

IRM PROCEDURAL UPDATE

DATE: 09/03/2024

NUMBER: ts-03-0924-0954

SUBJECT: Updated IRRP Correction Procedures

AFFECTED IRM(s)/SUBSECTION(s): 3.12.8

CHANGE(s):

IRM 3.12.8.8 - Updated how to enter dollar amounts in IRRP.

(1) When IR MOD begins in September 2023, all paper Form 1099-series returns will be processed in Error Resolution using the Information Returns Review Portal (IRRP).

Exception: Form 1099-QA is not included in IRRP processing.

(2) Enter all money amounts in dollars only.

Example: A money amount of \$5,000.00 is entered in IRRP as "5000".

(3) Refer to the **Correction Procedures** below to resolve errors for each Form 1099-series form type.

(4) If the submission appears to be fraudulent select the "Flag form for fraud" checkbox. See Exhibit 3.12.8-9, Signs of Fraud, for more information.

(5) The Recipient Document Locator Number (DLN) will display on the "View Error Details" page in IRRP. Tax examiners will use this DLN to view the IRP image using Service Center Recognition Image/Processing System (SCRIPS). See IRM 3.12.8.8.1, Accessing IRP images using Service Center Recognition Image/Processing System (SCRIPS), for more information.

IRM 3.12.8.8.5(2) and (3) - Updated Box 1 error conditions and correction procedures.

(2) Form 1099-C, Cancellation of Debt, will display for the following error conditions:

- Box 1, "Date of identifiable event" does not equal the tax year of Form 1099-C or is blank.

- Box 2, "Amount of debt discharged" is greater than or equal to # [REDACTED] # .
- Box 3, "Interest", is greater than or equal to # [REDACTED] # .
- Box 7, "Fair market value of property", is greater than or equal to # [REDACTED] # .

(3) **Correction Procedures:**

- The "Date of identifiable event" year in **Box 1** must equal the tax year for the Form 1099-C filing in YYTY-MM-DD format. Review the SCRIPS image. If the event date year does not equal the tax year then enter the tax year in YYTY-MM-DD format.
- If the entries in **Boxes 1, 2, 3, or 7** are greater than or equal to # [REDACTED] # and they are correct, review the SCRIPS image for signs of fraud. If the submission appears to be fraudulent select the "Flag form for fraud" checkbox. See Exhibit 3.12.8-9, Signs of Fraud, for more information. If fraudulent activity is not suspected, select **Save** or "Next" to continue.

IRM 3.12.8.8.10(3) b) - Updated Box 1 correction procedures.

(3) **Correction Procedures:**

- If the entries in **Boxes 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 14, or 15** are greater than or equal to # [REDACTED] # and they are correct, review the SCRIPS image for signs of fraud. If the submission appears to be fraudulent select the "Flag form for fraud" checkbox. See Exhibit 3.12.8-9, Signs of Fraud, for more information. If fraudulent activity is not suspected, select **Save** or "Next" to continue.
- If the entry in **Box 1** is more than # [REDACTED] # then the # [REDACTED] # . If missing, then review the SCRIPS image and verify accuracy of input. If an entry is present in the RECIPIENT'S TIN field on the SCRIPS image, select "Save" or "Next" to continue. If an entry is **not** present in the RECIPIENT'S TIN field on the SCRIPS image, select the "Flag form for fraud" checkbox.
- Review **Box 4** for withholding inconsistencies involving money fields due to fraudulent federal income tax withholding or validation errors between money fields present on the SCRIPS image. Verify accuracy of input. If withholding is # [REDACTED] # see Exhibit 3.12.8-9, Signs of Fraud for more information.

Note: If the submission appears to be fraudulent select the "Flag form for fraud" checkbox. See Exhibit 3.12.8-9, Signs of Fraud, for more information. If fraudulent activity is not suspected, select "Save" or "Next" to continue.

IRM 3.12.8.8.11(3) c) - Updated Box 1 correction procedures.

(3) Correction Procedures:

- a. If the entries in **Boxes 1 or 4** are greater than or equal to # [REDACTED] # and they are correct, review the SCRIPS image for signs of fraud. If the submission appears to be fraudulent select the "Flag form for fraud" checkbox. See Exhibit 3.12.8-9, Signs of Fraud, for more information. If fraudulent activity is not suspected, select **Save** or "Next" to continue.
- b. Review **Box 4** for withholding inconsistencies involving money fields due to fraudulent federal income tax withholding or validation errors between money fields present on the SCRIPS image. Verify accuracy of input. If withholding is # [REDACTED] #, see Exhibit 3.12.8-9, Signs of Fraud for more information.
- c. If the entry in **Box 1** is more than # [REDACTED] # then # [REDACTED] #. If missing, then review the SCRIPS image and verify accuracy of input.
If an entry is present in the RECIPIENT'S TIN field on the SCRIPS image, select "Save" or "Next" to continue.
If an entry is **not** present in the RECIPIENT'S TIN field on the SCRIPS image, select the "Flag form for fraud" checkbox.

IRM 3.12.8.8.15 - Added a new subsection for Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., with instruction to resolve errors using the Information Returns Review Portal (IRRP).

(1) Boxes Displayed

Location on Form 1099-R	Box name	Box type	+/-
Box 1	Gross distribution	Money amount	+
Box 2a	Taxable amount	Money amount	+
Box 2b	Taxable amount not determined Total distribution	Checkbox	N/A
Box 3	Capital gain (included in box 2a)	Money amount	+
Box 4	Federal income tax withheld	Money amount	+
Box 5	Employee contributions/ Designated Roth contributions or insurance premiums	Money amount	+
Box 6	Net unrealized appreciation in employer's securities	Money amount	+
Box 7	Distribution code(s)	Alpha numeric	N/A

Any line marked with a # is for Official Use Only

Box 8	Other	Money amount	+
Box 9a	Your percentage of total distribution	Numeric - allows up to 5 decimal places	N/A
Box 9b	Total employee contributions	Money amount	+
Box 10	Amount allocable to IRR within 5 years	Money amount	+
Box 11	1st year of desig. Roth contrib.	4 digit year	N/A
Box 12	FATCA filing requirement	Checkbox	N/A
Box 13	Date of payment	Date field	N/A
Box 14	State tax withheld	Money amount	+
Box 15	State/Payer's state no.	Numeric - 17 character max field	N/A
Box 16	State distribution	Money amount	+
Box 17	Local tax withheld	Money amount	+
Box 18	Name of locality	Alpha - 20 character max field	N/A
Box 19	Local distribution	Money amount	+

(2) Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc, will display for the following error conditions:

- Box 9a, "Your percentage of total distribution" displays as 1.00000.
- Box 11, "1st year of desig. Roth contrib." is not in YYYY format or is blank.

(3) Correction Procedures

If **Box 9a** displays as 1.00000, review the SCRIPS image. If the entry on the form is "100", change 1.0000 to 1.00.

If **Box 11** is blank, review the SCRIPS image and verify accuracy of input. If **Box 11** is blank on the SCRIPS image, select "Save" or "Next" to continue.

IRM 3.12.8.8.16(2) and (3) - Updated error conditions and correction procedures for Box 1.

(2) Form 1099-S, Proceeds From Real Estate Transactions, will display for the following error conditions:

- The date in Box 1, "Date of closing", is not entered correctly or is blank.
- The entry in Box 2, "Investment in contract", is greater than or equal to # [REDACTED] #.
- The entry in Box 6, "Buyer's part of real estate tax", is greater than or equal to # [REDACTED] #.

(3) Correction Procedures:

- a. The valid format for the date in "Box 1" is **YYYY-MM-DD**, where YYYY=YYTY (processing year minus one). Review the SCRIPS image and verify the date. If the Date of closing is not present on the SCRIPS image, no correction is needed.
If the date is not entered correctly, enter the date in the valid format listed above.
If the year of the date is not entered incorrectly by the filer, change the year to equal the current tax year being processed (processing year minus one).
- b. If the entries in **Boxes 2 and 6** are greater than or equal to # [REDACTED] # and they are correct, review the SCRIPS image for signs of fraud.
If the submission appears to be fraudulent select the "Flag form for fraud" checkbox. See Exhibit 3.12.8-9, Signs of Fraud, for more information.
If fraudulent activity is not suspected, select **Save** or "Next" to continue.