

Section 15 – Other Systems: CADE, CADE2, SCRIPS, CFOL and FTD

1 Nature of Changes

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15A - Customer Account Data Engine (CADE)

Summary - Current CADE has provided a foundation for modernized systems. Building on current CADE, the Internal Revenue Service will have the flexibility to respond more quickly to complex tax law and policy initiatives-changes that the existing Master File system cannot currently make easily or cost-effectively accommodate.

Current CADE Release 4.2 deployed on January 15, 2009 and added the capabilities to process certain revenue receipt transactions, extension (Forms 4868), and last name changes.

A revised program strategy is under development which will leverage several years of successful current CADE implementation by converting IRS's existing Individual Master File (IMF) into a daily processing architecture by migrating all core tax account processing to a target application architecture and relational database structure. Customer Account Data Engine will allow quicker data conversion than a sequential conversion of source data and will enhance IRS's ability to address technology security, financial material weaknesses, and long-term architectural planning and viability.

More information can be found at CADE's web site located via the intranet at:

<http://bsm.web.irs.gov/CADE/FactSheets/FactSheetCADE1.htm>

15B - Customer Account Data Engine 2 (CADE2)

1 Background

The Customer Account Data Engine 2 (CADE 2) will leverage existing systems and components, including Individual Master File (IMF) applications, to perform functions related to accessing and updating taxpayer account data, managing cases and resolving account issues. It will implement a single system that uses a relational database to process on a daily basis accounts that are currently supported by IMF and current CADE. Additionally, the Customer Account Data Engine 2 will address relevant financial material weaknesses and security weaknesses associated with core tax account processing.

2 Implementation

The CADE 2 implementation involves three phases:

Transition State 1, the IRS will establish a single database that will house all individual taxpayer accounts. Processing will be enhanced to include daily batch processing. The key IRS customer service operational database, IDRS, will have the benefit of more timely posted data. The solution will populate the IPM analytical data store and provide business users with tools to more effectively use the data for compliance and customer service. Enhanced data security will be in place. Note that downstream systems that must be modified to support daily processing are included in the scope of Transition State 1. Downstream systems that do not need to be modified, but wish to take advantage of daily processing are not included in the scope of Transition State 1.

Transition State 2, a single processing system will be in place. Applications will use the taxpayer account database. The solution will leverage elements of current IMF and Current CADE for some functions. The CADE 2 Program will make continued progress addressing the financial material weaknesses. In Transition State 2, a combination of current-state components and transitional components will be used to fill the functional needs of individual taxpayer account processing.

Target State, completes the transition to the target-state applications and database, provides a complete data-centric solution, retires all transitional components and addresses all financial and security material weaknesses identified at the inception of the Program.

More information can be found at CADE 2's web site located via the intranet at:

<http://mits.web.irs.gov/CADE2>

15C - Service Center Recognition/Image Processing System (SCRIPS)

SCRIPS is an Image Processing System that processes FTD, IRP, Schedule K-1, Form 940 and Form 941 applications in four submission sites. The submission sites are Austin, Cincinnati, Kansas City and Ogden Campuses. SCRIPS provides character recognition, automated numbering and code & edit functions, minimizing operator workload and maximizing processing throughput. SCRIPS stores and retrieves digitized images of the document. SCRIPS interfaces with BBTS to control the documents for processing and with IDRS allowing images of the documents to be requested via Command Code ESTABS. The following forms are scanned and processed by SCRIPS at the centers indicated:

FTD	All four centers
IRP	Austin and Kansas City
Form 1041 Schedule K-1	Cincinnati and Ogden
Form 1065 Schedule K-1	Cincinnati and Ogden
Form 1120S Schedule K-1	Cincinnati and Ogden
Form 940	Cincinnati and Ogden
Form 941	Cincinnati and Ogden

Additional and more specific information on SCRIPS processing can be found in following published IRM's:

FTD Processing on SCRIPS	3.41.268
IRP Processing on SCRIPS	3.41.269
General Processing via SCRIPS	3.41.274
Scanning Operations	3.41.275
K-1 Processing	3.0.101
941	3.41.276
940	3.41.277

15C - Corporate File On-Line (CFOL)

1 Summary

- CFOL provides NATIONWIDE access to information processed through any Area Office/Campus and posted to any of the master files.
- CFOL command codes provide on-line access to master file information, residing at MCC/DCC, via IDRS.
- CFOL command codes are available even when IDRS is not.
- CFOL command codes are for research only capabilities (cannot adjust accounts).
- CFOL command codes will not show pending transactions, case controls, history items or unpostables. Therefore, IDRS research should be done prior to accessing certain CFOL command codes.
- Additional reference information for the CFOL command codes can be found in IRM 2.3 and at the SERP website under Job Aids.

Help For CFOL:

Any CFOL command code with the definer "H" will display the help screen for that command code (i.e. BMFOLH).

Note: This will change as paging capabilities become available.

CFOL COMMAND CODES

BMFOL	DM1DT	EMFOL	FINDE	IRPOL	NAMEI	RPVOL	RTFTP	TPCOL
BRTVU	DTVUE	EOGEN	IMFOL	IRPTR	NAMES	RPVUE	SPARQ	TRDBV
DDBOL	DUPED	ERTVU	IMFOR	NAMEB	PMFOL	RPVCU	SUPOL	TRERS
DDPOL	DUPOL	FINDS	INOLE	NAMEE	RPPRT	RTVUE	TPCIN	TRPRT
FINDS	TPIIP							

TRPRT Important Note: All RTVUE and BRTVU screens reflect information as shown on the original posted return only. For post-processing adjustments, see Command Codes IMFOL and BMFOL. CC BRTVU will show those amended returns which are not "G" coded.

Display screens and Field Definitions for all of the command codes listed above can be found at the IDRS Command Codes Job Aid located on the SERP web site at:

http://serp.enterprise.irs.gov/databases/irm-sup.dr/job-aid.dr/command-code.dr/idrs_command_code_job_aid.htm

2 CFOL Specialized Glossary

2% TRIGGER DATE — Indicates start date for computation of debit interest at normal rate plus 2% (MMDDYYYY format).

6020B INDICATOR — IRS prepared a substitute return for a non-filer or delinquent filer under IRC SEC 6020(b).

23C DATE — The date an assessment is posted to the Master File. It is also the date the first master file notice is sent on a balance due document. Commonly referred to as the notice date or assessment date. Also shown as Settlement Date.

ADJ REASON CDS — ADJUSTMENT REASON CODES — Reason codes describe where the adjustment action affects the original return and determines the explanation that will print on the Adjustment Notice.

ADP IND — Taxpayer indicated that some or part of the company's accounting/tax records were kept on a computerized system. Values are:

Blank Records not computerized
1 Records computerized

APPLIED REFUND INDICATOR — Indicates the disposition of any overpayment of taxes. Values are:
Blank All other conditions

Any line marked with # is for official use only

- 1 Credit elect
- 2 Refund

ARDI IND — Accounts Receivable Dollar Inventory Indicator. If set when a module is established, the indicator is set based solely on assessments. When set on an existing module, both assessments and accruals are used in determining the value of the indicator. Once set to a value other than zero, the indicator will remain at that value without regard to the ending module balance. Values are:

- 0 Credit balance, zero balance, debit balance <\$25,000.00
- 1 Debit balance of \$25,000.00 to \$99,999.99
- 2 Debit balance of \$100,000.00 to \$999,999.99
- 3 Debit balance of \$1,000,000.00 to \$49,999,999.99
- 4 Debit balance of \$50,000,000.00 or greater

ASED — **Assessment Statute Expiration Date** — The last date an assessment may be made, usually 3 years from the due date of the return or the received date whichever is later. Other conditions may exist; see IRM 3.15.259.

ASSESSED MODULE BALANCE — Sum of tax, penalty amount; interest assessed and interest paid amounts (does not include accruals).

ASSET CODE — A one position field which indicates the range of total assets reported. Values are:

- 0 Total assets is blank, zero or negative
- 1 Total assets is \$.0 to \$9,999.99
- 2 Total assets is \$10,000.00 to \$24,999.99
- 3 Total assets is \$25,000.00 to \$99,999.99
- 4 Total assets is \$100,000.00 to \$499,999.99
- 5 Total assets is \$500,000.00 to \$999,999.99
- 6 Total assets is \$1,000,000.00 to \$4,999,999.99
- 7 Total assets is \$5,000,000.00 to \$9,999,999.99
- 8 Total assets is \$10,000,000.00 to \$49,999,999.99
- 9 Total assets is \$50,000,000.00 or more

AUDIT CODES — Used to identify a particular condition on the return for audit. See specific return sections for values.

AUDIT YEAR — Year under examination in YYYYMM format.

BWH — **BACKUP WITHHOLDING** — An additional amount of income tax (31%) required to be withheld by the payer on dividends and interest income when the taxpayer fails to provide SSN to payer.

BWI — **BACKUP WITHHOLDING INDICATOR** — Indicates of status of backup withholding on module. Values are:

- 0 Not subject to backup withholding
- Potentially subject (liable)
- 2 Subject (liable)
- 4 Satisfied
- 8 Suspended

BUSINESS MASTER FILE (BMF) — A magnetic tape file containing information about taxpayers filing business returns and related documents.

CAF — **Centralized Authorization File** — A computerized system of records which houses authorization information from both powers of attorney and tax information authorizations. The CAF system contains several types or records, among them taxpayers, representatives, tax modules, and authorizations.

CAF IND — **Centralized Authorization File Indicator** — gives information about the Power of Attorney. Values are:

- 0 TC 961 deleted or revoked module
- 1 1 representative authorized to receive notices
- 2 2 representatives authorized to receive notices
- 3 1 representative authorized to receive notices and refunds
- 4 2 representatives authorized to receive notices and 1 representative authorized to receive refunds
- 5 No authorization to receive notices or refunds. No blind trust.
- 6 Reserved
- 7 1 representative authorized to receive refunds
- 8 Blind trust in effect

CALENDAR YEAR — A Tax Year that ends on December 31st.

CAMPUS ID — **Campus identification code.** Values are:

ID	Campus	ID	Campus
07	Atlanta Campus	19	Brookhaven Campus
08	Andover Campus	28	Philadelphia Campus
09	Kansas City Campus	29	Ogden Campus
17	Cincinnati Campus	49	Memphis Campus
18	Austin Campus	89	Fresno Campus

CASE MAJOR — Provides IRP summary information, and entity information from the Individual Master File (name/address, prior year info)

CASE MINOR — Provides specific data from each information return filed for the taxpayer.

CFOL — CORPORATE FILES ON-LINE — Provides access to taxpayer information (return, transcript, IRP, etc.) at the computing center. This data is accessible through IDRS via various command codes.

CHECK DIGIT — Two computer-generated alpha characters used mainly to reduce key strokes during transcribing.

COMBAT DEPART — Combat Departure Date in MMDDYYYY format

COMBAT ENTRY — Combat Entry Date in MMDDYYYY format

COMBAT INDICATOR — Indicates taxpayer was stationed in a combat zone. Values are:

- 0 Not applicable
- 1 Combat Zone freeze on

COMMAND CODE — A five character code used to initiate information from IDRS.

COMP COND CD — COMPUTER CONDITION CODE — An alpha or numeric character edited onto a tax return to identify a special condition or computation for the computer. CCCs post to the master file. See Section 3.

COMPTR TRANS — COMPUTER TRANSACTION — Computer-generated fields. (for RTVUE, RFFTP and BRTVU this is now PER CMPTR)

COMPUTING CENTERS — Centers where business and individual transactions are posted to taxpayer accounts residing on the master files. The three computing centers are: Detroit, Martinsburg and Tennessee.

CORR IND — CAWR W-3/W-2 Correction Indicator — Indicates whether a TC 980/984 either with correction indicator of "blank" or "C" has posted to a CAWR module. Values are:

- blank — Not significant
- C — Original and corrected documents.

CORR RCVD DT — CORRESPONDENCE RECEIVED DATE — Date taxpayer's reply to our correspondence was received in the Campus. This date will appear in MMDDYYYY format. If no reply to correspondence, the field will contain 999999. The field will be blank if correspondence and reply occurred prior to the return due date, or correspondence was not issued.

CORRESPONDENCE CODE — A two position field which indicates the reply state of correspondence initiated by IRS. Values are:

- Blank No correspondence was initiated by IRS
- 11 Reply received with all requested information
- 12 Reply received with some of requested information
- 13 Reply received with none of requested information
- 14 No reply received
- 21 Reply to second correspondence with all information
- 22 Reply to second correspondence with some information
- 23 Reply to second correspondence with none of requested information
- 24 No reply to second correspondence

CREDIT INT DT — CREDIT INTEREST DATE — Date which credit interest is computed. Shown in MMDDYYYY format.

CSED — COLLECTION STATUTE EXPIRATION DATE — The last date to collect delinquent tax without filing a suit for judgment. Usually ten years from the assessment date.

CUSIP NUMBER — Committee on uniform securities ID procedures number. Assigned to corporations and other entities which issue public securities listed on stock exchanges or traded over the counter (updated from latest return posted).

CURRENTLY NOT COLLECTIBLE — Displays if any module in the account has an unreversed TC 530.

CYCLE — All transactions posting to good tape for transmittal to MCC are processed through the Campus during a prescribed period: usually one week.

CYCLE POSTED — The processing week the return or transaction posted to the master file. A six digit number – the first four digits are the year, the second two are the week number.

DELINQUENT RETURN — A return filed after the relevant due date without an approved extension.

DIF CATEGORY — Identifies Examination potential as determined by a predefined mathematical rule.

DIF FORMULA — Code to determine the potential increase in tax resulting from a DIF audit.

DIF SCORE — A four digit score assigned to a return based on the calculation of a mathematical formula which in combination with a formula code determines which returns should be inventoried. Historical as of 7/1994.

DISPOSAL CODE — Two digit codes are used to indicate the disposition of an examination. The codes are assigned by the Examination Division. See Section 12.05.

DLN — DOCUMENT LOCATOR NUMBER — A controlled number assigned to every return or document input through the ADP system. The fourteenth digit is the year of processing. The DLN is used to control, identify and locate documents.

DM-1 — DATA MASTER-1 — Social Security Administration Tape. The DM-1 contains all names and social security numbers assigned by SSA.

DSI — DEPENDENCY STATUS INDICATOR — A box on page 2 of the 1040 return that indicates when the taxpayer can be claimed as a dependent on another person's return. Values are:

Blank Not Applicable
1 Yes

DTC — DEPENDENCY TIN CODE — A single-digit numeric code edited in the exemption area used to track taxpayers based on whether they provided the IRS with dependent SSN/age information. A maximum of six DTC's are edited per return.

EARNED INCOME CREDIT (EIC) — A credit which may be taken by a taxpayer with a dependent child, an adjusted gross income of less than \$22,370 and a filing status of 1, 2, 4, 5, or 7.

EDIT — To place certain marks on documents and properly enter misplaced items in preparation for key punch operation.

EDIT FTD PENALTY — The amount the taxpayer computes if FTD penalty is present.

EIN — EMPLOYER IDENTIFICATION NUMBER — An assigned nine digit number to identify a business tax account.

EMPLOYMENT CODE(S) — A one letter code used to identify certain employers regarding Social Security Taxes and Federal Unemployment Tax. Applicable to certain Form 941/943 filers. Values are:

C Church or Church-controlled Organization filing Form 8274 (not subject to FICA or FUTA)
F Federal Employer
G Only State or local government Agencies subject to withholding tax
M Maritime Industry
N Non-profit organization subject to FICA
S Foreign Subsidiary
T State or local Government Agency covered under a Section 218 Agreement
W Section 501(c)(3) of the IRC Non-profit Organization (not subject to FUTA)
N Non Profit Organization subject to FICA

(-) Deletes employment codes

ENT UPDT CY — ENTITY UPDATE CYCLE — Cycle of the latest update.

ENTITY CODE — Indicates how much of the entity (name, address, SSN) was entered by the Campus in DIS. Values are:

- 1 Long entity – change in Primary SSN on pre-print label or handwritten name & address
- 2 Short entity – pre-print label or name control only
- 3 Intermediate entity – address change on pre-print label or F1040X
- 5 Partial Entity – Taxpayer corrected name on pre-print label – no change to address

ENTRY CODE — A two character code assigned upon request to authorized terminal operators.

ERS — ERROR RESOLUTION SYSTEM — A system for the examination and correction of returns rejected due to taxpayer and processing errors.

ES DISC — ESTIMATED TAX DISCRP CODE — Estimated Tax Discrepancy Code. Values are:

- Blank No discrepancy
- \$ Discrepancy

ESP IND — ESTIMATED TAX PENALTY INDICATOR — A single digit numeric code used to indicate the box checked on Form 2210/2210F. Values are:

- 1 Waiver
- 2 Annualized Income
- 3 Withholding
- 4 High Income Taxpayer – Based on annualized income
- 5 High Income Taxpayer – Based on Modified AGI
- 6 Filing Status Change
- 9 More than one of the above conditions

ESTAB DT — ESTABLISHMENT DATE — Year and month the entity was established on the master file.

FILE FOLDER NUMBER — Nine digit number assigned by KDO (Key Area Office) to the case files of plan applications for internal control and public service purposes. This number appears on determination letters and opinions issued.

FILE SOURCE — A one digit code which follows the Taxpayer Identification Number (TIN). Values are:

Code	Definition	Code	Definition
Blank	valid SSN or EIN	P	valid IRA SSN
*	invalid SSN on IMF	X	invalid IRA SSN
V	valid SSN on BMF	P	valid EPMF EIN
W	invalid SSN on BMF	X	invalid EPMF EIN
D	Temporary TIN		

FILING LOC CODE — FILING LOCATION CODE — Campus where latest return was filed.

FISCAL YEAR — Tax year ending the last day of any month other than December.

FOREIGN COUNTRY CODE — Country of citizenship of any foreign individual, who at the end of the tax year, owned, directly or indirectly, 50% or more of the corporation's voting stock. Values are:

Code	Country	Code	Country	Code	Country
AR	Argentina	EI	Ireland	KS	South Korea
AS	Australia	IS	Israel	SW	Sweden
BF	Bahamas	JA	Japan	SZ	Switzerland
CA	Canada	LU	Luxembourg	TW	Taiwan
CJ	Cayman Islands	MX	Mexico	UK	United Kingdom
CO	Columbia	NL	Netherlands	GM	Germany
DA	Denmark	NA	Netherlands Antilles	VE	Venezuela
FR	France	PM	Panama	OC	"Other Country"
HK	Hong Kong	RP	Philippines		

FRC — FILING REQUIREMENT CODE — These codes are posted to the entity section of the master file. Identifies the type of return a tax-payer must file. They are also used to identify the types of forms the IRS must mail to the taxpayer. See Section 8.

FREEZE CDS — FREEZE CODES — Alpha code applied to a master file account identifying specific conditions generated either systemically, during the processing operation, or manually. Restricts normal computer operations. See Section 8.03.

FSC — FILING STATUS CODE — A single-digit numeric code equivalent to the number of the filing status box checked by the taxpayer or edited by the Campus. Values are:

FORMS 1040, 1040A, & 1040EZ

Code Definition

0	Single, filing declaration of estimated income tax
1	Single taxpayer
2	Married taxpayer filing joint return
3	Married taxpayer filing a separate return, spouse required to file
4	Head of Household
5	Widow(er) with dependent child
6	Married filing a separate return and spouse is not required to file
7	Head of Household with an unmarried child's name listed on the return, but no exemption claimed.

Form 1040ES

Code Definition

0	One name in nameline
7	Two names in nameline

FTD — FEDERAL TAX DEPOSIT — Withheld taxes submitted to an authorized depository via form 8109 or form 8109B.

FTP ASS'D — FTP ASSESSED — FAILURE TO PAY PENALTY ASSESSED — Amount of computed FTP due IRS against which collection action can be taken.

FTP START DT — Failure to pay penalty computation start date. This represents the first penalty month and its beginning date.

FUTA — Federal Unemployment Tax Act — Provides for cooperation between state and federal governments in the establishment and administration of unemployment insurance.

FYM — Fiscal Year Month — Fiscal year ending date.

GROUP EXEMPTION NUMBER — A four digit number assigned to parent/central organization.

HIGH INC — HIGH INCOME INDICATOR — Used in the ES Tax processing at the master file.

Set when:

- a) Unreversed estimated tax payments and/or penalty are present on any of the past 3 year taxable periods; and
- (b) FSC is 3 and current year AGI is \$37,500 or greater and CY AGI is \$20,000 or more over prior year AGI; or
- (c) FSC is other than 3 and current year AGI is \$75,000 or greater and CY AGI is \$40,000 or more over prior year AGI.

Values are:

- 1. Taxpayer met all high income conditions
- 2 Taxpayer met at least one, but not all high income conditions

HISTORIC DO — Indicates entity primary location DO code at the time of posting a transaction. Once TC 150 posts and Historic DO has been updated, no further updates will occur.

HOLD CODE — Numeric code used with TC29X or TC 30X when it is desired to prevent or delay the issuance of a refund and/or notice. See Section 8 for a complete listing.

IDRS TECHNICIAN — Assistor in the IDRS control group or customer support section at each SC.

IMF — INDIVIDUAL MASTER FILE — a magnetic tape file containing information about taxpayers filing individual income tax returns and related documents.

INCOMPLETE RETURN ITEM (IRI) CODES — Two digit IRI code(s) are displayed on TXMODA. Up to a maximum of five (5) two-digit nu-meric codes may be on any one module. A correspondence Code 11, 21, 22, 23, 24 or 12, 13, 14, must also be present. The IRI codes only apply to the returns that are part of the IRI program, which include Forms 990; 990-EZ & 990-PF.

Form 990 (Doc Code 90)

<u>Item Missing</u>	<u>IRI Code Value</u>
Part II	92
Part IV	94
Part V	95

Form 990EZ (Doc Code 09)

<u>Item Missing</u>	<u>IRI Code Value</u>
Part I	61
Part II	62
Part IV	64

Schedule A (Doc Code 90 or 09)

<u>Item Missing</u>	<u>IRI Code Value</u>
Schedule A	30
Sch. A – Part I	31 (Doc Code 90 only)
Sch. A – Part I	41 (Doc Code 09 only)
Sch. A – Part II	32 (Doc Code 90 only)
Sch. A – Part II	42 (Doc Code 09 only)
Sch. A – Part III	33
Sch. A – Part IV	34
Sch. A – Part IV-A	38
Sch. A – Part V	35
Sch. A – Part VI-A	36
Sch. A – Part VII	37

Form 990PF (Doc Code 91)

<u>Item Missing</u>	<u>IRI Code Value</u>
Part I	01
Part II	02
Part VIII	08
Part X	10
Part XI	11
Part XIII	13
Part XIV	14
Part XV	15
Part XVII	17

Form 990 (DOC Code 93)

<u>Item Missing</u>	<u>IRI Code Value</u>
Wrong revision of Form 990	98
Missing signature	90
Part VII	87
Part VIII	88
Part IX	89
Part X	80
Entire Sch. A missing or wrong revision	20
Sch. A Part I	21
Sch. A Part II	22
Sch. A Part III	23
Sch. B	50
Sch. C	51
Sch. D Part I	52
Sch. F	53
Sch. L	54
Sch. R	55
Sch. J	56
Sch. H	57
Sch. O	58
Audited Financial	59

Form 990-EZ (DOC Code 92)

<u>Item Missing</u>	<u>IRI Code Value</u>
Filed a 990-EZ, should have filed a 990	91
Missing Signature	90
Part II	62
Part IV	64
Entire Sch. A missing or wrong revision	20
Sch. A Part I	21
Sch. A Part II	22
Sch. A Part III	23
Sch. B	50
Sch. C	51
Sch. F	53
Sch. L	54

Form 990 (DOC Code 93)Item Missing
StatementsIRI Code Value**Form 990-EZ (DOC Code 92)**Item MissingIRI Code Value**Doc Code 90, 09, 91, 92 and 93**Item MissingIRI Code Value

Schedule B

50

Item MissingIRI Code Value

Non-IRI Issue

99 (Correspondence Codes
11, 12, 13 or 14 only)

Missing Signature 90

INCOMPLETE RETURN ITEM (IRI) ISSUE CODES — Issue Codes identify whether a Form 990, 990-EZ or 990-PF is late filed, incomplete or late filed and incomplete. The Issue Code is a two-digit numeric code displayed on TXMODA. The Issue Code also identifies whether a CP (150, 151 or 152) notice was generated.

Issue Code – 01

- Generates a CP 150 when the return is late filed only.
- No significant IRI Code present
- Valid on MFT 44 (Doc Code 91) & MFT 67 (Doc Codes 90 & 09)

Issue Code – 02

- CP 152 – Issued when a return is timely filed and
- Correspondence Code 22, 23 or 24 is present
- Valid on MFT 44 (Doc Code 91) and MFT 67 (Doc Codes 90 & 09)

Issue Code – 03

- CP 152 – Issued when a return is both late filed and incomplete
- Correspondence Code 22, 23 or 24 is present
- Valid on MFT 44 (Doc Code 91) and MFT 67 (Doc Codes 90 & 09)

INSTALLMENT SALES INDICATOR — Codes are based on Question D, Sales Form 6252, Installment Sales. Values are:

Blank Form 6252 not present

1 "YES" box checked

2 "NO" box checked

3 Neither or both boxes checked when Form 6252 is present

INT ASSESSED — INTEREST ASSESSED — Amount of computed interest due IRS against which collection action can be made.

INT COMPTN DT — INTEREST COMPUTATION DATE (Debit) in MMDDYYYY format. The date from which debit interest is computed.

IRA CONDITION CODE — a two digit numeric code used to identify reasonable cause, requests for waiver, amended Forms 5329 or de-ceased IRA distribution recipients. See Section 3.04.

IRS EMPLOYEE LITERAL — indicates whether taxpayer is an IRS Employee. Values are:

IRS Employee Code**Definition**

P

Primary taxpayer is IRS employee

S

Secondary taxpayer is IRS employee

B

Both taxpayers are IRS employees

Blank

Not an IRS employee

Any line marked with # is for official use only

KEY DO — KEY AREA OFFICE — The office charged with the primary administrative and audit functions of Exempt Organizations.

LIST YEAR — The year the return was processed.

MFR — MAIL FILING REQUIREMENTS — are posted to the entity section of the Master File to identify the types of returns a taxpayer must file. They are also used to identify the types of forms the IRS must mail to the taxpayer. See Section 8 or IMFOL "E" for a list of values.

MASTER FILE — A magnetic tape record which contains taxpayer accounts.

MFT — MASTER FILE TAX — Two digit number which identifies the type of tax.

MATH ERR CODE — MATH ERROR CODE — Indicates a math error is present on the return involving the tax liability or refund/amount owed.

MATH INCREASE — Original return posted with increase in tax. Values are:

Blank	No Increase	1	Original return posted with increase in tax and either a math error or both CCCs X & Y are present. Also, TC 29X blocked 770-789 posted.
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MATH STATUS CODE — These codes are computer generated at the Campuses and are entered on IMF and BMF return records transmitted to MCC. Values are:

BMF		IMF	
0	Record has not been math verified	0	No math error
1	No math error	1	Math error in excess of tolerance
2	Math error within tolerance		
3	Math error in excess of tolerance		

MF ASSESSED MOD BAL — See Assessed Module Balance

MIN DEL — MINIMUM DELINQUENCY — Delinquency penalty based on minimum delinquency criteria.

MINISTER SE CODE — Minister Self Employment Code. Values are:

Blank	Not Present	2	Form 4361 denied	8	Form 4029 denied
1	Form 4361	4	Form 4029 approved		

MISSING SCHEDULE CODE — A two digit code entered by the Campus when the taxpayer fails to provide a complete or sufficient answer to correspondence or the return is a "no reply." See specific return sections for values.

MRG-PRCS — Merge in process.

NO CHANGE ISSUE CODES — Applies to no-change examined returns with adjustments to tax base data such as income or deduction items but no change in tax liability or refundable credits. See LEM 48(14)0

NON-COMPUTE RETURN — A tax return filed by a taxpayer who expects the IRS to compute the tax or refund due.

NON-REMIT RETURN — A tax return filed without a payment attached.

NRA — NON-RESIDENT ALIEN — An individual who is not a United States citizen and does not meet the requirements to be treated as a lawful permanent resident of the United States for tax purposes. Special IRS regulations apply to NRA spouses and dependents who are res-idents of Canada and Mexico.

ORIGINAL RETURN — 00 DUPLICATE/AMENDED RETURN ARE AVAILABLE Displays sequence number of any amended/duplicate re-turns filed. Valid range=00-99. (BRTVU ONLY – DOES NOT INCLUDE RETURNS WITH CCC "G.")

PARENT CORPORATE EIN — The number assigned by the IRS for identification of a Parent Corporation filing a consolidated Form 1120.

PARENT NAME CONTROL — Name control of the Parent Corporation.

PENALTY AND INTEREST CODE — Entered when the return indicates an amount for precomputed penalty and interest and the return is received during the grace period (7 days after the due date) of the original due date. If interest only is indicated, a computer condition code "R" must also be present. Values are:

- 0 Normal interest and delinquent penalty are computer generated
- 1 Normal interest is computer generated; delinquency penalty is computer generated at 5% (.05) when accompanying TC 160 identifies pre-delinquency penalty during grace period
- 2 Normal interest is computer generated. Delinquency penalty is computer generated at 25% (.25).

PENS FEAT CD — PENSION FEATURES CODE — up to eight codes indicating certain additional features of the plan. Comprised of the first four values of the old "other plan features code" plus several other individual indicators (updated from the latest return posted).

PETITION DATE — The date the taxpayer filed the bankruptcy petition with the Court to start the bankruptcy proceedings. Set by TC 520 with closing codes (cc) 83, 85, or 88 in the account.

PIA CODE — PRINCIPAL BUSINESS OR PRINCIPAL INDUSTRY ACTIVITY CODE — Identifies the nature of the taxpayer's business. This code is self identified by the taxpayer. (See Pkg X or the separate instructions for the applicable return).

POA — POWER OF ATTORNEY — A document signed by the taxpayer, as principal, by which an individual is appointed as attorney-in-fact to perform certain specified act(s) or kinds of act(s) on behalf of the principal.

PREPARER ID/TIN — Identification number of paid preparer.

PRIMARY LOCATION CODE — TP's current Area office location code designation.

PRIORITY CODE — These codes must be used to post adjustments to the Master File when certain module conditions exist. See Section 8 for a complete list.

PROCESSING YEAR — Calendar year the return or document was processed by the Campus or Martinsburg Computing Center (MCC).

PTAC — PROVIDER TIN CODE — A single digit numeric code which identifies taxpayer information about the care provider.

QDC — QUALIFYING DEPENDENT CODE — A single digit numeric code edited for each qualifying dependent based on the dependent age and SSN information provided.

REASON CODE — Used when an adjustment is made to a taxpayer's account (IMF ONLY). Reason codes describe where the adjustment action affects the original return and determines the explanation that will print on the adjustment notice. See Section 8,.08.

RECEIVED DATE — The date a return was received by the IRS. A received date is required on all annual returns. A received date will appear on quarterly filed returns if the return is received late.

REMIT RETURN — A tax return filed with a payment attached.

RPS — REMITTANCE PROCESSING SYSTEM — A computer controlled system through which payments and documents may be processed at a single multi-functional work station.

"RPT" — REPEATER INDICATOR — A tax module has been in TDI or notice status other than first notice within the past fifteen months (64 cycles).

RESERVE CODE — Special codes entered by the Campus to force the return to the error register for special handling. Values are:

Blank	Not applicable		4	Form 2220 is attached and taxpayer has checked the box for "Large Corporation"
1		#		
3	Orphan Drug Credit is present		9	Explanation is attached by the Campus

Any line marked with # is for official use only

RETURN CONDITION/PROCESSING CODE — Codes used to identify a special condition or computation for the computer which do not post to the master file.

RDD — RETURN DUE DATE — The established date that a return is due to be filed unless an extension is granted.

RETURN TRANS — RETURN TRANSACTION — Taxpayer's figures per return.

RECORD REQUEST — The elements on line one and sometimes line two of all screens.

RETENTION REGISTER LITERAL — Indicates whether module resides on the Retention Register.

ROFT/ROQFTL — Record of Federal Tax/Record of Quarterly Federal Tax Liability — The portion of a BMF tax return where the taxpayer is required to list his/her periodic tax liabilities. Also known as the liability breakdown.

RSED — REFUND STATUTE EXPIRATION DATE — The last date that a refund can be claimed; usually 3 years from the due date or received date or 2 years from the payment whichever is later.

SCRAMBLED SSN — Two taxpayers with the same SSN and name control on the Master File. Temporary SSNs are assigned to both tax-payers until problem is resolved. Values are:

0/blank	No scrambled SSN	2	SSN has been verified not scrambled SSN
1	Two taxpayers using same SSN	8	SSN has been verified and released this cycle

SELECTION CODE — One-character field input on TC141 causing or updating of the last period satisfied section with a significant Compliance Indicator. See Section 11.07(5).

SETTLEMENT DATE — See 23c Date.

SIC — SCHEDULING INDICATOR CODE — One of the five numeric codes used to notify the computer that the Record of Federal Tax Deposits is incomplete, need not be completed or that a penalty should not be assessed. See specific 94X return for values.

SOURCE CODE — Used when adjustments are made to the taxpayer's account. The source code chooses the statement which will appear on the taxpayer's adjustment notice with the literal reason code completing the statement. See Section 8,.08.

SSA 205(c) — The section of SSA regulations which denies the issuance of a Social Security Number to a Non Resident Alien (NRA) who has no source of income in the United States.

STATUTORY EMPLOYEE — A self-employed independent contractor who can report income and expenses on Sch C, but, Social Security and Medicare taxes withheld are reported on Form W-. Values are:

1	Taxpayer checked box on Sch C	2	Box on Sch C not checked
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SUBSIDIARY FILER CODE — Indicates whether the company filing the return is a subsidiary of another corporation. Values are:

Blank	Not applicable or neither box is checked	2	"No" box is checked
1	"Yes" box is checked	3	Both boxes are checked

TAXPAYER NOTICE CODE — Codes which will force a standard notice to send to taxpayers when math errors are made. See Section 9.

TAX PREF CD — TAX PREFERENCE CODE — Indicates that the taxpayer used Alternative Minimum Tax to compute the Corporate taxes. Values are:

Blank	Alternative Minimum tax not used
1	Form 4626 or substitute is attached

TC 148 HOLD ON MF — Indicates the account is subject to "Immediate TDA" issuances due to the presence of an unreversed TC 148. Values are:

Blank	No unreversed TC 148 present	01-99	Unreversed TC 148 present
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TDA COPYS — TAXPAYER DELINQUENT ACCOUNT COLLECTION POTENTIAL YIELD SCORE — Represents potential benefit that may be achieved from pursuit of collection. The higher the score, the greater the potential benefit.

TDA/TDI LOC CD — 4 digit field indicating district and area office to which TDA/TDI was originally issued. See Section 11.

TDI STATUS INDICATORS — Indicator which tells specific activity on TDI module during each status. See Section 11.(7).

TOTAL INTEREST — Interest assessed and unassessed computed to the interest date on the TXMOD.

TRANS DT — TRANSACTION DATE — Date return was received.

UP-CYC — Martinsburg Computing Center (MCC) Update Cycle. Values are:

04-52	MCC cycle
MRS	Module is on line via MRS processing
AUX	Auxiliary. Created for disaster victims in Florida & Louisiana

VESTIGIAL SCREEN — Shows modules moved to the retention register and when, for a specific TIN.

3 Taxpayer Information Available from CFOL Command Codes

The value of CFOL as a research tool is its capacity to provide taxpayer information on any valid TIN nationwide. CFOL is especially helpful to revenue officers conducting courtesy investigations or otherwise investigating taxpayers who reside out of state. The categorical index that follows is intended only as a partial guide to the types of information available. Further information about CFOL can be found in Multifunctional Handbook 2.3, various chapters. Revenue officers who utilize the CFOL command codes regularly will discover new and effective ways to obtain the information they need to resolve their cases.

Corporate Files On-Line – Types of Information

Types of Information	Command Codes
Address and Entity Information	INOLE, IRPOL, SUPOL, RPVUE, RPPRT, FINDE, FINDS, NAMEB, NAMEI, NAMEE, NAMES, TPIIP
Age, Date of Birth (DOB), Date of Death (DOD)	INOLE, RTVUE, SUPOL, FINDS, NAMEI, NAMES, TPIIP
Business Deductions, Income, Losses	BRTVU (F1120), RTVUE (F1040)
Capital Gains and Losses	RTVUE
Dependents in Household/Exemptions	RTVUE
Earned Income Credit (EIC)	RTVUE
EIN	NAMEB, NAMEE
Employee Plans Return Transaction File	ERTVU
Estimated Tax Payments – Compliance	IMFOL, RTVUE
Federal Tax Deposits – Compliance	BMFOL, BRTVU
Filing History, Filing Requirements	BMFOL, BRTVU, IMFOL, RTVUE
Income Information	BRTVU, RTVUE, BMFOL, IMFOL
- Dividends	RTVUE, IRPOL, SUPOL
- Interest	RTVUE, IRPOL, SUPOL
- Schedule C (Self-employed persons)	RTVUE, IRPOL, SUPOL
- Schedule D (Capital Gains and Losses)	RTVUE, IRPOL
- Schedule E (Income-Partnerships, Rents)	RTVUE
- Schedule F (Farming Income)	RTVUE, IRPOL, SUPOL
Last Return Filed – Compliance	BMFOL, BRTVU, IMFOL, RTVUE
Motor and Recreation Vehicles	RTVUE, BRTVU
Real Estate Information (Schedules A, D, E)	IRPOL, SUPOL, RTVUE
- Home Mortgage Interest Paid (F1098)	RTVUE, IRPOL, SUPOL

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Corporate Files On-Line – Types of Information**Types of Information**

- Property Taxes Paid (Schedule A)
- Rental Income (Schedule E)
- Sale of Home (Form 2119)

Related Entities (BMF/IMF)

SSN

Trust Fund Recovery Penalty – IRC 6672

Withholding Taxes Social Security

Command Codes

RTVUE

RTVUE

RTVUE, IRPOL, SUPOL

BMFOL, BRTVU, IMFOL, SUPOL

NAMEI, NAMES, TPIIP

BMFOL, BRTVU

BMFOL, BRTVU, IMFOL, RTVUE, SUPOL

FTD - Federal Tax Deposit System (FTD)

1 General

IRM 20.1.4.0 Failure to Deposit Penalty.

Federal tax deposits must be made by electronic fund transfer. Beginning January 1, 2011, business must use electronic funds transfer to make all federal tax deposits (such as deposits of employment tax, excise tax, and corporate income tax). Under regulations 153340-09 effective 1/1/2011, Forms 8109 and 8109-B, Federal Tax Deposit Coupon, cannot be used after December 31, 2010. Electronic fund transfers can be made using the Electronic Federal Tax Payment System (EFTPS), tax professional, financial institution, payroll service, or other trusted third party.

Taxpayers would be subject to a failure to deposit (FTD) penalty for having deposited in an incorrect method (EFT/FTD Penalty). This is the same penalty received by taxpayers for not making a coupon deposit through an authorized depository (FTD avoidance penalty).

PATAX in October 2000, Treasury Tax and Loan (TT&L), the former system used to process FTD payments, was replaced with PATAX (Paper Tax). The PATAX system consolidated FTDs into one Federal Reserve Bank (FRB). The Federal Tax Deposit (FTD) System allowed the taxpayer to submit payments through the use of a depository bank that had PATAX or Transaction Interface Package (TIP) account with the ST. Louis FRB. In processing the FTD at the Submission Processing Center, the input data was processed through a series of daily batch runs that perform block balancing and document validity checks. Reports were generated showing all documents and revenue being processed through the batch runs. PATAX System was decommissioned on 2011.

ADEPT was the Service's first EFT program. It was piloted from 1989 to 1991 in the Andover Campus.

TAXLINK began accepting nationwide federal tax deposits electronically in 1992 through Atlanta Campus. These deposits were not processed through the FTD system. Instead TAXLINK deposits went through GMF. Transaction and document codes were the same as though processed through the FTD system. These deposits are identified by their file location code (FLC 65). Taxpayers enrolled in TAXLINK will be rolled into EFTPS. Electronic deposits made after November 3, 1996 must be made through EFTPS.

EFTPS - Electronic Federal Tax Payment System (EFTPS), is the government's current system for accepting federal tax payments electronically. EFTPS is not limited to accepting only FTD deposits but can accept all tax payments. EFTPS was certified for operation October 18, 1996 at the Tennessee Computing Center.

Microfilm Serial Number

The first two digits of the Microfilm Serial Number (MSN) identified the Campus which processed the FTD (for Forms 8109 or 8109-B (paper forms).

The third and fourth digits represented the OCR/SCRIPS cycle in which the FTD coupon was scanned (01-53 represented paper forms, such as Form 8109 and Forms 8109-B). As of July 2000, the Campuses have eliminated the magnetic tape process.

The remaining six digits (OCR) or eight digits (SCRIPS) were a sequential serial number assigned during the scanning operations or mainline operations.

2 SCCF, BOBs, Error Register, Classification and Reversals of FTDs

The FTD programs were at the following Submission Processing Centers: Austin, Cincinnati, Kansas City, and Ogden and Memphis.

- (A) Service Center Control File (SCCF)** — The primary purpose of the SCCF is to balance and control all transmittals (FRB and IRS) processed by the FTD Mainline System. If the FTD has not successfully processed through the SCCF, the FTD will not be released to the Tape Edit Processing (TEP) for posting on the master file. Transmittals that are rejected or deleted at TEP are corrected on the SCCF Invalid Posting Transcript. Transmittals that have cleared the SCCF are processed on the SCCF Historic and the Block Completion List during month end processing.

(B) Blocks out of Balance (BOBs) — FTDs are balanced to ensure that individual FTD amounts agree with the transmittal (AOC) amount. Blocks that are out of balance appear on the FTD BOB Register for corrections, adjustments and/or re-inputs. Corrections and adjustments are sent to ISRP for input. Re-inputs are sent to SCRIPS for re-scanning, re-serializing and re-filming. Blocks that are on the FTD BOB Register are neither reported on the classified reports or TEP, however, they are controlled on the FTD SCCF.

(C) FTD Error Register — FTD Error Register contains the elements of each FTD coupon that cannot pass validity checks within the FTD System. A record on the FTD Error Register will consist of two lines. The first line is the document identification information. The second line is the employer identification information. Money on FTD coupons on error register has already classified."

(D) Classification — FTDs are classified into tax classes as they are released from SCRIPS. They are also balanced with the St. Louis Federal Reserve Bank (FRB) verification records. Effective October 23, 2000 the St. Louis FRB will be the only FRB to process FTDs. Blocks that are not in balance with the St. Louis FRB require adjustments to the Paper Tax (PATAX) Account or Transaction Interface Package (TIP). The account is maintained at authorized Treasury Tax & Loan (TT&L) depositories. The classification of tax classes is reported on the FTD Daily Wire by FRB batch date. The tax class amounts are reported to the Treasury and used for reporting to the various trust funds.

(E) Reversals — Authorized TT&L depositories submit reversal requests to the St. Louis FRB to process reversals for incorrect amounts and ISRP honored checks. The request is forwarded to the Campus to adjust the taxpayer's account and the TT&L account. Requests that result in overpayment of taxes and payment made in error by taxpayers are not accomplished through this process.

3 FTD Deposit Requirements and Penalties

Because of the increasing complexity of this program and the many dates and amounts involved, IRM 20.1.4.11.1., Failure to Deposit Penalty (FTD), should be referenced for details.

Deposit Requirements Form	Undeposited Tax	Period	Deposit Required
940	\$500.00 or less	End of first, second or third quarter End of last quarter	Not required but must be added to next quarter's liability. Not required. Either pay with return or make deposit by RDD.
1042	\$500.01 or more	End of any quarter	By the last day of the following month.
	\$199.99 or less	End of any month other than December End of December	Not required, but must be added to next month's liability. Not required. Either pay with return or make deposit by RDD.
	\$200.00 - \$1,999.99	End of any month	By the 15th day of the following month, unless a 3-banking-day deposit was required during that month. Refer to IRM 20.1.4.9.1.
	\$2,000.00 or more	End of any quarter-monthly period	Within 3 banking days after the close of the quarter-monthly period. NOTE: Safe Haven (90% Rule) provisions apply. Refer to IRM 20.1.4.9.

Form	Deposit Required
720	Refer to IRM 20.1.4.8.4 for deposit rules.

If the TOTAL liability during the lookback period is . . .	And . . .	Then a deposit must be made:	Forms 941, 943, 944, 945 and CT-1 Deposit Requirement
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\$50,000 or less		On or before the 15th of the following month	the next day
More than \$50,000	Payment date is:	On or before the following	the next day
	>Saturday	>Friday	
	>Sunday		
	>Monday		
	>Tuesday		
	Payment date is:	On or before the following	the next day
	>Wednesday	>Wednesday	
	>Thursday		
	>Friday		

Term	Definition or Example		
Lookback Period - a period of historical return filing(s) used to determine which deposit schedule a taxpayer must follow when making current year payroll tax deposits	for quarterly returns:	for annual returns:	
	the total original employment tax liabilities from tax periods between July 1 and June 30	the total original employment tax liability from the second previous tax return period.	

Deposit Schedule - The schedule an employer follows to determine (a) the length of the deposit period over which liabilities are accumulated and (b) when the deposit is due. Since 1-1-1993, the deposit schedules have been called either Monthly or Semi-weekly. Refer to IRM 20.1.4.8.

Accumulated Liability - the sum of tax liabilities from each individual payroll(s) within a deposit period. The amount that must be deposited. (Deposit Liability)

Deposit Period	for taxpayers following a monthly deposit schedule, the deposit period covers:	for taxpayers following a semi-weekly deposit schedule, the deposit period is either:
	a calendar month	Sat., Sun., Mon. & Tues. *****OR***** Wed., Thur. and Friday

Banking Day - Deposits are due only on banking days. Banking days are days other than Saturday, Sunday, Federal holidays or state banking holidays.

Safe Harbor - Use of the safe harbor rules has been expanded to all depositors. An employer is required to deposit 100% of the deposit liability on or before the deposit due date. Regulations provide a safe harbor, (safety net option) if the employer cannot deposit the full amount required. An employer will still be considered to have met their deposit obligation if the underpayment/shortfall (the difference between the required deposit liability amount and the actual amount of the deposit) is less than the greater of \$100 or 2% of the required deposit. The shortfall is treated as a new, unique, separate liability, arising from its own separate deposit period and carrying its own deposit due date. The shortfall due date is determined by the deposit schedule followed.

DeMinimus Rule - Employers handling payroll taxes are required to deposit those monies. Failure to use electronic funds transfer to make all federal tax deposit or to deposit in the correct manner will subject the employer to a FTD penalty equal to 10% of the amount incorrectly submitted. However, if the total return liability is less than \$2,500, the employer is relieved of the burden of making small deposits and may submit a check (to the IRS) for the full amount of the tax liability with their return without incurring a FTD (failure to deposit in the correct manner) penalty.

Application of Payments—

Credits are ordered by the date received. Multiple credits of the same transaction code received the same date are combined into one credit amount. Valid credits include TC 610, 650, 670, 700, 760, 710 and 716.

Liabilities are ordered by the due dates. Multiple liabilities arising from the same deposit period are combined into one liability. Multiple liabilities, from various deposit periods, with the same due date are further ordered by their incurred date. For periods after December 31, 2001, deposits are applied to the most recently ended deposit period or periods within the specified tax period to which the deposit relates as provided for in Rev. Proc. 2001-58. The application of deposits to the most recently ended deposit period will, in some cases, prevent the cascading penalties where a depositor either fails to make deposits or makes late deposits. See the job aid on the "Most Recent Payment Allocation Method" located in Chapter 7 of IRM 21.

4 Computer Codes

(A) Penalty Computation Codes (PCC)

- (1) Computation codes are used to show why Master File computed a penalty on the account. These codes also indicate what penalty explanation text is printed on balance due notices.
- (2) The following codes are associated with the FTD Penalty. The PCC is ISRP SCRIPS displayed with the literal "FTD PEN" below the TC 186. The FTD penalty PCCs are written so that only one PCC is needed to describe the reason(s) why the FTD penalty was assessed. See section 8(4) BMF Reason Codes for additional detail.

Transaction Code	Return with good ROFT Information	Return with invalid or no ROFT	\$100,000+ account	- \$100,000+ account	
All "good" TC 650	PCC 003	PCC 011	PCC 058	PCC 054	PCC 057
All TC 670 and/or "bad" TC 650	PCC 041	PCC 043	PCC 058	PCC 055	PCC 057
Mix of TC 610, "good" 650, "bad" 650 & 670	PCC 042	PCC 044	PCC 058	PCC 056	PCC 057

- "good" TC 650 is a deposit made as required: by coupon through an authorized depository or in the case of a mandated taxpayer, a deposit made via EFT.
- "bad" TC 650 is a non-EFT deposit made by mandate (taxpayer required to deposit electronically.)

- (3) PCCs are required when manually computing or adjusting the penalty (TC 180 input with a significant dollar amount). Indicating the computation method used will continue the processing audit trail and reduce the need to request previous case files when responding to incoming correspondence or calculating subsequent adjustments.

(4) When resolving a SIC 2 return, if the penalty abatement (due to reasonable cause) request that came in with the return is denied, remember to enter Reason Code 062 in the first reason code position (and the appropriate PCC) and issue Correspondence Letter 854C, *Penalty Waiver or Abatement Disallowed/ Appeals Procedure Explained*.

(B) Penalty Reason Codes (PRC)

A PRC is required to indicate why a penalty is being abated (penalty relief is granted) or suppressed. Refer to IRM Exhibit 20.1.1-3 and Section 8.16.3 of Doc. 6209 for details.

(C) Schedule Indicator Codes (SIC)

When existing conditions would prevent the computer from being able to complete systemic processing, SICs are edited onto the return during initial return processing. Master File's recognition of these codes generally results in the creation of an internal transcript which requires manual intervention to complete the processing of the return.

The SIC Codes applicable to FTD Penalty processing are as follows:

Sic Code	199212 & prior	199312	199412	199512 & subsequent
0 computer generated	return processed with good information	return processed with good information	return processed with good information	return processed with good information
1	missing information, penalty computed by averaging available information	missing information, penalty computed by averaging available information	missing information, penalty computed by averaging available information	missing information, penalty computed by averaging available information

2	Safe Harbor checked or reasonable cause claimed	reasonable cause claimed	reasonable cause claimed	reasonable cause claimed
3	Backup withholding (BWH)/Church Social Security issue	Schedule A attached (BWH)/Church Social Security issue	Church Social Security issue	Church Social Security issue
4	1st time occurrence of 3 banking day requirement	not applicable	not applicable	not applicable
5	Schedule B attached	not applicable	not applicable	not applicable
6	\$100,000 account	\$100,000 account	\$1000,000 account	\$100,000 account
7	not applicable	not applicable	not applicable	incomplete information, causing averaging on a \$100,000 account
	computer generated			

(D) Manual

PCCs are required with each TC 180 input with a dollar amount. This will indicate the computation method used and eliminate the need to request previous case files when responding to incoming correspondence or calculating subsequent adjustments. See IRM 20.1.7, IDRS Terminal Input, for input instructions of the PCCs listed in (1) above.

Reason Code 062, the reasonable cause indicator, is not affected by the input of the above codes and still must be input whenever reasonable cause applies. It may be used alone (for abatements) or with any of the above codes when reasonable cause is being denied and a penalty is being manually assessed/asserted. RC 062 is entered in the first position; the applicable PRC must be entered in the fourth position.

5 FTD Credit Module

In January 1987 to address excess FTD payments received by the IRS, the FTD credit module was established. Payments placed in the credit module are systemically analyzed for proper application as subsequent tax returns are processed. Additionally, the credit module can be researched on IDRS or with master file transcripts, for possible manual application of the payment(s).

The transfer to the FTD credit module occurs automatically as a default procedure during the rollover analysis. If the excess credit amount equals (within \$1.00) the amount of one TC650/660 (Doc. Code 97) transaction with a transaction date equal or prior to the tax period ending (minus 5 days), the TC650/660 will automatically transfer into the next subsequent account or into/establish (if the first one) the FTD Credit Module.

The module can only be established through the rollover analysis.

The FTD Credit Module can be recognized by the presence of MFT-01 and the tax period-0000, and will always be the first tax module present on the account. The presence of MFT-01 has no other meaning than to allow this module to be placed first in the record.

The module is researchable on IDRS and through MRS request.

During Rollback analysis the FTD Credit Module will be analyzed for a single unreversed TC650/660 (Doc. Code 97) equal (within \$1.00) to the excess credit claimed in the tax module being addressed. If a satisfactory credit is found a TC652/662 (reversing transaction) will post to the FTD Credit Module with the following elements from the satisfying TC650/660 transaction:

- (1) Document Locator Number (DLN) with 99 in the 9th & 10th positions
- (2) Transaction Date
- (3) Amount
- (4) Microfilm Serial Number

A TC650/660 will also post to the gaining module with the following elements from the reversed credit module:

- (1) DLN (with 99 in the 9th & 10th positions and the correct tax class)
- (2) Transaction Date

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(3) Amount

(4) Microfilm Serial Number of the TC650/660 being reversed in the FTD Credit Module

An AM Research Transcript will be generated every 26 cycles for the earliest transaction remaining unreversed in the FTD credit module. Refer to IRM 3.5.17.

If there are any debit modules anywhere in the taxpayers account, criteria for unpostable 305 will apply.

Questions and Answers

Q. Is it possible to manually transfer out of the FTD Credit Module?

A. Yes (reference IRM 3.17.243)

Q. Is there a tolerance on the amount of the deposit transferred manually out of the FTD Credit Module?

A. Yes, in that the exact amount of the deposit transaction must be transferred. Exception: A partial transfer can be made if the transaction is to a consolidated FTD.

Q. What will show as a history record if the credit is manually transferred to another account?

A. The reversal transaction will appear as a TC652/662 followed by the cross reference TC586 with TIN, MFT and Tax Period.

Q. Can a refund be generated or manually issued from the FTD Credit Module?

A. No. The amount must be transferred out and then refunded.

Q. Can a return ever post to this module?

A. No. A return cannot post to this tax module; it is a storage module.

Q. What will address this credit module?

A. The module will be created through the rollover analysis and can be transferred during rollback analysis or through a manual transfer.

Q. Will there ever be a time when the FTD credit module will be in zero balance?

A. Yes, this is possible if all the deposits in the FTD credit module are transferred out, either automatically or manually.

Q. Is the format of the FTD Credit Module different than the tax module?

A. No, the format is essentially the same.

User Notes