

IRM PROCEDURAL UPDATE

DATE: 05/30/2024

NUMBER: ts-03-0524-0704

SUBJECT: Adding Audit Code 5 Explanation

AFFECTED IRM(S)/SUBSECTION(S): 3.12.15.4.17

CHANGE(S):

IRM 3.12.15.4.17(4) Added Audit Code "5" explanation.

(4) Correction Procedures:

If	Then
Field 01ADC was transcribed incorrectly,	Enter the correct code from the left margin next to Line 9.
The Audit Code was coded incorrectly,	Complete one of the following: <ul style="list-style-type: none"> a. Delete any invalid digits or characters. b. Delete any duplicate digits or characters. c. Delete any blanks between valid digits. d. Re-edit following the instructions below.

Audit Code	Enter when any of the following conditions exist
1	<ul style="list-style-type: none"> • Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR), is attached. • Form 8275 or Form 8275-R, Disclosure Statement, is attached or statement referring specifically to IRC 6662 (Disclosure) or IRC 707 (Disguised Sale). • Form 8886, Reportable Transaction Disclosure Statement, is attached. • Section 761(a) election that is "Selected" by Examination. • Form 1065 has the notation "Disregarded Entity" in the header or entity portion of the return (on page 1, Form 1065).
2	<ul style="list-style-type: none"> • Form 1065, Schedule B, Box 1(e), Foreign Partnership is checked. • Form 1065, Schedule B, Line 9 (Foreign Trust), is answered "Yes". • Form 1065, Schedule B, Line 13 (Field 06DRE) has an entry # [REDACTED] # [REDACTED]

	<ul style="list-style-type: none"> • Form 1065, Schedule B, Line 14 (Field 06FPI) has an entry # [REDACTED] # or Field 06FPC is answered "Yes". • Form 1065, Schedule B, Line 15 (Field 06IRI) has an entry # [REDACTED] #. • Form 1065, Schedule K, Line 16p (Total Foreign Taxes) has an entry # [REDACTED] #. • Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, is attached. • Form 5472, Information Return of a 25% Foreign Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business, is attached. • Form 5713, International Boycott Report, is attached and both questions in 7(f) are answered "Yes". • Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, is attached and Part V, Lines 15a - 16f, has an entry # [REDACTED] # (For Tax Year 2011 and before, refer to Part IV, Lines 10a - 11f). • Form 8804, Annual Return for Partnership Withholding Tax (Section 1446), is attached. • Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, is attached. • Form 8813, Partnership Withholding Tax Payment Voucher (Section 1446), is attached. • Form 8832, Entity Classification Election, is attached and either box 6(d), (e) or (f) is checked. • Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), is attached. • Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), is attached. • Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, is attached.
3	Form 1065, Schedule K, Lines 19a or 19b # [REDACTED] #
4	<ul style="list-style-type: none"> • Form 1065, Schedule K, Line 9c # [REDACTED] # and Form 1065, page 4, Schedule K, Line 10 # [REDACTED] #. • Form 1065, Schedule B, Question 2 (Dual Partner Code) is present and the Yes box is checked (for Tax Periods 201811 and before on prior year revisions).
5	<ul style="list-style-type: none"> • Form 8594, Asset Acquisition Statement, is attached and the amount in Part I, Box 3 is # [REDACTED] #. • Form 8883, Asset Allocation Statement Under Section 338, is attached and the amount in part IV, Box 5a, Stock Price is # [REDACTED] #.
6	Form 3115, Application for Change in Accounting Method, is attached.

Any line marked with a # is for Official Use Only

7	<ul style="list-style-type: none"> • Form 1065, Schedule B, Question 10a (Field 0610a) is answered Yes. • Form 1065, page 4, Line 16p, Total Foreign Taxes, # [REDACTED] # . • Form 5713, International Boycott Report, is attached and either one or both questions in 7(f) is not answered "Yes". • Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, is attached and Part V, Lines 15a - 16f has an entry # [REDACTED] # . (For Tax Year 2011 and before, refer to Part IV, Lines 10a - 11f.)
8	<p>Schedule M-3, Net Income (Loss) Reconciliation for Certain Partnerships, is attached.</p> <p>Caution: All returns with a Schedule M-3 attached must be sent to Ogden for processing.</p>
9	Schedule M-2, Line 6b (Property Distribution), # [REDACTED] # .
C	Form 8283, Box 2b is checked, Box 2b1 is checked or Line 3, column (h) has an entry.