



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

25.25.7

AUGUST 11, 2025

EFFECTIVE DATE

(11-07-2025)

PURPOSE

- (1) This transmits an revised IRM 25.25.7, Revenue Protection, Automated Questionable Credit Program.

MATERIAL CHANGES

- (1) IRM 25.25.7.1.5 - Adding Program Control subsection.
- (2) IRM 25.25.7.2(2) issued 04-23-2025 - Adding procedures for 971 AC 122 MISC 7W and 7W1. IPU 25U0465
- (3) IRM 25.25.7.2(3) issued 04-23-2025 - Adding AQC inventories types 7Z (1-6). IPU 25U0465
- (4) IRM 25.25.7.2.1 issued 04-23-2025 - Updating procedures when working taxpayer responses. IPU 25U0465
- (5) IRM 25.25.7.2.1 issued 04-23-2025 - Procedural update for income verification. IPU 25U0465
- (6) IRM 25.25.7.2.1 issued 04-23-2025 - Adding AQC inventories 7Z (1-6). IPU 25U0465
- (7) IRM 25.25.7.2.1(1) issued 07-08-2025 - Adding Reminder note to AQC 7Z (1-6) inventory. IPU 25U3467
- (8) IRM 25.25.7.3(1) issued 04-23-2025- Adding Category Code AQC3 IPU 25U0465.
- (9) IRM 25.25.7.3(3) issued 4-23-2025 - Revising RIVO Release Plan procedures. IPU 25U0465
- (10) IRM 25.25.7.3(3) issued 4-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (11) IRM 25.25.7.3(3) issued 4-23-2025 - Adding procedures for STARS dispositions. IPU 25U0465
- (12) IRM 25.25.7.3(4) issued 07-08-2025 - Adding Enterprise File Storage (EFS) to review documents. IPU 25U3467
- (13) IRM 25.25.7.3(7) issued 07-08-2025 - Adding procedures for AQC 7Z (1-6). IPU 25U3467
- (14) IRM 25.25.7.3(8) issued 4-23-2025 - Correcting AQC Letter Paragraphs and Paragraphs Fill In Guide hyperlink. IPU 25U0465
- (15) IRM 25.25.7.3(8) issued 4-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (16) IRM 25.25.7.3.1(4) issued 4-23-2025 - Adding AQC 7Z procedures and AQC6X rejection criteria. IPU 25U0465
- (17) IRM 25.25.7.4(3) issued 04-23-2025 - Adding Letter 474C, Math Error Explained. IPU 25U0465
- (18) IRM 25.25.7.4.3(2) issued 07-08-2025 - Adding procedures for AQC 7Z (1-6) when documentation is received. IPU 25U3467

- (19) IRM 25.25.7.4.2(2) issued 04-23-2025 - Revising RIVO Release Plan procedures. IPU 25U0465
- (20) IRM 25.25.7.4.2(2)(2) issued 04-23-2025 - Adding -L rejection reason criteria. IPU 25U0465
- (21) IRM 25.25.7.4.2(2)(3) - Removing IDS9, no longer worked by IDTVA.
- (22) IRM 25.25.7.4.2(2)(4) issued 04-23-2025 - Adding 474C procedures. IPU 25U0465
- (23) IRM 25.25.7.4.3(2) issued 04-23-2025 - Adding procedures for OARS and no Letter 474C issued. IPU 25U0465
- (24) IRM 25.25.7.4.3(3) issued 04-23-2025 - Adding AQC2 , AQC6X and AQC6XATAO rejection criteria. IPU 25U0465
- (25) IRM 25.25.7.4.3(4) - Added 7W inventory.
- (26) IRM 25.25.7.4.3(4) box 1 issued 07-08-2025 - Adding Exception note for AQC 7Z (1-6) inventories. IPU 25U3467
- (27) IRM 25.25.7.4.3(4)(2) issued 04-23-2025 - Adding procedures for 7Z inventories. IPU 25U0465
- (28) IRM 25.25.7.4.3(4) box 2 issued 07-08-2025- Updating AQC e-4442 procedures when no initial contact letter has been issued. IPU 25U3467
- (29) IRM 25.25.7.4.3(4)(3) issued 4-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (30) IRM 25.25.7.4.3(4) box 3 issued 07-08-2025 - Adding AQC e-4442 procedures when no initial contact letter has been issued. IPU 25U3467
- (31) IRM 25.25.7.4.3(4) box 4 issued 07-08-2025 - Adding a Caution note for AQC inventory types with questionable income and withholding. IPU 25U3467
- (32) IRM 25.25.7.4.5(6) issued 04-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (33) IRM 25.25.7.4.6(5) issued 04-23-2025 - Updating and adding additional income verification procedures to include Letter 6255C, Third Party Contact letter. IPU 25U0465
- (34) IRM 25.25.7.4.6(5) issued 07-08-2025 - Clarifying procedures for questionable wages and withholding inventories and updating inventory controls. IPU 25U3467
- (35) IRM 25.25.7.4.6(6) issued 04-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (36) IRM 25.25.7.4.6(6) issued 04-23-2025 - Clarifying procedures for Full Year Prisoner FS2 returns. IPU 25U0465
- (37) IRM 25.25.7.4.6(6) issued 04-23-2025 - Adding Third Party Contact procedures. IPU 25U0465
- (38) IRM 25.25.7.4.7(2) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (39) IRM 25.25.7.4.7(3) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (40) IRM 25.25.7.4.8 issued 04-23-2025 - New section that contains procedures for handling Letter 474C, Math Error Explained (IMF), Taxpayer Responses. IPU 25U0465

- (41) IRM 25.25.7.5(3)(1) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (42) IRM 25.25.7.5(3)(2) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (43) IRM 25.25.7.5(3)(3) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (44) IRM 25.25.7.6(2) issued 07-08-2025 - Updating Negative Deficiency definition. IPU 25U3467
- (45) IRM 25.25.7.6(3) issued 04-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria and link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (46) IRM 25.25.7.6(3) issued 07-08-2025 - Adding procedures for AQC inventory types with questionable income and withholding. IPU 25U3467
- (47) IRM 25.25.7.7(1) issued 04-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria and link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (48) IRM 25.25.7.8.1(2) issued 04-23-2025 - Removing duplicate sentences. IPU 25U0465
- (49) IRM 25.25.7.8.2 issued 04-23-2025 - Adding additional research procedures for PTC. IPU 25U0465
- (50) IRM 25.25.7.8.3(6) issued 04-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (51) IRM 25.25.7.9 issued 04-23-2025 - Restructured content to improve taxpayer's calling the AQC toll free line. IPU 25U0465
- (52) IRM 25.25.7.9(1) issued 04-23-2025 - Adding Letter 474C as a taxpayer's response. IPU 25U0465
- (53) IRM 25.25.7.9(1) issued 07-08-2025 - Adding Telephone Transfer guide. IPU 25U3467
- (54) IRM 25.25.7.9(2) issued 04-23-2025 - Adding instructions for TAC assistors. IPU 25U0465
- (55) IRM 25.25.7.9(6) issued 04-23-2025 - Adding Category Code AQC3, AQC6X and AQC6ATAO. IPU 25U0465
- (56) IRM 25.25.7.9(7) issued 04-23-2025 - Updated Mail stop to Ogden Service Center. IPU 25U0465
- (57) IRM 25.25.7.9(8) issued 04-23-2025 - Adding procedures to for CSR/TAC to identify AQC correspondence received on the account. IPU 25U0465
- (58) IRM 25.25.7.9(9) issued 04-23-2025 - Adding procedures if taxpayer calls in response to a Letter 6255C, Third Party Notification. IPU 25U0465
- (59) IRM 25.25.7.9(10) issued 04-23-2025 - Adding procedures regarding AQC 7Z(1-6) inventories. IPU 25U0465
- (60) IRM 25.25.7.9(10) issued 04-23-2025 - Updating referral cycle date for AQC AOTC(25-29) inventories. IPU 25U0465
- (61) IRM 25.25.7.9(11) issued 04-23-2025 - Adding procedures for responses to Letter 474C. IPU 25U0465

- (62) IRM 25.25.7.9(12) issued 04-23-2025 - Adding procedures to identify AQC inventory types. IPU 25U0465
- (63) IRM 25.25.7.10(1) issued 04-23-2025 - Adding -E freeze procedures meeting Cross Functional Freeze Cleanup Criteria. IPU 25U0465
- (64) IRM 25.25.7.11(3) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (65) IRM 25.25.7.11(4) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (66) IRM 25.25.7.12(2) issued 04-23-2025 - Adding procedures for duplicate correspondence and link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (67) IRM 25.25.7.13(1)(1) issued 04-23-2025 - Adding link to Exhibit 25.25.7-3 for Definitions Automated Questionable Database. IPU 25U0465
- (68) Exhibit 25.25.7-1 issued 04-23-2025 - Adding restriction around tolerance information. IPU 25U0465
- (69) Exhibit 25.25.7-2 issued 04-23-2025 - Changing title name and adding NR as a return disposition code. IPU 25U0465
- (70) Exhibit 25.25.7-3 issued 04-23-2025 - Adding Case status and definitions to the table. IPU 25U0465
- (71) IRM 25.25.7 issued 07-08-2025 - Various editorial changes throughout the IRM. IPU 25U3467
- (72) IRM 25.25.7 - Updated web addresses and references and corrected capitalization, typos, grammar, ect.

EFFECT ON OTHER DOCUMENTS

IRM 25.25.7, Automated Questionable Credit Program, dated 10/28/2024 is superseded by the additions and changes contained in this IPU. This IRM incorporates IRM Procedural Update (IPU) 25U0465 issued on April 23, 2025 and 25U3467 issued on 07-08-2025.

AUDIENCE

Campus employees in Return Integrity Verification Operations (RIVO), Return Integrity Verification Program Management (RIVPM), Return Integrity and Compliance Services (RICS).

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Taxpayer Services

25.25.7

Automated Questionable Credit Program

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- 25.25.7-1 AQC.net Tool Inventory Reject Criteria
- 25.25.7-2 Automated Questionable Credit (AQC) EFDS/STARS Return Disposition Status Codes
- 25.25.7-3 Definitions for Automated Questionable Credit (AQC) Database

25.25.7.1
(11-07-2025)
Program Scope and Objectives

- (1) **Purpose and Program Goals:** This IRM section provides guidance for Return Integrity Verification Operations (RIVO) employees when verifying individual master file returns for possible false income and withholding where a refundable credit is claimed. Individual master file returns are selected through the Dependent Database (DDB) or through the Return Review Program (RRP) system. These selection processes identify suspicious returns meeting certain criteria for false or inflated wages and/or withholding with a refundable credit claimed on the return.
- (2) **Audience:** The audience intended in this IRM is RIVO employees.
- (3) **Policy Owner:** The Return Integrity Verification Program Management (RIVPM) is the policy owner of this program.
- (4) **Program Owner:** RIVPM is the program office responsible for oversight over this program.
- (5) **Primary Stakeholders:** The primary stakeholders are Return Integrity Verification Operation (RIVO), and organizations such as Accounts Management, that collaborate with RIVO.
- (6) **Program Goals:** Program goals for the program are in the Operation Guidelines as well as IRM 1.4.10, Return Integrity & Verification Operation Managers Guide.
- (7) The Automated Questionable Credit (AQC) program is for certain types of work streams that do not meet the traditional Examination or Accounts Management workload. IDRS letters are issued to taxpayers proposing tax assessments. To be considered for treatment by AQC, cases must meet at least five of the following seven core AQC criteria:
 - A simple case (e.g., single issue case with low response rate and little or no documentation required)
 - Math-Error like conditions (i.e., Is the taxpayer eligible or not? Over the limit?)
 - High confidence in accuracy of data (e.g., low no change rate)
 - Refunds based on Verified False Income and Withholding (FI&W)
 - Refundable credits based on verified false income
 - A pre-refund opportunity to protect revenue
 - Issue generated from information on a return or in combination with 3rd party government data (data matching capabilities)

Note: There may be certain exceptions when the opportunity is post-refund, an example is the Residential Energy Credit.

- (8) All AQC cases will be issued a Letter 4800C, Questionable Credit 30 Day Contact Letter, informing the taxpayers of a proposed deficiency or disallowing a claim for refund or a credit for a subsequent period's estimated tax.

Exception: A Letter 4800C, Questionable Credit 30 Day Contact Letter, will not be issued if the taxpayer was provided guidance on the toll free line and submitted documentation. For more information see IRM 25.25.7.4.

- (9) If the taxpayer does not respond to the Letter 4800C, then after the suspense period, the IRS will send either a Letter 3219C, Statutory Notice of Deficiency, allowing the taxpayer 90 days to petition the Tax Court, or a Letter 105C,

Claim Disallowed, or a Letter 106C, Claim Partially Disallowed, and will make an immediate adjustment reflecting the claim disallowance.

- (10) If the taxpayer does not respond to the Letter 3219C, after the suspense period, the IRS will make an immediate adjustment reflecting the claim disallowance/assessment. No other letter will be sent.

Note: The Letter 3219C will include a paragraph disallowing a claim. This notice of claim disallowance triggers a two-year period for the taxpayer to file suit in a district court or the Court of Federal Claims to contest those disallowed items. If the taxpayer files a petition to the Tax Court to contest the proposed deficiency and wishes to contest all or part of the claim disallowance, the taxpayer may raise the disallowed issues in Tax Court to the extent provided by IRC 6512.

25.25.7.1.1
(09-26-2019)

Background

- (1) Return Integrity Verification Program Management (RIVPM) strengthens the integrity of the tax system by:
- Protecting the public interest by improving IRS's ability to detect and prevent improper refunds
 - Serving the public interest by taking actions fairly and correctly identify, evaluate and prevent the issuance of improper refunds
 - Helping taxpayers understand the refundable tax credits for which they are eligible

25.25.7.1.2
(08-11-2025)

Authority

- (1) Refer to the following:
- IRM 1.2.2, Servicewide Policies and Authorities, Servicewide Delegations of Authority.
 - IRM 1.1.13, Taxpayer Services
 - Various Internal Revenue Codes (IRC) including but not limited to:
 - IRC 6402(a), Authority to make credits or refunds.
 - IRC 6401, Amounts treated as overpayments.
 - IRC 6404, Abatements of tax.
 - IRC 6213, Restrictions on assessments and math error authority.
- (2) Refer to IRC 32(c)(2)(B)(iv) for more information on General Agreement on Tariff and Trades (GATT) rule of disqualifying a prisoner's income earned during incarceration for Earned Income Tax Credit (EITC) and credits which use the EITC definition of earned income.

25.25.7.1.3
(08-11-2025)

Responsibilities

- (1) Return Integrity Verification Program Management (RIVPM) has responsibility for information in this IRM. Information is published in the IRM on a yearly basis.
- (2) The Director of RIVPM is responsible for the policy related to this IRM.
- (3) The Chief of the RIVPM Policy & Analysis is responsible for ensuring this IRM is timely submitted to the Publishing Division each year.
- (4) More information can be found in IRM 1.1.13.4, Return Integrity and Compliance Services (RICS).

25.25.7.1.4
(11-14-2019)
**Program Management
and Review**

- (1) The program has reports to track the inventory, including receipts and closures. More report guidance is found in IRM 1.4.10, Return Integrity & Verification Operation Managers Guide.
- (2) A quality control program, Embedded Quality, is in place to review all processes to ensure accuracy and effectiveness. Goals, measures, and operating guidelines are listed in the yearly Operation Guidelines and in IRM 21.10.1, Embedded Quality (EQ) Program for Accounts Management, Campus Compliance, Field Assistance, Tax Exempt/Government Entities, Return Integrity and Compliance Services (RICS), and Electronic Products and Services Support.

25.25.7.1.5
(08-11-2025)
Program Controls

- (1) Automated Questionable Credit program will administer program controls, including but not limited to, overall program administration, income verification of returns possible false income and withholding where a refundable credit is claimed, reports to track inventory, and a quality control program in place to review all processes, which ensures accuracy and effectiveness. Access to the program information stored on the Share Point site, Electronic Fraud Detection System (EFDS), Electronic, Enterprise Files Storage (EFS) and Account Management Services (AMS) is protected by limiting access to those individuals that manage the program and specified employees.

25.25.7.1.6
(11-12-2021)
Acronyms

- (1) A list of acronyms and the definitions used in this IRM. This list is not all inclusive. For a complete listing of acronyms, please refer to the *Acronym Database*.

Acronym	Definition
AC	Action Code
ACTC	Additional Child Tax Credit
AM	Accounts Management
AMS	Accounts Management Services
AOTC	American Opportunity Tax Credit
AQC	Automated Questionable Credit Program
AQCDB	Automated Questionable Credit Program Database
ASED	Assessment Statute Expiration Date
AUR	Automated Underreporter
BS	Blocking Series
CC	Command Code
CE	Contact Employer
CSR	Customer Service Representative
CTC	Child Tax Credit

Acronym	Definition
DDB	Dependent Database
DLN	Document Locator Number
DUT	Documentation Upload Tool
EFDS	Electronic Fraud Detection System
EITC	Earned Income Tax Credit
FEMA	Federal Emergency Management Agency
FTC	Fuel Tax Credit
GATT	General Agreement on Tariffs and Trade
HC	Hold Code
HSH	Household Help
IA	Installment Agreement
IAT	Integrated Automation Technologies
IDOC	Income Document
IDRS	Integrated Data Retrieval System
IDT	Identity Theft
IMF	Individual Master File
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
ITIN	Individual Taxpayer Identification Number
MeF	Modernized e-file
OAR	Operations Assistance Request
PTC	Premium Tax Credit
PUB	Publication
RC	Reason Code
RICS	Return Integrity & Compliance Services
RIVO	Return Integrity Verification Operations
RIVPM	Return Integrity Verification Program Management

Acronym	Definition
RRC	Recovery Rebate Credit
SERP	Servicewide Electronic Research Project
SNOD	Statutory Notice of Deficiency
SSA_OARS	Social Security Administration Online Reporting System
SSN	Social Security Number
STARS	Scheme Tracking and Referral System
TAS	Taxpayer Advocate Service
TC	Transaction Code
TE	Tax Examiner
TIN	Taxpayer Identification Number
TS	Taxpayer Services
USPS	United States Postal Service
WOW	Withholding Only Work
XSF	Excess Collection File

25.25.7.1.7
(03-04-2021)

Related Resources

- (1) The related resources listed below may be used for account research and issue resolution. These related resources may be accessed through the IRS Intranet-Servicewide Electronic Research Program (SERP) site.

- IRM 25.25, Revenue Protection.
- IRM 25.23, Identity Protection and Victim Assistance.
- IRM 25.13, Taxpayer Correspondence.
- IRM 21, Customer Account Services.
- IRM 2, Information Technology.
- IRM 3, Submission Processing.
- IRM 4, Examining Process.

- (2) IDRS restricted access accounts are accounts where a user must request special permissions to access the account through IDRS. Follow IRM 21.2.1.3.2, Authorized IDRS Access.

- (3) The IRS formally adopted a Taxpayer Bill of Rights in June 2014. In 2015, Congress codified the Taxpayer Bill of Rights into law and charged the Commissioner with ensuring that IRS employees are familiar with and act in accordance with the taxpayer rights as accorded by the Code. See IRC 7803(a)(3), which refers to taxpayer rights afforded by other provisions of the

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IRC. Under these Code provisions, in general, taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS. They are to be spoken to in a way that is easily understood and any correspondence from the IRS must be clear and understandable. They have the right to speak with a supervisor whenever quality service is not received. For more information, refer to IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection; and the Taxpayer Bill of Rights at *IRS.gov*; and Pub 1, Your Rights as a Taxpayer.

25.25.7.2
(04-23-2025)

Automated Questionable Credit (AQC) Inventory Types

- (1) The Automated Questionable Credit Program (AQC) is made up of inventory that does not meet traditional Examination or Account Management treatment streams. The AQC inventory is grouped into types to identify the revenue protection issue that needs to be addressed. AQC inventory is identified with a transaction code (TC) 971 action code (AC) 140 or a TC 971 AC 122 with the MISC field containing the inventory type, or a TC 971 AC 128 with a MISC field "AQCPTC191" or "AQCPTC195" and a TC 810 with a memo amount. For a detailed description of required documentation, see IRM 25.25.7.2.1, AQC Required Documentation.
- (2) AQC Inventory Types fall into one of two categories:
 - Questionable wage and/or withholding - AQC16, AQC17, AQC25, AQC26, AQC6X, AQC02, OCSE18, AQC55, 7N2, 7Q
 - Questionable credits - GATT11, AOTC25 - AOTC29, AQC7F, AQC7T, 7G1, 7G2, 7H1, 7H2, 7H3, 7N, 7R1, 7R2, 7R4, 7Z1-6, PTC191, PTC195.

Note: Accounts containing 971 AC 122 MISC 7W and 7W1 with a subsequent 971 AC 122 MISC with a listed AQC Inventory Type as described below, will be worked in AQC.

- (3) In the table below is the inventory description and AQC Segment Code for each AQC Inventory Type. The inventory types describe below include their sub rules unless otherwise stated (i.e., 7A includes 7A1, 7A2, 7A3, etc.):

Note: If the module contains multiple TC 971 AC 122, work the case based on the AQC Inventory Type of the latest TC 971 AC 122.

Inventory Type	Inventory Description	AQC Segment Code
AQC16	<ul style="list-style-type: none"> • Pre-refund returns where all wages and withholding have been verified bad with refundable credits. <p>Note: The Recovery Rebate Credit (RRC) will be allowed if claimed on these returns. However, if CC TXMODA contains a TC 971 AC 122 MISC DDB Rule 7R Sub-rules 1,2, or 4, the RRC should also be disallowed for a full refund disallowance.</p>	16

Inventory Type	Inventory Description	AQC Segment Code
AQC17	<ul style="list-style-type: none"> Pre-refund returns with partially verified good and partially verified bad wages and/or withholding with refundable credits. These are returns where the refund is only partially disallowed. <p>Note: If CC TXMODA contains a TC 971 AC 122 MISC DDB Rule 7R Sub-rules 1,2, or 4, the RRC should also be disallowed.</p>	17
AQC25	<ul style="list-style-type: none"> Pre-refund returns where all wages and withholding have been verified bad with refundable credits originally meeting Exam criteria, rerouted to AQC based on no other compliance flags. These are returns where the refund could be fully or partially disallowed. <p>Note: If the return claimed the RRC and CC TXMODA does not contain a TC 971 AC 122 MISC DDB Rule 7R Sub-rules 1,2, or 4, the RRC should be allowed as a partial refund.</p>	25
AQC26	<ul style="list-style-type: none"> Pre-refund returns with partially verified good and partially verified bad wages and/or withholding with refundable credits originally meeting Exam criteria, rerouted to AQC based on no other compliance flags. These are returns where the refund is only partially disallowed. <p>Note: If CC TXMODA contains a TC 971 AC 122 MISC DDB Rule 7R Sub-rules 1,2, or 4, the RRC should also be disallowed.</p>	26
AQC6X	<ul style="list-style-type: none"> Pre-refund Form 1040-X, Amended U.S. Individual Income Tax Return, that has been previously adjusted but the wages and/or withholding could not be verified within tolerance by Submission Processing (SP) or Accounts Management (AM) and the account contains prior Return Integrity Verification Operations (RIVO) involvement: including returns with or without refundable credits. These are returns where the refund could be fully or partially disallowed. 	6X
AQC02	<ul style="list-style-type: none"> Pre-refund returns with partially verified good and partially verified bad wages and/or withholding and the return does not contain refundable credits. These are returns where the refund could be fully or partially disallowed. 	02

Inventory Type	Inventory Description	AQC Segment Code
GATT11	<ul style="list-style-type: none"> Pre-refund Prisoner returns with verified wages and withholding, with or without Sch C or HSH income, with refundable credits that are not allowable based on income earned while an inmate at the penal institution, see IRM 25.25.9.4, General Agreement on Tariffs and Trade (GATT) Returns, for more information. <p>Reminder: Full year prisoner claiming Filing Status 2, Married filing joint, and the income is being claimed by both Full year prisoner and non prisoner taxpayer, or income is only being claimed by the non prisoner taxpayer, do not treat as GATT11.</p> <p>Caution: If the taxpayer is claiming the Refundable Child Tax Credit in 2021, include Inventory Type 7G2 required documents in the proposed changes.</p>	11
OCSE18	<ul style="list-style-type: none"> Post-refund returns with a TOP offset that has been recovered (TC 898) through the External Leads program from the Office of Child Support Enforcement (OCSE) with some partially verified good and partially verified bad wages and/or withholding and with refundable credits. These are returns where the refund is only partially disallowed. 	18
AOTC26 AOTC27 AOTC28 AOTC29 AOTC25	<p>Pre-refund returns claiming the American Opportunity Tax Credit (AOTC) that “broke” a Dependent Database (DDB) Rule 7.</p> <ul style="list-style-type: none"> AOTC26 - Claimed Social Security Benefits with withholding and AOTC. AOTC27 - Claimed Social Security Benefits without withholding with AOTC only. AOTC28 - 30+ years old with AOTC only. AOTC29 - High risk preparer with AOTC. AOTC25- Claimed AOTC with no prior Form 1098-T and under the age of 14. 	7A 7B 7C 7D 7E
7F1	<ul style="list-style-type: none"> Pre-refund returns claiming the Additional Child Tax Credit (ACTC) on Form 1040-SS, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico, or Form 1040-PR, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico, (Puerto Rico version), that “broke” the DDB Rule 7. <p>Note: This inventory type will only be for tax years prior to 2021.</p>	7F

Inventory Type	Inventory Description	AQC Segment Code
7G1	<ul style="list-style-type: none"> Post-refund return claiming EITC without a qualifying child, the taxpayer was between the age of 19 - 23 as of December 31, 2021, qualified homeless/former foster youth box on line 27a of Form 1040 is not checked, and 1098-T shows at least a half-time student. <p>Note: This inventory type will only be for tax year 2021 returns.</p>	G1
7G2	<ul style="list-style-type: none"> Pre-refund return for a full year prisoner claiming Refundable Child Tax Credit (RCTC). <p>Note: Command Code (CC) TXMODA identifies these cases with a TC 971 AC 122 MISC DDB Rule 7G2.</p> <p>Note: This inventory type will only be for tax year 2021 returns.</p> <p>Caution: If the taxpayer is claiming Earned Income Tax Credit in 2021, include Inventory Type GATT11 required documents in the proposed changes.</p>	G2
7H1	<ul style="list-style-type: none"> Pre-refund return for non-resident aliens claiming American Opportunity Tax Credit (AOTC). 	H1
7H2	<ul style="list-style-type: none"> Pre-refund return for a bona fide resident of Puerto Rico claiming Earned Income Tax Credit (EITC) or American Opportunity Tax Credit (AOTC). 	H2
7H3	<ul style="list-style-type: none"> Pre-refund return for a bona fide resident of a US Territory or Freely Associated State claiming Earned Income Tax Credit (EITC), Additional Child Tax Credit (ACTC), or American Opportunity Tax Credit (AOTC). 	H3
7N1	<ul style="list-style-type: none"> Pre-refund returns claiming the Additional Child Tax Credit (ACTC) on Form 1040-NR, U.S. Nonresident Alien Income Tax Return, from an ineligible country. 	N1
7N2	<ul style="list-style-type: none"> Pre-refund Form 1040-NR, U.S. Nonresident Alien Income Tax Return, with verified bad wages and/or withholding. 	N2
7Q	<ul style="list-style-type: none"> Pre-refund Form 1040-SS, U.S. Self-Employment Tax Return, or Form 1040-PR, Declaración de Impuestos Federal sobre el Trabajo por Cuenta Propia, with verified bad Social Security, Medicare, and Additional Medicare taxes reported on Part II, line 2, to calculate the Additional Child Tax Credit (ACTC). 	7Q
7R1	<ul style="list-style-type: none"> Pre-refund return for a bona fide resident of Puerto Rico claiming a Recovery Rebate Credit (RRC) that already received the Economic Impact Payment (EIP) paid by the PR Hacienda and is not eligible for the RRC - Broke DDB Rule 7R Sub-rule 1. <p>Note: Command Code (CC) TXMODA identifies these cases with a TC 971 AC 122 MISC DDB Rule 7R1.</p>	R1

Inventory Type	Inventory Description	AQC Segment Code
7R2	<ul style="list-style-type: none"> Pre-refund return for a bona fide resident of one of the Freely Associated States (FAS) of the Republic of Palau, Republic of Marshall Islands or the Federated States of Micronesia claiming an RRC that already received the EIP paid by their Territory and is not eligible for the RRC - Broke DDB Rule 7R Sub-rule 2. <p>Note: Command Code (CC) TXMODA identifies these cases with a TC 971 AC 122 MISC DDB Rule 7R2.</p>	R2
7R4	<ul style="list-style-type: none"> Pre-refund return claiming the RRC and the taxpayer's citizenship is in question - Broke the DDB Rule 7R Sub-rule 4. <p>Note: Command Code (CC) TXMODA identifies these cases with a TC 971 AC 122 MISC DDB Rule 7R4.</p> <p>Note: This inventory type will not be selected for tax year 2021 tax returns.</p> <p>Caution: These cases could also have ACTC and Earned Income Tax Credit (EITC) claimed. If so, they meet AQC7T criteria, and the credits must be included in the proposed changes.</p>	R4
7T1 7T2 7T3	<ul style="list-style-type: none"> Pre-refund returns claiming the Earned Income Tax Credit (EITC) and the taxpayer's (primary or secondary) citizenship is in question, that "broke" the DDB Rule 7. <p>Caution: Tax year 2020 returns could have Recovery Rebate Credit (RRC) claimed. If so, they meet AQC 7R4 criteria, and the credit must be included in the proposed changes.</p>	7T
7T4	<ul style="list-style-type: none"> Pre-refund returns claiming the ACTC and the qualifying child's citizenship is in question, that "broke" the DDB Rule 7. <p>Note: The taxpayer and spouse, if filing jointly, require a valid TIN issued on or before the due date of the return (including extensions). See IRM 21.6.3.4.1.24, Child Tax Credit (CTC), for more information.</p> <p>Caution: Tax year 2020 returns could have Recovery Rebate Credit (RRC) claimed. If so, they meet AQC 7R4 criteria, and the credit must be included in the proposed changes.</p>	7T

Inventory Type	Inventory Description	AQC Segment Code
7Z1 7Z2 7Z3 7Z4 7Z5 7Z6	<ul style="list-style-type: none"> Pre-refund returns for processing year 2024 claiming the IRC 1341 Claim of Right. see IRM 4.19.14.22(1), Claim of Right - IRC 1341, Repayment of Income Previously Reported, Credit. IRC 1341 Credit is claimed on one or both lines of Schedule 3, line 13b or Schedule 3, line 13z with a variation of Claim of Right or IRC 1341 literals in the text. 	7Z
PTC191	<ul style="list-style-type: none"> Pre-refund returns claiming the PTC with verified income below 100% of the Federal Poverty Level and Exchange data shows no record of Advanced Premium Tax Credit received. 	91
PTC195	<ul style="list-style-type: none"> Pre-refund returns claiming the PTC with no record of enrollment in a Qualified Health Plan purchased through an Exchange. 	95
AQC55	<ul style="list-style-type: none"> Pre-refund returns that are Statute Imminent or Statute Expired. 	55
AQCHQ	<ul style="list-style-type: none"> Returns that require special handling referred to AQC for treatment. This inventory type is used only when directed by RIVPM Headquarters analyst. 	HQ

25.25.7.2.1
(07-08-2025)

Automated Questionable Credit (AQC) Required Documentation

- (1) The table below is the required documentation to substantiate the taxpayer's claim for refund. The inventory types describe below include their sub rules unless otherwise stated (i.e., 7A includes 7A1, 7A2, 7A3, etc.) The taxpayer must provide at least one of the listed documents unless otherwise stated:

Reminder: When working correspondence, please refer back to the appropriate IRM to continue working the taxpayers response.

Caution: Copies of a Form W-2, Wage and Tax Statement, are **not** to be used as a substitute for the required documentation below. However, Form W-2 may contain a "work assumed" Social Security Number (SSN) for returns filed using an Individual Taxpayer Identification Number (ITIN) that may assist with research in SSA ORS or CC IRPTR to the verify wages and/or withholding. See IRM 25.25.3.13, Updating Individual Taxpayer Identification Number (ITIN) Income Documents (IDOCs), for further guidance.

Inventory Type(s)	Required Documentation
AQC16 AQC17 AQC25 AQC26 AQC6X AQC02 OCSE18 AQC55	<p>The following documents can substantiate wages and withholding claimed:</p> <p>Reminder: Income documents must be verified per IRM 25.25.7.4.6 Taxpayer Disagreed Response Procedures, to substantiate the refund.</p> <ul style="list-style-type: none"> • Copies of periodic pay statements or check stubs that clearly identify the dates of employment, the gross income received and the withholding. • A letter from the employer, on company letterhead or stationery, showing the dates of employment, the gross amount of wages paid and the withholding. <p>The following documents can only substantiate wages claimed:</p> <ul style="list-style-type: none"> • Bank statements showing payroll deposits that include the taxpayer's name, bank's name and phone number, and a contact person or address of the bank. • Copies of check images from the bank or deposit slips showing payroll deposits that include the taxpayer's name and the bank's name. <p>Caution: For tax year 2020 and 2021, a taxpayer can elect to use their TY 2019 earned income (PYEI) to calculate the EITC or ACTC. See IRM 4.19.14.6.7, Prior Year Earned Income, for more information.</p>
GATT11	<ul style="list-style-type: none"> • Letter from the Prison, parole officer or other government entity showing dates of incarceration. See IRM 25.25.2-6, IDRS COMMAND CODE FTBOL SCREEN, for more information on Prisoner incarceration and release dates. <p>Reminder: An inmate who participates in a work release, halfway house program, or community confinement while incarcerated is still considered to be an inmate at a penal institution. For more information see Pub 596, Earned Income Credit (EIC), and Pub 972, Child Tax Credit and Credit for Other Dependents.</p> <p>Note: Pub 972, Child Tax Credit and Credit for Other Dependents, was discontinued for TY 2021.</p> <p>Note: For tax year 2020 and 2021, a taxpayer can elect to use their TY 2019 earned income (PYEI) to calculate the EITC or ACTC, as long as the PYEI was not earned while incarcerated.</p>

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Inventory Type(s)	Required Documentation
AOTC26 AOTC27 AOTC28 AOTC29 AOTC25	<ul style="list-style-type: none"> • Copy of Form 1098-T, Tuition Statement, if institution completed Box 1. • Proof of payment to the higher education institution, school transcript, etc. See IRM 4.19.15.3.1.1, Education Tax Credits - Evaluating Taxpayer Responses. <p>Note: More documentation of qualified educational expenses should be submitted if the scholarship/grant amount(s) on the Form 1098-T exceed the amount of qualified expenses and/or the amount billed.</p>
AQC7F	<ul style="list-style-type: none"> • Copy of documentation showing the children claimed for the ACTC meet the tests outlined in Pub 501, Dependents, Standard Deduction, and Filing Information, to be a qualifying child or qualifying relative. See IRM 4.19.14.6.5, EITC - Personal Exemptions and Dependents, for examples of possible documentation that can be submitted to substantiate the claim.
7G1	<ul style="list-style-type: none"> • Full year tuition statement, and • A copy of an official school transcript (full calendar year), showing the dates and semester/quarter hours of enrollment. <p>Note: The taxpayer must prove they did not carry at least half the normal full-time workload for a period of 5 months or more. The months do not need to be consecutive and partial months count as full in calculating the 5 month period.</p> <p>Caution: If the Form 1098-T, Tuition Statement, shows the taxpayer was at least a half time student, it cannot be used in lieu of the required documentation.</p>
7G2	<ul style="list-style-type: none"> • Letter from the Prison or government entity showing dates of incarceration were less than 6 months.
7H1	<ul style="list-style-type: none"> • Mortgage or rent documents, tax returns filed with your country of residence, utility bills, a letter from a health care provider, social service agency, placement agency official, landlord or property manager.
7H2	<ul style="list-style-type: none"> • Travel documents or a list of travel dates, mortgage or rent documents, utility bills, school records, and a letter on official letterhead from a health care provider, a social service agency, placement agency official, landlord or property manager.
7H3	<ul style="list-style-type: none"> • Travel documents or a list of travel dates, mortgage or rent documents, utility bills, school records, and a letter on official letterhead from a health care provider, a social service agency, placement agency official, landlord or property manager.

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Inventory Type(s)	Required Documentation
7N1	<ul style="list-style-type: none"> Mortgage or rent documents, tax returns filed with your country of residence, utility bills, a letter from a health care provider, social service agency, placement agency official, landlord or property manager.
7N2	<ul style="list-style-type: none"> Copies of periodic pay statements or check stubs that clearly identify the dates of employment, the gross income received and the withholding. A letter from the employer, on company letterhead or stationery, showing the dates of employment, the gross amount of wages paid and the withholding. Bank statements showing payroll deposits that include the taxpayer's name, bank's name and phone number, and a contact person or address of the bank. Copies of check images from the bank or deposit slips showing payroll deposits that include the taxpayer's name and the bank's name.
7Q	<ul style="list-style-type: none"> Copies of periodic pay statements or check stubs that clearly identify the dates of employment, the gross income received and the withholding. A letter from the employer, on company letterhead or stationery, showing the dates of employment, the gross amount of wages paid and the withholding. <p>Reminder: The credit being reviewed is the Additional Child Tax Credit, not the withholding.</p>
7R1	<ul style="list-style-type: none"> Copy of an unexpired U.S. Driver's License with the taxpayer's name and U.S. address dated on or before 12/31/2020. Copy of medical records showing the taxpayer's name, U.S. address and dated after 12/31/2019 and before 01/01/2021. Copy of U.S. Voters Registration Card showing the taxpayer's name, U.S. address and issued after 12/31/2019 and before 01/01/2021. For U.S. residents members of the U.S. Armed Forces stationed in Puerto Rico only - Documentation showing record of military service or military orders during the year in question. <p>Note: If CC IRPTR shows a branch of the military as the payer (i.e., Defense Finance and Accounting Service (DFAS), U.S. Coast Guard, etc.), allow the claim. No other documents are required.</p>
7R2	<ul style="list-style-type: none"> Copy of an unexpired U.S. Driver's License with the taxpayer's name and U.S. address dated on or before 12/31/2020. Copy of medical records showing the taxpayer's name, U.S. address and dated after 12/31/2019 and before 01/01/2021. Copy of U.S. Voters Registration Card showing the taxpayer's name, U.S. address and issued after 12/31/2019 and before 01/01/2021.

Inventory Type(s)	Required Documentation
7R4	<ul style="list-style-type: none"> A copy of the Social Security cards for the primary and secondary taxpayers, as well as Qualifying Children that does not contain a legend "Not Valid for Employment", or evidence that the card holder became a citizen or permanent resident by the due date of the return, including extensions. See Exhibit 4.19.14-1, Examples of Acceptable Documentation for EITC Claims (not all-inclusive), for acceptable citizenship documents. See Pub 519, page 21, U.S. Tax Guide for Aliens, for other requirements or IRM 4.19.14.16, Recovery Rebate Credit (RRC).
7T1 7T2 7T3	<ul style="list-style-type: none"> A copy of the Social Security card for the primary and secondary, if filing joint, that does not contain the legend "Not Valid for Employment", or evidence that the card holder became a citizen or permanent resident by the due date of the return, including extensions. See Exhibit 4.19.14-1, Examples of Acceptable Documentation for EITC Claims (not all-inclusive), for acceptable citizenship documents. <p>Note: Pub 972, Child Tax Credit and Credit for Other Dependents, was discontinued for TY 2021.</p>
7T4	<ul style="list-style-type: none"> A copy of the Social Security card for the qualifying children listed on Schedule 8812 that does not contain the legend "Not Valid for Employment", or evidence that the qualifying child became a citizen or permanent resident by the due date of the return, including extensions. See Exhibit 4.19.14-1, Examples of Acceptable Documentation for EITC Claims (not all-inclusive), for acceptable citizenship documents.
7Z1 7Z2 7Z3 7Z4 7Z5 7Z6	<ul style="list-style-type: none"> Copies of bills, notices, or similar documents showing the amount(s) required to be repaid. Cancelled checks, money orders, paycheck deductions, or highlighted bank statements showing the repayment(s). Documents showing the income amount(s), type of income and year it was included on a prior year tax return(s)

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Inventory Type(s)	Required Documentation
PTC91 (PTC191)	<ul style="list-style-type: none"> Form 1095-A, Health Insurance Marketplace Statement, showing the Advanced Premium Tax Credit was received. Documentation proving enrollment in the marketplace and premium payments, invoices, or statements from the insurance providers that include the names of those covered by the benefits and dates of coverage, also showing the Advanced Premium Tax Credit was received. <p>Caution: Form 1095-B, Health Coverage, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, are not acceptable documents.</p>
PTC95 (PTC195)	<ul style="list-style-type: none"> Form 1095-A, Health Insurance Marketplace Statement Documentation proving enrollment in the marketplace and premium payments, invoices, or statements from the insurance providers that include the names of those covered by the benefits and dates of coverage. <p>Caution: Form 1095-B, Health Coverage, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, are not acceptable documents.</p>
AQCHQ	<ul style="list-style-type: none"> Various documents, to be specified by RIVPM Headquarters analyst upon assignment.

#25.25.7.3
(07-09-2025)**Automated Questionable
Credit (AQC) Manual
Case Processing**

- (1) Automated Questionable Credit (AQC) cases that cannot be worked systematically through the AQC.net tool are identified with Category Code “AQC2” or “AQC3” and may require a manual letter. AQC Tax Examiners (TEs) will be responsible for researching the account, determining the required documentation for each credit claimed and taking the correct actions based on their research.

Note: If the account has a Category Code “QRPA” and requires a manual letter as stated in IRM 25.25.7.13, Manual Referrals and AQC.net Tool Rejects, update the “QRPA” control base to “AQC2”.

- (2) Review the account for conditions TC 922, -L or -A as outlined in IRM 25.25.7.4.2, Initial Taxpayer Response Processing, if criteria are not met continue with procedures below.
- (3) If any of the following criteria are met, release the refund, no manual letter is required for these cases:

- AQC cases that are part of a RIVO implemented Release Plan, can be identified with a STARS disposition of **WL** and **Surveyed** in the AQC database with the following note: **RELEASE PLAN-DUE TO WORKLOAD.**
- Accounts where the income or withholding are verifiable within tolerance per IRM 25.25.2.3, Command Code (CC) IRPTR Return Verification During the Screening Process, including income with a combination of Schedule C, HSH or K1 income.

Exception: This excludes 7F, 7R, 7T, and GATT inventory types.

- Accounts with **only** Schedule C, HSH or K-1 income.

Exception: This excludes 7F, 7R, 7T, and GATT inventory types.

- Accounts where the changes to income or credits would result in a refund equal to or greater than originally claimed.

Exception: Do not release the refund for cases with an open “ATAO” assigned to an AQC or RIVO TE. Close the “AQC2” control and take no further actions. The TE assigned to the “ATAO” control will resolve the case.

Take the following actions to release the refund:

- Input a TC 290 for .00 with no source document, use RC 085, SC 0 and PC 8 as necessary. Do not input an AMD-CLMS-DT.

Exception: For deceased taxpayer see IRM 25.25.13.10, Manual Refund Criteria for Return Integrity Verification Operations.

- If there is an -E freeze on the module due to TC 810 with a Responsibility Code 3, input TC 811 for zero (.00) with a posting delay code of 2 to release the freeze and issue any remaining refund.

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- For current year returns, “Refile” in EFDS.
- Update the EFDS or STARS disposition to **DL**. Use the appropriate standard note as outlined in Exhibit 25.25.13-1, STARS Delete Reasons.

Reminder: Cases that are disposition in STARS to “WL” should not be updated to “DL”

- Update AQC database , using “SURVEYED” as the closing. Enter zero as the protected dollar amount.
- Close all RIVO control bases .

(4) Review the account for an “AQCA”, “AQCD”, “AQCO”, “AQCI”, or “AQC1” control. If present, review the case documents in Share Point and Enterprise File Storage (EFS) and follow IRM 25.25.7.4 , Taxpayer Responses.

- (5) Research IRS systems to determine if the taxpayer claim can be substantiated. (i.e., the Coverage Data Repository (CDR) or CC IRPOLA verifies the Premium Tax Credit (PTC) amount, IRP/Marketplace). See IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation, to determine the required documentation. If the claim is substantiated follow (3) above to release the refund.
- (6) For statute imminent cases and expired cases, see IRM 25.25.7.11, Automated Questionable Credit (AQC) Statute Imminent / Statute Expired Cases.
- (7) For AQC inventory types 7Z1, 7Z2, 7Z3, 7Z4, 7Z5, and 7Z6 for processing year 2024 will be issued a Letter 474C, Math Error Explained, in a batch process. In limited instances if the batch process has failed, a manual Letter 474C will need to be issued. See *AQC Letters Paragraphs and Paragraphs Fill-ins Guide*, for letter paragraphs.

Exception: If an AQC7Z (1-6) OAR is received and no Letter 474C, has been issued see IRM 25.25.7.4.3, Taxpayer Inquiries via e-Form 4442 or Operation Assistance Requests (OARS), for resolution.

- (8) Use the following table to determine the correct letter to issue:

If	Then
The Letter 4800C, Questionable Credit 30 Day Contact Letter, has been issued	Follow IRM 25.25.7.6, No Response Received to Letter 4800C.
The Letter 4800C, Questionable Credit 30 Day Contact Letter, has not been issued	Follow (8) below.

- (9) Take the following account actions and issue the Letter 4800C, Questionable Credit 30 Day Contact Letter:

Reminder: For AQC Inventory Types and Segment Codes see IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types. For a list of required documentation based on the AQC Inventory Type, see IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. See *AQC Letter Paragraphs and Paragraphs Fill-in Guide*, for appropriate letter paragraphs.

Note: AQC cases are generally pre-refund but can be post refund or balance due. When needed, special instructions are outlined for accounts meeting post-refund or balance due conditions.

- Research the account for a posted or pending 971 AC 122, 128 or 140. If none are present, input a 971 AC 140 with the applicable AQC Segment Code in the MISC field.
- Input a TC 570 if there is not a -E, -R, or -K freeze posted or pending.
- Reverse any offsets as necessary. See IRM 21.4.6.5, Refund Offset Procedures and Injured Spouse Procedures, for more information.

Exception: Do not bring back any offsets for Shared Responsibility Payment or on post-refund cases.

- Research account for -O freeze. Ensure the special paragraph is used in the initial contact letter during the disaster relief period, see *AQC Letters Paragraphs and Paragraphs Fill-ins Guide*. Update the **AQC2** Activity Code with **SCMMDDYYYY**, where “SC” is the AQC Segment Code and MMDDYYYY is the disaster relief end date.

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- Research the AQC Inventory Type and compute the new tax and credit amounts based on the inventory descriptions. Use the AMS worksheets or xMend tool to calculate the proposed changes and create a PDF document. Upload the PDF document to the AQC Share Point.

Note: Do not include an increase to refundable credits in the proposed changes. If the proposed change results in an increase to refundable credits, leave the credit amounts as originally claimed by the taxpayer.

Caution: Do not change the amount of Schedule C, HSH, or K-1 income when computing the proposal amount.

- Determine the required documentation based on the AQC Inventory Type and issue the 4800C with the applicable paragraphs.

Reminder: Include Documentation Upload Tool (DUT) paragraph for all AQC inventory types.

Note: When corresponding on a decedent account, correct name formatting is required. See IRM 21.3.3.4.16.5, Corresponding on a Deceased or Legally Disabled Taxpayer’s Account, and IRM 21.3.3.4.16.6, Deceased Taxpayer Correspondence, Joint Return Filed, for more information.

- Update the “AQC2” control base using the following format:
CXX,SCMMDDYYYY,M,AQC2
*
XX = AQC2 control number
SC = AQC Segment Code
MMDDYYYY= the current date plus 46 calendar days (61 days for outside the U.S.)
- Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit (AQC) Database. .

25.25.7.3.1
(04-23-2025)
**Automated Questionable
Credit (AQC) 6X
Procedures**

- (1) Automated Questionable Credit (AQC) Inventory Type “AQC6X” are Form 1040X, Amended U.S. Individual Income Tax Return, that contain current or prior Return Integrity Verification Operations (RIVO) involvement. These accounts are referred to AQC by Submission Processing (SP) or Accounts Management (AM).
- (2) These accounts can be identified with an open category code “AQC2” assigned to IDRS number 1487877777 and activity code “AQC6X” or “AQC6XATAO.”

Reminder: AQC6X inventory will not contain an -A freeze on the module. If present, reject back to the originator following procedures in the if/then chart below. Do not reject any "PN" adjustments.

(3) Determine if a previous AQC letter has been issued and treat the amended return as a response. For 4800C or 3219C response procedures see IRM 25.25.7.4.2, Initial Taxpayer Response Processing, 105C or 106C response procedures see IRM 21.5.3.4.6.2, Appeals and Responses to Letter 105C and Letter 106C.

(4) Use the following chart for the correct treatment.

Note: The amended return is considered "adjusted" if the AM/SP originator only inputs a TC 290 for .00.

If	Then
<p>AQC 6X and the account has not been adjusted to the amended return</p> <p>or</p> <p>the amended return contains only Schedule C, HSH or K-1 income</p> <p>or</p> <p>there are no RIVO markers present on the account.</p> <p>or</p> <p>Rule 7Z inventory type where the account has been adjusted to the amended return but did not address the IRC 1341 credit.</p>	<ul style="list-style-type: none"> Reject back to the originator by closing the "AQC2" control. Open a new control back to the originator using the following format "C#,1040XRJCT,A,XRET XXXXXXXXXX,*" XXXXXXXXXX= IDRS number of the ACTION-EMP from the "AQC2" control. If rejecting back to AM/SP originator for incorrect adjustment leave AMS notes explaining the reason for the rejection. If the return is in the Scheme Tracking and Referral System (STARS), update to CATG 5 disposition "CL". Ensure all RIVO control bases are closed. Update the AQC database case status , using "rejected" as the closing disposition, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.

If	Then
<p>AQC6X and the account has previous RIVO involvement and the corrected income and withholding claimed on the amended return, verifies within tolerance per IRM 25.25.3.4, Income Verification using Command Code (CC) IRPTR.</p> <p>Note: Math verify the adjusted Earned Income Tax Credit (EITC) and Additional Child Tax Credit (ACTC) are accurate based on the adjustments to income. If the EITC or ACTC are not correct, reject the case back to the AM/SP originator following the box above .</p>	<ul style="list-style-type: none"> • Do not send an initial contact letter. • Input a TC 290 for .00 with no source document, RC "085" and PC "8" to release the refund. Do not input an AMD-CLMS-DT. • Leave AMS notes explaining the reason for the rejection. • If the return is in the Scheme Tracking and Referral System (STARS), update to CATG 5 disposition "DL". Use the appropriate standard note as outlined in Exhibit 25.25.13-1, STARS Delete Reasons. • Ensure all RIVO control bases are closed. • Update the AQC database case status , using "surveyed" as the closing disposition, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.
<p>AQC6X and no previous AQC letters have been issued and the corrected income or withholding claimed on the amended return, does not verify within tolerance per IRM 25.25.3.4, Income Verification using Command Code (CC) IRPTR.</p>	<ul style="list-style-type: none"> • See IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing, to send an initial contact letter.

25.25.7.4
(04-23-2025)
Taxpayer Responses

- (1) The following section will be used to control, process and resolve taxpayer responses or inquiries received in the AQC program. The AQC program receives responses via paper correspondence, eFax and the Documentation Upload Tool (DUT). Taxpayer responses or inquiries may come as a response to an AQC letter, as an Operation Assistance Request (OAR), on Form 4442, Inquiry Referral, or when advised on the AQC-Toll free line.
- (2) Taxpayers may submit documentation before the initial AQC letter is issued, the response is generally due to guidance provided on the AQC-Toll Free line. Treat these replies as a response to Letter 4800C, Questionable Credit 30 Day Contact Letter.

Exception: If the taxpayer provides documents, but no IRS guidance has been provided, do not treat as a 4800C response. Instead, review the response and work correctly, if a subsequent letter is needed see IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing.

(3) AQC issues the following letters:

- Letter 4800C, Questionable Credit 30 Day Contact Letter.
- Letter 3219C, Statutory Notice of Deficiency.
- Letter 105C, Claim Disallowed.
- Letter 106C, Claim Partially Disallowed.
- Letter 131C, Information Insufficient or Incomplete for Processing Inquiry.
- Letter 89C, Amended Return Required to Correct Account.
- Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office.
- Letter 474C, Math Error Explained (IMF).

(4) AQC cases are loaded into the AQC Database. When working the taxpayer's response, the AQC database must be updated based on the response type and disposition. See Exhibit 25.25.7-3, Definitions for Automated Questionable Credit (AQC) Database, for more information.

25.25.7.4.1
(11-12-2021)
**Saving Taxpayer
Responses**

(1) AQC employees will use the following procedures control and upload incoming taxpayer responses.

(2) Upon receipt, taxpayer responses are controlled to IDRS and sent to the AQC Taxpayer Correspondence Share Point within 5 business days. Taxpayer responses are classified into one of the following categories:

- Agreed
- Disagreed
- Identity Theft
- Referred from WOW
- Other

(3) Use the following chart to download, scan and save taxpayer responses.

If	Then
Response is received via Documentation Upload Tool (DUT)	<p>Once the taxpayer's response is saved in the received files location, take the following actions:</p> <ul style="list-style-type: none"> • Load all digital files to: \\Shared\\ATL\\ATL-AQC SCANNED CORRESPONDENCE INV\\AQC Digital Mailroom\\Received files. • Open each digital file and update the AQC spreadsheet. • Save the spreadsheet and email the file to the Share Point. • Once all files are entered into Share Point, they must be moved into the "Files Sent to Share Point" folder. • Open the Downloads file folder and save all files as a pdf. Using the procedures in IRM 25.25.7.4.1 (4), Saving Taxpayers Responses.
Response is received via eFax	<ul style="list-style-type: none"> • Faxes are received through the eFax mailbox and saved to the Memphis shared drive: \\Shared\\MEM\\Employees\\AQC Efax Correspondence. • Pull a count of the faxes received for the prior day and notate on the eFax tracker document. • The eFax mailbox has sub folders for each month. After counting the new faxes, move them to the correct folder (create a new one if needed). Each received date should be worked separately to simplify this process. • Save new faxes using procedures in IRM 25.25.7.4.1 (4), Saving Taxpayer Responses.

If	Then
Response is received via Paper Correspondence	<ul style="list-style-type: none"> Count and record incoming correspondence receipts. Batch and scan incoming correspondence and send them to your IRS email address. Once the entire batch is scanned, open each file and review the copy of the AQC letter. If no letter is found, check ENMOD for the letter. If no letter was sent, use the default Letter 4800C. Save the scanned images using procedures in IRM 25.25.7.4.1 (4), Saving Taxpayers Responses, to the Atlanta shared drive: \Shared\ATL\ATL- AQC SCANNED CORRESPONDENCE INV\AQC Scanned Correspondence\Scanned Documents.

- (4) AQC employees will save the taxpayers responses to the Share Point using the following format: "SSN-TaxPeriod-RcvdDate-CorrType-LetterType-ReceivedType". Use the chart below for the correct field input.

Example: 999887777-2019-01012021-A-4-DC

Field	Input
CorrType	<ul style="list-style-type: none"> A = Agreed D = Disagreed O = Other (including ID Theft and WOW)
LetterType	<ul style="list-style-type: none"> 3= Letter 3219C 4 = Letter 4800C 5 = Letter 105C 6 = Letter 106C
ReceivedType	<ul style="list-style-type: none"> DC = DUT correspondence EC = eFax correspondence PC = paper correspondence

- (5) Once all files are named and saved, email the files to Share Point.
- (6) Managerial staff or Leads will create an export list from Share Point to run GII and import to the AQC database.

- (7) Use the following procedures to control exported cases from Share Point onto IDRS using GII:
- Open an IDRS control to AQC clerical number "1484077777". Use activity code "ECMMDDYYYY" (for eFax), "PCMMDDYYYY" (for paper correspondence) or "DCMMDDYYYY" (for DUT), using the date the response was received for "MMDDYYYY."
 - Use the category code listed in the chart below to classify the type of response received, these categories are also referred to as "AQCX":

AQC Determinations	Category Codes
Agreed	AQCA
Disagreed	AQCD
Identity Theft	AQCI
Referred from WOW	AQC1
Other	AQCO

Note: If an open IDRS control base is present on the module to a specific employee (disregard generic control bases), contact the controlling employee prior to resolution to coordinate efforts and prevent erroneous or duplicate adjustments or actions. Refer to *IDRS - Unit and USR Database*, to locate the employee.

25.25.7.4.2
(08-11-2025)
**Initial Taxpayer
Response Processing**

- (1) All taxpayer responses with open AQC indicators, (IRM 25.25.7.2 , Automated Questionable Credit (AQC) Inventory Types), Form 4442 Inquiry Referral or Operation Assistance Request (OAR) are assigned, **AQC TEs** will use the procedures in this IRM to resolve the case.
- (2) All AQC cases that are part of a RIVO Implemented Release Plan, can be identified with a STARS disposition of **WL** and **Surveyed** in the AQC database with the following note: **RELEASE PLAN-DUE TO WORKLOAD**. The cases are in the process of being released. No referrals or other contact should be issued on the "Release Plan" cases. For all other cases, follow the procedures below:

Exception: If the case is part of the RIVO Implemented Release Plan and has an open ATAO control, employees will need to conduct research and manually release refund on these cases. See IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing, for more information.

If	Then
<p>1 If TC 922 is present and the last Process Code is 30,34,54,55,57-60,75, 77-79,81,95,96 (with an open control to AUR employee), 97-99.</p>	<ul style="list-style-type: none"> • Update the return disposition in EFDS or STARS to “CAT 5 CL” and add notes. • Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS), to specify the AQC case has been rejected and referred to AUR. • Ensure all RIVO control bases are closed. • Update the AQC database case status to “Rejected,” Reject Reason to “TC 922-Referred to AUR” and the Reject Date with the date of rejection, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.
<p>2 There is a - L freeze condition on the account.</p>	<ul style="list-style-type: none"> • Review CC AMDISA to determine the status of the Examination (Exam) case. Route the response to Exam, per the AIMS Status Code and the QRP Source and Project Code. See IRM 4.19.14.9.2, QRP Source Code and Project Codes, and <i>My SB/SE Employee Group Code</i> for more guidance and routing information. • Update the return disposition in EFDS or STARS to “CAT 5 CL” and add notes. • Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS), to specify the AQC case has been rejected and referred to Exam. • Ensure all RIVO control bases are closed. • Update the AQC database case status to “Rejected,” select Reject Reason “L freeze greater than status 08”, Reminder: Select the above Reject Reason for all -L freeze conditions regardless of the ADMIS status code. note and the Reject Date with the date of rejection, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.

If	Then
<p>3</p> <p>There is an -A freeze, a TC 971 action code (AC) 120 or TC 971 (AC) 010, or a control base with category code XRET, TPRQ, MEFPS, MEFS, MEFA, MEFC, MEFR, MEFI, DUPF, IDT1, IDT3, XRET, MXEN, IDS1, IDT6, IDT8, SCRM, and SSNA2 or assigned to another area.</p>	<ul style="list-style-type: none">• Research the case. The correspondence may be in response to the AQC letter.• If the correspondence or amended return is related to the AQC issue; add notes to AMS (e.g., “amended return, ok to adjust”, “PTC amounts differ from reported amounts”, etc.). See IRM 21.2.2.4.5(10), Accounts Management Services (AMS) for additional information.• Update the return disposition in EFDS or STARS to “CAT 5 CL” and add notes.• Ensure all RIVO control bases are closed.• Update the AQC database case status to “Rejected,” Reject Reason to “A- Reject code AFRZ” and the Reject Date with the date of rejection, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.

If	Then
<p>4 If a Form 1040-X, Amended U.S. Individual Tax Return, is received; there is NO -A freeze, and the response is requesting a change other than the proposal.</p> <p>Exception: If the Form 1040X is in response to a Letter 474C follow IRM 25.25.7.4.8 Taxpayer Responses to 474C Letter.</p>	<ul style="list-style-type: none"> Verify the income and federal withholding reported on the amended return per IRM 25.25.3.2, Verification of Income. <p>Reminder: Do not send an unverifiable Form 1040-X, Amended U.S. Individual Tax Return, to SP or ICT. For unverifiable Form 1040-X, Amended U.S. Individual Tax Return, see Taxpayer Disagreed Response Procedures.</p> <ul style="list-style-type: none"> If there is no identity theft marker (TC 971 AC 501 or TC 971 AC 506) for any tax period on CC ENMOD, route the amended return or Form 1040-X, Amended U.S. Individual Tax Return, and envelope to the Submission Processing (SP) Batching Function per Exhibit 3.10.72-11. Edit the RIVO stamp or "RIVO REV" in the upper left margin of the return prior to sending to SP. If there is an identity theft marker (TC 971 AC 501 or TC 971 AC 506) for any tax period, fax the amended return or Form 1040-X, Amended U.S. Individual Tax Return, and envelope to the Image Control Team (ICT) using the <i>RICS IVO AR Adjustment Request Form</i> and include the verified income/withholding information on the routing form. Edit the RIVO stamp or "IVO REV" and "IDT" in the upper left margin of the return prior to sending to ICT. Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS). Update the return disposition in EFDS or STARS to "CAT 5 CL" and add notes. Ensure all RIVO control bases are closed. Update the AQC database case status to "Rejected", Reject Reason to "Form 1040-X received-forwarded to AM", and the Reject Date with the date of rejection, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.
<p>5 If a Form 1040-X, Amended U.S. Individual Tax Return is received; there is no -A freeze and addresses the proposed changes.</p> <p>Exception: If response is received after 105C/106C has been issued follow procedures in box below.</p>	<ul style="list-style-type: none"> Follow IRM 25.25.7.4.5, Taxpayer Agreed Response Procedures, or IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures.

If	Then
6 Response is to Letter 105C, Claim Disallowed or Letter 106C, Claim Partially Disallowed.	<ul style="list-style-type: none"> Follow IRM 21.5.3.4.6.2, Appeals and Responses to Letter 105C and Letter 106C
7 If response shows the taxpayer is deceased and a refund needs to be released and the return was filed by someone other than the surviving spouse. Otherwise, process following normal procedures.	<ul style="list-style-type: none"> Follow IRM 25.25.13.10, Manual Refund Criteria for Return Integrity Verification Operations.
8 Correspondence received from a taxpayer that cannot be subsequently located by the Tax Examiner assigned to the AQC(X) control.	<ul style="list-style-type: none"> Send Letter 131C, Information Insufficient or Incomplete for Processing Inquiry, to request the correspondence be resent by the taxpayer. Please see the RIVO Portal for Letter 131C information. Update the "AQC2" control activity code to the suspense expiration date, "SCMMD-DYYYY" (SC = AQC Segment Code, see IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types, and MMDDYYYY = the current date plus 46 calendar days or plus 61 days if outside the U.S.). Close the AQC(X) control. <p>Note: Letter 131C must only be sent to the taxpayer after all options to locate the correspondence have been exhausted and managerial approval has been obtained.</p>
9 None of the conditions above are met.	<p>Follow procedures in the subsections based on the response or inquiry type:</p> <ul style="list-style-type: none"> IRM 25.25.7.4.3, Taxpayer Inquiries via e-Form 4442 or Operation Assistance Requests (OARS) IRM 25.25.7.4.5, Taxpayer Agreed Response Procedures IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures IRM 25.25.7.4.7, Taxpayer Claiming Identity Theft Response Procedures

25.25.7.4.3
(07-09-2025)
**Taxpayer Inquiries via
e-Form 4442 or
Operation Assistance
Requests (OARS)**

- (1) A Form 4442 Inquiry Referral or Operation Assistance Request (OAR) is received in the Automated Questionable Credit (AQC) program when at least one of the following conditions are met:
- The allotted 60-day time frame has expired, and taxpayer has not received a response.
 - The taxpayer called, there are AQC open indicators on the account and NO initial contact letter has been issued within the allotted 60-day

timeframe from the date of the transaction code (TC) 971 action code (AC) 122, 140 or 128 with the applicable MISC Field.

- The taxpayer called and research showed documentation available on command code (CC) IRPTR to substantiate the claim for refund.
- The taxpayer is requesting an appeal on a previous adjustment or decision made by AQC.
- The taxpayer is experiencing a hardship.

- (2) If an OAR is received and the taxpayer has **not** been issued a Letter 474C please request supporting documentation as listed under AQC 7Z (1-6) inventories in IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. Once supporting documentation is received, see IRM 25.25.7.4.8, Taxpayer Responses to 474C, for resolution.
- (3) If an e-Form 4442 or an OAR is received and **NO** AQC correspondence (e.g., Letter 4800C, Questionable Credit 30 Day Contact Letter, Letter 3219C, Statutory Notice of Deficiency) has been sent, and there are **NO** AQC open indicators (e.g., transaction code (TC) 971 action code (AC) 122, TC 971 AC 140, TC 971 AC 128 with MISC Field "AQCPTC191" or "AQCPTC195", or DDB Rule 7 inventory types), **reject** the case as not meeting AQC criteria.

Exception: Do **NOT** reject accounts with an open category code "AQC2" assigned to IDRS number 1487877777 and activity code "AQC6X" or "AQC6XATAO", see IRM 25.25.7.3.1 Automated Questionable Credit (AQC) 6X procedures.

- (4) Follow the chart below for the correct actions:

Reminder: TC 971 AC 122 with a MISC field of "7S", "7S1", "7V", or **7W** "7W1" are not AQC cases unless a subsequent TC 971 AC 122 posts with another AQC Inventory type in the MISC Field. If there is RIVO involvement, the case must be referred to the correct queue, see IRM 25.25.13-5, RIVO Form 4442 Queues.

If the taxpayer called and research shows:	Then
<p>1 AQC open indicators on the account and no initial contact letter has been sent and the request is an OAR and there is no documentation available to substantiate the claim for refund.</p> <p>Exception: For AQC Inventory Types 7Z (1-6) see paragraph (2) above for guidance.</p>	<ul style="list-style-type: none"> • Initiate manual start procedures per IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing, and close the OAR. • Update EFDS notes. • Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS). <p>Note: TAS may open another request once the taxpayer has received the notice and is allowed the allotted time to agree or disagree with proposed changes.</p>

If the taxpayer called and research shows:	Then
2 AQC open indicators on the account and no initial contact letter has been issued and CC IRPTR data is not available and no required documentation is available per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation, or no open AQC(X) control on the account .	<ul style="list-style-type: none">• Initiate manual start procedures per IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing.• Close the e-4442 notating actions taken on the account, see IRM 21.2.2.4.5, Account Management Services (AMS) for additional information.
3 AQC open indicators on the account and no initial contact letter has been issued CC IRPTR data is not available and submitted required documentation was provided per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation, or open AQC(X) control on the account.	<ul style="list-style-type: none">• Treat the documentation as a response to Letter 4800C, Questionable Credit 30 Day Contact Letter.• Follow IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures.• Close the e-4442 notating actions taken on the account, see IRM 21.2.2.4.5, Account Management Services (AMS) for additional information.

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25.25.7.4.4
(02-05-2020)

**Automated Questionable
Credit (AQC) Scheme
Tracking and Referral
System (STARS) Closing
Actions**

- (1) All Automated Questionable Credit (AQC) treatment streams (excluding those below) will be identified as disposition "AQ - Accepted into AQC". Once a final determination of fraud is made, the Scheme Tracking and Referral System (STARS) will be updated to Disposition "QL" as a final closing disposition. If a return is determined to be non-fraud, the return will be removed from STARS following current STARS delete procedures and updated in STARS to disposition "DL". Enter a reason in the return's STARS or Electronic Fraud Detection System (EFDS) Notes when requesting a return to be deleted from STARS.

Note: Return Integrity and Compliance Services (RICS) Analysts will update STARS with the final dispositions weekly.

- (2) DDB Non-Compliant filter Rule 7 (with both American Opportunity Tax Credit (AOTC) and Additional Child Tax Credit (ACTC) credits) are non-income related issues. These cases will be identified as Category (CAT) 8 Disposition (Disp) R7 (DDB Rule 7 In Process of fraud determination) in EFDS. Once a final determination of fraud is made, STARS will be updated to CAT 8 Disp "QL" as a final closing disposition. If a return is determined to be non-fraud, the return will be removed from STARS by updating the disposition to "DL". Enter a reason in the return's STARS or EFDS Notes when requesting a return be deleted from STARS.

Note: RICS Analysts will update STARS with final dispositions weekly.

- (3) The AQC treatment stream for Premium Tax Credit (PTC) will be identified as CAT 8 Disp "PT - Questionable Premium Tax Credit (In Process of fraud determination)". Once a final determination of fraud is made, STARS will be updated to CAT 8 Disp "QL" as a final closing disposition. If a return is determined to be non-fraud, the return will be removed from STARS by updating the disposition to "DL". Enter a reason in the return's STARS or EFDS Notes when requesting a return to be deleted from STARS.

Note: RICS Analysts will update STARS with final dispositions weekly.

- (4) The AQC treatment stream for General Agreement on Tariff and Trades (GATT) will be identified as CAT 8 Disp "TT - full year prisoner with refundable credits". Once a final determination of fraud is made, STARS will be updated to CAT 8 Disp "QL" as a final closing disposition. If a return is determined to be non-fraud, the return will be removed from STARS by updating the disposition to "DL". Enter a reason in the return's STARS or EFDS Notes when requesting a return to be deleted from STARS.

Note: RICS Analysts will update STARS with final dispositions weekly.

25.25.7.4.5
(07-09-2025)

**Taxpayer Agreed
Response Procedures**

- (1) An agreed response must be signed by the taxpayer (both taxpayers, if joint) or authorized third party. Letter 3219C must be signed under the "CONSENT TO ASSESSMENT AND COLLECTION" section, Letter 4800C must be signed on the Response Form. Check boxes and date are not required.

Note: For more information on authorized third party signature see IRM 3.42.7.15.12., Third Party Authorization.

- (2) A signed statement from the taxpayer is not considered an "agreed" response. If the taxpayer shows agreement (i.e., hand written letter, check box, etc.) but

did not meet the signature requirements as stated above, follow IRM 25.25.7.4.5.1, Incomplete Agreed Response Procedures.

- (3) If the agreed response includes documents to substantiate the original claim, treat as a disagreed response, see IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures.
- (4) For Inventory Types that involve questionable wages and/or withholding - Research Command Code (CC) IRPTR, see IRM 25.25.3.4, Income Verification using Command Code (CC) IRPTR, for more information. If the wages and withholding originally claimed are verified, allow the claim for the verified portion (full or partial) and treat as a substantiated response, follow IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures.
- (5) Route any Form 9465, Installment Agreement Request, per the Mail Routing Guide. See IRM 3.10.72-1, Routing Guide/Local Maildex, for more information. TEs will only work the AQC portion of these cases.
- (6) For taxpayer responses agreeing to the proposed changes follow the table below:

Note: When reducing or disallowing Earned Income Tax Credit, American Opportunity Tax Credit, or Child Tax Credit/Additional Child Tax Credit/Refundable Child Tax Credit, AQC TEs will use the following Reason Codes to place a recertification indicator on the Taxpayers account:

RC 175 for AQC disallowance adjustments of EITC
 RC 178 for AQC disallowance adjustments of AOTC
 RC 181 for AQC disallowance adjustments of CTC/ACTC/RCTC

Reminder: Taxpayers may submit documentation before the initial AQC letter is issued. If the response is due to guidance provided on the AQC-Toll Free line, treat the reply as a response to Letter 4800C, Questionable Credit 30 Day Contact Letter, when following procedures below.

If	Then
An agreed response to Letter 4800C is received but the letter was issued with an incorrect proposal for the Inventory Type	<ul style="list-style-type: none"> Disregard the agreement to the incorrect proposal. In your subsequent letter include an open paragraph stating: "We apologize, our previous proposal to change your tax return included an error. As a result of the error, we have disregarded your response to our previous notice. This notice includes the corrected tax computation and change to your tax." Issue the subsequent letter (105C, 106C, or 3219C), follow IRM 25.25.7.6(3), No Response Received to Letter 4800C, and close the "AQC(X)" control.

If	Then
An agreed response to letter 3219C is received but the letter was issued with an incorrect proposal for the Inventory Type	<ul style="list-style-type: none">• Disregard the agreement to the incorrect proposal.• In your subsequent letter include an open paragraph stating: "We apologize, our previous proposal to change your tax return included an error. As a result of the error, we have disregarded your response to our previous notice. This notice includes the corrected tax computation and change to your tax."• Reissue the 3219C letter with the correct computations. Update the "AQC2" control activity code to the suspense expiration date, "SCMMD-DYYYY" (SC = AQC Segment Code, see IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types, and MMDDYYYY = the current date plus 106 calendar days or plus 151 days if outside the U.S.)• Close the "AQCX" control.

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(1) An incomplete agreed taxpayer response includes replies with a check box but a missing signature or a handwritten statement to show agreement.

Note: A response, with or without check box, indicating disagreement and no documents are included is an unsubstantiated response, see IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures.

Reminder: For Inventory Types selected for questionable wages and/or withholding - Research Command Code (CC) IRPTR, see IRM 25.25.3.4, Income Verification using Command Code (CC) IRPTR, for more information. If the wages and withholding originally claimed are verified. Allow the claim for the verified portion (full or partial), even if the taxpayer responded to the letter agreeing and treat as a substantiated response, follow IRM 25.25.7.4.6, Taxpayer Disagreed Response Procedures.

(2) For incomplete agreed responses, follow the table below:

Reminder: Taxpayers may submit documentation before the initial AQC letter is issued. Treat the reply as a response to Letter 4800C, Questionable Credit 30 Day Contact Letter, when following procedures below.

If	Then
The response is to 4800C	<ul style="list-style-type: none"> • Issue the subsequent letter (105C, 106C or 3219C) following IRM 25.25.7.6, No Response Received to Letter 4800C. • Update the Electronic Fraud Detection System (EFDS) notes. • Input/Update the Account Management Services (AMS) notes per IRM 21.2.2.4.5, Account Management Services (AMS), to include the reason why the response was incomplete for processing (e.g., Received letter 4800C, missing signature). • Close the "AQCX" control using activity code "INCOMPLETE". • Review IRM 21.5.1.4.10, Classified Waste, to determine if the documentation meets classified waste criteria. If the documentation does not meet classified waste criteria and needs to be associated with the return for audit trail purposes, complete Form 9856, Attachment Alert, to send the documentation to Files. <p>Exception: For E-fax responses, mark the fax with a red "X", your Employee Identification Number and move it to your "Classified Waste" folder. Do not complete Form 9856, Attachment Alert.</p>
The response is to 3219C	<ul style="list-style-type: none"> • Follow IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency). <p>Caution: If the suspense time frame has not expired, monitor the account and take actions once expired.</p>

25.25.7.4.6
(07-09-2025)
**Taxpayer Disagreed
Response Procedures**

- (1) A disagreed taxpayer response does not have to be signed. AQC TEs will review the response, research IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation, and determine if the reply is substantiated or unsubstantiated.
- Substantiated - Occurs when a taxpayer provides the required supporting documentation.
 - Unsubstantiated - Occurs when a taxpayer does not provide the required supporting documentation. This includes replies with information that is unverifiable, unrelated to the proposal, requests to amend without Form 1040X attached, or requests for further clarification.

- (2) For Premium tax credit - If the taxpayer submits requested documentation that will change both the proposed amount and the originally claimed amount due to the Alternative Calculation for Marriage (ACM) or contains an allocation condition, then follow IRM 25.25.7.8.4, Premium Tax Credit (PTC) Referrals.
- (3) For Inventory Type GATT11 and 7G2 - If the documentation substantiates that the taxpayer's incarceration date on CC FTBOLP is incorrect, follow the local procedures to update the FTBOL spreadsheet.
- (4) For taxpayers with Individual Taxpayer Identification Number (ITIN) - If the response contains a "work assumed" Social Security Number (SSN), research CC IRPTR data or the Social Security Administration Online Retrieval System (SSA_ORS) database. Update EFDS notes with the "work assumed" SSN or show it was not found.
- (5) For AQC inventory types that involve **questionable wages and/or withholding**, see IRM 25.25.7.2 Automated Questionable Credit Inventory Types, additional research is required to validate the income document(s) received (e.g., paystubs, letter from employer/payer, etc), see IRM 25.25.3.4, Income Verification using Command Code (CC) IRPTR for additional information. Use the following table to verify the taxpayer's documentation.

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<p>If IRPTR data is available for the tax year in question.</p> <p>Note: If the submitted income documents are not within tolerance, treat the response as unsubstantiated.</p>	<ul style="list-style-type: none"> • Research the EIN using CC BMFOLP for payroll payments to determine if data is valid on CC IRPTR. • If payroll payments have been submitted and are within tolerance, treat the response as substantiated. • If no payroll payments have been submitted then follow procedures in box 3 below to issue the Letter 6255C, Third Party Notification.
<p>If NO IRPTR data is available for the tax year in question, but prior year IRPTR data shows reported income documents from the same employer.</p>	<ul style="list-style-type: none"> • Research the EIN using CC BMFOLP for prior year(s) payroll payments. • If prior year(s) payroll payments have been submitted and are within tolerance, treat the response as substantiated • If no payroll payments have been submitted then follow procedures in box 3 below to issue the Letter 6255C, Third Party Notification .
<p>If NO IRPTR data is available for the tax year in question and NO prior year IRPTR data with reported income documents from the same employer.</p>	<ul style="list-style-type: none"> • Third Party Contact is necessary. Send Letter 6255C Third Party Contact, refer to IRM 25.25.3.9(3) Manual Verification Procedures and <i>AQC Letter Paragraphs and Paragraphs Fill-ins Guide</i>. • Update the AQC2(control activity code using the following format; “CXX,6255CMMDD, M, AQC(X)”, *, MM = Month and DD = 60 day suspense date. Close the AQC(X) correspondence control. • Once third party contact has been completed, follow paragraph 6 for resolution.

- (6) For disagreed taxpayer responses that are determined substantiated or unsubstantiated, follow the table below:

Note: When reducing or disallowing Earned Income Tax Credit, American Opportunity Tax Credit, or Child Tax Credit/Additional Child Tax Credit/Refundable Child Tax Credit, AQC TEs will use the following Reason Codes to place a recertification indicator on the Taxpayers account:

RC 175 for AQC disallowance adjustments of EITC

RC 178 for AQC disallowance adjustments of AOTC

RC 181 for AQC disallowance adjustments of CTC/ACTC/RCTC

Reminder: Taxpayers may submit documentation before the initial AQC letter is issued. If the response is due to guidance provided on the AQC-Toll Free line, treat the reply as a response to Letter 4800C, Questionable Credit 30 Day Contact Letter, when following procedures below.

If	Then
<p>A substantiated response is received.</p> <p>Exception: If research shows the taxpayer is a full year prisoner per CC FTBOLP, and the original inventory type is for questionable wages and/or withholding, then follow the instructions in the box below.</p>	<ul style="list-style-type: none"> Input a Transaction Code (TC) 290 for zero (.00) using the documents provided as the Source Document (SD) to release the refund. Use Reason Code (RC) "085" and Priority Code (PC) "8", to provide the taxpayer with confirmation of the refund release. Do not input an AMD-CLMS-DT. If there is an -E freeze on the module due to TC 810 with a Responsibility Code 3, input TC 811 for zero (.00) with a posting delay code of 2 to release the freeze and issue any remaining refund. <p>Reminder: If there is an I- freeze on the account, attributed to missing documentation, ensure that the correct return processable date is input on the adjustment. If the original figures were correct and no documents were missing use the original received date of the return.</p> <ul style="list-style-type: none"> For current year returns "Refile" the return in EFDS. If the return is in the Scheme Tracking and Referral System (STARS), update the disposition to "DL" to have the return deleted from STARS. Update STARS or EFDS notes, when a return is being deleted from STARS, see Exhibit 25.25.13-1, STARS Delete Reasons. Input/Update Account Management Services (AMS) notes per IRM 21.2.2.4.5, Account Management Services (AMS), to include the specific documentation received (e.g., Received copy of paystubs). Ensure all Return Integrity Verification Operations (RIVO) control bases are closed. Update the Automated Questionable Credit (AQC) database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.

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If	Then
<p>The taxpayer's response is substantiated for an inventory type with questionable wages and/or withholding, and the taxpayer was a full year prisoner.</p> <p>Caution: Full year prisoner claiming Filing Status 2, Married filing joint, and the income is being claimed by both Full year prisoner and non prisoner taxpayer, or income is only being claimed by the non prisoner taxpayer, do not treat as GATT11.</p>	<p>The case must be worked as inventory type GATT11.</p> <ul style="list-style-type: none"> • Input TC 972 AC 140/122 to reverse the prior inventory type. • Input a new TC 971 AC 140 MISC "GATT". • Send a request to your local AQC database Administrator to update the work type to "GATT11", per local procedures. • Add an AQC database note "Wages and withholding substantiated - TP full-time prisoner - change to GATT". • If the response is to Letter 4800C, close the "AQCX" control and issue the subsequent letter (105C, 106C or 3219C), follow IRM 25.25.7.6, No Response Received to Letter 4800C. • If the response is to a Letter 3219C, close the "AQCX" control and follow IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency). <p>Note: A new Letter 3219C is not necessary. Allow the wages and withholding, but remove the refundable credits as outlined in IRM 25.25.9.4, General Agreement on Tariffs and Trade (GATT) Returns.</p>

If	Then
<p>An unsubstantiated response is received.</p> <p>Reminder: Third Party contact must be made prior to issuing the subsequent letter when unable to verify questionable wages and withholding inventory types, as stated in paragraph 5.</p>	<ul style="list-style-type: none"> • If the response is to Letter 4800C, close the “AQCX” control using activity codes “30UNSUBDOC” and issue the subsequent letter following IRM 25.25.7.6(3), No Response Received to Letter 4800C, • If the response is to 3219C, close the “AQCX” control using activity code “90UNSUBDOC” and follow IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency). <p>Caution: If the suspense time frame has not expired, monitor the account and take actions once expired.</p> <ul style="list-style-type: none"> • Input/Update Account Management Services (AMS) notes per IRM 21.2.2.4.5, Account Management Services (AMS), to include the specific documentation received (e.g., Received unsubstantiated copy of paystubs). • Determine if the documentation meets classified waste criteria, see IRM 21.5.1.4.10, Classified Waste. If the documentation does not meet classified waste criteria and needs to be associated with the return for audit trail purposes, complete Form 9856, Attachment Alert, to send the documentation to Files. <p>Exception: For E-fax responses, mark the fax with a red “X”, your Employee Identification Number and move it to your “Classified Waste” folder. Do not complete Form 9856.</p>

25.25.7.4.7
(04-23-2025)

**Taxpayer Claiming
Identity Theft Response
Procedures**

(1) For identity theft taxpayer responses follow the instructions below:

Exception: For Statute Imminent Returns (less than 90 days on Assessment Statute Expiration Date (ASED)) and All Rule 7 cases (AOTC25 – AOTC 29, 7F and 7T), follow the procedures in IRM 25.25.4.5, Identity Theft (IDT) Category 7 — Single Return/Deceased/X-REF (No Lost Refund) Process.

- a. If there is a -A freeze condition on the account and no history of a Return Integrity Verification Operations (RIVO) IDRS control in categories NCAT, ECAT or NRAM, send the correspondence to the Inventory Control Team (ICT) following local procedures and take no more actions on the case.
- b. Input a transaction (TC) 971 action code (AC) 522 on command code (CC) ENMOD when the reply shows IDT, see Exhibit 25.23.2-10, IMF Only TC 971 /AC 522 Tax-Related Identity Theft, Case Status (Initial Claim/Suspicion).

Note: Do not input a TC 971 AC 522 if one already exists for that tax year.

- c. Designated Tax Examiners (TEs) will triage Identity Theft (IDT) replies per Exhibit 25.25.5-1, Triage Procedures, and follow procedures in (2) and (3) below based on the EFDS Disposition.
- (2) If the return meets criteria for Category (CAT) 7 Disposition (Disp) **“S1”** or **“SB”**, then the account will be resolved using the Return Integrity and Compliance Services (RICS) IDT Tool, take the following actions:
- Update the Scheme Tracking and Referral System (STARS) to CAT 7 Disp **“S1”** or **“SB”**, respectively.
 - Place the reply in the holding bin (documentation will be attached to original return).
 - Update the Electronic Fraud Detection System (EFDS) notes as applicable. For Premium Tax Credit (PTC) cases input **“PTC addressed”**.
 - Input/Update Account Management Services (AMS) notes per IRM 21.2.2.4.5, Account Management Services (AMS).
 - Close both the correspondence and **“QRPA”** or **“AQC2”** IDRS controls with **“IDTCORR”** as the activity code.
 - Close all RIVO controls.
 - Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database..
- (3) If the return meets criteria CAT 7 Disp **“S2”**, **“GB”**, or **“BG”**, take the following actions:

Note: For **“GB”**, if the taxpayer’s good return is not attached to the correspondence, review IDRS for a posted TC 976.

- **Do not** update the Scheme Tracking and Referral System (STARS), the IDT TE will update accordingly after the account is resolved.
- Place the reply in the bin labeled **“S2”**, **“GB”**, or **“BG”**, respectively, for the IDT TE to resolve the account.
- Update EFDS notes as applicable. For PTC cases input **“PTC addressed”**.
- Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS).
- Update the **“AQCX”** IDRS control with **“IDTS2”**, **“IDTGB”** or **“IDTBG”**, respectively, and re-assign to IDRS number **“1484022222”**.
- Close the **“QRPA”** or **“AQC2”** control using activity code **“IDTCORR”**.
- Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database..

25.25.7.4.8
(04-23-2025)
**Taxpayer Responses to
474C Letter**

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- (2) Taxpayers can claim IRC 1341 Claim of Right, if a taxpayer claimed income and paid tax on that income in a prior year because they had a right to that income, but the income had to later be repaid (i.e., taxpayer never should have

claimed it or paid tax on it), then the taxpayer can in certain circumstances claim a credit for the tax previously assessed on that income they had to repay. See IRM 25.25.7.2.1 , Automated Questionable Credit Required Documentation, for substantiating documentation.

(3) Use the table below to resolve Letter 474C, responses.

Reminder: These accounts will have a RIVO disallowance adjustment, if there is an additional adjustment from a amended return or Form 1040X, that is received with an AQC6X control and the adjustment did not address the IRC 1341 Claim of Right credit IRM 25.25.7.3.1 Automated Questionable Credit (AQC) 6X Procedures to reject back to the originator.

<p>The taxpayer disagrees with the disallowance and no documentation was provided to substantiate the credit.</p>	<ul style="list-style-type: none"> • Treat the response as a no consideration see IRM 21.5.3.4.6.3, No Consideration procedures. Include enclosure Form 14823 Supporting Documents to Prove Your Claim of Right Credit Internal Revenue Code (IRC) Section 1341. • Close the "AQCX" control as "UNSUBDOC". • Ensure all Return Integrity Verification Operations (RIVO) control bases are closed. • Input/Update Account Management (AMS) notes IRM 21.2.2.4.5 , Account Management Services (AMS), as applicable. • Update the Automated Questionable (AQC) database case status as "Closed", see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.
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The taxpayer disagrees with the disallowance and includes documentation that substantiates the credit.

Note: The response may include an amended return or Form 1040X, Amended U.S. Individual Tax Return, to reduce the IRC 1341 credit. Review Form 1040X if the taxpayer is adding additional items or decreasing the original credit, refer to box 3 below.

- Reverse the prior adjustment. Add hold code (HC) “0” source code (SC) “1” reason code (RC) “061” priority code (PC) “8” and add TC 170 to the adjustment.
- Close the “AQCX” control. Ensure all Return Integrity Verification Operations (RIVO) control bases are closed.
- Input/Update Account Management (AMS) notes per IRM 21.2.2.4.5 Account Management Services (AMS), as applicable.
- Update the Automated Questionable (AQC) database case status as “Closed”, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.

If the taxpayer disagrees with the disallowance and provides an amended return or Form 1040X, Amended U.S. Individual Tax Return, stating the amount for which they are eligible is different from the amount claimed on their original return.

Reminder: The response must include supporting documentation to substantiate the credit. If no supporting documentation is received refer to box 1 above.

- Verify the submitted supporting documentation.
- If there is no identity theft marker (TC 971 AC 501 or TC 971 AC 506) for any tax period on CC ENMOD, route the amended return or Form 1040X, Amended U.S. Individual Tax Return, and envelope to the Submission Processing (SP) Batch Processing Function per Exhibit 3.10.72-11
- Edit the RIVO stamp or "RIVO REV" in the upper left margin of the return prior to sending to SP. If there is an identity theft marker (TC 971 AC 501 or TC 971 AC 506) for any tax period, fax the amended return or Form 1040X, Amended U.S. Individual Tax Return, and envelope to the Image Control Team (ICT) using the *Adjustment Request* and notating in the Additional Information box that the credit was substantiated.
- Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS)
- Update the return disposition in EFDS or STARS to "CATG5 CL" and add notes.
- Ensure all RIVO control bases are closed.
- Update AQC database case status to "Rejected", Reject Reason to "Form 1040-X received-forwarded to AM", and the Reject Date with the date of rejection, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Enter zero as the protected dollar amount.

25.25.7.5
(04-23-2025)
**Unclaimed Mail /
Undelivered Mail**

- (1) Taxpayers have a right to receive information concerning any Federal taxes assessed against them. The IRS is required to exercise due diligence to find and use the taxpayers last known address. It is important that all unclaimed or undeliverable mail returned to the IRS be worked as a priority to ensure that notices are mailed to the taxpayer's current address.

Note: If the AQC case has been worked and the refund was allowed as filed by the taxpayer, then no additional action is needed. The undeliverable mail can be treated as classified waste as outlined in IRM 21.5.1.4.10, Classified Waste.

- (2) Returned mail may have one of the following notations on the envelope indicating the address used for the taxpayer is no longer accurate:
- New address found - The United States Postal Service (USPS) "yellow label" with a new address on the original envelope.
 - No new address found.
 - An indication the taxpayer does not live at the address on the letter (e.g., "No longer at this address", "Not at this address", etc.).
 - Unclaimed - Certified mail that was not claimed by or was refused by the recipient. Unclaimed does not necessarily mean undeliverable.
- (3) Use the table below to resolve unclaimed or undeliverable correspondence returned to the IRS:

Note: Do not re-mail the notice if the ASER has expired. Follow procedures below to complete Form 9856, Attachment Alert, and then follow IRM 25.25.7.11, Automated Questionable Credit (AQC) Statute Imminent / Statute Expired Cases.

Reminder: When corresponding on a decedent account, correct name formatting is required. See IRM 21.3.3.4.16.5, Corresponding on a Deceased or Legally Disabled Taxpayer's Account, and IRM 21.3.3.4.16.6, Deceased Taxpayer Correspondence, Joint Return Filed, for more information.

If	Then
<p>1 The taxpayer's name printed on the correspondence is an exact match to the name printed on the "yellow label". Or Only the last name on the "yellow label" is an exact match, the first name is similar to the name on IDRS, and IRS records do not show any other taxpayers with a similar first name and the exact same last name at the same address.</p> <p>Note: The taxpayer's address on IDRS will likely differ from the "yellow label" address.</p>	<ul style="list-style-type: none"> • Update the taxpayer's address on IDRS to the "yellow label" address. • Remail the returned correspondence to the taxpayer's updated mailing address. • Update the QRPA/AQC2 control activity code to the new suspense expiration date - "SCMMDDYYYY" (SC = AQC Segment Code, see IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types, and MMDDYYYY = the current date plus 106 calendar days (plus 151 calendar days for outside U.S.). • Input IDRS history item: "H, UNDLTR2TP" to show the correspondence was remailed to the taxpayer. • Update AQC database case status and select "yes" under the Undeliverable drop down, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.

If	Then
<p>2 There is no “yellow label” on the envelope but a new address is shown on the envelope. Or The scenarios in box 1 do not apply and you can locate a new address for the taxpayer through IDRS research (e.g., CCs IRPTR, INOLES, etc.)</p>	<ul style="list-style-type: none"> • Send Letter 2788C, Undeliverable Mail - New Address Verification, to the new address. Use the required paragraphs, attach the original returned correspondence and enclose Form 5703, IDRS Letter Enclosure, and Form 8822, Change of Address. • Do not update the address on IDRS. • Update the QRPA/AQC2 control activity code to the new suspense expiration date “SCMMDDYYYY” (SC = AQC Segment Code, see IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types, and MMDDYYYY = the current date plus 106 calendar days (plus 151 calendar days for outside U.S.). • Input IDRS history item: “H, UNDLTR2TP” to show the correspondence was remailed to the taxpayer. • Update AQC database case status and select “yes” under the Undeliverable drop down, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.
<p>3 The scenarios in Boxes 1 & 2 above do not apply or The correspondence was returned by the USPS as unclaimed or refused.</p>	<ul style="list-style-type: none"> • If the case was already worked in AQC (defaulted), complete Form 9856, Attachment Alert, to send the correspondence to Files, and use the DLN of the TC 29X adjustment. • If the case has not been worked in AQC (defaulted), follow procedures in IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency), and use the DLN of the posted adjustment to complete Form 9856, Attachment Alert. <p>Reminder: Allow the suspense time frame to expired before defaulting.</p> <ul style="list-style-type: none"> • Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS), detailing the research taken to locate a new address for the taxpayer. • Input IDRS history item: “H,ADDRNOTFND” for undeliverable, or “H,3219UNCLMD” for unclaimed or refused. • Update AQC database case status and select “yes” under the Undeliverable drop down, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.

25.25.7.6
(07-08-2025)
**No Response Received
to Letter 4800C**

- (1) After the 46-day suspense period has expired (61 days for outside the U.S.) and no substantiated response was received from the taxpayer, determine if the case is pre or post refund, will only adjust federal tax withholding or will result in a Negative Deficiency. See IRM 4.19.14.9.5(1), QRP Negative Deficiency Procedures, for more information about Negative Deficiency.

- (2) A Negative Deficiency occurs when **all** of the following are met:

- Tax on the original return is reduced to zero when unverifiable income is removed
- AND
- The amount of EITC, ACTC or other credits remaining after adjustment is less than the original tax amount.

Note: Removal of federal tax withholding **only** will be worked as a Negative Deficiency.

(3) For AQC inventory types that involve **questionable wages and/or withholding**, as stated in IRM 25.25.7.2 Automated Questionable Credit Inventory Types, research command code (CC) IRPTR IRM 25.25.3.4, Income Verification using Command Code (CC) IRPTR, for verification procedures. If the wages and withholding originally claimed verify, follow IRM 25.25.7.3(3) bullets 5-10, Automated Questionable Credits Manual Case Processing, for refund release procedures. If the questionable wages and/or withholding do not verify or partially verify continue to the chart below.

(4) Follow the chart below to take the correct actions.

Reminder: Research account for a -O freeze. **Do not** send Disallowance or Notice of Deficiency Letters during the disaster relief period. **Do not** Disallow or Default an account during the disaster relief period, unless agreed to by the taxpayer. Include Documentation Tool (DUT) paragraph for all AQC inventory types.

Note: When reducing or disallowing Earned Income Tax Credit, American Opportunity Tax Credit, or Child Tax Credit/Additional Child Tax Credit/Refundable Child Tax Credit, AQC TEs will use the following Reason Codes to place a recertification indicator on the Taxpayers account:

- RC 175 for AQC disallowance adjustments of EITC
- RC 178 for AQC disallowance adjustments of AOTC
- RC 181 for AQC disallowance adjustments of CTC/ACTC/RCTC

If	Then
<p>The case is pre-refund and the adjustment will result in a Negative Deficiency</p> <p>or</p> <p>The case is pre-refund and will only adjust the federal tax withholding</p>	<ul style="list-style-type: none"> For partial disallowances, only one adjustment is needed. Input a Non Source Document (NSD) adjustment based on the Inventory Type, use Hold Code (HC) 3, and Blocking Series (BS) "00", for electronically filed returns or "18" for paper filed returns. For full disallowances, two adjustments are needed. Input a first adjustment 290 .00, NSD, reason codes of disallowed item(s), HC 4 and BS "99", for electronically filed returns or "98" for paper filed returns. Input a second adjustment based on the Inventory Type, use NSD, HC 4, BS 05 and appropriate reason codes. Send a Letter 105C, Claim Disallowed, or Letter 106C, Claim Partially Disallowed, with the required paragraphs. Input/Update AMS notes per IRM 21.2.2.4.5, Accounts Management Services (AMS), to show why the case was defaulted. Close all Return Integrity Verification Operations (RIVO) control bases. Update the Automated Questionable Credit (AQC) database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Include the dollar amount protected. Update the Scheme Tracking and Referral System (STARS) to disposition "QL" and leave notes.

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If	Then
<p>The case is pre-refund and the proposal will not result in a Negative Deficiency.</p> <p>or</p> <p>The case is Post-refund.</p>	<ul style="list-style-type: none"> Send Letter 3219C, Statutory Notice of Deficiency, with the required paragraphs. <p>Reminder: If the first computation was incorrect recompute and upload the corrected computation to the AQC Share Point.</p> <ul style="list-style-type: none"> Update the "AQC2" control activity code to the suspense expiration date "SCMMDDYYYY" (SC = AQC Segment Code, see IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types, and MMDDYYYY = the current date plus 106 calendar days or plus 151 days for outside U.S.). Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database..

25.25.7.7

(04-23-2025)

No Response Received to Letter 3219C (Notice of Deficiency)

- (1) After the 106 day suspense period (151 days for outside the U.S.) has expired and no substantiated response was received from the taxpayer, take the following actions on the account:

Reminder: Research account for a -O freeze. Do Not send Disallowance or Notice of Deficiency Letters during the disaster relief period. Do Not Disallow or Default accounts during the disaster relief period, unless agreed to by the taxpayer.

Note: When reducing or disallowing Earned Income Tax Credit, American Opportunity Tax Credit, or Child Tax Credit/Additional Child Tax Credit/Refundable Child Tax Credit, AQC TEs will use the following Reason Codes to place a recertification indicator on the Taxpayers account:

RC 175 for AQC disallowance adjustments of EITC

RC 178 for AQC disallowance adjustments of AOTC

RC 181 for AQC disallowance adjustments of CTC/ACTC/RCTC

If	Then
The case is Pre-refund.	<ul style="list-style-type: none"> • Input an adjustment as a Non-Source Document (NSD) to adjust the account based on the inventory type. Use Source Code (SC) "0" and Hold Code (HC) "0". Do not input an AMD-CLMS-DT. • If there is an -E freeze on the module due to TC 810 with a Responsibility Code 3, input Transaction Code (TC) 811 for .00 with a Posting Delay Code '2' to release the freeze and issue any remaining refund. • Input/Update Account Management Services (AMS) notes per IRM 21.2.2.4.5, Account Management Services (AMS), to show why the case was defaulted. • Close all Return Integrity Verification Operations (RIVO) control bases. • Update the Automated Questionable Credit (AQC) database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Include the dollar amount protected. • Update the return in the Scheme Tracking and Referral System (STARS) to "QL" and leave notes.
The case is Post-refund.	<ul style="list-style-type: none"> • Input an adjustment as a Non-Source Document (NSD) to adjust the account based on the inventory type. Use SC "0" and HC "0". Do not input an AMD-CLMS-DT. • Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS), to show the case was defaulted, because no substantiated response was received. • Close all RIVO control bases. • Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. Include the dollar amount protected. • Update the return in STARS to "QL" and leave notes.

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25.25.7.8
(09-26-2019)
**Premium Tax Credit
(PTC)**

- (1) The section addresses the premium tax credit, which was effective beginning in tax year 2014. See IRM 21.6.3.4.2.12, Premium Tax Credit, for general information, including qualifications, terms, Form 8962, Premium Tax Credit (PTC), sections and use of the Account Management System (AMS) PTC Calculator.

25.25.7.8.1
(04-23-2025)

- (1) Premium Tax Credit (PTC) error codes will be prioritized depending on the severity of the error.

**Premium Tax Credit
(PTC) Error Codes (ERC)
(Associated with
Automated Questionable
Credit (AQC))**

Note: Error Reason Code (ERC) 191 and 195 will be worked by Automated Questionable Credit (AQC). ERC 197, ERC 198 and ERC 199 will be worked by Examination as of August 1, 2015. These cases will contain a MISC field literal of "AQCPTC19X".

Error Reason Codes	Definition
ERC 191	Taxpayer's Household Income (HHI) as a percent of Federal Poverty Level (FPL) is less than 100 percent and all tax family members are U.S. citizens, but taxpayer is claiming PTC (Exchange data shows coverage with no record of Advance Premium Tax Credit (APTC) received)
ERC 195	Taxpayer claims PTC, Form 8962, Premium Tax Credit (PTC), attached but no one claimed as a dependent on the Form 1040, U.S. Individual Income Tax Return, or Form 1040-SR, U.S. Individual Income Tax Return, was enrolled in a Qualified Health Plan (QHP) through the Exchange
ERC 197	When Exchange data is available for all months, the taxpayer's annual premium amount does not equal the annual premium reported by the Exchange
ERC 198	When Exchange data is available for all months, the taxpayer's annual premium of Second Lowest Cost Silver Plan (SLCSP) does not equal the annual SLCSP reported by the Exchange
ERC 199	When Exchange data is available for all months, the annual APTC reported by the taxpayer does not equal the annual APTC reported by the Exchange

- (2) Electronic Fraud Detection System (EFDS) Referrals with PTC.

Note: The PTC referrals listed below will only be worked during Contingency.

PTC Inventory Types	Description
(PTC12) - Dependent Database (DDB)- PTC-Error-Code (CD) 900	PTC claimed, where the taxpayer is considered a full year prisoner.
(PTC13) - DDB-PTC-Error-CD 900	PTC claimed on a joint return, where both taxpayers are considered full year prisoners.
(PTC18)- DDB-PTC-Error-CD 901	The taxpayer is under the age of 18 and there is a record of Advance Premium Tax Credit (APTC) paid that was not reported on the tax return. Caution! PTC may not have been claimed on the return.

(PTC20)-DDB-PTC-Error-CD 904	No income was reported on the tax return and there is a record of APTC paid that was not reported on the tax return. Caution! PTC may not have been claimed on the return.
(PTC65)-DDB-PTC-Error-CD-902	The taxpayer is over the age of 65 and there is a record of APTC paid that was not reported on the tax return. Caution! PTC may not have been claimed on the return.
(PTC66)-DDB-PTC-Error-CD 903	A joint return, where both taxpayers are over the age of 65, and there is a record of APTC paid that was not reported on the tax return. Caution! PTC may not have been claimed on the return.

25.25.7.8.2
(04-23-2025)
**Frozen Refund with
Premium Tax Credit**

- (1) Transaction Code (TC) 971/ Action Code (AC) 128 will generate the TC 810 freezing the "Exposure Amount" and setting the -E freeze.
- (2) If the credit module balance exceeds the frozen amount, the excess amount will be released via TC 811 with the released amount in the memo money amount. See IRM 25.25.7.2.1 , Automated Questionable Credit (AQC) Required Documentation, for required documentation to substantiate the claim.

25.25.7.8.3
(04-23-2025)
**Adjusting Accounts with
Premium Tax Credit
(PTC)**

- (1) Premium Tax Credit (PTC) allowed on the original return posts as a computer-generated Transaction Code (TC) 766, credit reference number (CRN) 262. Advance Premium Tax Credit (APTC) is included in the TC 150.
- (2) Posted PTC data, such as the premium tax credit (the computed amount (line 24 Form 8962, Premium Tax Credit) which is not the same as Net PTC (CRN 262)), APTC, and excess advance payment above limitation, can be viewed in the posted return section of command code (CC) TXMODA and CC IMFOLR.
- (3) When adjusting PTC related data, use the following reference numbers, as needed:
 - 262 – adjust the Net PTC
 - 865 – adjust the total APTC
 - 866 – adjust the total PTC
 - 867 – adjust the Advance PTC Repayment

Reminder: Whenever you have a CRN 867 you will have a corresponding tax increase (TC 290) for the same amount.

 - 868 – adjust the Excess Advance Payment Above Limitation
- (4) When adjusting PTC related data, use the following reason codes, as needed:
 - 151 – Net PTC
 - 152 – Advance PTC Repayment
- (5) CC TXMODA PTC fields:
 - Total APTC.
 - Total PTC.

- APTC Repayment is reported as a tax before the non-refundable credits. This is the amount of the excess APTC after limitation has been applied that must be repaid by the taxpayer.
 - PTC Limitation Amount (Excess Advance Payment above the Limitation). This is the amount of the excess APTC that does not need to be repaid by the taxpayer.
 - Net PTC Credit.
 - PTC Exposure Amount.
- (6) When adjusting an account with PTC and a -E Freeze, a TC 811 must be input for .00 with a posting delay of 2 to release any remaining refund and/or the freeze condition on the account.

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25.25.7.8.4
(07-31-2020)
**Premium Tax Credit
(PTC) Referrals**

- (1) Premium Tax Credit (PTC) responses received by Automated Questionable Credit Program (AQC) that use the Alternative Calculation for Marriage (ACM) or contain an allocation condition will be referred to the AQC Analyst for review.
- (2) When an AQC Analyst referral is needed:
- Update the "AQCX control" activity code to "PTC2RVIEW".
 - **DO NOT** close "QRPA" control.
 - Scan a copy of the documentation provided and send via secure e-mail to the AQC Analyst.
- (3) The AQC Analyst will:
- Review the documentation provided.
 - Provide the correct disposition for the account via secure e-mail.
 - Update the "AQCX" control activity code to "RVIEWDONE".
- (4) After the disposition is provided by the AQC Analyst, follow IRM 25.25.7.4.2, Initial Taxpayer Response Processing, to resolve the response based on the disposition.

25.25.7.9
(07-08-2025)
**Phone Calls Received
via Toll-Free line
855-873-2100 or TAC
Appointments**

- (1) Toll-Free Customer Service Representatives (CSRs) trained to work the Automated Questionable Credit (AQC) line should be able to answer most questions during the phone call on the AQC toll-free line. AQC toll-free line only answers questions related to Letter 3219C, Letter 4800C, Letter 105C, Letter 106C, Letter 474C issued by AQC or cases with AQC indicators as described in (3) below. The procedures in this section also apply to Taxpayer Assistance Center (TAC) assistors. If the caller has account questions not related to the AQC program, see *Telephone Transfer Guide (TTG)* for appropriate referral.

Reminder: Do not refer the taxpayer if the account has an AQC indicator but the original refund was released, regardless of whether an AQC letter was issued, additionally if the call has been misrouted please see IRM 21.5.6.4.35.3.1, -R Freeze Phone Procedures for Accounts With Return Integrity Verification Operations (RIVO) Involvement for more information. However, if you identify an Erroneous Refund, follow procedures in IRM 21.4.5.5, Erroneous Refund Categories and Procedures.

- (2) Toll-Free CSRs and Taxpayer Assistance Center (TAC) assistors not designated to answer the AQC toll-free line provide the caller with the toll-free number 855-873-2100 and the hours of operation of Monday through Friday 7:00 am to 9:00 pm CST for questions related to AQC letters.
- (3) CSRs designated to respond to AQC telephone inquiries should follow IRM 21.1.3.2.3, Required Taxpayer Authentication and if directed, IRM 21.1.3.2.4, Additional Taxpayer Authentication, to authenticate the caller. When transferring a caller to the Spanish speaking line use transfer IUP #1248.
- (4) If the caller is responding to a balance due notice based on an assessment by AQC and agrees with the assessment, do not transfer the caller to the AQC line. Follow normal balance due procedures, see IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns.

Note: No account adjustments will be made by Accounts Management CSRs if there are any AQC open indicators present. All account adjustments will be processed by the AQC teams only.

- (5) All AQC toll-free calls require a history narrative on AMS. Input AMS history narrative and choose "Exam Assessment" as the issue description, see IRM 21.2.2.4.5, Account Management Services (AMS), for more information.
- (6) The following are AQC indicators:
 - TC 971 AC 140
 - TC 971 AC 122

Reminder: TC 971 AC 122 with a MISC field of "7S", "7S1", "7V", or "7W", "7W1" are not AQC cases unless a subsequent TC 971 AC 122 posts with another AQC Inventory type in the MISC Field.

- TC 971 AC 128 with specific MISC fields "AQCPTC191", "AQCPTC195" or "AQCPTC9XX", or
 - Accounts with an open control category code "QRPA" **AQC2**, "AQC3", or with an open control to IDRS number 1487877777 with an activity field of emphasis **AQC6X** or **AQC6XATAO**.
- (7) Responses to AQC letters should be submitted via the Documentation Upload Tool (DUT) at <https://www.irs.gov/reply>. The DUT is a fast and safe reply method where taxpayers can submit their response by simply scanning or taking a photograph of their signed letter, written statement or any supporting documentation, and completing the upload form. Taxpayer's must include their taxpayer identification number (TIN) and tax period on each page of their response.

Only if the taxpayer says they do not have internet access or they tried to ac-

cess DUT but their browser is not supported, provide the option to respond via mail to Ogden Service Center , Mail Stop 9002, Ogden, UT 84201-0062, or fax to (855) 855-0616. The taxpayer should only respond by **one**, of the methods, multiple responses will delay case processing. If the taxpayer requests more time to respond, advise the taxpayer we are unable to extend the time frames, our review will continue until the documentation is received or the time frame on the notice expires.

- (8) Received taxpayer responses in AQC can be identified by one of the following category codes:

- AQCD - AQC letter response disagreed
- AQCA - AQC letter response agreed
- AQCO - AQC letter response other
- AQCI - AQC letter response identity theft
- AQC1- Referred from Withholding Only Work (WOW)
- TWRO - Initiated electronic 4442

Review the account for any open AQC control with the following activity code;

- DCMMDYYYY= DUT correspondence received
- ECMMDYYYY= E-fax correspondence received
- PCMMDDYYYY= Paper correspondence received
- MMDDYYYY= Correspondence received date

If there is an open AQC control with one of the above activity codes and the taxpayer asks about the status of their response, advise the taxpayer we have received their correspondence and allow 120 days from the received date of their documentation to receive their refund or a letter. Advise the taxpayer they should **not** resubmit their response, this could cause more delays.

Exception: If there is no open control indicating that AQC has received a response and it is more than 60 days since the taxpayer sent their response, advise the taxpayer to resubmit their response and apologize for the inconvenience.

If it has been more than 120 days from the correspondence received date, and there is an open control indicating a response received and the AQC case has not been resolved, submit an Form 4442 to AQC using referral queue "RIVO - AQC". Advise the taxpayer to allow 60 days for a response and apologize for the delays.

If an Form 4442, Inquiry Referral, was issued and the timeframe has passed, follow the procedures in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines, and advise the taxpayer you are referring their case to Taxpayer Advocate Service (TAS)

If the taxpayer has **new** supporting documentation that needs to be submitted please advise to use the DUT method as stated in above in paragraph 7.

- (9) If the taxpayer is calling in reference to a Letter 6255C, Third-party Notification, advise this is a courtesy letter. If the taxpayer states they made a mistake on their return, advise them to file a Form 1040X, Amended return.
- (10) If the taxpayer has **not** been issued or has **not** received a Letter 4800C or Letter 3219C (as shown on CC ENMOD), then research the account to determine the AQC inventory type per IRM 25.25.7.2, Automated Questionable

Credit Inventory Types, inventory types can be identified in the MISC field of the TC 971 AC 122, 128 or 140. Determine the required documentation per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. Research available IRS systems such as Coverage Data Repository (CDR) or command code (CC) IRPOLA to verify Premium Tax Credit (PTC) amounts claimed, IRP/Market documents and CC IRPTR see IRM 25.25.3.4, Income Verification Using Command Code, for RIVO tolerances, to substantiate the refund.

Note: AQC inventory types 7Z1, 7Z2, 7Z3, 7Z4, 7Z5, and 7Z6 for processing year 2024 will be issued a Letter 474C, Math Error Explained, in a batch process.

If	Then
The IRS systems do not substantiate the refund claimed and it has been 60 days or less since the TC 971 AC 122 or AC 140 posted	<ul style="list-style-type: none"> Advise the taxpayer that they should receive a letter requesting more documentation or their refund 60 days from the date of the TC 971 AC 122. Provide the documentation required to substantiate the credit claimed on the original return, per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. If they are unable to provide supporting documents, advise them to respond by explaining the issue and how they figured the amount. Advise the taxpayer to respond as outlined in (7) above. Advise the taxpayer to allow 120 days from the received date of their documentation to receive their refund or a letter.
<p>The IRS systems do not substantiate the refund claimed and it has been more than 60 days since the TC 971 AC 122 or AC 140 posted</p> <p>Note: AQC inventory types AOTC25, AOTC26, AOTC27, AOTC28, and AOTC29 should not be referred until after cycle 19, if no letter has been sent, continue to follow bullet two.</p>	<ul style="list-style-type: none"> Initiate an e-Form 4442 to AQC using referral queue "RIVO - AQC". Provide the documentation required to substantiate the credit claimed on the original return, per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. If they are unable to provide supporting documents, advise them to respond by explaining the issue and how they figured the amount. Advise the taxpayer to respond as outlined in (7) above. Advise the taxpayer to allow 120 days from the received date of their documentation to receive their refund or a letter.
The IRS systems do substantiate the refund claimed and it has been 60 days or less since the TC 971 AC 122 or AC 140 posted	<ul style="list-style-type: none"> Advise the TP no further actions are required and to allow the IRS 60 days from the date of the TC 971 AC 122 to resolve the account.

If	Then
The IRS systems do substantiate the refund claimed and it has been more than 60 days since the TC 971 AC 122 or AC 140 posted	<ul style="list-style-type: none"> Initiate an e-Form 4442 to AQC using referral queue "RIVO - AQC", notate what documents are available to substantiate the claim in the referral narrative (i.e., CC IRPTR, Marketplace, etc.). Advise the taxpayer to allow 60 days for their refund.

- (11) If the taxpayer **received** a Letter 474C and **disagrees** or believes the disallowance was in error, advise them to read carefully the explanation for the disallowance in their Letter 474C and submit required documentation to claim the IRC 1341 credit amount for which they are eligible. If the amount for which they are eligible is different from the amount claimed on their original return, advise them to file an amended return. See Repayments section of Pub 525, Taxable and Nontaxable Income. See also Form 14823, Supporting Documents to Prove Your Claim of Right Credit Internal Revenue Code (IRC) Section 1341.
- (12) If the taxpayer **received** a Letter 4800C or Letter 3219C and **disagrees** with the proposal, then research the account to determine the AQC inventory type per IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types. Inventory types are shown in the MISC field of the TC 971 AC 122, 128 or 140. Determine the required documentation for the inventory type per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. Research available IRS systems such as Coverage Data Repository (CDR) or command code (CC) IRPOLA to verify Premium Tax Credit (PTC) amounts claimed, IRP/Market documents and CC IRPTR see IRM 25.25.3.4, Income Verification Using Command Code, for RIVO tolerances, to substantiate the refund.

Note: For inventory type GATT11, if the taxpayer disagrees with the incarceration dates, they need to provide documentation showing their incarceration dates, such as a letter from the penal institution. If the taxpayer says they were never incarcerated, they need to sign the Letter 4800C or Letter 3219C or provide a written statement denying they were incarcerated and a copy of their driver's license.

If	Then
The IRS systems do not substantiate the refund claimed	<ul style="list-style-type: none"> Advise the taxpayer to respond to the letter and include their supporting documentation. If they are unable to provide supporting documents, advise them to respond by explaining the issue and how they figured the amount. Advise the taxpayer to respond as outlined in (7) above. Advise the taxpayer to allow 120 days from the received date of their documentation to receive their refund or another letter.

If	Then
The IRS systems do substantiate the refund claimed	<ul style="list-style-type: none"> Initiate an e-Form 4442 to AQC using referral queue “RIVO - AQC”, notate what documents are available to substantiate the claim in the referral narrative (i.e., CC IRPTR, Marketplace, etc.). Advise the taxpayer to allow 60 days for a response.

- (13) If the taxpayer received a Letter 4800C or Letter 3219C and **agrees** with the proposal.
- Advise the taxpayer to sign the Letter 4800C on the “Response Form” and check “OPTION 1”, or Letter 3219C under the “CONSENT TO ASSESSMENT AND COLLECTION” section. The response must be signed by both taxpayers, if joint.
 - If the taxpayer is unable to sign due to misplaced or non-receipt of the letter, advise the taxpayer that the AQC process will continue and they will receive a subsequent letter to explain the proposed changes or balance due.

Note: A signed statement from the taxpayer is not considered an “agreed” response.

- Advise the taxpayer to respond as outlined in (7) above.
 - If the result will be a refund, advise the taxpayer to allow 60 days from the date of response to receive the refund.
 - If it has been more than 60 days since the date the response was received, and no refund has been issued. Initiate an e-Form 4442 to AQC using referral queue **RIVO - AQC**, and advise the taxpayer to allow 60 days for a response
 - If the result will be a balance due, follow IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns.
- (14) If the taxpayer claims identity theft stating, for instance, I didn’t file this return or a similar statement, regardless of whether an AQC letter was issued.
- Follow procedures in IRM 25.23.12.2, Identity Theft Telephone General Guidance, to advise the taxpayer how to submit an identity theft claim.
 - Advise the taxpayer to submit a copy of their AQC letter or written statement explaining that no AQC letter was received, and Form 14039, Identity Theft Affidavit, as outlined in (7) above.
- (15) If the taxpayer received a Letter 105C, Claim Disallowed, or Letter 106C, Claim Partially Disallowed, sent by AQC and **disagrees**, then research the account to determine the AQC inventory type per IRM 25.25.7.2, Automated Questionable Credit (AQC) Inventory Types. Inventory types are shown in the MISC field of the TC 971 AC 122, 128 or 140. Determine the required documentation for the AQC inventory type per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation. Research available IRS systems such as Coverage Data Repository (CDR) or command code (CC) IRPOLA to verify Premium Tax Credit (PTC) amounts claimed, IRP/Market documents and CC IRPTR see IRM 25.25.3.4, Income Verification Using Command Code, for RIVO tolerances, to substantiate the refund.

Note: If the taxpayer agrees with the disallowance or partial disallowance no further action is needed.

If	Then
The IRS systems do not substantiate the refund claimed and the taxpayer does have documentation not previously considered.	<ul style="list-style-type: none"> Advise the taxpayer to respond as outlined in (7) above. Advise the taxpayer to allow 120 days from the received date of their documentation to receive their refund or another letter.
The IRS systems do not substantiate the refund claimed and the taxpayer does not have other documentation.	<ul style="list-style-type: none"> Advise the taxpayer to follow the Appeals instructions in the Letter 105C or Letter 106C as directed. <p>Note: See IRM 21.5.3.4.6.2, Appeals and Responses to Letter 105C and Letter 106C, for more information.</p>
The IRS systems do substantiate the refund claimed (e.g., CC IRPTR documents available after the posting of the TC 971 AC 140 or AC 122).	<ul style="list-style-type: none"> Initiate an e-Form 4442 to AQC using referral queue "RIVO - AQC", notate what documents are available to substantiate the claim in the referral narrative (i.e., CC IRPTR, Marketplace, etc.). Advise the taxpayer to allow 60 days for a response.

25.25.7.10
(07-09-2025)

AQC Docketed Appeals Case Procedures

- (1) When Return Integrity and Compliance Services (RICS) is notified that a case has been docketed for Appeals, the following documentation must be collected and sent to the Independent Office of Appeals within 10 days of the request.

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- Modernized e-file (MeF), TRPRT or original filed paper document (Note: if original return must be requested send copy of CC ESTAB request. DO NOT wait for receipt of paper document).
- A redacted copy of the Certified Mail -Listing (CML). The CML will be kept within the Operation for three years.
- Copy of certified Letter 3219C, Statutory Notice of Deficiency, or Letter 105C, Claim Disallowed, from the Control D file.

Note: If you are unable to locate a copy of the AQC letter or it is not available, notate "SNOD not available" on the Form 3210, Document Transmittal. Refer to Document 12990 IRS Records Control Schedules (RCS) 29, Item 91 for the National Archives and Records Administration (NARA) approved Form 3210, Document Transmittal retention and disposition requirement.

- Any responses received from the taxpayer, if still available.
- Send Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office, to notify the taxpayer their request has been forwarded to Appeals.

- Update the existing control, or open a new QRPA if one is not present, with activity code to "FWD2APPLS" and the status code M (Monitor) to reflect the documentation has been sent to Appeals.
- Monitor the account until the Appeals freeze posts before closing the monitoring control.

(2) Send the documentation above to the *Appeals Shared Program Hub*:

- Click "Add New Electronic Case Receipts "
- Select "TS" from the Business Unit drop down list and "Income" in the Type of Case
- Input the taxpayer name, TIN, MFT, tax period being appealed, and Docket Number if available

Note: The MFT and Tax Period fields permit multiple entries if needed

- Click Add Attachment and use the Choose File button to browse and select the case files to be uploaded

Note: Files selected for upload must be in PDF format. Each file should not exceed 25 pages. While the size of files is limited to 25 pages, penalty appeals coordinators may attach and upload an unlimited number of files.

- The Requestor, Email, Telephone, and POD fields auto-populate.
- Click the Submit button when all information has been input and all files have been added as attachments.

25.25.7.11
(04-23-2025)
**Automated Questionable
Credit (AQC) Statute
Imminent / Statute
Expired Cases**

- Returns selected by Automated Questionable Credit (AQC) and/or previous Questionable Return Program (QRP) Examination returns that did not meet the 13-month assessment statute expiration date (ASED) expiration time frame will require special treatment. If the ASED has 180 days or more follow procedures in IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing.

Reminder: AQC Statute imminent cases must not be referred to the AQC.net Tool.

Note: Research account for -O freeze. Do Not send Disallowance or Notice of Deficiency Letters during the disaster relief period. Do Not Disallow or Default accounts during the disaster relief period, unless agreed to by the taxpayer. See *FEMA*, for disaster locations.

- For statute Imminent cases (the ASED will expire within 180 days of today's date) take the following actions:

Reminder: Before issuing a 3219C on Statute Imminent cases review IRM 25.25.7.3 (3), Automated Questionable Credit (AQC) Manual Case Processing, for refund release criteria.

- Send Letter 3219C, Statutory Notice of Deficiency, with the required paragraphs.
- Update the IDRS "AQC2" control assignment number to the Tax Examiner (TE) sending the letter and update the activity code to the suspense expiration date "55MMDDYYYY", and MMDDYYYY = the current date plus 106 calendar days (151 days for outside U.S.).
- Update Automated Questionable Credits (AQC) database as required.

- (3) Use the following chart when working a response to Letter 3219C, Statutory Notice of Deficiency, or the suspense period has expired with no response:

If	Then
More than 90 days remain before the ASED expires	<ul style="list-style-type: none"> For responses, follow procedures in IRM 25.25.7.4.2, Initial Taxpayer Response Processing. For no response, follow procedures in IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency).
90 days or less remain before the ASED expires and there is a decrease in tax or decrease in credits	<ul style="list-style-type: none"> For responses, follow procedures in IRM 25.25.7.4.2, Initial Taxpayer Response Processing. For no response, follow procedures in IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency).
90 days or less remain before the ASED expires and there is an increase in tax or increase in credits	<ul style="list-style-type: none"> Prompt assessment procedures must be followed due to the imminent ASED. Send an email to RIVO Statute <p>"EXPEDITE for Quick Assessment".</p> <ul style="list-style-type: none"> The body of the email must include the TIN, tax period and DLN of the original return. Attach xClaim or AMS worksheet showing the adjustment. Open a new control base C#,PROMT2STAT,MISC 1487755555,* Close all other Return Integrity Verification Operations (RIVO) control bases. Input/Update Account Management Services (AMS) per IRM 21.2.2.4.5, Account Management Services (AMS). Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. If still open in Scheme Tracking and Referral System (STARS), close disposition "QL".
The ASED has expired	Follow procedures in (4) below.

#

- (4) Use the following chart for AQC cases where the ASED has expired:

Reminder: Do not adjust tax or credits, other than withholding.

If	Then
The case results in a partial disallowance and only decreases withholding (does not result in a change to total tax or refundable credits)	<ul style="list-style-type: none">• Adjust the account to allow the portion of the refund the taxpayer is entitled to based on the available account information (e.g., IRPTR, CDR data, etc.).• Use Hold (HC) "3", Blocking Series (BS) "00", for electronically filed returns or "18" for paper filed returns.• If the Letter 3219C was not previously issued, send Letter 106C, Claim Partially Disallowed, with the required paragraphs.• Input/Update Account Management Services (AMS) per IRM 21.2.2.4.5, Account Management Services (AMS).• Close all Return Integrity Verification Operations (RIVO) control bases.• Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.• If still open in Scheme Tracking and Referral System (STARS), close disposition "QL".

If	Then
<p>The case results in partial disallowance and results in a change to total tax or a decrease in credits</p>	<ul style="list-style-type: none"> • Move the overpayment for the disallowed amounts to Excess Collections to decrease the module balance to the amount of the refund the taxpayer is entitled to using Form 8758, Excess Collections File Addition for each credit being moved. See Exhibit 25.25.13-2, Transferring Credits to Excess, for credit transfer ordering to Excess and IRM 3.12.37.28.4, Preparation of Form 8758. Update the “AQC2” control with activity “87582EXCES”, and “M” status to track the Form 8758 submission to Excess Collection. • If no open QRPA control, open one with activity “87582EXCES” and “M” status. • If the Letter 3219C was not previously issued, send Letter 106C, Claim Partially Disallowed, with the required paragraphs. • Monitor for posting of the disallowed amounts to Excess Collection. <p>Exception: OARs Only: if TAS is requesting a manual refund please see IRM 25.25.13.10 (8), Manual Refund Criteria for Return Integrity Verification Operations</p> <ul style="list-style-type: none"> • After amount(s) sent to Excess Collection have moved off the module, adjust the account to the correct figures based on the available account information (e.g., IRPTR, CDR data, etc.). • Input a Transaction Code (TC) 290 for .00 using HC “3”, with the applicable reason codes, BS “00”, for electronically filed returns or “18” for paper filed returns to release the remainder of the refund. • Continue to monitor the adjustment until the module is at a zero-balance ensuring the refund released. • Input/Update AMS per IRM 21.2.2.4.5, Account Management Services (AMS). • Close all RIVO control bases. • Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. • If still open in STARS, close disposition “QL”.

If	Then
The case results in a full disallowance	<ul style="list-style-type: none"> • If the Letter 3219C was not previously issued, send Letter 105C, Claim Disallowed, with the required paragraphs. • Input TC 290 for .00. Use the Reason Codes for the items being disallowed, HC "4", BS "99", for electronically filed returns or "98" for paper filed returns. • Move the disallowed credits to Excess Collections to reduce the module balance to zero (\$0.00) using Form 8758, Excess Collections File Addition for each credit being moved. See Exhibit 25.25.13-2 and See IRM 3.12.37.28.4, Preparation of Form 8758. • Input/Update AMS per IRM 21.2.2.4.5, Account Management Services (AMS). • Close all RIVO control bases. • Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. • If still open in Scheme Tracking and Referral System (STARS), close disposition "QL".

- (5) If the taxpayer later provides the required documentation to support their original claim and the total tax and/or credits were previously removed. See SERP Portal *Barred/Quick Assessment Referral Guide* for procedures.

25.25.7.12
(04-23-2025)

Processing Late Replies

- (1) Automated Questionable Credit (AQC) late replies are replies that are received after the case has been closed.
- (2) Review the taxpayer's correspondence, and follow the table below:

If	Then
<p>The taxpayer did not provide the required documentation, per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation, to substantiate the refund claimed on the original return, is not submitting substantiation as previously requested.</p>	<ul style="list-style-type: none"> Close the case as a "no consideration." Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures. <p>Reminder: Do not send a Letter 916C on duplicate correspondence or previously adjusted Agreed</p> <ul style="list-style-type: none"> Close the "AQCX" control with "LPUNSUBDOC" in the activity code. <p>Note: For previously adjusted Agreed cases or duplicate correspondence close the "AQCX" control. note with LPDUPEDOC</p> <ul style="list-style-type: none"> Review IRM 21.5.1.4.10, Classified Waste, to determine if the documentation meets classified waste criteria. If the documentation does not meet classified waste criteria and needs to be associated with the return for audit trail purposes, complete Form 9856, Attachment Alert, to send the documentation to Files. <p>Exception: For E-fax responses, mark the fax with a red "X", your Employee Identification Number and move it to your "Classified Waste" folder. Do not complete Form 9856.</p> <ul style="list-style-type: none"> Update the Electronic Fraud Detection System (EFDS) or Scheme Tracking and Referral System (STARS) notes. Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS). Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database.
<p>The taxpayer provided the required documentation, per IRM 25.25.7.2.1, Automated Questionable Credit (AQC) Required Documentation or additional information is found on CC IRPTR and it substantiates the refund claimed on the original return.</p>	<ul style="list-style-type: none"> Follow IRM 25.25.7.4.6 Taxpayer Disagreed Responses for verification procedures for documentation received. Input an adjustment using the documents provided as a source document to reverse the previous adjustment. Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS). Update the EFDS or STARS disposition to "DL". Use the appropriate standard note as outlined in Exhibit 25.25.13-1, STARS Delete Reasons. Update the AQC database case status, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database..

25.25.7.13
(04-23-2025)
**Manual Referrals and
AQC.net Tool Rejects**

- (1) Returns that cannot be worked via the AQC.net Tool or have been referred to the AQC process from External Leads or Manual Referral Process, will be assigned using a spreadsheet process and will be resolved following the chart below:

Note: Research account for -O freeze. **Do not** send disallowance during the disaster relief period. **Do not** disallow or default accounts during the disaster relief period, unless agreed to by the taxpayer. See for disaster locations.

If	Then
1 The account has an open control, or freeze code, or has been resolved by an outside RIVO.	<ul style="list-style-type: none"> • Update Electronic Fraud Detection System (EFDS) return notes. • If the return is in the Scheme Tracking and Referral System (STARS), update STARS to "CL". Update Category Code to "5". • Leave the AQC database case status as "Rejected" and select the reject reason, see Exhibit 25.25.7-3, Definitions for Automated Questionable Credit Database. • Close all RIVO control bases.
2 There is an open control to 1484077777, ATAO, or is already assigned to an AQC employee.	<ul style="list-style-type: none"> • Take no action on the account. • Do not update the AQC database. • Close the AQC Reject control as "CL2CORR" or "CL2EFAX", if closing to any type of correspondence.

If	Then
3 The return information can be verified per Command Code (CC) IRPTR data or information in Contact Employer (CE), see IRM 25.25.3, Revenue Protection Verification Procedures for Individual Master File Returns and Does NOT require a Letter 4800C.	<ul style="list-style-type: none"> • Release the refund per IRM 25.25.13.9, Releasing the Refund. • "Refile" the return in EFDS. • Update the EFDS or STARS disposition to "DL". Use the appropriate standard note as outlined in Exhibit 25.25.13-1, STARS Delete Reasons. • Input/Update AMS notes per IRM 21.2.2.4.5, Account Management Services (AMS). • Close all RIVO control bases.
4 The return information cannot be verified per CC IRPTR data or CE, see IRM 25.25.3, Revenue Protection Verification Procedures for Individual Master File Returns and does require a Letter 4800C.	<ul style="list-style-type: none"> • Follow IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing
5 The account return information cannot be verified per CC IRPTR data or CE, see IRM 25.25.3, Revenue Protection Verification Procedures for Individual Master File Returns, and has previously been issued a Letter 4800C.	<ul style="list-style-type: none"> • Follow IRM 25.25.7.6, No Response Received to Letter 4800C
6 The account return information cannot be verified per CC IRPTR data or CE, see IRM 25.25.3, Revenue Protection Verification Procedures for Individual Master File Returns and has previously been issued a Letter 3219C.	<ul style="list-style-type: none"> • Follow IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency).
7 The account information shows the taxpayer is claiming identity theft, such as notes in Accounts Management Services (AMS).	<ul style="list-style-type: none"> • Follow IRM 25.25.7.4.7, Taxpayer Claiming Identity Theft Response Procedures.

Exhibit 25.25.7-1 (07-09-2025)**AQC.net Tool Inventory Reject Criteria**

Only AQC inventory types AQC16, AQC17, AQC25, AQC26, GATT11, AOTC25, AOTC26, AOTC27, AOTC28, AOTC29, 7G2, PTC191 & PTC195 can be run systemically through the AQC.net Tool, all other inventory types require a manual start. Inventory run through the AQC.net tool may meet rejection criteria, to resolve cases meeting rejection criteria see IRM 25.25.7.13, Manual Referrals and AQC.net Tool Rejects. The table below describes the AQC.net Tool reject criteria:

IDRS Research	Rejection Criteria
CC TXMODA	<ul style="list-style-type: none"> • TC 150 has not posted. • TC 29X posted or pending. • TC 30X posted or pending. • TC 424, TC 425, or TC 420 posted or pending. • TC 740 or TC 841 with DLN julian date "999". • Any of the following freezes are present: A-, -A, B-, -B, D-, -D, E-, -E, F-, -F (unless posted payment is for Automated Questionable Credit Program (AQC) case), G-, -G, I-, -I, K-, -K, -L, M-, -M, -N, -O, Q, -S, T-, -T, -U, U-, -U, V-, -V, W-, -W, X-, -X, Y-, -Y, Z-, -Z <p>Reminder: Although these cases are not worked by the AQC tools, they must be routed/resolved per IRM 21.5.6.4, Freeze Code Procedures, for resolution.</p> <ul style="list-style-type: none"> • Any open control with a Category Code other than "QRPA" or "AM01" through "AM09".
CC ENMOD	<ul style="list-style-type: none"> • TC 971 Action Code (AC) 136 referral to Exam. • TC 971 AC 501 Taxpayer identified IDT case. • TC 971 AC 506 IRS identified IDT case. • TC 971 AC 524 Locked taxpayer account. • TC 971 AC 525 is applied to the Social Security Number (SSN) owner when an Individual Taxpayer Identification Number (ITIN) taxpayer is using the Social Security Number (SSN) for employment.
CC UPTIN	<ul style="list-style-type: none"> • Any Individual Master File (IMF) Unpostable Code, (unless due to AQC payment posting or assigned to AQC TE). See IRM 21.5.5.3.2, Researching Unpostables on IDRS, for more information.

Exhibit 25.25.7-1 (Cont. 1) (07-09-2025)
AQC.net Tool Inventory Reject Criteria

IDRS Research	Rejection Criteria
For partials (AQC17 & AQC26), in addition to the criteria listed above	<ul style="list-style-type: none"> • TC 150 (original total tax) greater than zero (0). • Amended Form W-2 reported on command code (CC) IRPTR for the tax period in question. • Fraudulent Payer Taxpayer Identification Number (TIN) showing in CC IRPTR for the tax period in question. • Taxpayer using prior year income to compute current year Earned Income Tax Credit (EITC). • Returns claiming Schedule C losses. • Returns claiming Household Income (HSH). • TC 766 CRN 336 and CRN 173, returns claiming both the Additional Child Tax Credit (ACTC) and Credit for Other Dependent (ODC). • TC 766 CRN 262, returns claiming the refundable Premium Tax Credit (PTC). <ul style="list-style-type: none"> • TC 766 CRN 256, returns claiming Recovery Rebate Credit. • Returns claiming a refundable credit on Form 4136 , Credit for Federal Tax Paid on Fuels. See Form 4136 for applicable CRNs. • Any tax return prior to tax year 2017.

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Exhibit 25.25.7-2 (04-23-2025)

Automated Questionable Credit (AQC) EFDS/STARS Return Disposition Status Codes

Return Disposition Code	Description
AQ	Accepted by Automated Questionable Credit (AQC)
BQ	Batch for AQC
CL	Closed (Account Settled)
CQ	Statute Imminent
DL	Removed from Scheme Tracking and Referral System (STARS)
MQ	AQC Manual Review
NR	Non-Referable Return Note: Incoming Rule 7Z Inventory will have a disposition of NR.
PQ	Pending referral to AQC
PT	Questionable Premium Tax Credit (In Process of fraud determination)
QL	Closed (Account Settled on AQC)
TT	Full year prisoner with verified good income and/ or withholding and a questionable refundable credit
WQ	Statute Expired
XQ	Rejected by AQC

Exhibit 25.25.7-3 (04-23-2025)**Definitions for Automated Questionable Credit (AQC) Database**

Case Status	Definitions
New	No letters have been sent by Automated Questionable Credit (AQC) and no action has been taken on the account
Corr Received	Correspondence has been received in Automated Questionable Credit (AQC) program.
Late Reply	Automated Questionable Credit (AQC) late replies are replies that are received after the case has been closed.
Manual Start	Automated Questionable Credit (AQC) cases that cannot be worked systemically through the AQC.net tool.
Surveyed	Refund released before Automated Questionable Credit (AQC) letters have gone out.
Suspended	A letter has been sent out and waiting for response
Rejected	Someone outside of AQC has resolved the case or it has been referred to another area for resolution
Closed:	AQC has resolved the case
Types of Responses	Definitions
Agreed	Taxpayer responded to the AQC letter and agreed to the proposed changes
Disagreed Substantiated (No Change)	Taxpayer responded to the AQC letter and substantiated the original claim and the refund is released by AQC without an adjustment.
Disagreed Unsubstantiated	Taxpayer responded to the AQC letter and not able to substantiate the original claim.
ID Theft	Taxpayer responded to the AQC letter and claims to be a victim of identity theft.
Other	<ul style="list-style-type: none"> The suspense timeframe has passed and the taxpayer has not responded to the AQC letter and a subsequent letter has been issued or the account has been adjusted to the proposed changes. Taxpayer filed a petition in the United States Tax Court. The taxpayer responds to the Letter 105C, Claim Disallowed, or Letter 106C, Claim Partially Disallowed, and is appealing the decision to disallow the claim. .