

IRM PROCEDURAL UPDATE

DATE: 10/04/2024

NUMBER: ts-03-1024-1009

SUBJECT: Computer Condition Code N - Joint Committee Cases

AFFECTED IRM(s)/SUBSECTION(s): 3.12.251.5.7

CHANGE(s):

IRM 3.12.251.5.7(3)e - Updated the Field 01CCC - Computer Condition Code Table for Form 1120-L and Form 1120-PC lines used to review data to determine the use of CCC "N" - Joint Committee Case, per feedback from LB&I Workload Development Team.

(3) Correction Procedures:

- a. Correct coding and transcription errors and misplaced entries.
- b. When the code(s) entered on the return are illegible or invalid, examine the return and refer to the Computer Condition Code Chart below.
- c. Determine the correct code(s) and enter on the screen.
- d. When CCC "Y" is needed you may also need to GTSEC 07 and put the verified tax amount in Field 07MCT. If tax is zero enter .01 in Field 07MCT.
- e. **Computer Condition Code Chart:**

Code	Edited if:	Shows
A	Tax year beginning was before December 31, 1987 and non-penalty Form 2220, Underpayment of Estimated Tax by Corporations, is present.	Waiver of the Estimated Tax penalty.
B	Corporation checks the Schedule M-3 box or Schedule M-3 is attached.: <ul style="list-style-type: none">○ Form 1120, Page 1, Box A, 4.○ Form 1120-C, Page 1, Box A, 2.○ Form 1120-F, Page 1, Schedule M-3 Box○ Form 1120-L, Page 1, Box A, 3.○ Form 1120-PC, Page 1,	Form 1120 with Schedule M-3 attached.

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	Box A, 3.	
C	Qualified Derivatives Dealers (Form 1120-F)	"Yes" answer From Page 2, Question CC.
D	Reasonable cause for failure to pay	
E	Possible Identity Theft filing	
F	The taxpayer checks the "Final Return" box on Page 1 of the return, or there is any other indication that the taxpayer is not liable for future returns.	Final return
G	An amended return is identified per IRM 3.11.16, Corporate Income Tax Returns. Note: No other Computer Condition Codes are allowed, except CCC "W," "S," "T" or "3."	Amended return
H	CCC H is no longer required.	
I	Form 6781 is attached.	Tax Straddles and Regulated Futures Contract claimed are attached to Form 1120, Form 1120-C, Form 1120-F, Form 1120-L and Form 1120-PC.
J	The tax period is 201712 through 202012 and the return shows any of the following and the taxpayer is reporting Section 965 Tax Liability for the reporting year: <ul style="list-style-type: none"> ○ Form 965, Inclusion of Deferred Foreign Income Upon Transition to Participation Exemption System, is attached. ○ Form 965-B, Corporate and Real Estate Investment Trust (REIT) Report of Net 965 Tax Liability and Electing REIT Report of 965 Amounts is attached. ○ IRC 965 Transition Tax Statement is attached to the return. See the following IRM	Section 965 (Repatriation Provision), Treatment of deferred foreign income upon transition to participation exemption system of taxation for U.S. Shareholders of Specified foreign corporations per Tax Cuts and Jobs Act (Tax Reform), Provision Section 14103, Public Law 115-97 (H.R.1) is applicable.

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	<p>references:</p> <ul style="list-style-type: none"> ○ IRM 3.12.251.3.24, Section 965 Returns - General Instructions. ○ IRM 3.12.251.3.24.1, Section 965 Returns - Tax Period 201712 - 201811. ○ IRM 3.12.251.3.24.2, Section 965 - Tax Period 201812 and later. 	
K	<p>Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, is attached and shows a balance due in Part I, Line 10 and/or Part II, Line 11.</p> <p>Note: The tax will be claimed on Form 1120 Schedule J, Line 9c, (2010 and prior: Line 9).</p>	Form 8697 tax is claimed.
L	Form 8833 is attached to the return, or "Section 6114 Election."	The treaty- based position statement is not made per IRC 6114 but is subsequently claimed on the return.
M	<p>Form 8949, Sales and Other Dispositions of Capital Assets, Opportunity Zone Enter CCC "M" when:</p> <ul style="list-style-type: none"> ○ Tax period is 201712 and later, and ○ Form 8949 has a code "Z" and/or "Y" in column (f). 	Tax Cuts and Jobs Act of 2017, P.L. 115-97 (H.R. 1), Section 13823, Opportunity Zones. Taxpayers who elect to defer gain on the sale of an asset by investing in an Opportunity Zone Fund will show that they are deferring the gain by entering code "Z" in column (f).
N	<p>An unusual credit more than \$5,000,000 is claimed on</p> <ul style="list-style-type: none"> ○ Form 1120, Page 3, Schedule J, Lines 13 through 22 (Lines 12 through 19 for 2017-2011) ○ Form 1120-L, Page 4, Schedule K, Lines 5a through 5e (Page 6, Schedule K, Lines 5a through 5e for 2017 and prior) 	Form 1120 Joint Committee Case

	<ul style="list-style-type: none"> ○ Form 1120-PC, Page 1, Lines 15a through 15z (Lines 15a through 15i for 2022 - 2019) (Lines 15a through 15j for 2018) (Lines 14a through 14j for 2017 and prior) ○ Form 1120-FSC, Page 1, Lines 2a through 2g ○ Form 1120-SF, Page 1, Lines 16a through 16e <p>Unusual credits are defined as:</p> <ul style="list-style-type: none"> ○ Form 1120-PC, Line 15f (Line 15h for 2022 - 2018) (Line 14h for 2017 and prior) states: Credit by reciprocal for tax paid by Attorney in Fact under Section 835(d). ○ A credit claimed under IRC 1341 or a "Claim of Right" for refund of excessive prior year taxes. ○ Credits claimed under IRC 1383 in a later year for a refund of excessive prior year taxes. 	
O	Module Freeze condition is applicable.	Manual Refund
P	Field 08FTC has an amount of # [REDACTED] # for the following forms: <ul style="list-style-type: none"> ○ Form 1120, Schedule J, Line 5a. ○ Form 1120-C, Schedule J, Line 5a. ○ Form 1120-REIT, Schedule J, Line 3a. ○ Form 1120-RIC, Schedule J, Line 3a. 	Form 1118, Foreign Tax Credit
Q	Form 8913 (This field is no longer	

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	used, but is still in ERS programming. Tax period 2006 to 200711)	
R	Reasonable cause for late filing.	
S	Form 8883, Asset Allocation statement under section 338, is attached.	Form 8883 attached to: <ul style="list-style-type: none"> ○ Form 1120 ○ Form 1120-C ○ Form 1120-F ○ Form 1120-L ○ Form 1120-PC ○ Form 1120-REIT ○ Form 1120-RIC
T	Form 8886, Reportable Transaction Disclosure Statement.	Form 8886 attached to: <ul style="list-style-type: none"> ○ Form 1120 ○ Form 1120-C ○ Form 1120-F ○ Form 1120-H ○ Form 1120-L ○ Form 1120-PC ○ Form 1120-REIT ○ Form 1120-RIC
V	Form 8913 (This field is no longer used, but is still in ERS programming. Tax period 2006 to 200711)	
W	Return has been "cleared by Statute"	Cleared by the Statute Control Group
X	Refund/Settlement freeze condition is shown	Return settlement is frozen
Y	Short period return for change of accounting period is shown	Return must be manually verified . Master File will accept return as submitted. Updates the entity fiscal month.
Z	Schedule UTP is attached to Form 1120, 1120-F, Form 1120-L or Form 1120-PC for Tax Year 2011	Uncertain Tax Position Statement with assets that equal or exceed \$100 million.
1	Form 8824 (Valid on Form 1120 and Form 1120-REIT)	Like Kind Exchange
2	Shows that a Form 8938 is attached.	
3	The taxpayer either fails to respond to correspondence or the correspondence is returned	Account will not receive credit interest

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	undeliverable	
5	Bank Holding Co. Tax Act	Special installment status
6	<p>Tax Period is 201812 and prior and Form 1120, Page 3, Schedule J, Part III, Line 14 (Part II Line 13 for 2017-2011)(with notation such as Special Estimated Tax Payments (SETP) or 8816); and/or</p> <p>Form 1120-L, Page 1 Line 28b (Page 1, Lines 29b and/or 29d for 2017 and prior) ; and/or</p> <p>Form 1120-PC, Page 1, Line 15b (Page 1, Lines 14b and/or 14d for 2017 and prior). (Form 1120, Form 1120-L and Form 1120-PC only)</p>	Section 847 Deduction, Special Estimated Tax Payments
7	Reasonable cause denied	
8	<p>Annualized income is computed on Schedule A, Pages 3 and/or 4 of Form 2220, or</p> <p>Form 2220, Part II Box 6 or Box 7 (prior year Part I, Box 1 or Box 2) is checked.</p>	Waiver of the Estimated tax penalty
9	<p>Low-income Housing Credit is shown:</p> <ul style="list-style-type: none"> ○ Form 1120, Schedule J, Line 9b has a significant entry. ○ Form 1120-C, Schedule J, Line 8 has a significant entry. ○ Form 1120-REIT or Form 1120-RIC, Schedule J, Line 6 has a significant entry. ○ Form 8611 or Form 8693 is attached, ○ Taxpayer notates "Form 8693," ○ Form 8609 is attached, ○ Form 8609-A is attached. ○ Form 8586 with entries on 	The Low-income Housing Credit is claimed

	Line 1 or 3.	
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- f. If CCC **"G"** is present, and:

If	Then
Return is not an amended return,	Delete CCC "G" and leave other codes. Input all information from the return.
Return is an amended return,	Delete CCCs other than "G," "W," "S," "T" and "3."

- g. If **more than 10 codes are present**, retain codes in the following priority: F, N, O, Y and others (up to 10 codes).