, for additional information on cases requiring excepted agreed reports.
- (3) A partially agreed case is an excepted agreed case that contains at least one agreed issue and one unagreed issue.
- (4) In partially agreed cases, partial overassessments may only be allowed if the case meets the criteria in IRM 4.10.8.6.1, Partial Overassessments.
- (5) If the case meets the criteria in IRM 4.10.8.6.1 and the group manager approves of the partial overassessment, the examiner must prepare two sets of examination reports to issue to the taxpayer.
- (6) The first set must contain a Form 5385 and Form 3363 that reflects all unagreed issues.
- (7) The second set must contain a Form 5385 and Form 3363 that reflects all issues that the taxpayer has indicated agreement.
  - The top of each examination report must be labeled as "Partial Agreement."
  - Form 5385 must include the following statement in the "Other information" section: "This partial examination report includes only adjustments with which you indicated agreement and is not the total proposed adjustment."
  - The taxpayer's signature must be secured on Form 3363.
- (8) Complete Form 5385 using the procedures found in IRM 4.24.8.10.1 for unpaid claims disallowed in full or in part.
- (9) The examiner will issue Letter 569-X for partially agreed cases. Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of unpaid claim letters. The 30-day letter package for partially agreed cases must include the following:
  - Form 5385, Form 3363, and Form 2297 reflecting all **unagreed** issues
  - Form 5385, Form 3363, and Form 2297 reflecting all **agreed** issues
  - Form 886-A

**Note:** Refer to IRM 4.10.8.12.4(2), Explanation of Items, for information for completing Form 886-A.

  - Form 13683
  - Publication 3498

- (10) If applicable, secure agreement on Form 2504-E for non-claim issues to which the taxpayer agrees.
- (11) If a partial agreement is not secured, continue with unagreed procedures for all proposed adjustments. Refer to IRM 4.24.8.12.
- (12) If partial agreement is secured, the agreed examination report must first be processed using partial overassessment procedures.
- (13) Fax the partial overassessment package to CCP for assessment. The subject line of the EFax must state "Partial Overassessment Request." The package must consist of the following:
  - Form 3198
  - Form 5344
  - Form 3363 (signed by the taxpayer)

**Note:** Fax numbers can be located on the Exam Procedures Knowledge Base Homepage, accessed via the Virtual Library on IRS Source - Home, SB/SE Campus Exam Procedures shelf, Exam - Centralized Case Processing (CCP) book, Contacts chapter, on the *CCP Exam EFax Numbers* page.

- (14) Form 3198 must be completed with following information:
  - In the Special Features section, check the box "Other Instructions." Next to "Other Instructions" enter the following: "Partial overassessment requested. Return via fax when completed."

**Note:** Do not complete the bottom of page 1 or page 2 of Form 3198 unless the partial overassessment is being processed as a final case closing.
  - If the overassessment is being processed as a final case closing, complete the additional procedures in IRM 4.24.8.11.2.

**Note:** If the case is not ready for final closure, the case must remain in status "12" (do not update to status "51").
- (15) Form 5344 must be completed for each period. The following procedures apply to the Form 5344 completion:
  - Enter the amount of the partial overassessment in Item 12 and Item 15.
  - Enter the appropriate disposal code in Item 13.

**Note:** For unagreed cases going to appeals, disposal code "07" is not input until the case is ready for final closure from the group.
  - If the overassessment is being processed as a final case closing, complete the additional procedures in IRM 4.24.8.11.1.

**Note:** Do not complete the right side of page 1 or the entire page 2 of Form 5344 unless the quick assessment is being processed as a final case closing.

**Note:** Additional guidance for processing quick assessments is found in IRM 4.38.1.7.3.4, Quick Assessments. Additional instructions for

processing partial assessments are found in IRM 4.38.1.7.3, Examined Closings, Surveyed Claims and Partial Assessments.

(16) CCP will:

- Acknowledge the request within 48 hours of receipt.
- Make the overassessment within 5 business days.
- EFax the originator copies of Form 5344 marked "Request Completed" to the group for association with the case file to verify the assessment was completed.

(17) When the case is ready for final closure, examiners must follow closing procedures for partially agreed cases in IRM 4.24.8.11.1 and IRM 4.24.8.11.2.

4.24.8.11.1  
(06-13-2024)

**Form 5344, Unpaid Claims – Excepted Agreed/Partially Agreed Cases**

- (1) When a case is ready for final closure, follow the procedures in IRM 4.24.8.10.1.1 for completion of Form 5344 for unpaid claims disallowed in full or IRM 4.24.8.10.1.2 for unpaid claims partially allowed, with the following exception: Enter the DC based on the final case disposition of the remaining issues (e.g., DC 07 for cases going to Appeals, DC 08 for unagreed cases that are not eligible for Appeals consideration, etc.).

4.24.8.11.2  
(06-13-2024)

**Form 3198, Unpaid Claims – Excepted Agreed/Partially Agreed Cases**

- (1) When a case is ready for final closure, follow the procedures in IRM 4.24.8.10.1.3 for completion of Form 3198 for unpaid claims disallowed in full or partially allowed and IRM 4.24.10.7 for guidance on completion of Form 3198 for cases that are closed to Appeals.
- (2) In addition to regular closing procedures, Form 3198 must be completed as follows:
- Enter the DC based on the final case disposition of the remaining issues.
  - On Form 3198 in the "Special Features" section, check the "Other Instructions" box and enter the following statement "Final Closure - partial overassessment previously completed."

4.24.8.12  
(06-13-2024)

**Report Writing Unagreed Cases - Unpaid Claims**

- (1) Generally, report writing procedures for unagreed cases involving claims are similar to unagreed cases not involving claims.
- (2) IRM 4.24.10, Appeals Referral Procedures, provides specific guidance and case routing procedures for unagreed excise cases referred to Appeals.
- (3) In an unagreed case, the examiner will issue Letter 569-X. Refer to Exhibit 4.24.8-2 for guidance on the preparation and issuance of unpaid claim letters. The following are issued with the 30-day letter package:
- Form 5385
  - Form 3363
  - Form 2297
  - Form 886-A
- Note:** Refer to IRM 4.10.8.12.4(2), Explanation of Items, for information for completing Form 886-A.
- Form 13683
  - Publication 3498

- (4) Complete Form 5385 by following the procedures for unpaid claims disallowed in full or partially allowed in IRM 4.24.8.10.1.
- (5) Form 3363 is issued in conjunction with Form 5385. This form is signed by the taxpayer upon agreement of an unpaid claim after the 30-day package is issued.
- (6) If a taxpayer requests an Appeals conference, the examiner must determine if the case meets the requirements for an Appeals referral in IRM 4.24.10.2, Pre-requisites for an Appeals Referral.
- (7) If the excessive claims penalty is proposed on an unagreed unpaid claim and less than 365 days, but more than 60 days, are remaining on the penalty SOL when the case is expected to be received in Appeals, the penalty must be processed using partial assessment procedures. If the penalty SOL has 60 days or less remaining on the SOL, the penalty must be processed using quick assessment procedures. Refer to IRM 4.24.21.5.7, Partial Assessments and Quick Assessments, for guidance on processing partial and quick assessments.
- (8) If the unagreed case is eligible for Appeals consideration, then closing procedures in IRM 4.24.10.7, Case Routing Procedures for Unagreed Excise Tax Examination Cases to Appeals, and IRM 4.24.10.8, Transferring an Excise Tax Examination Case to Appeals, must be followed.
- (9) If the unagreed case is not eligible for Appeals consideration, then the case is closed to CCP.

4.24.8.12.1  
(06-13-2024)  
**Form 5344, Unpaid  
Claims – Unagreed  
Cases**

- (1) Follow the procedures in IRM 4.24.8.10.1.1 for completion of Form 5344 for unpaid claims disallowed in full or IRM 4.24.8.10.1.2 for unpaid claims partially allowed, with the following exception: DC 07 is used for cases that are closed to Appeals.

4.24.8.12.2  
(06-13-2024)  
**Form 3198, Unpaid  
Claims – Unagreed  
Cases**

- (1) Follow the procedures in IRM 4.24.8.10.1.3 for completion of Form 3198 for unpaid claims disallowed in full or partially allowed.
- (2) In addition, refer to IRM 4.24.10.7 for guidance on completion of Form 3198 for cases that are closed to Appeals.

4.24.8.13  
(06-13-2024)  
**Paid Claims -  
Introduction**

- (1) Paid claims selected for field examination are controlled with AIMS Source Code 31. Paid claims follow regular examination procedures found in IRM 4.24.21, Case Closings, with the exceptions addressed in each of the sections below.
- (2) Examinations are normally established on MFT 03 with the tax period that corresponds to the claim period or by using substitute for return procedures. Refer to IRM 4.24.8.6.1, Master File Control Procedures for Form 8849 Claims, for the control procedures.
- (3) Paid claims may be processed under various tax modules. Examiners may need to review all tax modules to locate the claim.

- (4) Examination adjustments for paid claims under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427 are assessed under IRC 6206 and collected as tax imposed by IRC 4041 or IRC 4081. The period for assessing any such portion, and for assessing any such penalty, shall be three years from the last day prescribed for filing the claim under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427.
- (5) The examiner cannot recover an erroneously paid claim filed under IRC 4081(e), IRC 6402, IRC 6415, or IRC 6416, except for gasoline ultimate vendor claims on sales after December 31, 2005, under IRC 6416(a)(4). The recovery of an erroneous claim must be made by a civil action in the name of the United States under IRC 7405 and IRC 6532(b). The suit must begin within two years after the making of such refund. If the refund was induced by fraud or misrepresentation of a material fact, the suit must be brought within five years of the claim. Refer to IRM 4.24.8.22, Erroneous Refunds - Suits to Recover, for additional guidance.

4.24.8.14  
(06-13-2024)  
**Paid Claims - Survey  
After Assignment**

- (1) For paid claims that are surveyed after assignment follow the regular closing procedures for surveyed returns in IRM 4.24.21.5.1, Closing Procedures for Surveyed Returns, and IRM 4.24.21.4.1, Paper Closing/Electronic Issue Management System (IMS) Closing. In addition to the regular closing procedures, the procedures in this section must also be followed when surveying a paid claim.
- (2) Activity code 615 is used for examination survey time.
- (3) On Form 3198, in the "Special Features" section, check the "Other Instructions" box and include the statement "Survey After Assignment - Paid Claim."
- (4) Form 5344 is not used when closing paid claims that are surveyed after assignment.
- (5) Examiners must check INOLES to determine if the filing requirement indicator is turned on. If the filing indicator is turned on and the taxpayer is not liable for excise tax for the period selected for examination and will not be liable for any subsequent period for the MFT selected for examination, the examiner must prepare Form 3177, Notice of Action for Entry on Master File, to turn filing requirement indicator off. The examiner must enter "591" in the TRC column and "Closing Code 75" in the "Other" space provided. The examiner must fax Form 3177 to CCP at (855) 386-5123.
- (6) Additional survey procedures are found at IRM 4.10.2.5, Decision to Survey a Return.

4.24.8.15  
(06-13-2024)  
**Paid Claims - Report  
Writing and Case  
Processing Procedures**

- (1) Examinations of paid claims result in one of the following dispositions:
  - No Change
  - Agreed
  - Excepted Agreed/Partially Agreed
  - Unagreed
- (2) When unpaid claim examination involves more than one period and has different examination results (e.g., one period closed allowed in full and one period closed fully or partially disallowed), follow report writing procedures specific to each type of closure for each period.

**Note:** While transmittal and closing letters may differ for each period, all periods may be shown together on one examination report, if applicable.

- (3) The assertion or non-assertion of the excessive claims penalty under IRC 6675, must be addressed in the case file if a paid fuel claim examination results in an adjustment. Refer to IRM 20.1.11.5, IRC 6675 Excessive Claims with Respect to the Use of Certain Fuels, and IRM 4.24.8.17 for additional guidance.
- (4) Generally, paid fuel claims filed on Form 720, Schedule C, or Form 8849 fall under the one-claim rule where an increase at the examination level is barred by statute. However, there are certain instances where a paid claim may be increased and processed at the examination level. Refer to IRM 4.24.8.16 for situations where a previously paid claim may be increased during an examination.
- (5) Annual Form 8849 claims may be filed by the United States, state and local governments, and certain organizations exempt from income tax under IRC 501(a), (other than organizations that are required to file Form 990-T, Exempt Organization Business Income Tax Return, for the taxable year). For these claimants, the annual claim must be filed within three years of the claimant's taxable year end. Refer to IRM 4.24.8.16 for guidance for report writing and case processing procedures for these types of claims.
- (6) Prior to closing an examination, examiners must check AMDISA to identify claims that are in transit from CSTO.
- (7) Complete Form 5384 or Form 5385 by following regular report writing procedures in IRM Exhibit 4.24.20-1, Instructions for Completing Form 5384 and Form 5385, for the items listed below:
  - a. Column 1: Enter period ended
  - b. Column 3: Enter kind of tax
  - c. Column 7: Enter penalties
- (8) The subsections below address report writing procedures specific to paid claims.

4.24.8.15.1  
(06-13-2024)  
**Report Writing and Case Processing Procedures - Paid Claims - No Change/No Adjustments**

- (1) This subsection contains report writing procedures when the examination results in no adjustments, or there are adjustments that result in no additional liability. Refer to IRM 4.24.20.3.3, No Change Cases, IRM 4.24.21.5.4, Closing Procedures for No Change Cases, and IRM 4.10.8.3, No-Change and No Liability Cases, for information about report writing procedures for closing no change cases.
- (2) The IRS No. that corresponds to the CRN of the paid claim must be used for the examination report. Refer to Exhibit 4.24.8-4 for additional information.
- (3) Complete Form 5384, as follows:
  - a. Column 2: Enter the IRS No. of the claim or the IRS No. that corresponds to the CRN of the claim.
  - b. Column 4: Enter the amount from column 5.



- c. Column 5: Enter zero if the taxpayer did not report a tax liability for the IRS No. or the IRS No. that corresponds to the CRN, otherwise enter the reported liability per TXMODA.

**Note:** Negative numbers are not permitted in Column 4 or Column 5.

- d. Column 6: Enter zero.
- e. Column 8: Enter zero.
- f. Include the following language in the "Other information" section: "On (date) you filed Form (\_\_\_\_), or an informal claim for refund of (\$ amount) for (tax period). The claim was paid on (date). As the result of our examination, we have made no changes to your paid claim, as shown in this report."

- (4) Issue Letter 3401-E, Excise No Change Report Transmittal, as the transmittal letter to accompany Form 5384.

**Note:** Taxpayer does not need to return a signed copy of the report.

- (5) The examiner will prepare Letter 570-X. Refer to Exhibit 4.24.8-3 for guidance on the preparation and issuance of paid claim letters. If the examination includes no changes to non-claim issues, then the examiner will also prepare Letter 590-X, No Change Final. Both letters will be signed by the manager on behalf of the Chief, Estate & Gift/Excise Tax Exam. The letters will be dated and mailed by the group upon case closure.

4.24.8.15.1.1  
(06-13-2024)  
**Form 5344, Paid Claims  
- No Change**

- (1) When generating Form 5344 in IMS, the required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3.1.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information. The items below are specific to paid claims:
  - a. Item 12: No entry.
  - b. Item 13: Enter 02.
  - c. Item 15: No entry.
  - d. Item 20: No entry.
  - e. Item 21: No entry.
  - f. Item 22: No entry.
  - g. Item 23: No entry.
  - h. Item 24: No entry.
  - i. Item 28: Enter examination time.
- (2) Complete Item 404 as follows:
  - a. Item 404-a: Enter applicable abstract.
  - b. Item 404-b: Enter 02.
  - c. Item 404-c: Enter examination time per abstract.
  - d. Item 404-d: Enter zero.
  - e. Item 404-e: Enter zero.

4.24.8.15.1.2  
(06-13-2024)  
**Form 3198, Paid Claims  
- No Change**

- (1) On Form 3198, in the "Special Features" section, check the "Other Instructions" box and enter the following "No change to previously paid claim."
- (2) In the "Letter Instructions for CCP" section, check the box "No letter required to be sent by CCP."



**Reminder:** Closing letters must be mailed by the group prior to the case closing to CCP.

- (3) IRM 4.24.21.4.3, Form 3198 - Special Handling Notice for Examination Case Processing, provides guidance on completing Form 3198.

4.24.8.15.2  
(06-13-2024)

**Report Writing and Case Processing Procedures - Paid Claims - Agreed**

- (1) This section contains report writing procedures when the taxpayer agrees with the examiner's proposed liability. Refer to IRM 4.24.20.3.1, Agreed Cases, and IRM 4.24.21.5.2, Closing Procedures for Agreed Cases, for information about report writing procedures for closing agreed cases.
- (2) The IRS No. that corresponds to the CRN of the paid claim must be used for the examination report. Refer to Exhibit 4.24.8-4 for additional information.
- (3) Complete Form 5384 as follows:
- a. Column 2: Enter the IRS No. of the claim or the IRS No. that corresponds to the CRN of the claim.
  - b. Column 4: Enter the total amount of the adjustment plus the amount from Column 5.
  - c. Column 5: Enter zero if the taxpayer did not report a tax liability for the IRS No. or the IRS No. that corresponds to the CRN, otherwise enter the reported tax liability per TXMODA.

**Note:** Negative numbers are not permitted in Column 4 or Column 5.

- d. Column 6: Enter the difference of Column 4 and Column 5.
  - e. Column 8: Enter total of Column 6 and Column 7.
- (4) Enter all other agreed adjustments using the appropriate IRS No.
- (5) In the "Other information" section, include a statement regarding the disposition of the claim.

**Example: Paid Fuel Claim:** "On (date) you filed Form (\_\_\_\_), for refund of (\$ amount) for (tax period). That claim was paid on (date). As the result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report." Refer to IRM 4.24.8.17 for additional guidance.

**Example: Paid Non-Fuel Claim:** "On (date) you filed Form (\_\_\_\_), for credit or refund of (\$ amount) for (tax period). That claim was paid on (date). As the result of our examination, we determined that (\$ amount) constitutes an excessive amount. The excessive amount is being assessed, as shown in this report."

- (6) Issue Letter 4121-X as the transmittal letter to Form 5384.
- (7) Prepare Letter 987-X, Agreed Excise Tax Change Letter. Refer to Exhibit 4.24.8-3 for guidance on the preparation and issuance of paid claim letters.

4.24.8.15.2.1  
(06-13-2024)

**Form 5344, Paid Claims  
- Agreed**

- (1) When generating Form 5344 in IMS, the required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3.1.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.
- (2) Cases that are closed agreed prior to issuance of the 30-day letter use DC 03, while DC 04 is used for returns closed agreed after issuance of the 30-day letter.
- (3) The items below are specific to paid claims:
  - a. Item 12: Enter TC 300 with the adjustment amount and a positive sign. Also enter TC 160, TC 180, and TC 270 with zero.  
**Note:** Failure to file, failure to pay and failure to deposit penalties cannot be applied to adjustments of paid claims.
  - b. Item 13: Enter applicable DC.
  - c. Item 15: Enter abstracts with adjustment amount and a positive sign.
  - d. Item 20: No entry.
  - e. Item 21: No entry.
  - f. Item 22: No entry.
  - g. Item 23: No entry.
  - h. Item 24: No entry.
  - i. Item 28: Enter examination time.
- (4) Complete Item 404 as follows:
  - a. Item 404-a: Enter applicable abstract.
  - b. Item 404-b: Enter applicable DC.
  - c. Item 404-c: Enter examination time per abstract.
  - d. Item 404-d: Enter examination results.
  - e. Item 404-e: Enter zero.

4.24.8.15.2.2  
(06-13-2024)

**Form 3198, Paid Claims  
- Agreed**

- (1) In the "Edit Entity" window in IMS, under the "Entity Closing Data" tab, enter the penalty information. Use the drop-down next to each "IRC Section", select the penalty code sections 6651(a)(1) (FTF), 6651(a)(2) (FTP), and 6656 (FTD) and enter "\$0.00" for the penalty amounts.

**Note:** The penalties will pre-populate on Form 3198 when generated in IMS.

- (2) On Form 3198 in the "Special Features" section, check the "Other Instructions" box, and enter the following information: "Do not assess TC 160, 270, and 180 penalties – see below."
- (3) In the "Letter Instructions for the CCP" section, check the box "No letter required to be sent by CCP."

**Reminder:** Closing letters must be mailed by the group prior to the case closing to CCP.

4.24.8.15.3  
(06-13-2024)

## Report Writing and Case Processing Procedures - Paid Claims - Excepted Agreed/Partially Agreed

- (1) In an excepted agreed case, the taxpayer agrees to the proposed adjustments, but the examination results are subject to review, additional processing, or some other condition communicated to the taxpayer.
- (2) A partially agreed case is an excepted agreed case that contains at least one agreed issue and one unagreed issue.
- (3) For partially agreed paid claims, examiners must follow the procedures in IRM 4.24.20.3.2, Excepted Agreed/Partially Agreed Cases, in addition to the procedures in this subsection.
- (4) If the unagreed portion of the paid claim assessment falls under IRC 6206 and has less than 365 days remaining on the SOL when it is expected to be received in Appeals, additional steps must be taken in order for the case to be considered by Appeals. Refer to IRM 4.24.8.5.2 for additional guidance.
- (5) Examiners must issue the appropriate 30-day letter. Refer to Exhibit 4.24.8-3 for guidance on the appropriate 30-day letter that should be issued. The following are issued with the 30-day letter package:
  - Form 5385 and Form 2504-E reflecting all **unagreed** issues
  - Form 5385 and Form 2504-E reflecting all **agreed** issues
  - Form 886-A

**Note:** Refer to IRM 4.10.8.12.4(2), Explanation of Items, for information for completing Form 886-A.

  - Form 13683
  - Publication 3498
- (6) Form 5385 is prepared by following the procedures for completing Form 5384 for agreed paid claims in IRM 4.24.8.15.2. The following procedures must also be followed:
  - a. Enter all other agreed adjustments using the appropriate IRS No.
  - b. In the "Other information" section, include the following language: "On (date) you filed Form (\_\_\_\_), for refund of (\$ amount) for (tax period). That claim was paid on (date). As the result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report."

**Note:** Refer to IRM 4.24.8.17 for additional guidance about excessive claims penalty processing.
- (7) Form 2504-E is used in conjunction with Form 5385. This form is signed by the taxpayer upon agreement of an unagreed case after the 30-day letter package is issued.
- (8) The agreed examination report must be processed first by following the partial assessment or quick assessment procedures in IRM 4.24.21.5.7, Partial Assessments and Quick Assessments.
- (9) After the partial assessment or quick assessment has been processed, the unagreed issues may be closed by following the closing procedures for Form 5344 and Form 3198 in the subsections below.

- 4.24.8.15.3.1  
(06-13-2024)  
**Form 5344, Paid Claim - Excepted Agreed/Partially Agreed**
- (1) For final closure of a partially agreed case after the partial assessment or quick assessment has been processed, the following procedures must be followed.
  - (2) When generating Form 5344 in IMS, required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3.1.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.
  - (3) For partially agreed paid claims that are closed to Appeals use DC 07, or use DC 08 for unagreed cases that are not eligible for Appeals consideration.
  - (4) The items below are specific to unagreed paid claims:
    - a. Item 12: Enter TC 300 with the adjustment amount and a positive sign of any additional adjustments after the processing of the partial assessment. Also enter TC 160, TC 180, and TC 270 with zero.  
  
**Note:** If the final closing is to Appeals, Item 12 must be left blank and the unagreed amount entered in Item 18 must not include the amount of tax previously assessed as a partial assessment.  
  
**Note:** Failure to file, failure to pay and failure to deposit penalties cannot be applied to adjustments to paid claims.
    - b. Item 13: Enter applicable DC based on the final case disposition of the remaining issues.
    - c. Item 15: Enter abstract and adjustment amount and a positive sign of any additional adjustments after the processing of the partial assessment.
    - d. Item 20: No entry.
    - e. Item 21: No entry.
    - f. Item 22: No entry.
    - g. Item 23: No entry.
    - h. Item 24: No entry.
    - i. Item 28: Enter examination time.
    - j. Item 35: If a quick assessment was previously processed, enter the net of all adjustments that were processed using the quick assessment procedures. If more than one quick assessment has been processed, ensure that this entry is the total of all quick assessments processed.
  - (5) Complete Item 404 as follows:
    - a. Item 404-a: Enter applicable abstract.
    - b. Item 404-b: Enter applicable DC.
    - c. Item 404-c: Enter examination time per abstract.
    - d. Item 404-d: Enter examination results (must equal the total of all adjustments, including any partial assessments or quick assessments that were previously processed).
    - e. Item 404-e: Enter zero.
- 4.24.8.15.3.2  
(06-13-2024)  
**Form 3198, Paid Claim - Excepted Agreed/Partially Agreed**
- (1) For final closure of a partially agreed case after the partial assessment or quick assessment has been processed, the following procedures must be followed.
  - (2) Refer to IRM 4.24.10.7 for guidance on completion of Form 3198 for cases that are closed to Appeals.

- (3) In addition to regular closing procedures, when a partially agreed case is ready for final closure, Form 3198 must be completed as follows:
  - Enter the DC based on the final case disposition of the remaining issues.
  - On Form 3198 in the “Special Features” section, check the box “Final Closure - partial assessment previously completed.”
- (4) If the unagreed case is not eligible for Appeals consideration, then the case is closed to CCP. In the “Letter Instructions for CCP” section, check the box “No letter required to be sent by CCP.”

## 4.24.8.15.4 (06-13-2024)

### Report Writing and Case Processing Procedures - Paid Claim - Unagreed

- (1) For unagreed paid claims, examiners must follow the unagreed report writing and case closing procedures in IRM 4.24.10, Appeals Referral Procedures, and IRM 4.24.21, Case Closings, in addition to the procedures in this subsection.
- (2) If the unagreed paid claim assessment falls under IRC 6206 and has less than 365 days remaining on the SOL when it is expected to be received in Appeals, additional steps must be taken in order for the case to be considered by Appeals. Refer to IRM 4.24.8.5.2 for additional guidance.
- (3) Examiners must issue the appropriate 30-day letter. Refer to Exhibit 4.24.8-3 for guidance on the appropriate 30-day letter that should be issued. The following are issued with the 30-day letter package:
  - Form 5385
  - Form 2504-E
  - Form 886-A

**Note:** Refer to IRM 4.10.8.12.4(2), Explanation of Items, for information for completing Form 886-A.

  - Form 13683
  - Publication 3498
- (4) Form 5385 is prepared by following the same procedures for completing Form 5384 for agreed paid claims in IRM 4.24.8.15.2. The following procedures must also be followed:
  - a. Enter all other agreed adjustments using the appropriate IRS No.
  - b. In the “Other information” section, include the following language: “On (date) you filed Form (\_\_\_\_), for refund of (\$ amount) for (tax period). That claim was paid on (date). As the result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report.”

**Note:** Refer to IRM 4.24.8.17 for additional guidance about excessive claims penalty processing.
- (5) Form 2504-E is used in conjunction with Form 5385. This form is signed by the taxpayer upon agreement of an unagreed case after the 30-day letter package is issued.

- (6) If a taxpayer requests an Appeals conference, the examiner must determine if the case meets the requirements for an Appeals referral in IRM 4.24.10.2, Pre-requisites for an Appeals Referral.
- (7) If the unagreed case is eligible for Appeals consideration, then closing procedures in IRM 4.24.10.7, Case Routing Procedures for Unagreed Excise Tax Examination Cases to Appeals, and IRM 4.24.10.8, Transferring an Excise Tax Examination Case to Appeals, must be followed.
- (8) If the unagreed case is not eligible for Appeals consideration, then the case is closed to CCP using DC 08. This includes unagreed cases that have less than 365 days remaining on the statute when it is projected to be received in Appeals, or cases where the taxpayer did not timely respond to a 30-day letter, which requires an assessment.

## 4.24.8.15.4.1

(06-13-2024)

**Form 5344, Paid Claim - Unagreed**

- (1) When generating Form 5344 in IMS, required fields should be pre-populated and verified by the examiner.
- (2) Unagreed cases that are closed to Appeals use DC 07, while unagreed cases that are not eligible for Appeals consideration are closed to CCP using DC 08.
- (3) The items below are specific to unagreed paid claims:
  - a. Item 12: Enter TC 300 with the adjustment amount and a positive sign. Also enter TC 160, TC 180, and TC 270 with zero.  
  
**Note:** Failure to file, failure to pay and failure to deposit penalties cannot be applied to adjustments to paid claims.
  - b. Item 13: Enter applicable DC.
  - c. Item 15: Enter abstract and adjustment amount and a positive sign.
  - d. Item 20: No entry.
  - e. Item 21: No entry.
  - f. Item 22: No entry.
  - g. Item 23: No entry.
  - h. Item 24: No entry.
  - i. Item 28: Enter examination time.

- (4) Complete Item 404 as follows:

- a. Item 404-a: Enter applicable abstract.
- b. Item 404-b: Enter applicable DC.
- c. Item 404-c: Enter examination time per abstract.
- d. Item 404-d: Enter examination results.
- e. Item 404-e: Enter zero.

## 4.24.8.15.4.2

(06-13-2024)

**Form 3198, Paid Claim - Unagreed**

- (1) Refer to IRM 4.24.10.7 for guidance on completion of Form 3198 for cases that are closed to Appeals.
- (2) If the unagreed case is not eligible for Appeals consideration, then the case is closed to CCP. In the "Letter Instructions for CCP" section, check the box "No letter required to be sent by CCP."

4.24.8.16  
(06-13-2024)  
**Increase to Paid Claims  
Introduction**

- (1) Generally, a previously paid claim cannot be increased because in most cases the time for filing the claim has passed. Examples include requests for refunds under IRC 6416(a) or payments under IRC 6421 or IRC 6427. Despite this, there are situations where a previously paid claim may be increased for claims under IRC 6426, IRC 4051(d), and annual claims for persons not required to file an income tax return.
- (2) This subsection provides report writing procedures when the examination results in an increase to a previously paid claim.
- (3) Complete Form 5348, to add the claim amount and update the Source Code to 30 in AIMS/ERCS.

4.24.8.16.1  
(06-13-2024)  
**Report Writing Agreed  
Cases - Paid Claims -  
Increase to Original  
Amount**

- (1) On Form 5384, in the "Other information" section, include a statement regarding the disposition of the claim.  
  
***Example:*** "On (date) you filed Claim Form XXXX or an informal claim for refund for (\$ amount) for (tax period). The claim was paid on (date). On (date), you filed an informal claim for refund for (\$ amount) for (tax period), increasing your previously paid claim. As a result of our examination, we allowed your refund in full."
- (2) Follow the unpaid claim allowed in full procedures in IRM 4.24.8.10.2 for guidance on completion of Form 5384, columns 1 - 8.
- (3) Issue Letter 4121-X as the transmittal letter to Form 5384.
- (4) The examiner will prepare Letter 570-X. Refer to Exhibit 4.24.8-3 for guidance on the preparation and issuance of paid claim letters.

4.24.8.16.1.1  
(06-13-2024)  
**Form 5344, Paid Claims  
- Increase to Original  
Amount**

- (1) When generating Form 5344 in IMS, required fields should be pre-populated. The examiner must verify the correctness of pre-populated fields and complete any remaining required fields. Refer to IRM 4.38.1.7.3, Examined Closings, Surveyed Claims, and Partial Assessments, for additional information. This section provides guidance specific to paid excise claims when an additional claim amount is allowed.
- (2) Follow the unpaid claim allowed in full procedures in IRM 4.24.8.10.2.1 for guidance on completion of Form 5344.

4.24.8.16.1.2  
(06-13-2024)  
**Form 3198, Paid Claims  
- Increase to Original  
Amount**

- (1) On Form 3198, in the "Special Features" section, check the "Other Instructions" box and include "Unpaid claim allowed in full. Pay CRN No. and \$ amount. Provide the claim type, e.g., registered ultimate vendor or end user. See Pg. 2 for Restricted Interest instructions."
- (2) If the claim is non-interest bearing, or if interest is restricted, additional documentation is required on Form 3198. Refer to IRM 4.24.8.25 for guidance on completing Form 3198 if restricted interest applies.
- (3) In the "Letter Instructions for CCP" section, check the boxes "No letter required to be sent by CCP" and "Other Instructions." Next to "Other Instructions" enter the claim received date.



**Note:** This needs to be completed on all claims that are totally or partially allowed even if restricted interest does not apply.

**Reminder:** Closing letters must be mailed by the group prior to the case closing to CCP.

4.24.8.17  
(06-13-2024)  
**IRC 6675 Excessive  
Claims Penalty Overview**

- (1) In addition to any criminal penalty provided by law, IRC 6675 imposes a penalty if a claim is made for an excessive amount under the following IRC sections:
  - IRC 6416(a)(4), Registered Ultimate Vendor or Credit Card Issuer to Administer Credits and Refunds of Gasoline Tax
  - IRC 6420, Gasoline used on farms
  - IRC 6421, Gasoline used for certain nonhighway purposes, used by local transit systems, or sold for certain exempt purposes
  - IRC 6427, Fuels not used for taxable purposes
- (2) The term excessive amount means the amount in which the amount claimed under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427 for any period exceeds the amount allowable.
- (3) The penalty is two times the excessive amount or \$10, whichever is greater.
- (4) Under IRC 6206, the excessive amount, including any civil penalty imposed by IRC 6675, may be assessed and collected as if it were a tax imposed by IRC 4081 or IRC 4041.
- (5) The period for assessing the excessive amount and penalty shall be three years from the last day prescribed for filing the claim. The period for this assessment cannot be extended.
- (6) The excessive claims penalty applies to paid and unpaid claims under the code sections listed above. It does not apply to excessive claims filed on an income tax return, e.g., Form 4136, Form 8864, or Form 6478. See Rev. Rul. 79-298.
- (7) The excessive claims penalty, under IRC 6675, must be considered and commented on in every excise tax claim case file in which a portion of the claim is deemed excessive. The penalty should be assessed unless the claimant can show that the excessive claim amount was due to reasonable cause.

4.24.8.17.1  
(06-13-2024)  
**IRC 6675 Excessive  
Claims Penalty  
Processing**

- (1) When the excessive claims penalty under IRC 6675 is assessed, in addition to the tax or claim disallowance, additional administrative steps must be taken and completed.
- (2) Written supervisory approval of the proposed penalty must be obtained on workpaper E500, Penalty Check Sheet, prior to communication with the taxpayer. When approved, the examiner must complete and submit Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users, to the manager to establish penalty controls.
- (3) The examiner must complete Form 5345-D as follows:
  - a. Check the "Control Penalty Investigation" box.

- b. MFT: PH.

**Note:** When the penalty is assessed on IDRS, it will post on MFT 13.

- c. Activity Code: 555 (Other Penalties: Form 8278).

**Note:** Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties, is used for the assessment of the excessive claims penalty.

- d. Source Code: 99 (Non-AIMS Miscellaneous Penalty).  
e. Status Code: 10.  
f. Tracking Code: Should be the same as the primary case (e.g., 7734 or 7735).  
g. Project Code: None.  
h. Statute Date: Three years from the last day prescribed for filing the claim. The period for this assessment cannot be extended or updated to alpha code "AA."

- (4) The examiner will prepare a separate case file for the penalty. The examination and penalty case files should close together to CCP or Tech Services. The penalty case file at a minimum should include:

- Form 3198
- Form 5384 or Form 5385
- Form 8278
- Form 9984
- E500
- Penalty Lead Sheet
- Workpapers for the penalty calculation
- Workpapers for the claim issue

- (5) Although a separate case file is necessary to process the excessive claims penalty, the excessive claim amount and excessive claims penalty are both included on the same examination report. Complete Form 5384 or Form 5385 and indicate the amount of the excessive claims penalty in Column 7. In the "Other information" section include a statement regarding the imposition of the penalty.

**Example: Paid Claim:** "On (date) you filed Form XXXX, for refund of (\$ amount) for (tax period(s)). The claim was paid on (date). As a result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report. IRC 6675 excessive claims penalty is being assessed in the amount of (\$ amount)."

**Example: Unpaid Claim:** "On (date) you filed Claim Form XXXX, or an informal claim for refund of (\$ amount) for (tax period(s)). As a result of our examination, we disallowed your claim in full as shown on the enclosed report. The excessive claims penalty under IRC 6675 for the period ended (date) is being assessed on the amount of the refund or payment that was deemed to be an excessive amount (\$ amount) as defined under IRC 6675(b). IRC 6675 excessive claims penalty is being assessed in the amount of (\$ amount)."

- (6) The examiner must complete Form 8278. A separate Form 8278 must be completed for each tax period for which the penalty applies. The examiner must check the box for BMF 13 and enter the relevant information under Penalty Reference Number 661. The originator of Form 8278 must sign and date the document prior to management approval. The immediate supervisor or designated higher level official of the individual making the determination must sign Form 8278.

**Note:** Form 8278 takes the place of Form 5344 in the penalty case file.

- (7) Form 3198 must be completed as follows:
- Enter the "Related Taxpayer or Key Cases" information for both the examination and penalty files to ensure the cases remain together during processing.
  - Check the "Civil Penalties" box in the "Special Features" section.
  - Complete the remaining applicable sections.

4.24.8.18  
(06-13-2024)  
**IRC 4081(e) Claims**

- IRC 4081(e) claims relate to taxable fuel as defined under IRC 4083, on which tax was imposed twice on the same fuel under IRC 4081. This does not apply where the taxpayer erroneously paid fuel tax where no second tax is imposed.
- The claimant must provide, for each claim, a copy of the First Taxpayer's Report that relates to the fuel. If the fuel was bought from someone other than the first taxpayer, a copy of the Statement of Subsequent Seller that the claimant received with respect to the fuel must also be provided. Refer to the instructions for Form 8849, *Schedule 5*, Section 4081(e) Claims, IRC 4081(e), and *Treas. Reg. 48.4081-7*, for more information.
- Claims received, which do not include the attachments required by the regulations will be given "no consideration" and returned to the taxpayer for perfection by CSTO.
- Claims selected for examination will be assigned to the appropriate Excise Tax Examination group.
- Claims approved by the Excise Tax Examination group are to be annotated "Accepted" and returned to CCP via Form 3210.
- Paid IRC 4081(e) claims cannot be assessed under IRC 6206. Erroneous IRC 4081(e) claims must be recovered by a civil action brought in the name of the United States under IRC 7405. Refer to IRM 21.4.5.5.5, Overview of Category D Erroneous Refunds, for more information.
- Unpaid IRC 4081(e) claims are generally controlled on MFT 03. Follow the unpaid claims report writing and case processing procedures as discussed in IRM 4.24.8.10.
- Unpaid IRC 4081(e) claims are non-interest bearing and require additional documentation on Form 3198. Refer to IRM 4.24.8.25 for guidance on completing Form 3198 to restrict interest on IRC 4081(e) claims.
- If Form 720 for that tax period is being examined concurrently, any adjustments as a result of that examination will be reflected on the Form 5384 and Form 5385, in addition to the unpaid IRC 4081(e) claim examination results.

4.24.8.19  
(06-13-2024)

## **Overview of Examination Assessment for Claims**

- (1) Generally, taxpayers will be required to pay an assessment before a claim for abatement may be filed. According to IRM 1.2.1.5.31, Policy Statement 4-103, Abatement claims considered only in exceptional circumstances, claims for abatement will be considered only where the taxpayer can establish a valid reason warranting consideration of such a claim. If it is determined that a claim for abatement merits consideration, the taxpayer will be afforded the same opportunities for Appeals Office consideration as they would for a claim for refund.
- (2) If a jeopardy assessment is involved, a taxpayer's written request for administrative review of the decision will be considered immediately. The Appeals Office will provide administrative review. Action to abate all or a part of the tax assessed will be initiated by the function responsible for the final determination, in accordance with IRM 1.2.1.5.27 Policy Statement 4-88, Jeopardy assessments to be used sparingly and assessment to be reasonable in amount.
- (3) Claims for abatement, which do not merit examination will be issued a Letter 924, No Consideration Letter on Abatement Claim - Excise and Employment Taxes. The letter provides an explanation to the taxpayer as to the reason the abatement request was not considered. There are no appeal rights to these requests; however, a claim for refund may be filed after payment of the assessed tax.

4.24.8.20  
(06-13-2024)

## **No Consideration Given to Certain Refund Claims**

- (1) Letter 916-C, Claim Incomplete for Processing; No Consideration, is used for no consideration or rejected claims. Generally, Letter 916-C, is issued by CSTO. Examples of situations for which a Letter 916-C should be issued include when the claim was:
  - Not timely filed
  - Based solely on alleged unconstitutionality of Revenue Acts
  - Based on a return stamped "Waiver of Refund," or there is other evidence in the case file indicating that a refund was waived as a consideration in a settlement by the Department of Justice, the Office of Chief Counsel, etc.
  - Based on an assessment made as a result of the taxpayer entering into an agreement on Form 2504-AD, Excise or Employment Tax Offer of Agreement to Assessment and Collection of Additional Tax and Offer of Acceptance of Overassessment
  - The subject of a final closing agreement under IRC 7121, for the tax liability or specific issues, or the tax liability was compromised under IRC 7122
  - Related to a return that was closed by a final court order unless an exception is allowed by a specific IRC Section
  - Filed without the supporting evidence required by the Code or Regulations
  - Based on issues that were allowed in the previous closing of the case
  - Filed as a claim for refund but is a request for reconsideration of a claim previously disallowed
  - Filed with a service center other than the one with which the return is filed
  - Filed not using a proper claim period

- (2) If a claim is one of the types listed above, CSTO personnel will generally advise the taxpayer that no consideration can be given to the claim.
- (3) If a claimant requests the withdrawal of a claim, a certified notice of a claim disallowance will be issued. Other actions may also need to be taken (i.e., document action, update Master File).

4.24.8.21  
(06-13-2024)

**Claims Received or  
Cases Previously  
Considered by Appeals**

- (1) All claims on cases previously closed by Appeals on Form 2504 or Form 2504-AD will be processed as provided below. If there is a question about the action to be taken, the Appeals office that previously considered the case should be consulted.

**Note:** Appeals uses Form 2504-AD when material mutual concessions are made and in situations when taxpayers request greater finality. Refer to IRM 8.6.4.4, Agreements Forms Secured in Appeals Cases, for additional information.

- (2) If the Appeals officer settled and closed the case using Form 2504-AD, agreement form, do not reopen the case. s.
- (3) If the Appeals officer closed the case using a Form 2504 or Form 2504-E agreement and the claim does not relate to an issue considered during the appeals process, the claim may be processed as though Appeals had not previously acted on the case. However, if the claim relates to an issue considered during the appeals process, retrieve the administrative file and Appeals' closing documents. If the case file does not contain the Appeals Case Memo or Case Activity Record, contact the Appeals Account Resolution (AARS) Team to determine if the missing documents were retained on Appeals Centralized Database System. For more information visit *Independent Office of Appeals AARS*.

**Note:** If the claim clearly falls within the circumstances described in IRM 4.24.8.20, the claim will be processed accordingly and disallowed.

4.24.8.22  
(06-13-2024)

**Erroneous Refunds -  
Suit to Recover**

- (1) Refer to IRM 21.4.5, Erroneous Refunds, for instructions about the recovery of erroneous refunds.
- (2) Written advice should be requested from local Counsel before action is taken to recover an erroneous refund.

4.24.8.23  
(06-13-2024)

**Form 907, Agreement to  
Extend the Time to  
Bring Suit**

- (1) The issuance of a statutory notice of claim disallowance, or the receipt of a signed Form 2297, Waiver of Statutory Notification of Claim Disallowance, starts the two-year period in which the taxpayer can file suit in court for payment of the disallowed claim. IRC 6532 allows for the two-year period.
- (2) Under IRC 6532(a)(2), the period of limitations for filing suit on a disallowed claim may be extended. Carefully consider the need to extend the time for filing suit. The following are examples of satisfactory reasons for extending the time for filing suit under IRC 6532:
  - a. If the disposition of a request for reconsideration of a disallowed claim is contingent on a pending court decision, the taxpayer should be given the opportunity of extending the time to file suit by signing Form 907, Agreement to Extend the Time to Bring Suit.

- b. The IRS has under consideration a change in position requiring the suspension of action in all similar cases.
  - c. To allow sufficient time for the taxpayer to have the case considered in Appeals.
  - d. When an extension will prevent possible inequities to taxpayers (e.g., the taxpayer is entitled to a refund, but additional processing time is needed to issue it prior to the IRC 6532 statute expiring).
- (3) The taxpayer and the IRS may extend the time for filing suit by executing Form 907 as long as the parties execute Form 907 before the two-year period expires. The requested new expiration date should not be a date more than two years from the expiration of the statute.
- (4) Additional Form 907s may be executed by the IRS and the taxpayer to extend the period to file a refund suit under IRC 6532(a)(2) as long as each extension is executed before the tax period previously agreed upon has expired.
- (5) Two original Form 907s must be signed by the taxpayer or by an attorney, agent, trustee or other fiduciary acting on the taxpayer's behalf pursuant to Form 2848, Power of Attorney.

**Note:** Rev. Rul. 76-60 requires the inclusion of special language on Form 2848 to authorize an individual to sign Form 907.

- (6) The examiner must forward the taxpayer's signed Form 907s to the manager. The manager will contact their servicing Tech Services group for assistance in the execution of Form 907.
- (7) After both agreements are signed, Letter 929-A, Transmittal for Signed Form 907, is used to transmit an original signed copy of Form 907 to the taxpayer. Refer to IRM 25.6.22.5.12, Examiner's Responsibility after Receipt of Consent, for additional guidance.

4.24.8.24  
(06-13-2024)  
**Request for  
Reconsideration of  
Previously Disallowed  
Claims**

- (1) Reconsideration of a claim previously disallowed in full or in part may be granted upon submission of additional information. The request must be received prior to the expiration of the SOL for bringing suit and the information submitted must warrant consideration. If the additional facts submitted warrant reopening of the claim, the claim will be reopened, and appropriate adjustments will be made.
- (2) An agreement to extend the SOL under IRC 6532(a)(2) should be considered for reconsideration requests forwarded to a field group. Refer to IRM 4.24.8.23 for more information.
- (3) IRM 1.2.1.5.22, Policy Statement 4-76, Disallowed claims may be reconsidered on the merits, states that claims previously disallowed by Examination may be reconsidered in appropriate cases upon application of the claimant, unless insufficient time remains within the statutory period for filing suit to permit reconsideration. If it is determined that a reconsideration should be disallowed, in full or in part, the claimant will be granted the same opportunities for consideration by Appeals as would be appropriate in the case of an original claim being initially considered.



- (4) A reconsideration must be completed within the two-year period for bringing suit (including extensions). IRC 6514(a) states that a refund of any portion of any internal revenue tax (or any interest, additional amount, addition to the tax, or assessable penalty) shall be considered erroneous and a credit of any such portion shall be considered void if the refund or credit was made after the time for filing suit has expired (unless the taxpayer has timely filed suit). See IRM 4.10.11.2.16.1.1, IRC 6532 Two-Year Period to File Refund Suit – Consideration and Examiner’s Responsibilities, for additional information on the IRC 6532 two-year period to file refund suit.
- (5) Letter 917, Reply to Taxpayers Request for Reconsideration of Claim, (with applicable box checked) will be issued to notify the taxpayer that no action can be taken on their request for claim reconsideration if:
  - a. Such request was filed after expiration of the statutory period for instituting suit.
  - b. Less than 60 days remain on the statutory period to institute suit and the taxpayer refuses to extend the time to bring suit.
  - c. The request meets the criteria outlined in IRM 4.24.8.20.
- (6) When a Letter 917 is issued, a copy will be placed in the case file and the case closed to CCP with no changes to the previous determination. This letter is not considered a certified notice of claim disallowance.
- (7) There is no provision in the IRC or Regulations requiring the issuance of a certified notice of denial or claim disallowance of a request for reconsideration. Therefore, requests for reconsideration of a disallowed claim will not be treated as an original claim.
- (8) Examiner responses or reports on requests for reconsideration of disallowed claims must not contain any language that could lead the claimant to believe the claimant will be issued a certified notice of claim disallowance.
- (9) If the request for reconsideration concerns a claim previously considered and disallowed in full or in part by Appeals, the claim will be associated with the original case file and forwarded promptly to Appeals as long as there is at least six months on the SOL for instituting suit. If the SOL for instituting suit on the disallowed claim will expire in less than six months, the case will not be referred to Appeals unless that office agrees to accept jurisdiction or a Form 907 is secured. Refer to IRM 4.24.8.23 for more detailed guidance.
- (10) If it is determined that a request for reconsideration should be disallowed, in full or in part, the claimant will have the same Appeal rights as a disallowed claim, but only with respect to the additional information provided.
- (11) If a request for reconsideration is based on a claim that was originally issued a “no consideration,” Letter 917 (with applicable box checked) should be issued to the claimant denying the request and referring to the previous “no consideration” letter. In this situation, the claimant will not have the right of appeal.
- (12) If disposition of a reconsideration request is contingent upon a pending court decision, IRC 6532(a)(2) provides the taxpayer the opportunity to extend the time to bring suit by signing Form 907. Refer to IRM 4.24.8.23 for additional information.



4.24.8.24.1  
(06-13-2024)

**Report Writing and Case Processing Procedures - Reconsideration of Previously Disallowed Claims**

- (1) For claims that are allowed in full or partially allowed, examiners must follow corrected report writing procedures in IRM 4.10.8.13, Corrected Reports, in addition to the procedures in this subsection.
- (2) For claims that are allowed in full, examiners must follow regular report writing procedures in IRM 4.24.8.10.2 with the following exceptions:
  - On Form 5384, include the following language in the “Other information” section: “On (date) you requested an audit reconsideration of disputed issues for (tax period). As a result of our review of the information provided, the issues were allowed in full as shown in this report.”
  - Letter 6219 is used to transmit the corrected report to the taxpayer.
- (3) For claims that are partially allowed, examiners must follow regular report writing procedures outlined in IRM 4.24.8.10.1 with the following exceptions:
  - On Form 5385, include the following language in the “Other information” section: “On (date) you requested an audit reconsideration of disputed issues for (tax period). As a result of our review of the information provided, the issues were allowed in part as shown in this report.”
  - Letter 953, Claim for Refund Reconsideration - Partial/Full Disallowance, is the 30-day letter used to transmit the corrected report to the taxpayer. Examiners will prepare the letter, insert their information in the contact section, and select the appropriate claim disposition type from the drop-down box. The manager must sign the letter.
- (4) For claims that are disallowed in full, no report is issued to the taxpayer. However, Letter 953 is the 30-day letter used to transmit the determination to the taxpayer. Examiners will prepare the letter, insert their information in the contact section, and select the appropriate claim disposition type from the drop-down box. The manager must sign the letter.
- (5) Form 2297 should not be issued for reconsiderations of previously disallowed claims since a certified notice of claim disallowance is not applicable.
- (6) Agreed cases will be closed to CCP, since a second statutory notice of claim disallowance letter will not be issued.
- (7) Examiners should follow case closing procedures for completing Form 5344, Examination Closing Record, as outlined in IRM 4.38.1.7.3.5.8.3, Reclosing Instructions.
- (8) Examiners should complete Form 3198 for agreed cases using regular case closing procedures in IRM 4.24.8.10 with the following exceptions:
  - Check the box for “Other Instructions” in the “Special Features” section and include the statement “Unpaid claim, pay (IRS No. or CRN) and (\$ amount).”
  - Do not check the box for “Statutory Notice of Claim Disallowance – Letters 905 and 906.”
  - In the Letter Instructions for CCP section, check the box “No letter required to be sent by CCP,” since closing letters on audit reconsideration cases are generally not issued.
- (9) Unagreed cases will be closed to Appeals using regular case closing procedures in IRM 4.24.8.12.

4.24.8.25  
(06-13-2024)

### Restricted Interest

- (1) Interest is paid on an overassessment or overpayment under IRC 6611 for the time the government has the taxpayer's money. In most instances, the period of time for which interest is paid to the taxpayer begins on the due date of the return. Interest may be limited to specific time periods or rates, or it may be statutorily prohibited, which gives rise to the term "restricted interest." Restricted interest is subject to the same variables (time, rate, amount) as normal interest calculated by the IRS.
- (2) The primary difference between normal and restricted interest is the IRS computer systems may NOT be able to identify all the conditions involved in a restricted interest situation. When IRS computer systems are incapable of calculating interest, it must be manually computed and input.
- (3) The IRC contains provisions by which interest is either restricted or prohibited. Refer to IRM Exhibit 20.2.1-1, Provisions Restricting Interest, for a list of provisions restricting and prohibiting interest on excise taxes.

**Note:** The controlling code, regulations and notices should be reviewed for each type of excise claim to determine whether interest is allowable.

- (4) Claims by registered ultimate vendors or registered credit card issuers of undyed diesel fuel, undyed kerosene, gasoline, aviation gasoline, and kerosene used in aviation are paid with interest if the refund is not issued within 45 days of receipt (20 days for electronic claims). Master File does not recognize the special interest rules that apply when electronic claims are processed between 20 and 45 days of receipt. Therefore, a manual computation of interest is required.
- (5) Claims for the biodiesel mixture credit, renewable diesel mixture credit, sustainable aviation fuel credit, and the alternative fuel credit are paid with interest, if the refund is not issued within 45 days of receipt (20 days for electronic claims).
- (6) Examiners must ensure case processing documents are completed correctly to ensure interest is not paid, or it is paid only for specific time periods. If the claim is non-interest bearing, or if interest is restricted, Form 3198 must be completed as follows:

Page	Section	Action
1	Special Features	Check box, "Restricted Interest applies to yr"
1	Special Features	Check box, "Other Instructions" Enter the following comments: <ul style="list-style-type: none"> <li>• SEE PAGE 2</li> <li>• Applies to tax period(s) XXXX</li> </ul> <b>Note:</b> If additional space is needed, note attachment for multiple tax periods.

Page	Section	Action
2	Special/Restricted Interest Features	<p>Check box, “Other Code Sections” and enter the following comments:</p> <ul style="list-style-type: none"> <li>• Restricted Interest IRC XXXX</li> <li>• Applies to Tax Periods XXXX (Include attachment, if needed)</li> <li>• State the restriction, e.g., “No Interest Allowable on (enter claim type e.g., end user) Claim”</li> <li>• Enter Claim Received Date</li> <li>• Enter Claim Amount subject to Restricted Interest</li> </ul> <p><b>Note:</b> If additional space is needed in the “Letter Instructions for CCP” section, check the box “Other Instructions” and continue comments.</p>
2	Letter Instructions for CCP	<p>Check box, “Other Instructions” and enter the claim received date.</p> <p><b>Note:</b> This needs to be completed on all claims that are totally or partially allowed, even if restricted interest does not apply.</p>

- (7) If the unpaid claim is being examined on MFT 40 and it is non-interest bearing, or if interest is restricted, additional documentation is required on Form 5344 for claims that are partially allowed or allowed in full. The applicable reason code below must be entered in Item 51:

- 226 – applies to claims where no interest is allowable (e.g., Form 8849 Sch 1).
- 227 – applies to claims subject to a 20-day interest free period.
- 228 – applies to claims subject to a 45-day interest free period.
- 229 – applies to claims subject to a 60-day interest free period.

- (8) Additional interest rules applicable to excise taxes can be found in IRM 20.2.10.4, Excise Taxes.

## 4.24.8.26 (06-13-2024) Claims for Refund of an Overpayment of Tax

- (1) There are events that occur after the tax has been paid that are deemed to be overpayments by the taxpayer; that is, the person that paid the tax to the government.
- (2) There are also events that occur after tax has been paid that are deemed to be overpayments by someone other than the person that paid the tax to the government.
- (3) This subsection discusses certain claims for refund that are overpayments of tax by the taxpayer and overpayments of tax by someone other than the person that paid the tax to the government.

4.24.8.26.1  
(06-13-2024)

**Claims for Refund of an Overpayment of Tax on Communications and Air Transportation Taxes**

- (1) Additional care is needed when examining issues related to collected taxes under IRC 4251, IRC 4261, and IRC 4271. For taxes under these statutes, the taxpayer is the person making the payment for the tax. The collector is the person receiving the payment and remitting payment to the IRS.
- (2) For certain frequent flier mile claims, the person who paid the tax may file a claim on Form 8849, *Schedule 6*.
- (3) IRC 6415 provides refund and credit authority for claims filed by the collector for overpayment of tax imposed by IRC sections 4251, 4261, or 4271. The collector may only claim a refund if it has repaid the tax to the person from whom it was collected or obtained the consent of that person to the allowance of the refund.
- (4) Collectors using the regular method for deposits must use Form 720-X to request a credit or refund. Collectors using the alternative method for deposits must adjust their separate accounts for the credit or refund.

4.24.8.26.2  
(06-13-2024)

**Claims for Refund of an Overpayment of Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer**

- (1) There are various reasons a taxpayer may submit a claim for refund of an overpayment of the foreign insurance excise tax imposed under IRC 4371 (the "FET") on insurance policies issued by a foreign insurer or reinsurer. This subsection will discuss two instances of claims for refund of the FET imposed on insurers or reinsurers:
  - Who are eligible for and properly made an election under IRC 953(d) (and upon approval, a "953(d) election") to be treated as a domestic corporation, or
  - Who are resident in foreign countries with treaty exemptions.
- (2) A claim for refund of an overpayment of the FET may also be filed when it includes an election under IRC 953(c)(3)(C) by an eligible foreign insurance company to treat related person insurance income as income effectively connected with the conduct of a trade or business in the United States (**ECI**). IRC 4373(1) exempts from the FET any ECI unless such ECI is exempt from the application of IRC 882(a) pursuant to a treaty obligation of the United States. This exemption is not discussed further in this section.
- (3) Refund claims are made by the claimant on Form 720-X or Form 8849, *Schedule 6*.
- (4) A foreign insurance company must satisfy the requirements under IRC 953(d)(1) to be eligible to make a 953(d) election. Pursuant to a 953(d) election, an eligible foreign insurance company is treated as a domestic corporation for U.S. tax purposes. The income of such foreign insurance company, including premium payments, is treated as the income of a domestic corporation. As a result, a foreign insurance company that has in place a 953(d) election will not be subject to the FET.

**Note:** Any entity which claims exemption from the FET due to a 953(d) election must have a copy of the approval statement issued by the IRS in its records as evidence to support that exemption.

- (5) Under treaties between the United States and certain foreign countries the policies issued by an insurer or reinsurer that is a resident and eligible for treaty benefits may be exempt from the FET. Each treaty must be researched to determine the validity of the claim.

- (6) The claim must identify the foreign insurer or reinsurer, the treaty country, the taxable period for which the claim is being made, the amount claimed and the name and address and type of person who paid the FET originally, e.g., broker or U.S. insured. Refer to (9) and (10) for more information if the person filing the refund claim is not the same person who originally remitted the FET.

**Note:** If the claim is on behalf of more than one person, the amount claimed with respect to each must be stated separately.

- (7) If the claim for refund is selected for examination, the examiner must secure the following documentary evidence:
- The FET for which a refund is claimed is within the scope of the Taxes Covered article of the U.S. income tax treaty. (Refer to (8) below).
  - The foreign insurer or reinsurer is a resident of the treaty country for the tax period the claim is being made.
  - The foreign insurer or reinsurer meets the Limitation on Benefits article of the applicable treaty.
- (8) If the Taxes Covered article of the relevant treaty permits an exemption only to the extent that the foreign insurer or reinsurer does not reinsure the risks covered by a policy with a person that would not be entitled to an exemption from the FET on such policy (such as the treaty with France), there must be submitted with the claim a statement signed under penalties of perjury for each policy stating:
- The policy number and name and address of the U.S. insured for which the FET refund is claimed.
  - Date the policy was issued.
  - Whether the risks covered by the policy have been reinsured.
  - If so, the name of the reinsurer, the country of residence of such reinsurer, and if a treaty country, whether the reinsurer would qualify for an exemption from the FET under that treaty, and the percentage of the risks reinsured with another foreign insurer.
- (9) Prior to the allowance of a claim under examination, the examiner must confirm that the claim for refund will not be claimed by more than one claimant. If there is uncertainty whether more than one entity will make a request for refund, the person that filed the claim for refund must execute and submit a closing agreement, Form 906, Closing Agreement as to Final Determination Covering Specific Matters. The closing agreement must be executed by the broker, foreign insurer or reinsurer. It must also contain the following statements:
- The broker, foreign insurer or reinsurer consents to the making of the refund to the person filing the claim.
  - The broker, foreign insurer or reinsurer has not and will not file a claim for such amount.
- (10) If the insured is not the person that remitted the FET, and if any amount claimed was added to the premium paid by the insured, the closing agreement must also be executed by the insured.
- (11) If the insured is not the claimant, the following signed statements should appear on Form 906:

- For refunds to a person other than the insured: It is agreed that (Name of broker, foreign insurer or reinsurer) consents to the making of the refund to (Name of person filing a claim), and that (Name of broker, foreign insurer or reinsurer) has not and will not file a claim for refund.
  - For claims filed on behalf of the insured: It is agreed that (Name of Insured) consents to the making of the refund to (Name of person filing a claim) and that (Name of insured) has not and will not file a claim for refund.
- (12) The examiner will submit Form 906, if any, to Tech Services for approval signature, in accordance with IRM 4.8.8.3, Closing Agreements. Field examination is to ensure that the required statement(s) have been signed by the appropriate parties prior to sending Form 906 for approval. It is not necessary to review or audit the claim for refund for accuracy or completeness at the time of signing the Form 906.
- (13) The signed Form 906 should be returned to the examiner for further processing.
- (14) The examiner should evaluate the claim and proceed with an audit or survey, as described earlier in this section.

4.24.8.26.3  
(06-13-2024)

**Claims for Refund of an  
Overpayment of Tax on  
Vaccines Tax**

- (1) For tax-paid vaccines, the tax paid is deemed to be an overpayment by the taxpayer that is, the person that paid the tax to the government, if the vaccine has been:
- Exported as provided under IRC 6416(b)(2)
  - Returned (other than for resale) to the person that paid the tax or destroyed under IRC 4132(b)
- (2) IRC 4132(b) provides for an abatement, credit, or refund if the vaccine is destroyed or returned (other than for resale) to the person who paid the tax.
- (3) The refund claim must be filed within 6 months after the date the vaccine is returned or destroyed. The person who paid the tax must establish that they have repaid or agreed to repay the tax to the ultimate purchaser of the vaccine or has obtained the written consent of such purchaser to the allowance of the credit or refund.
- (4) The rule in IRC 4132(b)(2) applies, as opposed to IRC 6511(a), in determining whether a claim for credit or refund for a returned vaccine is timely. This is the case because IRC 4132(b)(2), a refund rule specifically for vaccines, controls over IRC 6511(a), a general refund provision. See *Bulova Watch Co., Inc. v. U. S.*, 365 U.S. 753, 758 (1961).
- (5) No interest is allowed on these claims.
- (6) For tax-paid vaccines, the tax paid is deemed to be an overpayment by someone other than the person that paid the tax to the government if the vaccine has been:
- a. Exported under IRC 6416(c).
  - b. Used in further manufacture under IRC 6416(b)(3).

- (7) The tax paid with respect to a vaccine is treated as an overpayment by the exporter (shipper) if the person that paid the tax to the government has waived its right to the claim. The proof of export described in *Treas. Reg. 48.4221-3(d)* is required.
- (8) Where tax is paid with respect to a vaccine and the vaccine is sold to a subsequent manufacturer or producer before being used, the tax paid is deemed an overpayment by the subsequent manufacturer or producer if the vaccine is used by the subsequent manufacturer or producer as material in the manufacture or production of, or as a component part of, another taxable vaccine.

4.24.8.26.4  
(06-13-2024)

**Claims for Refund on an Overpayment of Tax on Wagering**

- (1) For Form 730, claims for overpayment of wagering tax, refer to IRM 4.24.22.4.4.6, Form 730, Claims, for additional information.
- (2) For Form 11-C, an overpayment of tax under IRC 6401, refer to IRM 4.24.22.4.5.6.9, Form 8849, Schedule 6, Claims Relating to Taxes Reported on Form 11-C, for additional information.



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# Examination Guidance for Excise Claims for Refund or Abatement 4.24.8

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## Exhibit 4.24.8-1 (06-13-2024)

### Claim Types, Filing Methods, and Claim Due Dates

Codes sections applicable to the table below include:

Form and Schedule or Line Items	Time to File	IRC Citation
Annual Form 8849 – Persons not required to file a tax return such as IRC 501(a) exempt organizations, a state or local government or the United States Government	No later than three years following the close of its taxable year for which the claim is made.	<i>Treas. Reg. 48.6421-3(b)(1)(ii)</i> and <i>Treas. Reg. 48.6427-3(b)(1)(ii)</i>
Form 8849, <i>Schedule 1</i> , Nontaxable Use of Fuels	By the last day of the first quarter following the last quarter included in the claim.	IRC 6421(d)(2) and IRC 6427(i)(2)(B)
Form 8849, <i>Schedule 2</i> , Sales by Registered Ultimate Vendors	By the last day of the first quarter following the earliest quarter included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.	IRC 6427(i)(4)(B) and IRC 6416(a)(4)(C)
Form 8849, <i>Schedule 3</i> , Certain Fuel Mixtures and the Alternative Fuel Credit	By the last day of the first quarter following the earliest quarter included in the claim. For example, a calendar-year claimant's claim for an alternative fuel sold or used during June and July must be filed by September 30.	IRC 6426 and IRC 6427(i)(3)(C)
Form 8849, <i>Schedule 5</i> , Section 4081(e) Claims	Generally, within three years from the time the return for the second tax was filed or two years from the time the second tax was paid to the government, whichever is later.	IRC 6511

**Exhibit 4.24.8-1 (Cont. 1) (06-13-2024)****Claim Types, Filing Methods, and Claim Due Dates**

<b>Form and Schedule or Line Items</b>	<b>Time to File</b>	<b>IRC Citation</b>
Form 8849, <i>Schedule 6</i> , Other Claims	Generally, a claim must be filed within three years of the filing of the return to which the claim relates, or two years from when the tax reported on that return was paid. Depends on the claim type. Refer to specific code sections for time to file claim requirements.	<ul style="list-style-type: none"> <li>• Tires - IRC 6011, IRC 6501, IRC 6511, <i>Treas. Reg. 301.6511(a)-1</i>, and Rev. Rul. 60-58</li> <li>• Collected Taxes - IRC 6415(a), and IRC 6415(b)</li> <li>• Diesel-Water Emulsion Blending - IRC 6427(i)(2)(B)</li> <li>• Form 2290, Form 730 and Form 11-C - IRC 6501 and IRC 6511</li> <li>• Vaccine Tax – IRC 6511 and IRC 4132(b)</li> <li>• Superfund taxable chemicals and imported chemical substances – IRC 6511, IRC 4662 and IRC 4671</li> </ul>
Form 8849, <i>Schedule 8</i> , Registered Credit Card Issuers	By the last day of the first quarter following the earliest quarter included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.	IRC 6416(a)(4)(C) and IRC 6427(i)(4)(B)
Form 720, Schedule C (lines 1 – 6)	Form 720 is due by the last day of the month following the end of the quarter. However, a claim may also be made by the last day of the quarter immediately following the last quarter included in the claim on Form 8849.	IRC 6421(d)(2), IRC 6427(i)(2)(B), IRC 6011, IRC 6501, and IRC 6511
Form 720, Schedule C (lines 7 – 11)	Form 720 is due by the last day of the month following the end of the quarter. However, a claim may also be made by the last day of the quarter immediately following the last quarter included in the claim on Form 8849.	IRC 6416(a)(4)(C), IRC 6427(i)(4)(B), IRC 6011, IRC 6501, and IRC 6511

# Examination Guidance for Excise Claims for Refund or Abatement 4.24.8

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## Exhibit 4.24.8-1 (Cont. 2) (06-13-2024)

### Claim Types, Filing Methods, and Claim Due Dates

Form and Schedule or Line Items	Time to File	IRC Citation
Form 720, Schedule C (lines 12 and 13)	IRC 6426 claims against IRC 4081 and IRC 4041 fall under the required filing and amendment requirements of Form 720. Form 720 is due by the last day of the month following the end of the quarter. However, a claim may also be made by the last day of the quarter immediately following the last quarter included in the claim on Form 8849. See Form 8849, Schedule 3, for the time for filing an IRC 6427 claim in excess of IRC 4081 and IRC 4041.	IRC 6426, IRC 6427(i)(3)(C), IRC 6011, IRC 6501, and IRC 6511
Form 720, Schedule C (lines 14a)	Form 720 is due by the last day of the month following the end of the quarter. However, a claim may also be made by the last day of the quarter immediately following the last quarter included in the claim on Form 8849.	IRC 6011, IRC 6501, and IRC 6511
Form 720, Schedule C (lines 14b – 14d)	Form 720 is due by the last day of the month following the end of the quarter. However, a claim may also be made by the last day of the quarter immediately following the last quarter included in the claim on Form 8849.	<ul style="list-style-type: none"> <li>Exported Dyed Diesel/ Kerosene - IRC 6427(i), IRC 6011, IRC 6501, and IRC 6511</li> <li>Diesel-Water Fuel Emulsion - IRC 6427(i), IRC 6011, IRC 6501, and IRC 6511</li> </ul>
Form 720, Schedule C (lines 14e)	Form 720 is due by the last day of the month following the end of the quarter. However, a claim may also be made by the last day of the quarter immediately following the last quarter included in the claim on Form 8849.	IRC 6416(a)(4)(C), IRC 6427(i)(4)(B), IRC 6011, IRC 6501 and IRC 6511
Form 720, Schedule C (lines 14f – 14k)	Generally, the claim must be filed within three years from the time the return was filed or two years from the time the tax was paid, whichever is later.	IRC 4662, IRC 4671, IRC 6416(d), IRC 6011, IRC 6501, and IRC 6511

**Exhibit 4.24.8-1 (Cont. 3) (06-13-2024)****Claim Types, Filing Methods, and Claim Due Dates**

<b>Form and Schedule or Line Items</b>	<b>Time to File</b>	<b>IRC Citation</b>
Form 730, Monthly Tax Return for Wagers (line 5)	Generally, the claim must be filed within three years from the time the return was filed or two years from the time the tax was paid, whichever is later.	IRC 6419, IRC 6501, and IRC 6511
Form 2290, Heavy Highway Vehicle Use Tax Return (line 5)	Generally, a claim must be filed within three years of the filing of the return to which the claim relates, or two years from when the tax reported on that return was paid.	IRC 6402, IRC 6501 and IRC 6511
Form 4136, Credit for Federal Tax Paid of Fuels	Required filing date of the applicable income tax return	IRC 6420(b), IRC 6421(d)(1), IRC 6427(i)(1), IRC 6501, and IRC 6511

# Examination Guidance for Excise Claims for Refund or Abatement 4.24.8

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## Exhibit 4.24.8-2 (06-13-2024)

### Unpaid Claims – Letters

(1) The following preliminary and final/closing letters are used in unpaid claim cases:

Letter	Purpose in Unpaid Claim Examinations	Instructions and Other Information
Letter 6219, Excise Claim Allowed in Full Report – Transmittal	Transmittal letter used to issue a preliminary examination report for an unpaid claim allowed in full.	Issued and signed by the examiner.
Letter 570-X, Examination Report (Claim Allowed in Full)	Closing letter used to notify the taxpayer of the final findings of the examination and is used when an unpaid claim is allowed in full.	Prepared by the examiner with examiner contact information in the contact section. Signed by the manager on behalf of the Chief, Estate & Gift/Excise Tax Exam. Dated and mailed by the group upon case closure.
Letter 569-X, Claim Disallowance Letter	Transmittal letter used to issue a preliminary full or partial claim disallowance. This is a 30-day letter offering taxpayers the opportunity to appeal the findings of the examination.	Prepared by the examiner with examiner contact information in the contact section. Signed by the group manager.
Letter 4121-X, Letter to Transmit Expected Agreed Examination Report	Transmittal letter used to issue a preliminary examination report for an increase to an unpaid claim when the taxpayer indicated probable agreement.	Issued and signed by the examiner.
Letter 905, Final Partial Claim Disallowance	Statutory notice of claim disallowance letter provides the taxpayer legal notice their claim for refund has been partially disallowed, informs them the examination is closed, and explains how to bring refund suit.	Tech Services will prepare, sign, date, and mail Letter 905.
Letter 906, Final Full Claim Disallowance	Statutory notice of claim disallowance letter provides the taxpayer legal notice their claim for refund has been fully disallowed, informs them the examination is closed, and explains how to bring refund suit.	Tech Services will prepare, sign, date, and mail Letter 906.

**Exhibit 4.24.8-3 (06-13-2024)****Paid Claims – Letters**

(1) The following preliminary and final/closing letters are used in paid claim cases:

<b>Letter</b>	<b>Purpose in Paid Claim Examinations</b>	<b>Instructions and Other Information</b>
Letter 3401-E, Excise No Change Report Transmittal	Transmittal letter used to issue a preliminary examination report for a no change to a paid claim.	Issued and signed by the examiner.
Letter 570-X, Examination Report (Claim Allowed in Full)	Closing letter used to notify the taxpayer of the final findings of the examination and is used when no changes were made to a paid claim or there was an increase to a paid claim.	Prepared by the examiner with examiner contact information in the contact section. Signed by the manager on behalf of the Chief, Estate & Gift/Excise Tax Exam. Dated and mailed by the group upon case closure.
Letter 4121-X, Letter to Transmit Expected Agreed Examination Report	Transmittal letter used to issue a preliminary examination report for an adjustment to a paid claim when the taxpayer indicated probable agreement.	Issued and signed by the examiner.
Letter 987-X, Agreed Excise Tax Change	Closing letter used to notify the taxpayer of the final findings of the examination and is used on agreed cases when an adjustment was made to a paid claim.	Prepared by the examiner with examiner contact information in the contact section. Signed by the manager on behalf of the Chief, Estate & Gift/Excise Tax Exam. Dated and mailed by the group upon case closure.
Letter 950-E, 30-Day Letter - Straight Deficiency or Over-Assessment for Excise Tax Examination Cases	Transmittal letter used to issue a preliminary examination report for the following types of cases: <ul style="list-style-type: none"> <li>• Paid claim assessments that do not fall under IRC 6206, and</li> <li>• Paid fuel claim assessments that fall under IRC 6206 with when a case has 445 days or more remaining on the SOL.</li> </ul> This is a 30-day letter offering taxpayers the opportunity to appeal the findings of the examination.	Prepared by the examiner with examiner contact information in the contact section. Signed by the group manager.



**Exhibit 4.24.8-3 (Cont. 1) (06-13-2024)****Paid Claims – Letters**

<b>Letter</b>	<b>Purpose in Paid Claim Examinations</b>	<b>Instructions and Other Information</b>
Letter 6517, Paid Fuel Claim Short Statute Assessment	Transmittal letter used to issue a preliminary examination report when a paid fuel claim assessment that falls under IRC 6206 has less than 445 days remaining on the SOL. This is a 30-day letter offering taxpayers the opportunity to appeal the findings of the examination.	Prepared by the examiner with examiner contact information in the contact section. Signed by the group manager.

**Exhibit 4.24.8-4 (06-13-2024)****Credit Reference Numbers and Corresponding Abstract Numbers**

<b>CRN</b>	<b>Corresponding Abstract</b>	<b>CRN Description</b>
303	105,107, or 119	Dyed diesel fuel, dyed kerosene, or other exempt removals 4081(e)
304	109	Taxable Bias Ply or Super Single Tires (Other than Super Single Tires Designed for Steering)
305	113	Taxable Tires, Super Single Tires Designed for Steering
306	104	Diesel Water-Fuel Emulsion Exports
307	60	Renewable Diesel Mixtures
308	110	Fishing Rods and Fishing Poles
309	104	Diesel Water-Fuel Emulsion 4081(e)
310	60	Diesel Water-Fuel Emulsion Blending
317	17	Imported Chemical Substances
322	22	Telephone
324	14	Other Nontaxable Use of Aviation Gasoline; Sales by Registered Ultimate Vendors of Aviation Gasoline for Use by a Non-Profit Educational Organization or for Use by a State or Local Government; 4081(e) claims of Aviation Gasoline
326	26	Transportation of Persons by Air
327	27	Use of International Air Travel Facilities
328	28	Transportation of Property by Air
329	29	Ship Passenger Tax - Transportation by Water
340	40	Gas Guzzler Automobiles
341	41	Sport Fishing Equipment
342	42	Electric Outboard Motors
344	44	Bows, Quivers, Broadheads and Points
345	20	Ozone-depleting Chemicals (Floor Stocks)
346	35	Nontaxable Use of Kerosene or Use on a Farm for Farming Purposes; Nontaxable Use of Kerosene Used in Aviation Taxed at \$.0244; Sales by Registered Ultimate Vendors of Undyed Kerosene for Use by a State or Local Government or Sales from a Blocked Pump; Sales by Registered Ultimate Vendors of Kerosene for Use in Aviation Other Nontaxable Use (Other than use by a State or Local Government) Taxed at \$.0244; 4081(e) Claims of Kerosene
347	35	Nontaxable Use of Undyed Kerosene in Certain Intercity and Local Buses; Sales by Registered Ultimate Vendors of Undyed Kerosene for Use in Certain Intercity and Local Buses

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## Exhibit 4.24.8-4 (Cont. 1) (06-13-2024)

### Credit Reference Numbers and Corresponding Abstract Numbers

CRN	Corresponding Abstract	CRN Description
349	19	ODC Tax on Imported Products
350	60	Nontaxable Use of Undyed Diesel Fuel for Use in Certain Intercity and Local Buses; Sales by Registered Ultimate Vendors of Undyed Diesel Fuel for Use in Certain Intercity and Local Buses
351	51	Section 40 Fuels
353	60	Nontaxable Use of Undyed Diesel Fuel in Trains
354	14	Nontaxable Use of Aviation Gasoline in Commercial Aviation (Other than Foreign Trade)
355	69	Nontaxable Use of Kerosene in Commercial Aviation (Other than Foreign Trade) Taxed at \$0.219; Sales by Registered Ultimate Vendors of Kerosene for Use in Commercial Aviation (Other than Foreign Trade) Taxed at \$0.219
360	60	Nontaxable Use of Undyed Diesel Fuel or for Use on a Farm; Sales by Registered Ultimate Vendors of Undyed Diesel Fuel for Use by a State or Local Government; 4081(e) Claims of Diesel Fuel
362	62	Nontaxable Use of Gasoline; Sales by Registered Ultimate Vendors of Gasoline for Use by a Non-Profit Educational Organization or for Use by a State or Local Government; 4081(e) Claims of Gasoline
364	64	Inland Waterways Fuel Use
365	196	Form 2290
366	33	Section 4051(d) Tire Credit (Tax Reported on IRS No. 33)
367	197	Form 11C
368	198	Form 730
369	69	Nontaxable Use of Undyed Kerosene Taxed at \$0.219; Nontaxable Use (Other than Use by State or Local Government) of Kerosene Used in Aviation Taxed at \$0.219; Sales by an ultimate vendor of aviation fuel other nontaxable use taxed at \$0.219; 4081(e)
377	77	Nontaxable Use of Undyed Kerosene Taxed at \$0.044
379	79	Other Fuels
380	30	Foreign Insurance
381	31	Obligations Not in Registered Form
382	36	Coal - Underground Mined per Ton
383	33	Truck, Trailer and Semi-Trailer Chassis and Bodies and Tractors
384	37	Coal - Underground Mined % of Sales Price

**Exhibit 4.24.8-4 (Cont. 2) (06-13-2024)****Credit Reference Numbers and Corresponding Abstract Numbers**

<b>CRN</b>	<b>Corresponding Abstract</b>	<b>CRN Description</b>
385	38	Coal - Surface Mined per Ton
386	39	Coal - Surface Mined % of Sales Price
387	114	Fishing Tackle Boxes
388	60	Biodiesel Mixtures (Other than Agri-Biodiesel)
389	106	Arrow Shafts
390	60	Agri-Biodiesel Mixtures
396	108	Taxable Tires Other than Bias Ply or Super Single Tires
397	97	Vaccines
398	98	Ozone-Depleting Chemicals
411	62	Exported Gasoline
412	14	Exported Aviation Gasoline
413	60	Exported Undyed Diesel Fuel
414	35	Exported Undyed Kerosene
415	105	Exported Dyed Diesel Fuel and Exported Gasoline Blendstocks Taxed at \$0.001
416	107	Exported Dyed Kerosene
417	35	Sales of Kerosene Used in Commercial Aviation (Other than Foreign Trade) Taxed at \$0.244; Sales by Registered Ultimate Vendors of Kerosene Used in Commercial Aviation (Other than Foreign Trade) Taxed at \$0.244
418	69	Sales by Registered Ultimate Vendors of Kerosene Nonexempt Use in Noncommercial Aviation
419	112	Nontaxable Use of Alternative Fuels - Liquefied Petroleum Gas (LPG)
420	118	Nontaxable Use of Alternative Fuels "P" Series Fuels
421	120	Nontaxable Use of Alternative Fuels - Compressed Natural Gas
422	121	Nontaxable Use of Alternative Fuels - Liquefied Hydrogen
423	122	Nontaxable Use of Alternative Fuels - Any Liquid Fuel Derived from Coal (including Peat) through the Fischer-Tropsch Process
424	123	Nontaxable Use of Alternative Fuels - Liquid Fuel Derived from Biomass
425	124	Nontaxable Use of Alternative Fuels - Liquefied Natural Gas (LNG)
426	112	Alternative Fuel (Mixture) Credit - Liquefied Petroleum Gas (LPG)
427	118	Alternative Fuel (Mixture) Credit "P" Series fuels

# Examination Guidance for Excise Claims for Refund or Abatement 4.24.8

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## Exhibit 4.24.8-4 (Cont. 3) (06-13-2024)

### Credit Reference Numbers and Corresponding Abstract Numbers

CRN	Corresponding Abstract	CRN Description
428	120	Alternative Fuel (Mixture) Credit Compressed Natural Gas
429	121	Alternative Fuel (Mixture) Credit Liquefied Hydrogen
430	122	Alternative Fuel (Mixture) Credit Any Fuel Derived from Coal (including peat) through the Fischer-Tropsch process
431	123	Alternative Fuel (Mixture) Credit Liquid Fuel Derived from Biomass
432	124	Alternative Fuel (Mixture) Credit Liquefied Natural Gas (LNG)
433	111	Nontaxable Use of Aviation Gasoline LUST on Aviation Fuels Used in Foreign Trade; Sales by Registered Ultimate Vendors of Aviation Gasoline LUST on Aviation Fuels Used in Foreign Trade
434	125	LUST Tax on Inland Waterways Fuel Use
435	79	Nontaxable Use of Alternative Fuels - Liquefied Gas Derived from Biomass
436	79	Alternative Fuel (Mixture) Credit - Liquefied Gas Derived from Biomass
437	79	Alternative Fuel (Mixture) Credit Compressed Gas Derived from Biomass
439	133	PCORI
440	35	Sustainable Aviation Fuel Credit
441	150	Excise Tax on Repurchase of Corporate Stock
442	142	Designated Drugs During Noncompliance Periods
454	54	Chemicals (other than ODCs)

**Exhibit 4.24.8-5 (06-13-2024)****Terms and Acronyms**

Below are definitions for terms frequently used throughout this section:

<b>Word</b>	<b>Definition</b>
IRS No.	Excise taxes are identified by a specific IRS No. (also known as an abstract) on Form 720 and in IRS account records.
AMDISA	IDRS command code used to display examination controls from the AIMS database.
BMFOLA	IDRS command code used to display Business Master File (BMF) return adjustment transactions including trans code, posted date, amount, cycle, DLN, codes and other dates.
Credit Reference Number (CRN)	The IRS reference number that identifies the type of tax credited, refunded, or claimed.
Form 720	Form 720, Quarterly Federal Excise Tax Return, is used to report federal excise tax liability by IRS No. listed on the form.
Form 720, Schedule C	Form 720, Schedule C, is used to claim a credit if the taxpayer reports a liability on Form 720, Part I or II.
Form 720-X	Form 720-X, Amended Quarterly Federal Excise Tax Return, is used to make adjustments (increases or decreases) to tax liability previously reported on a Form 720 or credits previously reported on Form 720, Schedule C.
Form 720-X, Line 1	Form 720-X, Adjustments to Liability Reported on Previously Filed Forms 720, Line 1, is used to make adjustments to a previously filed Form 720 (IRS No.).
Form 720-X, Line 2	Form 720-X, Adjustments to Form 720, Schedule C, Line 2, is used to make changes to claims filed on Form 720, Schedule C for IRC 4051(d) tire credit and IRC 6426 credits (CRN).
Form 2290	Form 2290, Heavy Highway Vehicle Use Tax Return, is used to determine tax due on highway vehicles used during the period with a taxable gross weight of 55,000 pounds or more.
Form 8849	Form 8849, Claim for Refund of Excise Taxes, is used to claim a refund for excise taxes.
Form 637	Form 637, Application for Registration (For Certain Excise Tax Activities), is used to apply for excise tax registration activities under IRC sections 4101, 4222, 4662, and 4682.

**Exhibit 4.24.8-5 (Cont. 1) (06-13-2024)****Terms and Acronyms**

<b>Word</b>	<b>Definition</b>
TXMODA	IDRS command code used to display all tax module information for a specific tax period.

Below are acronyms and their definitions used throughout this section.

<b>Acronym</b>	<b>Definition</b>
AARS	Appeals Account Resolution Specialist
AIMS	Audit Information Management System
CCP	Centralized Case Processing
CRN	Credit Reference Number
CSTO	Centralized Specialty Tax Operations
ERCS	Examination Returns Control System
IDRS	Information Document Retrieval System
IMS	Issue Management System
MFT	Master File Tax
RPC	Revenue Protection Code
SOL	Statute of Limitation
SFR	Substitute for Return
TC	Transaction Code
WSD	Excise Workload Selection and Delivery



