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**From:** [REDACTED]

**Sent:** Thursday, January 18, 2018 5:03:39 PM

**To:** [REDACTED]

**Cc:** [REDACTED]

**Bcc:**

**Subject:** RE: Follow up to our conversation

Hello

Sorry for the delay.

The Service credits overpayments to other assessed federal tax liabilities pursuant to section 6402 before it allows or makes refunds. This is a statutory provision and not a policy. Nothing in section 7508A overrides this provision. Accordingly, a taxpayer with both an overpayment (in one module) and an assessed balance-due liability (in another module) will have the overpayment first offset against the assessed balance-due liability. Contrast this with a taxpayer who has both an overpayment (in one module) and a determined but unassessed liability (in another module). The Service does have policies under which such an overpayment would be held for up to six months (IRM 25.12.1) or could be credited to such a liability (IRM 20.2.4.6.2(4)), rather than disbursed, because the Service hopes to convert its determination into an assessment. Once assessed, the overpayment would then be used to offset the newly assessed liability. There would only be an actual refund if the overpayment amount exceeded the amount of the assessed liability (plus other offsets under IRC 6402). These policies have nothing to do with disaster relief and are not affected by any federally declared disaster. Collection Policy could implement exceptions to the refund hold policy and allow overpayments to be refunded to taxpayers who are afforded relief under section 7508A. Indeed, it appears that Collection Policy has done so; IRM 25.12.1.14.1(4) addresses manual release of a refund hold under specified circumstances, including when the “taxpayer is in a declared disaster area and has self identified as an affected taxpayer.” We did not locate a parallel provision applicable to credits under IRM 20.2.4. Such policy decisions are not made, and are not required to be made, under the authority of section 7508A.

I hope this helps. If you have further questions about this, please feel free to contact me.