

Section 3 - Tax Return Information

1 Nature of Changes

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2 Employee Disclosure Responsibilities

Employees may not access or disclose any tax return or information pertinent to a tax return related to their personal accounts, those of family, friends, or public figures.

IRM 11.3, Disclosure of Official Information Handbook, states in part:

Service employees may access returns and return information when there is a “need to know” the information for their tax administration duties. This is important in maintaining the confidentiality of information in the custody of the Service.

Before disclosing returns or return information to other Service personnel, employees should satisfy themselves that the recipient has an official need for the information. A supervisor should be consulted if there is doubt that disclosures are proper.

3 Master File Returns

Delinquent returns of the type and periods listed below are processed under regular ADP Master File procedures in all regions.

Form	First Valid Period Ending	Form	First Valid Period Ending
CT-1	03-31-1962	945	12-31-1994
11C	01-01-1961*	990	12-31-1970
706	All ADP	990C	12-31-1961
706GS(D)	All ADP	990-EZ	12-31-1989
706GS(T)	All ADP	990PF	01-31-1970
706NA	All ADP	990T	12-31-1961
709	12-31-1961	1040	12-31-1962
709A	12-31-1980	1040A	12-31-1972
720	03-31-1962	1040, Sc H	03-31-1995
730	01-01-1961*	1040EZ	12-31-1982
940	12-31-1961	1040NR	12-31-1962
940-EZ	12-31-1989	1040PR	12-31-1962
940PR	12-31-1961	1040PC	12-31-1992
941	03-31-1962	1040NR	12-31-1962
941E	03-31-1962	1040SS	12-31-1962
941PR	03-31-1962	1041	12-31-1961
941SS	03-31-1962	1041A	12-31-1970
942	03-31-1962- 12-31-1994	1041PF/5227	01-31-1970
943	12-31-1961	1041QFT	12-31-1998
943PR	12-31-1961	1042	12-31-1985
944	12-31-2006	1065	12-31-1961

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Form	First Valid Period Ending		Form	First Valid Period Ending
944PR	12-31-2006		1066	12-31-1987
944-SS	12-31-2006		1120	12-31-1961
1120A	12-31-1984		5329	12-31-1975
1120C	12-31-2006		5330	12-31-1969
1120F	12-31-1961		5500	12-31-1975
1120FSC	01-31-1985		8038	01-31-1985
1120H	01-31-1974		8083-B	12-31-2008
1120IC-DISC	12-31-1961		8038-CP	01-01-2009
1120L	12-31-1961		8038-T	01-31-1985
1120M	12-31-1961		8038-TC	12-31-2008
1120ND	12-31-1984		8038-G	01-31-1985
1120PC	01-31-1987		8038-GC	01-31-1985
1120POL	12-31-1975		8288	12-31-2005**
1120REIT	01-31-1987		8328	01-31-1985
1120RIC	01-31-1987		8609	12-31-1996
1120S-K1	12-31-1961		8610	12-31-1996
1120S	12-31-1961		8693	12-31-1996
1120SF	08-31-1984		8703	12-31-2007
2290	01-01-1961*		8752	03-31-1991
3520	12-31-1996		8804	12-31-2004
3520-A	12-31-2000		8823	12-31-1996
4720	01-31-1970		8871	06-30-2000
4720-A	01-31-1970		8872	06-30-2000
5227	08-31-1969			

• Period Beginning

** With a Date of Transfer of 12-31-2005 or later

Amended returns relative to the above periods and type, when received for periods prior to the original implementation date of the processing region, are manually processed in either the Area Office or Campus, depending on the date prescribed for transfer of manual processing operations to the Campus.

4 Processing Codes

These codes are applicable only to IMF returns and are entered by the examiners in the Returns Analysis Branch.

A. Filing Status Codes (IMF)

Code	Filing Status (1040,1040A,1040EZ)
0	Single, filing declaration of estimated income tax
1	Single taxpayer.
2	Married taxpayer filing joint return.
3	Married taxpayer filing a separate return and spouse is also filing a return (spouse exemption not claimed). Both must file using this status
4	Unmarried Head of household.
5	Widow(er) with dependent child.
6	Married filing separate return and spouse is not required to file a return (spouse exemption is claimed).
7	Head of household (dependent exemption is not claimed).

Code	Filing Status (1040ES)
0	One name in name line.
7	Married filing a joint declaration of estimated income tax.

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B. Exemption Codes (IMF)

Only one exemption will be allowed for each primary and secondary taxpayer. Therefore up to six positions will be coded on the input return, starting from the position representing "Children at Home". Master File output will continue to reflect values 1-4 in positions 1 and 2.

Coding Pos.	IMF Pos.	Range	Applicable to
—	1	1–4	Primary Taxpayer (Regular, age 65 and over, or blind).
—	2	1–4	Secondary Taxpayer (Regular, age 65 and over, or blind).
1	3	0–9	Number of Exemptions for Children who live at home.
2	4	0–9	Number of Exemptions for Children living at a different address due to divorce or separation.
3	5	0–9	Number of Parents claimed as dependents.
4	7	0–9	Number of Other Dependents.
5	6	0–9	Taxpayer claims Earned Income Credit, and dependents living at home do not include sons or daughters (i.e. input position 1 equals 0).
6	8	0–9	Overflow for Exemptions for Children living at home exceeding 9

C. Age/Blind Indicator

(Form 1040, line 33a; Form 1040A, line 18a)

Pos.	Range	Applicable To
1	0–1	Primary Taxpayer 65 or over.
2	0–1	Primary Taxpayer blind.
3	0–1	Secondary Taxpayer 65 or over.
4	0–1	Secondary Taxpayer blind.

5 Computer Condition Codes

These are assigned by tax examiners or are computer generated. Computer programs for the processing and posting of tax returns data are based upon the recognition of these codes within a designated field in the appropriate tape record formats. Abbreviations sometimes used are BMF "B" and EPMF "E".

The IMF condition codes require numeric input, but are posted with the alphabetic codes listed below.

- CCC 1-Where Coded>Returns Analysis Branch/Employee Benefits Security Administration (EBSA)-File Using-E-Definition for returns processing- Fact of Filing Record. Only certain fields from Section 01 will be present (punched) for these records.
- CCC C-Where Coded>Returns Analysis Branch-File Using-E-Definition for returns processing- Substitute return prepared by IRS or secured return secured by EP/EO or Collection.
- CCC X-Where Coded>Returns Analysis Branch-File Using-E-Definition for returns processing- Form 5500-EZ has missing information.

Presence of condition codes initiates action as explained on the following pages:

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
A	Returns Analysis Branch	B	(1) Indicates that a non-penalty Form 2220 was submitted with a Form 1120/990C/990T/990PF/8804.	(1) If pre-computed penalty amount differs from computer calculated penalty by more than tolerance amount CP 234 will be generated.
			(2) Reserved	(2) Reserved
			(3) Indicates Date Business Started was not provided on Forms 1065/1065B	(3) Bypass check for DOB (Date of Business)
A	Employee Benefits Security Administration (EBSA)	E	Used when a 1988 short year return is filed and processed on a 1987 form	
			SSA Edit test(s) unresolved after correspondence.	
B	Employee Benefits Security Administration (EBSA)	E	Indicates Schedule B (Form 5500) missing.	Bypasses check for Schedule B.
B	Returns Analysis Branch	B	(1) Form 1041/1066/990C/990T. Taxpayer is electing out of the installment sales method (Form 6252) for sales made after October 19, 1980.	
			(2) Form 941/944. Total Compensation field is significant but Social Security Wage/Medicare fields are insignificant.	
			(3) Form 1120 series, returns prior to 2003 a CCC of B means that taxpayer was electing out of the installment sales method (Form 6252) for sales made after Oct, 29 1980. Also applies to Form 1065 series for 2006 and subsequent.	
			(4) Form 1120 series, returns prior to 2003 to present a CCC of B means that this is an LB&I Form 1120 with Schedule M-3 attached. Also applies to Form 1065 series for 2006 and subsequent.	
C	Returns Analysis Branch	E	Substitute return prepared by IRS or secured return secured by EP/EO or Collection.	
C	Returns Analysis Branch	B	<i>Effective January 1, 2011:</i> Used by Code and Edit to force the return to Error Resolution System (ERS) when a Form 8834, Form 8910 or Form 8936 includes an invalid vehicle year or an invalid service date.	
C	Returns Analysis Branch	B	Indicates a sequestered Form 8038-CP or Form 990-T	
D	Returns Analysis Branch	B	Reasonable cause for waiver of Failure to Pay Penalty. IMF input: 30.	Freezes computer generation of Failure to Pay Penalty on the unpaid liability.

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
D	Employee Benefits Security Administration (EBSA)	E	Damaged Document Received	
E	Returns Analysis Branch	B	(1) Identifies a taxpayer who has indicated on his/her return that excess deposits are to be applied to next return (Forms 940, 941, 943, 944, 945, 720 or 1042/CT-1), or has failed to indicate whether excess deposits should be applied to the next return.	In the cycle the return posts, applies excess deposits to the same class of tax for the subsequent period.
		B	(2) Forms 1041, 1041-N, 1041-QFT: Indicates Potential Identity Theft Filing. (Valid for all tax periods, effective January 1, 2017, per Unified Work Request 182420).	
		B	(3) Forms 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-REIT, 1120-RIC, 1120-SF: Indicates Potential Identity Theft Filing. (Valid for all tax periods, effective January 1, 2017, per Unified Work Request 182420).	
		B	(4) Form 1120S: Indicates Potential Identity Theft Filing. (Valid for all tax periods, effective January 1, 2017, per Unified Work Request 182420).	
E	Employee Benefits Security Administration (EBSA)	E	Entity test failure on return.	
F	Returns Analysis Branch/Employee Benefits Security Administration (EBSA)	B/E	Indicates final return filed (applies to all BMF returns except 706). IMF input: 31	Generated for 5500, 5500EZ when return meets the conditions that indicate a final return. Deletes Filing Requirements for the particular return.
G	Returns Analysis Branch	B/E	Indicates an amended, corrected, supplemental, tentative, or revised return. (Applies to all BMF returns except setting of freeze on Form 1065). IMF input: 32.	Posts remittance, if any, to module and freezes refund. Generates a DO Notice if original return does not post within 4 weeks for BMF return due date. TC 976 generated to replace "G" coded TC 150 on the BMF. EPMF: TC977 and sponsors entity information are posted to indicate an amended return has been filed

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Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
H	Returns Analysis Branch	B	For Form 1120-F: Form 1042-S, <i>Foreign Person's U.S. Source Income Subject to Withholding</i> , is attached (effective January 1, 2015).	No Action. Information only for Form 1120-F.
H	Returns Analysis Branch	B	Non-Campus document with remittance deposited for the Campus	No action—info only.
H	Returns Analysis Branch	B	The description on Form 8038-G, line 18 other reads "Tribal Economic Development Bond"	The description on Form 8038, line 11Q-other reads "Recovery Zone Facilities Bonds".
H	Employee Benefits Security Administration (EBSA)	E	PBGC edit test(s) unresolved after correspondence.	
I	Returns Analysis Branch	B	Form 6781.Regulated futures contracts and tax straddles (Forms 1120, 1120-C, 1120-F, 1120-L, 1120-PC, 1120S, 990C, 990T, 1065, 1041).	No action—info only.
I	Employee Benefits Security Administration (EBSA)	E	Indicates an incomplete return. Penalty may be assessed.	No action—info only.
J	Returns Analysis Branch	B	Returns are not subject to or are to be excluded from FTD penalty processing. Forms 720, 940, 941, 943, 945, 1042.	Bypass the FTD Penalty program
K	Returns Analysis Branch	B	Forms 1120 and 1120A (Identifies Interest Computations under the Look Back Method of completed Long Term Contracts (Form 8697).	No action—info only.
			For Form 1041 – Indicates a qualifying Small Business taxpayer for ES Penalty purposes for tax periods 200912 thru 201011.	No action—info only.
L	Code and Edit/Error Correction	B	(1) Rejected application for extension of time for filing 706-NA, 709/990/990C/990EZ/990T 1041, 1041-N, 1041QFT, 1042, 1065, 1065-B, 1120 series, 3520-A, 8804 return. (2) Treaty overrules or modifies tax law (IRC 6114) or Form 8833.	(1) Posts 7004 application and any remittance with no extension of RDD.
L	Employee Benefits Security Administration (EBSA)	E	Late Correspondence	
M	Returns Analysis Branch	B	Indicates interest free adjustments for Forms 941/942/943/CT-1 label as "misclassified Employees" across the top of the returns.	
N	Returns Analysis Branch	B	Joint Committee Case sent to Examination Division (Form 1120, Form 1120-L, Form 1120-PC, Form 1120-FSC, and Form 1120-SF	Freezes module from off-setting or refunding. Freeze is released upon posting of an Audit or DP Tax Adjustment.

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
N	Returns Analysis Branch	B	Used to identify a certain type of bond was filed on the following forms for tracking purposes.	The description on Form 8038, line 11Q-other reads "Recovery Zone Facilities Bonds".
N	Returns Analysis Branch	B	Used to identify a Form 8939 that was filed with a Form 1041.	No Action – Information Only
O	Returns Analysis Branch	B	Identifies a return for which a pre-settlement manual refund was paid.	Freezes affected Tax Module unless or until a TC 840 transaction is posted.
O	Employee Benefits Security Administration (EBSA)	E	Used to indicate 1 day, or less than 1 month return - When day of Plan Year Beginning Date does not equal 01. (Form 5500).	Generates the next consecutive month as the tax period on the tax module transcript.
P	Error Correction	B	Accept input figures for Alternative Minimum Tax on Form 1041.	Bypass check on Alternative Minimum Tax and continue computation.
P	Returns Analysis	B	The description on Form 8038, line 20C - other reads "Qualified School Construction Bonds" For Form 5227 indicates Business Mail File Indicator.	The description on Form 8038, line 11Q-other reads "Recovery Zone Facilities Bonds".
P	Employee Benefits Security Administration (EBSA)	E	EBSA Failed Edit Checks	Generated when a return is not perfected for a DOL item.
Q	Error Correction	B	Forces Math Error Condition. Indicates manual computation return with a math error (Forms 1041 (except 1120S), 706, and 709).	
Q	Returns Analysis	B	Indicates Form 1065/1065B filed to claim Federal Telephone Excise Tax Paid refund only.	
Q	Returns Analysis	B	<i>For 200612 through 200711: Form 8913, Credit for Federal Telephone Excise Tax Paid, filed to claim Telephone Excise Tax Refund (TETR) and attached to Forms 1120, 1120-A, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-ND, 1120-L, 1120-PC, 1120-REIT, 1120-RIC, 1120-SF, and 1120S.</i>	
Q	Returns Analysis	B	The description on Form 8038, line 20C-other reads "Qualified School Construction Bonds (Indian Schools)"	The description on Form 8038, line 11Q-other reads "Recovery Zone Facilities Bonds".
Q	Employee Benefits Security Administration (EBSA)	E	Indicates 5500 returns referred from DOL/EBSA.	No action—info only

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
R	Returns Analysis Branch/Employee Benefits Security Administration (EBSA)	B/E	Delinquent return with reasonable cause established or applicability of FTF penalty not determined. IMF input: 33	Invalid to input Delinquency penalty.
S	Returns Analysis Branch	B	(1) Form 940 a) Prior to 1/1/83, indicates a missing "Tentative Credit" computation (Columns 1-9) b) For tax periods 8512 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect Returns).	Bypasses Credit Elect processing.
			(2) Forms 941/942/943/ - For tax periods 7712 or earlier, the code indicated a missing Schedule A condition. Prior to 1/1/83, the presence of this code caused issuance in certain cases of CP 178/879.	
			(3) Forms 941/943 - For tax periods 8412 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect returns.)	
			(4) Form CT-1 - For tax periods 8512 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect returns.)	
			(5) Form 945 - For tax periods 9412 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect returns.)	
			(6) For 201201 and after: Form 8883, <i>Asset Allocation statement under Section 338</i> , is attached to Forms 1120, 1120-C, 1120-F, 1120-FSC, 1120-L, 1120-PC, 1120-REIT, 1120-RIC and 1120S	
S	Employee Benefits Security Administration (EBSA)	E	Used to indicate short period return.	Bypasses unpostable check on plan year ending and allows return to post.
T	Returns Analysis Branch	B	Seasonal or Intermittent filer (valid on 941, 941E, 941SS and 941PR)	
T	Returns Analysis Branch	B	For 2011 and prior: Form 8271, Investor reporting of Tax Shelter Registration (valid on Forms 1120, 1120S, 1120A, 1065, 1041, 990, 990C, 990PF, 990T) For 201201 and after: Form 8886, <i>Reportable Transaction Disclosure Statement</i> , is attached to Forms 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-REIT, 1120-RIC, 1120-SF and 1120S.	No action—information only on Forms 1120, 1120S, 1120A, 1065, 1041, 990, 990C, 990PF, and 990T).

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
U	Returns Analysis Branch	B	Transaction unprocessable.	If possible, document is perfected and reinput; if necessary, document is eliminated. Transaction is written on the SC Controls Data Tape and printed on the Reject Register.
V	Returns Analysis Branch	B	A return was filed claiming the Qualified Therapeutic Credit. It applies to the following BMF Forms: 1041, 1120, 1120-F, 990-T.	Does not generate \$20 daily delinquency penalty.
V	Returns Analysis Branch	B	Used to identify 1041 filer claimed Qualifying Therapeutic Credit on Form 3468, line 8 and on Form 3800 on line 1a.	No Action
V		E		Reserved
W	Code and Edit/Error Correction	B	Acceptable reason for change of Accounting Period on Form 7004/2758/8736 (TC620).	Overrides ERS accounting period mismatch check on Form 7004/8868.
W	Returns Analysis Branch	B	Return cleared by Statute	Bypasses statute checks on original input.
X	Returns Analysis Branch	B	(1) Form 1065 and Form 1065-B: Used to freeze module from refunding or offsetting credit on Form 1065 or Form 1065-B with the following criteria: <ul style="list-style-type: none"> Form 8697, <i>Interest Computation Under the Look-Back Method for Completing Long-Term Contracts</i> Form 8866, <i>Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method</i> Publicly Traded Partnerships Qualifying Therapeutic Discovery Project (QTDP) claimed on Form 4255, <i>Recapture of Investment Credit</i> 	
		B	(2) Used to freeze module from refunding or offsetting credit for the following Forms: 706, 706-GS(D), 709, 720, 940, 940-PR, 941, 990, 990-BL, 990-EZ, 990T, 990-PF, 1041, 1041-A, 1041-N, 1041-QFT, 1042, 1065, 1065-B, 1066, 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 1120S, 2290, 4720, 4720-A, 5227, 5329, 5578, 5768, 6069, 8288, and 8872.	Request for Money Transfer
X	Returns Analysis Branch	E	Form 5500-EZ has missing information.	

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
Y	Returns Analysis Branch & Error Correction	B	Accept tax return as submitted (Forms 1041, 1065, 1120, 1120-A, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-REIT, 1120-RIC, 1120-SF, 1120S, 990, 990C, 990PF, 5329, 1041A, 4720, 990EZ, 2290, and 5227). IMF input: 36	Computer accepts, posts, and settles on return as submitted on the MF; changes accounting period if appropriate.
Y	Employee Benefits Security Administration (EBSA)	E	Indicates that the filer is a 52-53 week filer on 5500 and 5500EZ	Bypass UPC 812 check and change the plan year ending to that shown on the input return
Z	Returns Analysis Branch	B	720 return with amounts not identified with abstract or category numbers. (Assigns temporary abstract No 80)	Generates taxpayer notice to submit missing abstract or category numbers.
		B	Indicates Schedule UTP is attached to a Form 1120, Form 1120-F, Form 1120-L or Form 1120-PC.	Information only
1	Returns Analysis Branch	B	(1) Indicates that Form 8824 is attached and Box A is checked	
		B	(2)-Forms 1041, 1041-N, and 1041-QFT: Indicates Form 8824, <i>Like-Kind Exchanges</i> , attached.	
		B	(3) Forms 1065 and 1065-B: Indicates Form 8824, <i>Like-Kind Exchanges</i> , attached.	
		B	(4) Forms 1120, 1120-FSC, 1120-ND, 1120-REIT, and 1120-SF Indicates Form 8824, <i>Like-Kind Exchanges</i> , attached.	
		B	(5) Form 1120S: Indicates Form 8824, <i>Like-Kind Exchanges</i> , attached.	
2	Returns Analysis Branch	B	(1) Indicates that Form 8824 is attached and Box B is checked.	
		B	(2) For 200312 and prior: Indicates that Form 8824 is attached and Box B is checked for Forms 1120, 1120-A, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, and 1120S.	
		B	(3)-Forms 1120, 1120-C, 1120-F, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-REIT, 1120-RIC, and 1120-SF: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached (effective January 1, 2013, through May 4, 2013).	
		B	(4) Form 1120S: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached (effective January 1, 2013, through May 4, 2013).	
		B	(5) Form 1041: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached to current year return. (Effective January 1, 2017, through March 5, 2017).	
		B	(6) Form 1065: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached to current year return. (Effective January 1, 2017, through March 5, 2017).	
		B	(7) Form 1120: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached to current year return. (Effective January 1, 2017, through March 5, 2017).	

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
		B	(8) Form 1120S: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached to current year return. (Effective January 1, 2017, through March 5, 2017).	
		B	(9) Form 1041: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached. (Valid for all tax periods, per LB&I request, effective March 6, 2017).	
		B	(10) Form 1065: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached. (Valid for all tax periods, per LB&I request, effective March 6, 2017).	
		B	(11) Form 1120: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached. (Valid for all tax periods, per LB&I request, effective March 6, 2017).	
		B	(12) Form 1120S: Indicates Form 8938, <i>Statement of Foreign Financial Assets</i> , is attached. (Valid for all tax periods, per LB&I request, effective March 6, 2017).	
3	Returns Analysis Branch	B	Identifies taxpayers who should not receive credit interest. For the Form 940 Indicates No reply to Correspondence.	
4	Returns Analysis Branch	B	Indicates IRS prepared returns under IRS 6020(b) for Forms 720, 940, 941, 942, 943, 945 and CT-1; 2290, 11C, 730, 1041, 1042 and 1065.	
5	Returns Analysis Branch	B	(1) Established for Form 1120 to indicate the election of installment payments under the Bank Holding Company Tax Act of 1976; also indicates Tax Straddles (Forms 1120, 1041, 990C and 990T).	
		B	(2) Common Trust filing Form 1065.	
		B	(3) For the Form 940 Indicates – Successor Employer	
6	Returns Analysis Branch	B	(1) For 200512 and prior: Campus programs generate a “Possession Tax Credit Indicator” of 1 on trans tape and then drop CCC 6. (Forms 1120/F/L/M/H/POL/PC	
		B	(2) Form 1065 and Form 1065-B (Short Record returns): Suppresses failure to file on correct media penalty. Short Record returns (Form 1065/Form 1065-B) include: <ul style="list-style-type: none"> • IRC 761(a) Returns • Common Trust Returns • Nominee Returns Inactive Returns	
		B	(3) Forms 1120, 1120-L, and 1120-PC: Indicates Section 847 Deduction - Special Estimated Tax Payments (SETP) identified on return and/or Form 8816, <i>Special Loss Account and Special Estimated Tax Payments for Insurance Companies</i> , attached. (Effective January 1, 2016, per Unified Work Request 152989).	
7	Reasonable cause denied during return analysis.	B	Identifies Reasonable Cause statement for failure to file or pay tax timely was considered and denied. (Do not use CCC “D” or “R”).	
8	Suppress computation of ES penalty and generation of CP234	B	(1) Indicates taxpayer filed Form 2220, Underpayment of Estimated Tax by Corporations, requesting waiver of Estimated Tax Penalty for Forms 1120, 1120-C, 1120-F, 1120-FSC, 1120-L, 1120-PC, 1120-REIT, 1120-RIC, 1120-SF, and 1120S	
		B	(2) Form 1065 Identified as a Section 761(a) return and/or election	

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
		B	(3) Indicates taxpayer filed Form 2210/ 2210-F requesting waiver of ES Penalty for Form(s) 1041, 1041-N, and 1041-QFT	
		B	(4) Forms 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-REIT, 1120-RIC, and 1120-SF: Indicates Form 2220, <i>Underpayment of Estimated Tax by Corporations</i> , Part II, Box 6 or Box 7 (2004 and prior years: Part I, Box 1 or Box 2) is checked and/or Form 2220, Schedule A, Line 38 (2002 and prior years: Line 40) has entries other than zero. (Effective January 1, 2016, per Unified Work Request (UWR) 152989).	
		B	(5) Form 1120S: Indicates Form 2220, <i>Underpayment of Estimated Tax by Corporations</i> , Part II, Box 6 or Box 7 (2004 and prior years: Part I, Box 1 or Box 2) is checked and/or Form 2220, Schedule A, Line 38 (2002 and prior years: Line 40) has entries other than zero. (Effective January 1, 2016, per Unified Work Request (UWR) 152989).	
9	Returns Analysis Branch		(1) Indicates the presence of Low Income Housing Credit, Forms 8586, 8609, 8611 and/or 8693.	
			(2) Indicates a foreign partnership return.	
			(3) For the Form 940 - No payments to Employees in 2006, 2007, 2008, 2009.	

6 IMF Computer Condition Codes

Computer Condition Codes (CCC) are used to identify a special condition or computation for the computer which posts to the Master File. They are entered in the upper portion of the filing status area of Form 1040/1040A, Form 1040EZ; to the left of the wages line and in the lower left corner of the entity information box on Form 1040PC. When CCC "3" is entered, it must be first.

Code	Explanation	#
1		#
2	Tax Shelter Detection Team non-selected return.	
3	For C/GEN of Transaction Code 570 which freezes release of overpayment of account at the Master File.	
4	Edited by Exam on an original return secured after a Substitute For Return (SFR) has been filed in place of the return.	
5	Form 1040X showing one "yes" box checked for Presidential Election Campaign Fund.	
6	Form 1040X showing two "yes" boxes checked for Presidential Election Campaign Fund.	
7	Denial of Reasonable Cause for IDRS processing.	
8	Refund and only a single W2 is attached that is altered, typed, a substitute or hand written.	
9	Secondary taxpayer deceased—Generate module for primary taxpayer.	
A	Primary and secondary taxpayers deceased, generate and post TC 540, turn on 54 hold and update the filing requirement to 8.	
B	Taxpayer has computed tax liability of "ZERO".	
C	1040NR with IRC 6114	
D	Designates military personnel eligible for an Extension to File. Used to generate 8 month extension to file. Causes TC 460	
E	Delete Filing requirements for taxpayers who are not deceased.	
F	To delete primary taxpayers filing requirements. On a joint return, generates module for secondary taxpayer. Indicates final return.	
G	Return is tentative, amended, corrected, revised, superseding.	

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Code	Explanation
H	Form 8938, Statement of Foreign Financial Assets, attached to the return.
J	Filing Status Code 2, 3, or 6 with secondary SSN missing and "Amish/Mennonite" or "Form 4029" notated.
K	Operation Enduring Freedom Combat Zone
L	Refund on an overpaid decedent return is to be issued with the NAME-FIRST and NAME-SECOND lines interchanged on the refund check.
M	Reasonable cause established by taxpayer for not paying the tax balance due. Suppresses FTP Penalty
N	Generates TC 460 for two month extension in filing.
O	Identifies a return for which a pre-settlement manual refund was paid; also C/GEN another code which freezes account from refunding.
P	Generated estimated tax penalty suppressed. Taxpayer has met an exception on Form 2210/2210F or meets reasonable cause criteria.
Q	Form 8939 is attached to the return.
R	Delinquency cause is reasonable and acceptable; this code suppresses the C/GEN of delinquency penalty.
S	Indicates a return processed through RPS. Generated at MF from an indicator on SCRS.
U	Indicates no reply to correspondence and prevents generation of credit interest.
V	Indicates SE income has been reduced by at least \$100 or net earnings reduced below the minimum \$400.
W	(For an overpaid decedent return) Refund is to be issued to the NAME-SECOND LINE beneficiary or person or the state-side spouse (on joint return) of Armed Forces personnel or others serving overseas. NAME-FIRST line is suppressed on the Refund check only.
X	Indicates no account is present at the Master File or mismatch Name Control at Master File or No Match on DM-1 file and either the NAP was inoperational or the EIF was inoperational and the NAP was operational and accessed.
Y	For any circumstance or condition which may cause the computer determined TOTAL TAX to be different from the taxpayer determined tax despite no taxpayer error; or when used in conjunction with Code F, it can change the accounting period.
Z	For generating Transaction Code 340, which restricts the computation of interest for both balance due, or a refund return, and to identify certain combat zone taxpayers entitled to an automatic statutory extension of time for filing a return. Causes TC 500 to generate. Also note that Returns processing Code R also causes TC 500 to generate.

7 Returns Processing Codes (EPMF)

Code	Explanation	Code	Explanation
A	Generated when Policy dates on Schedule(s) A match primary return.	M	Master Trust Direct Filing Entity (DFE)
B	Potential Pure Fringe Plan.	N	Certain pension plans
C	IRS secured/substitute return; Not liable to file.	O	CCT/PSA DFE
D	Generate to indicate true fringe plan.	P	Certain pension plans
E	Generate when Type Plan Entity Indicator contains E.	S	Short plan year.
F	Non-US plan.	T	Terminated plan.
G	Group Insurance Arrangement	U	Reserved.
I	Fully insured welfare plan.	W	Generated when there is a Welfare plan.
J	Small plan	X	Generated when return is Form 5500-EZ plan
K	One-participant plan	Z	Generated when return is DFE.
		1	Fact of Filing Form 5500-EZ

*These codes do not print on MFTRA or IDRS Transcripts

8 Returns Processing Codes – Form 1040 (IMF)

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Returns Processing Codes (RPC) are used to identify a special condition or computation for the computer which does not post to the Master File.

They are entered on page 1, form 1040, 1040A, and 1040PC to the right of the total income line and to the right of box 5 of Form 1040EZ. Enter all codes in sequence found.

Code	Explanation
A	Forces computer to accept EIC amount.
B	Forces computer to compute EIC to zero. Also edited when taxpayer indicates they do not want or qualify for EIC.
C	"Community Property" taxpayer who does not enter any of the income items but claims the benefit of Community Property and reports prorated share of community income as AGI. The community property states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. Forces computer to accept taxpayers Adjusted Gross Income.
D	Qualified Hurricane Retirement Plan Distribution and Repayments, attached.
E	A taxpayer with a potentially invalid SSN/Name Control combination has provided documentation that indicates he/she is the individual listed on the return.
F	Form 5074 attached. Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands.
G	Forces Campus computer to bypass generation of the error code 118 check.
H	Taxpayer notes the name of a National Disaster on his/her return.
I	Taxpayer enters "Died" in the SSN area for a dependent or EIC child and a supporting birth certificate (or death certificate with a date of birth) is present.
J	Total Tax exceeds 50% of AGI.
K	Potential statute return cleared by Statutory Clearance Group.
L	Tax return is blank (other than entity information) or contains all zeros or insignificant entries.
M	Indicates Form 2555EZ is attached.
N	Identifies non-employee compensation on Form 1040 or 1040A for Examination to assess self-employment tax liability.
O	Primary taxpayer TIN invalid (not the same taxpayer as the person on the valid TIN) - do not allow primary taxpayer's personal exemption or EIC on the return.
P	Indicates Form 2106 or 2106-EZ is attached.
Q	Primary taxpayer TIN invalid, but is the same taxpayer that exists on the valid TIN (name changed without notifying SSA). CC IRCHG done to make taxpayer "IRS valid" and merge valid and invalid accounts.
R	For tax years 1997 through 1995, "Former Yugoslavia a.k.a. Bosnia" is noted on the return.
S	Taxpayer not subject to self-employment tax.
T	Capital Gain Distribution is claimed on the Schedule D line of Form 1040. The taxpayer used the Schedule D worksheet to compute tax.
U	Error code 193 bypass
V	Edited by Code & Edit on Form 1040 and 1040A TY1999 return determined to be a computer-generated paper return.
W	1040NR with Schedule SE attached.
X	Indicates allowable withholding is present on Form 1040NR
Y	"LOOSE" Schedule H filed. Dummy 1040 is prepared
Z	Taxpayer not liable for Alternative Minimum Tax.
2	Form 8843 attached. Statement for Exempt Individuals and Individuals with a Medical Condition.
3	Form 5329 not required.
4	Forces the Service Center Computer to accept the taxpayer's Credit for Federal Telephone Excise Tax amount.
5	Alternative Minimum Tax reported on Form 1040
6	1/2 SE Deduction bypass (1/2 SE Deduction is not valid for TY97 and prior).
7	Indicates an IRA conversion or contribution has been re-characterized (reversed).
8	Additional Child Tax Credit claimed with Puerto Rico address (ELF only).
9	Form 8833 attached. Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).
*These codes do not print on MFTRA or IDRS Transcripts.	

9 Special Processing Codes

Reference: IRM 3.12.3-6

A Special Processing Code (SPC) is an alphabetic or numeric character entered by a Code & Edit examiner, except for SPC T, to alert the computer to a special condition or computation. The number of SPCs in a return may not exceed ten. These codes are used for campus processing and do not post to the Master File. These codes were created as an overflow for Return Processing Codes and are meant for short-lived conditions.

Special Processing Code	Valid TYs	Definition
A	all	Taxpayers attach Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, Form 2120, Multiple Support Declaration, or a copy of a Divorce Decree stating their entitlement to claim an exemption for the child who did not live with them because of divorce or separation.
B	06	Taxpayer's note that only Educator Expenses are present on line 23, Form 1040.
B	10	Edited by IVO on a non-identity theft return to bypass the Unpostable 147 criteria.
C	06	Taxpayer's note that only Tuition and Fees are present on line 35, Form 1040.
C	09 and 10	The taxpayer claims the Residential Energy Credit, and the claim for the Nonbusiness Energy Property Credit, from line 11 of Form 5695, doesn't exceed \$1,500.
D	06	Taxpayers note that State and Local Sales Tax is present on Schedule A line 5.
D	09	Taxpayers waive the general computation and figure the Hope Credit for students who attended school in a Midwestern disaster area (Part II of Form 8863). Those students are ineligible for the Refundable American Opportunity Credit.
E	06	Taxpayers note that both Educator Expenses and the Archer MSA Deduction are present on Form 1040 line 23.
E	09	Taxpayers claim the Telephone Excise Tax Credit on the tax return for 2006.
E	Current and Prior Year	Taxpayer noted "HSH" indicating wages reported includes household employee wages received.
F	06	Taxpayers note that both Domestic Production Activities and the Tuition and Fees Deduction are present on Form 1040 line 35.
F	10	ERS bypass computation of Child Tax Credit.
G	08 and 09	Taxpayers using the filing status married filing separately calculate the IRA deduction by using the same method as taxpayers using the filing status single or head of household.
H	08	Taxpayer bought a house in 2009 and is eligible for up to \$8,000 in the First-Time Homebuyer Credit, from Form 5405.
K	09 and 10	Taxpayer checks the box on line 13 (line 15 TY09), Form 8863, to declare ineligibility for the refundable American Opportunity Credit.
L	09	Form 8824, Like-Kind Exchanges, is filed with the return.
M	09	Taxpayers who received a pension or annuity from the federal or a state or local government and did not receive the economic recovery payment in 2009 claim the Government Retiree Credit (line 11 of Schedule M).
N	09 and 10	Taxpayer checked the Yes box on line C of Form 5405, <i>First-Time Homebuyer Credit</i> . The Primary taxpayer states thereby that he/she: <ol style="list-style-type: none"> 1) bought the house after 4/30/2010 and before 10/01/2010, and 2) Entered into a binding contract before 5/01/2010 to buy the house by 7/01/2010.
O	09 and 10	Taxpayer checked the box on line D of Form 5405, <i>First-Time Homebuyer Credit</i> . The Primary taxpayer—or, if they are married, their spouse—is a member of the uniformed services or Foreign Service, or an employee of the intelligence community who was on qualified extended duty outside the U.S. for at least 90 days from 12/31/2008 to 5/01/2010, and bought a qualifying house either: <ol style="list-style-type: none"> 1) after 11/30/2009 and before 5/1/2011, or 2) after 4/30/2011 and before 7/01/2011 and entered into a binding contract before 5/01/2011 to buy the house before 7/01/2011.

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Special Processing Code	Valid TYs	Definition
P	14 and subsequent	Return Submitted under Streamlined Filing Compliance Procedures for taxpayers with offshore noncompliance.
Q	09 and 10	The taxpayer is a small-business owner who checks box F of Form 2210.
R	08	Taxpayers claim, by filing status, an additional \$500 or \$1,000 in standard deduction for real estate taxes or a disaster loss.
S	09	The students for whom the Lifetime Learning Credit is claimed attended school in a Midwestern disaster area and are eligible for the special computation of the credit (Part III of Form 8863).
T	08	Taxpayers' claim for the Recovery Rebate Credit requires an entry in field 05RAV, which overrides the computer-figured credit. Note: Error resolution alone enters this SPC.
U	09 and 10	Taxpayer checked the Yes box on line E of Form 5405, <i>First-Time Homebuyer Credit</i> . The Primary taxpayer states thereby that they bought the house from a person related to them or their spouse and for that reason are not eligible for the credit.
V	07 and 08	Taxpayers have non-combat pay or veterans benefits of \$3,000 or more, for the purpose of figuring the Economic Stimulus Payment for TY07 and the Recovery Rebate Credit for TY08.
W	09 and 10	Taxpayer checked box on line F of Form 5405, <i>First-Time Homebuyer Credit</i> . Primary taxpayers state thereby that they choose to claim the credit on the tax return for the year before they bought the house.
X	09 and 10	The purchase price of the house stated by the primary taxpayer on line 1 of Form 5405, <i>First-Time Homebuyer Credit</i> , is more than \$800,000. The house is not eligible for the credit.
Y	09 and 10	Taxpayer checked the long-term resident box on line 3 of Form 5405, <i>First-Time Homebuyer Credit</i> . Primary taxpayers state thereby that they and, if they were married, their spouse owned and used the same house as their main home for any five consecutive years in the eight-year period ending on the purchase date of the new main home.
Z	09 and 10	Taxpayer checked the box on line 12 of Form 5405, <i>First-Time Homebuyer Credit</i> . Primary taxpayers—or, if they are married, their spouse— <ul style="list-style-type: none"> 1) are a member of the uniformed services or Foreign Service or an employee of the intelligence community and 2) Sold the house for which they claimed the First-Time Homebuyer Credit in consequence of government orders for qualified official extended duty. They do not have to repay the credit.
1	09 and 10	Taxpayer checked the Yes box on line C of Form 5405, <i>First-Time Homebuyer Credit</i> . The Secondary taxpayer states thereby that he/she: <ul style="list-style-type: none"> 1) bought the house after 4/30/2010 and before 10/01/2010 and 2) Entered into a binding contract before 5/01/2010 to buy the house by 7/01/2010.
2	09 and 10	Taxpayer checked the box on line D of Form 5405, <i>First-Time Homebuyer Credit</i> . The Secondary taxpayer—or, if they are married, their spouse—is a member of the uniformed services or Foreign Service or an employee of the intelligence community who was on qualified extended duty outside the U.S. for at least 90 days from 12/31/2008 to 5/01/2010 and bought a qualifying house either: <ul style="list-style-type: none"> 1) after 11/30/2009 and before 5/01/2011, or 2) after 4/30/2011 and before 7/01/2011 and entered into a binding contract before 5/01/2011 to buy the house before 7/01/2011.
3	09 and 10	Taxpayer checked the Yes box on line E of Form 5405, <i>First-Time Homebuyer Credit</i> . Secondary taxpayers state thereby that they bought the house from a person related to them or their spouse and for that reason are not eligible for the credit.
4	09 and 10	Taxpayer checked box on line F of Form 5405, <i>First-Time Homebuyer Credit</i> . Secondary Taxpayers state thereby that they choose to claim the credit on the tax return for the year before they bought the house.

Special Processing Code	Valid TYs	Definition
5	09 and 10	The purchase price of the house stated by the secondary taxpayer on line 1 of Form 5405, <i>First-Time Homebuyer Credit</i> , is more than \$800,000. The house is not eligible for the credit.
6	09 and 10	Taxpayer checked the long-term resident box on line 3 of Form 5405, <i>First-Time Homebuyer Credit</i> . Secondary taxpayers state thereby that they and, if they were married, their spouse owned and used the same house as their main home for five consecutive years in the eight-year period ending on the purchase date of the new main home.
7	09 and 10	Taxpayer checked the box on line 12 of Form 5405, <i>First-Time Homebuyer Credit</i> . Secondary taxpayers—or, if they are married, their spouse— 1) are a member of the uniformed services or Foreign Service or an employee of the intelligence community and 2) Sold the house for which they claimed the First-Time Homebuyer Credit in consequence of government orders for qualified official extended duty. They do not have to repay the credit.
8	11	Form 14039 is attached (do not detach).
9	11	Return has a potential OMM condition.

10 Unallowable Codes

Reference IRMs:

- [3.11.3.3.7.6, Unallowable Code \(UAC\)](#)
- [3.11.3-7, Unallowable Codes](#)
- [3.11.3.15.1, Schedule A, General Editing Procedures](#)
- [3.12.2.5.8, Unallowables](#)
- [4.19.15.15, Unallowable Code \(UA\) Program](#)
- [21.8.1.1.20, Unallowable Codes](#)

Unallowable Codes (UA Codes) identify items on Form 1040 series that are of a questionable nature or exceed statutory

Unallowable Codes 16 through 20 affect AGI

Unallowable Codes 32 through 46 affect taxable income

Unallowable Code 77- through 79 affect total tax

Unallowable Codes 84, 89, and 99 require a decision regarding the additional amount of AGI, taxable income and/or total tax.

UA Code	Explanation
16	Lump Sum Distribution - Since a portion of your lump sum distribution was rolled over, you do not qualify for special tax treatment on the lump sum distribution received
17	Lump Sum Distribution - You do not qualify for special tax treatment on the lump sum distribution you received. The retired plan participant wasn't age 50 or older on January 1, 1986, and the distribution wasn't from a qualifying pension, profit sharing or stock bonus plan

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UA Code	Explanation
18	<p>Lump Sum Distribution - You do not qualify for special tax treatment on the lump sum distribution received because:</p> <ul style="list-style-type: none"> • the lump sum was not paid to a beneficiary of an employee who had just died and <p>you were not a participant in the plan for at least 5 years before the year of distribution</p>
19	<p>Lump Sum Distribution - In order to qualify for special tax treatment on lump sum distributions, one of the following must apply:</p> <ul style="list-style-type: none"> • the distribution was paid to a beneficiary of an employee who had died; • you quit, retired, got laid off or were fired from your job before receiving the distribution, • you were self-employed or an owner-employee and became disabled or <p>You were older than 59 1/2 at the time of the distribution</p>
20	<p>Lump Sum Distribution - You do not qualify for special tax treatment on lump sum distribution because: You have already used Form 4972 for a lump sum distribution received after 1986 by the same plan participant</p>
33	<p>Personal Expenses for Medical Care - Medical expenses on Schedule A have been adjusted because items such as health club dues, diet foods, funeral expenses, maternity clothes and meals or lodgings (unless provided by a hospital or similar institution for medical care) cannot be deducted. (See Publication 502)</p>
34	<p>Federal Taxes - The Federal taxes on Schedule A cannot be allowed. Taxes that cannot be deducted include Federal income tax, Social Security and Railroad Retirement taxes, the Social Security tax you paid for a personal or domestic employee, Federal estate and gift taxes, customs duties and Federal excise taxes on automobiles, tires, telephone service and air transportation</p>
35	<p>Utility Taxes - The taxes on Schedule A have been adjusted. Utility taxes for sewers, water, phones and garbage collection cannot be deducted</p>
36	<p>State and Local Taxes - The taxes on Schedule A have been adjusted. State and local taxes, such as those for hotel rooms, air fares, inheritances, stamps and mortgage cannot be deducted</p>
37	<p>Automobile Licenses and Tags - The deduction for automobile license, registration, tag fees or taxes on Schedule A has been disallowed. These amounts may be shown as personal property taxes only if your state charged them annually and in an amount based on the value of your automobile. Since your state does not charge the fees and taxes this way, they are not personal property taxes and cannot be allowed</p>
38	<p>Child Support - The expenses for support of children or dependents on Schedule A cannot be allowed because these expenses are not deductible</p>
40	<p>Educational Expenses - you cannot deduct educational expenses for someone other than yourself or your spouse on Schedule A</p>
41	<p>Personal Interest - You can no longer deduct personal interest (TY 91 and later)</p>
42	<p>Contributions - The charitable contributions on Schedule A have been adjusted because payments to individuals, lobbying organizations, foreign charities (except Canadian Charities) and other non-qualifying recipients are not deductible. (See Publication 526)</p>
43	<p>Auto Expense for Trade or Business - We Changed the Amount of Your Automobile Expenses. For more information see Publication 463, Travel, Entertainment and Gift Expenses</p>
45	<p>Sale of Personal Residence - The expenses incurred in the sale or purchase of your residence cannot be deducted on Schedule A. Closing costs (for example, settlement and legal fees) or realtor commissions are not deductible. (See Publication 523)</p>
46	<p>Personal Insurance - Premiums you pay for insurance (other than medical insurance) are not deductible on Schedule A</p>
77	<p>Disabled Access Credit - The amount being claimed on your tax return for disabled access credit is being examined. This amount has been frozen and will not be included in any anticipated refund amount. You will receive correspondence when the examination is completed and/or the remainder of the refund amount relating to this issue is released</p>
79	<p>Alternative Motor Vehicle Credit/Electric Motor Vehicle Credit -Taxpayer has claimed the same vehicle on more than one of Forms 8936 and/or 8910</p>
84	<p>First-Time Homebuyer Credit Recapture - Our records show the taxpayer could not have transferred the home as part of a divorce settlement</p>

UA Code	Explanation
89	Health Coverage Tax Credit (HCTC) - The taxpayer is eligible for the Health Coverage Tax Credit (HCTC) and claimed the HCTC and Premium Tax Credit (PTC) for the same month.
92	Health Coverage Tax Credit (HCTC) - The taxpayer is eligible for the Health Coverage Tax Credit (HCTC) and claimed the HCTC and Premium Tax Credit (PTC) for the same month.
98	More Than Three (3) Unallowables – If more than three Unallowable Codes are identified, UA 98 is coded without an amount in place of the third unallowable.
99	Unspecified Unallowable - This Unallowable is to be used only when specifically instructed to in <u>IRM 3.12.3, Individual Income Tax Returns</u>
V	We have computed your self-employment tax for you. The amount you reported s other income (\$400 or more) on line 21 of your tax return or as net taxable income on Schedule C, E or F, appears to be self-employment income. This income makes you liable for the self-employment tax under the law. Please see Publication 533, Self-Employment Tax, for definitions and rules relating to self-employment tax.

11 Audit Codes – Form 1040 (IMF)

Code	Definition	
A	The long-time resident box is checked on line 3, Form 5405, and the taxpayers did not attach documents to demonstrate residence in the former main home for any five consecutive years in the eight-year period ending on the purchase date of the new main home.	
B	Indicates a missing or incomplete Schedule C, D, E, F or Form 4797.	
C	1. Form 8283, <i>Noncash Charitable Contributions</i> , is not present and non-cash contributions are greater than \$5,000. 2. Form 8283 is present and shows a charitable contribution of a. art appraised at \$20,000 or more, or b. non-art property or gifts (not cash or check) with an appraised fair market value of \$50,000 or more.	
D	High Income Non-filer identified by Collection	
E	Unallowable Code 01–29, 63–79, or 83–89 is present.	
F	Unallowable Code 33–38, 40–47, or 56–58 is present.	
G	Unallowable Code 91–94, 98, or 99 is present.	
H	Form 926, 3520/A, 5471, or 5472 attached to return or Schedule B, Line 8 box marked “yes”.	
I	The Yes box on line C of Form 5405 is checked, for a house bought after 4/30/2010 and before 10/1/2010 and a binding contract entered into before 5/1/2010. The settlement statement is not attached. The binding contract is not attached.	
J	“Special Use Only”.	
K		#
L		#
		#
M	Local Option	
N	Form 1040NR filer occupation is entertainer or professional athlete	
P	Taxpayer did not reply to request to complete Form 6251 when Schedule E is attached to return.	
Q	Form 8082 attached to the return	
R		#
S	RESERVED	
T	RESERVED for International Automatics	
U	Form 8862 is attached to return	
V	Returns reflecting income which may be subject to self-employment tax.	
W	Alternative Minimum Tax, depreciation other than straight line of \$250,000 or more.	
Z	Form 8919 Uncollected Social Security and Medicare Tax on Wages is filed with the return and is incomplete.	

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12 Audit Codes (BMF)

Reference IRM 3.11.16.9.1)

Code	Explanation	Code	Explanation	Code	Explanation
1	Disclosure Statement or Inconsistent Treatment	4	Invalid S Election	7	International (form 1120 only)
2	International	5	Reserved	8	Schedule M-3 (form 1120 only)
3	Non-Cash Charitable Contributions and Asset Transfers	6	Form 3115 (form 1120 only)	9	Reserved

13 Employment Codes (BMF)

Employment Codes (EC) identify employers who are other than normal business employers.

EC	Num. Equiv.*	Employer
F	6	Federal Employer
M	4	Maritime Industry Credit Freeze on refunds and offset out for Form 941 pending receipt of supplemental return recording wages paid to employees at sea.
S	2	Foreign Subsidiary having filed Form 2032 to extend SS coverage to certain employees of the subsidiary.
G		State or Local Government Agency
W	3	Non-profit organization exempt from FUTA (Form 940/940-EZ) withholding. (Sec. 501(c)(3)IRC)
C	8	Form 8274 filed by church or church controlled organization to elect not to pay FICA tax for their employees.
T	1	State or local agency that has entered into a 218 agreement with SSA.
N		Non-Profit Organization subject to FICA
-	9	Deletes employment codes.
I		Indian Tribal Governments. The entity is either the tribe itself or one of its subdivisions, instrumentalities, or wholly-owned subsidiaries.
A		Government entity for government fiscal agents.

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14 Social Security Tax Rate Table (Formerly FICA)

Year	Wage Limitation	Employee Rate%	Employer Rate%	Total Rate%	Year	Self-Employment On Income From	Rate%
1993	57,600	6.2	6.2	12.4	1993	400 to 57,600	12.4
*1993	135,000	1.45	1.45	2.9	1993	400 to 135,000	2.9
1994	60,600	6.2	6.2	12.4	1994	400 to 60,600	12.4
*1994	unlimited	1.45	1.45	2.9	1994	unlimited	2.9
1995	61,200	6.2	6.2	12.4	1995	400 to 61,200	12.4
*1995	unlimited	1.45	1.45	2.9	1995	unlimited	2.9
1996	62,700	6.2	6.2	12.4	1996	400 to 62,700	12.4
*1996	unlimited	1.45	1.45	2.9	1996	unlimited	2.9
1997	65,400	6.2	6.2	12.4	1997	400 to 65,400	12.4
*1997	unlimited	1.45	1.45	2.9	1997	unlimited	2.9
1998	68,400	6.2	6.2	12.4	1998	400 to 68,400	12.4
*1998	unlimited	1.45	1.45	2.9	1998	unlimited	2.9
1999	72,600	6.2	6.2	12.4	1999	400 to 72,600	12.4
*1999	unlimited	1.45	1.45	2.9	1999	unlimited	2.9
2000	76,200	6.2	6.2	12.4	2000	400 to 76,200**	12.4

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Year	Wage Limitation	Employee Rate%	Employer Rate%	Total Rate%	Year	Self-Employment On Income From	Rate%
*2000	unlimited	1.45	1.45	2.9	2000	unlimited	2.9
2001	\$80,400	6.2	6.2	12.4	2001	400 to 80,400**	12.4
*2001	unlimited	1.45	1.45	2.9	2001	unlimited	2.9
2002	\$84,900	6.2	6.2	12.4	2002	400 to 84,900**	12.4
*2002	unlimited	1.45	1.45	2.9	2002	unlimited	2.9
2003	\$87,000	6.2	6.2	12.4	2003	400 to 87,000**	12.4
*2003	unlimited	1.45	1.45	2.9	2003	unlimited	2.9
2004	\$87,900	6.2	6.2	12.4	2004	400 to 87,900**	12.4
*2004	unlimited	1.45	1.45	2.9	2004	unlimited	2.9
2005	\$90,000	6.2	6.2	12.4	2005	400 to 90,000**	12.4
*2005	unlimited	1.45	1.45	2.9	2005	unlimited	2.9
2006	\$94,200	6.2	6.2	12.4	2006	400 to 92,000**	12.4
*2006	unlimited	1.45	1.45	2.9	2006	unlimited	2.9
2007	\$97,500	6.2	6.2	12.4	2007	400 to 97,500**	12.4
*2007	unlimited	1.45	1.45	2.9	2007	unlimited	2.9
2008	\$102,000	6.2	6.2	12.4	2008	400 to 102,000**	12.4
*2008	unlimited	1.45	1.45	2.9	2008	unlimited	2.9
2009	\$106,800	6.2	6.2	12.4	2009	400 to 106,800**	12.4
*2009	unlimited	1.45	1.45	2.9	2009	unlimited	2.9
2010	\$106,800	6.2	6.2	12.4	2010	400 to 106,800**	12.4
*2010	unlimited	1.45	1.45	2.9	2010	unlimited	2.9
2011	\$106,800	4.2	6.2	10.4	2011	400 to 106,800**	10.4
*2011	unlimited	1.45	1.45	2.9	2011	unlimited	2.9
2012	\$110,100	6.2	6.2	12.4	2012	400 to 110,100**	12.4
*2012	unlimited	1.45	1.45	2.9	2012	unlimited	2.9
2013	\$113,700	6.2	6.2	12.4	2013	400 to 113,700**	12.4
*2013	unlimited	1.45	1.45	2.9	2013	unlimited	2.9
2014	117,000	6.2	6.2	12.4	2014	400 to 117,000**	12.4
*2014	unlimited	1.45	1.45	2.9	2014	unlimited	2.9
2015	\$118,500	6.2	6.2	12.4	2015	400 to 118,500**	12.4
*2015	unlimited	1.45	1.45	2.9	2015	unlimited	2.9
*Medicare hospital insurance (HI) has been separated for 1991 and after.							
**When paying taxes on SE earnings, if the taxpayer is also employed and receiving wages, the SE tax is paid only if the wages do not meet or exceed the wage limitation. To help you understand, the three following scenarios are provided below.							

Examples:

1) Tom works for ABC Company earning \$110,000 a year in wages (which exceeds the maximum for Social Security taxes.) ABC Company withholds Social Security and Medicare taxes from the wages they paid him. Tom also has self-employed earnings of \$20,000. Tom does not pay Social Security taxes on his SE earnings because his wages from ABC Company are over the maximum. However, Tom must pay the Medicare tax for all of his SE earnings.

2) Sam works for XYZ Company earning \$40,000 and the company withholds Social Security and Medicare taxes on his wages. Sam also has \$25,000 in SE earnings. Because Sam's wages and SE amounts don't exceed the maximum, he must pay both Social Security and Medicare taxes on his SE earnings of \$25,000.

3) Joe works for MNO Company and earns \$75,000. MNO Company withholds Social Security and Medicare taxes on his wages. Joe also has \$50,000 in SE earnings. Because Joe's wages and SE amounts exceed the maximum, he will pay Social Security tax on the amount of his SE earnings up to the maximum for the year in question. Joe will pay Medicare tax on the entire SE earnings because there is no maximum for Medicare.

Federal Unemployment Tax—FUTA Year	No. of Employees	Maximum Wages	Rate%
1973	1 or more	4,200	3.28
1974	1 or more	4,200	3.2
1976	1 or more	4,200	3.2
1977	1 or more	4,200	3.4
1978	1 or more	6,000	3.4
1979	1 or more	6,000	3.4
1980	1 or more	6,000	3.4
1981	1 or more	6,000	3.4
1982	1 or more	6,000	3.4
1983	1 or more	7,000	3.5
1984	1 or more	7,000	3.5
1985-2010	1 or more	7,000	6.2
2011	1 or more	7,000	6.2 (1/1-6/30/2012) 6.0 (7/1-12/31/2012)
2012	1 or more	7,000	6.0
2013	1 or more	7,000	6.0
2014	1 or more	7,000	6.0
2015	1 or more	7,000	6.0

16 Premium Tax Credit Error Codes

Reference IRMs:

- 4.19.14.7

The PTC error code identifies the specific Exam or AQC issue that needs to be evaluated.

PTC Error Code	Explanation
344	Taxpayer claims PTC on Form 1040 or 1040A, but does not attach Form 8962 -(exchange data indicates coverage with no record of APTC received)
190	Taxpayer reports APTC repayment on Form 1040 or 1040A, but does not attach Form 8962 - (exchange data indicates coverage with record of APTC received)
191	Taxpayer HHI as percent of FPL is less than 100% and all tax household members are US citizens, but taxpayer is claiming PTC - (exchange data indicates coverage with no record of APTC received)
193	Taxpayer indicates an ACM family size (electing the alternative calculation for marriage), but ACM family size is greater than or equal to family size on jointly filed Form 1040 or 1040A
194	Taxpayer indicates an allocation by providing one or more allocation entries on Form 8962, but does not complete all of them or start month is before stop month. The entries required for an allocation are Allocated Policy Number, Allocation SSN, at least one Allocation Percentage, and start/stop months
195	Taxpayer claims PTC (Form 8962 attached), but no one claimed as an exemption on the Form 1040 or 1040A was enrolled in a QHP through Exchange
196	Taxpayer provides annual calculation, but Form 8962 includes entries for ACM or shared policy allocation
197	When Exchange data is available for all months, the taxpayer annual premium amount does not equal the computed exchange annual premium amount
198	When Exchange data is available for all months, the taxpayer annual premium of SLSCP does not equal the computed exchange annual premium of SLSCP

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199	When Exchange data is available for all months, the taxpayer annual APTC received does not equal the computed exchange annual APTC received
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User Notes