



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

3.12.16

NOVEMBER 7, 2023

EFFECTIVE DATE

(01-01-2024)

PURPOSE

- (1) This transmits revised IRM 3.12.16, Error Resolution, Corporate Income Tax Returns.

MATERIAL CHANGES

- (1) IRM 3.12.16.2.4(3) - Added IRM reference to Computer Condition Code "E" to clarify information. Changed "Identification" to "Identity" per Information Processing Services Organization (IPSO) feedback.
- (2) IRM 3.12.16.2.8 - Changed Correspondence Imaging System (CIS) to Correspondence Imaging Inventory (CII). (IPU 23U0040 issued 01-04-2023)
- (3) IRM 3.12.16.2.8(3) - Added Note for classified waste to clarify information.
- (4) IRM 3.12.16.2.9(2) - Removed Form 12230. Form 12230 is no longer valid and obsolete.
- (5) IRM 3.12.16.2.18(1) - Removed Letter 105C and Letter 106C information for Form 8913, Credit for Federal Telephone Excise Tax Paid. This credit expired. Renumbered remaining items. (IPU 23U0227 issued 02-03-2023)
- (6) IRM 3.12.16.2.20(6) - Removed "line through the DLN" to improve the process for Rejects and Files.
- (7) IRM 3.12.16.3(2) - Added error register title line information. Renumbered remaining paragraphs.
- (8) IRM 3.12.16.3(3) - Added raw register and loop register information.
- (9) IRM 3.12.16.3.3.1(1) - Added more criteria to clarify information at the request of Return Integrity and Compliance Services (RICS).
- (10) IRM 3.12.16.4.7(9) - Updated Statute exception process for BMF. (IPU 23U0238 issued 02-06-2023)
- (11) IRM 3.12.16.4.9(5) - Updated dates with current year information.
- (12) IRM 3.12.16.4.14(1) - Removed the Note because no longer valid.
- (13) IRM 3.12.16.4.14(2) - Reworded to clarify Preparer Tax Identification Number (PTIN) information.
- (14) IRM 3.12.16.4.15(1) - Removed the Note because no longer valid.
- (15) IRM 3.12.16.6.3(3) - Added the valid range of numbers for clarification.
- (16) IRM 3.12.16.6.3(4) - Added Field 03-B (NAICS Code) for clarification.
- (17) IRM 3.12.16.6.7(3) c. - Removed the 2005 - 1996 information.
- (18) IRM 3.12.16.8.9(3) - Removed the 1998 Note information.
- (19) IRM 3.12.16.8.10(1) - Removed Letter 105C and Letter 106C information for Form 8913, Credit for Federal Telephone Excise Tax Paid. This credit expired. Renumbered remaining items. (IPU 23U0227 issued 02-03-2023)

- (20) IRM 3.12.16.12.2(1) - Added current Form 4136 line information.
- (21) IRM 3.12.16.12.2(6) - Added current Form 4136 line information.
- (22) Exhibit 3.12.16-5 - Changed Correspondence Imaging System (CIS) to Correspondence Imaging Inventory (CII). (IPU 23U0040 issued 01-04-2023)
- (23) Exhibit 3.12.16-5 - Added "Identity" per Information Processing Services Organization (IPSO) feedback.
- (24) Exhibit 3.12.16-11 - Updated valid tax periods for liquified hydrogen (Credit Reference Number 429) because it was removed from the Section 6426(d) definitions of alternative fuels. It was terminated by P.L. 117-169, Section 13204 of the Inflation Reduction Act of 2022 (IRA22), for fuel sold or used after 2022.
- (25) Exhibit 3.12.16-11 - Added "mixture" to Credit Reference Number (CRN) 440 for sustainable aviation fuel credit per the latest Form 4136, Credit for Federal Tax Paid on Fuels. (IPU 23U0040 issued 01-04-2023)
- (26) Exhibit 3.12.16-13 - Updated Valid Tax Period Table for liquified hydrogen (Credit Reference Number 429). It was terminated by P.L. 117-169, Section 13204 of the Inflation Reduction Act of 2022 (IRA22), for fuel sold or used after 2022.
- (27) Exhibit 3.12.16-14 - Tax Period Underprint Flowchart Table - Updated the Tax Period Examples for current year processing.
- (28) Exhibit 3.12.16-16 - Updated Track and Confirm Receipt information for current year processing.
- (29) Revised the Internal Revenue Manual (IRM), where necessary, for the following types of editorial changes:
 - Plain language, simpler words
 - Spelling, grammar, and formatting
 - IRM references, citations, and links
 - Form titles
 - IRM graphics and alternative text

EFFECT ON OTHER DOCUMENTS

IRM 3.12.16, Error Resolution, Corporate Income Tax Returns, dated November 08, 2022 (effective January 01, 2023), is superseded. The following IRM Procedural Updates (IPUs) issued January 04, 2023, through February 6, 2023, have been incorporated into this IRM: 23U0040, 23U0227, and 23U0238.

AUDIENCE

Wage and Investment (W&I) Submission Processing (SP) Error Resolution personnel are the intended audience for this IRM.

James L. Fish
Director, Submission Processing
Wage and Investment Division

3.12.16

Corporate Income Tax Returns

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3.12.16.1
(01-01-2023)
Program Scope and Objectives

- (1) This section has instructions for Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Related Persons, and Form 1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B).
- (2) **Purpose:** This section has instructions for resolving errors made by taxpayers and correcting errors made during campus processing. These instructions apply to the Service Center Replacement System (SCRS) involving corrections made using paper error registers.
- (3) **Audience:** These procedures apply to Wage and Investment (W&I) Submission Processing (SP) Error Resolution System (ERS) personnel:
 - Supervisory Tax Examining Assistant
 - Lead Tax Examining Technician
 - Tax Examining Technician
- (4) **Policy Owner:** Director, Submission Processing
- (5) **Program Owner:** Paper Processing Branch, Business Master File (BMF) Section
- (6) **Primary Stakeholders:** Other areas that may be affected by these procedures include (but are not limited to):
 - Accounts Management (AM)
 - Chief Counsel
 - Compliance
 - Information Technology (IT) Programmers
 - Large Business and International (LB&I)
 - Small Business/Self-Employed (SB/SE)
 - Statistics of Income (SOI)
 - Submission Processing (SP)
 - Taxpayer Advocate Service (TAS)
 - Tax Exempt and Government Entities (TEGE)

3.12.16.1.1
(01-01-2020)
Background

- (1) Error Resolution tax examiners resolve field errors, validity errors, section errors, math errors, consistency errors on Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Related Persons, and Form 1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B), using paper error registers.
- (2) Employees use the paper register (error register) and the return to correct these conditions and when necessary use Integrated Data Retrieval System (IDRS) to research.

3.12.16.1.2
(01-01-2021)
Authority

- (1) Authority for these procedures is found in the following sections of the Internal Revenue Code and their corresponding Treasury Regulations:
 - IRC 6201(a)
 - IRC 6213(b)
- (2) All Policy Statements for Submission Processing are in IRM 1.2.1, Servicewide Policies and Authorities, Servicewide Policy Statements.

3.12.16.1.3
(01-01-2023)

Responsibilities

- (1) Submission Processing, Paper Processing Branch (PPB), BMF Code and Edit (C&E) and Error Resolution System (ERS) Section follows the content in this IRM. The BMF ERS analyst make changes as needed and revise content once a year effective January 1st of each calendar year.
- (2) The BMF Code and Edit and Error Resolution System Section manager makes sure the IRM is timely submitted to Publishing each year.
- (3) The Campus Director monitors operational performance for the SP campus.
- (4) The Operations Manager monitors operational performance for their operation.
- (5) The Team Manager/Lead monitors performance and ensures the employees have the tools to perform their duties.
- (6) The Team Employees follow the instructions in this IRM and keep updated on the IRM procedures.

3.12.16.1.4
(01-01-2023)

**Program Management
and Review**

- (1) Program Goals: Enter corrections on the paper error registers for any errors falling out through Service Center Replacement System (SCRS) in Error Resolution.
- (2) Program Reports: System control reports are on the Control-D WebAccess (CTDWA) and a general listing of the reports is in IRM 3.12.38, Error Resolution, BMF General Instructions.
- (3) Program Effectiveness: The program goals are measured by using the following tools:
 - Embedded Quality Submission Processing (EQSP)
 - Balanced Measures
 - Managerial Reviews
- (4) Annual Review: The processes outlined in this IRM are reviewed annually during IRM Review and Clearance to ensure accuracy and promote consistent tax administration.

3.12.16.1.5
(01-01-2018)

Program Controls

- (1) Quality Review conducts a statistical valid sample size review of completed work to ensure IRM guidelines are followed.

3.12.16.1.6
(01-01-2023)

**Terms/Definitions/
Acronyms**

- (1) The table lists Interpretation Words and their definitions.

Word	Definition	Example of using a word that is open to interpretation Note: This column is for illustration purposes only.
Fair	Give accurate and professional service to all persons without regard to personal bias.	Per the Taxpayer Bill of Rights (TBOR), taxpayers have the right to expect a fair and just tax system that provides taxpayers the opportunity to have their facts and circumstances considered when it might affect their underlying liabilities, ability to pay, or ability to give timely information.
Significant Entry	Any entry other than zero or blank.	Copy any significant amount on Line 1d to Line 2d, when the amount on Line 2d is blank and the Common Parent's Name and EIN are blank.
Timely	Coming early or at the right time.	Taxpayers have the right to receive help from Taxpayer Advocate Service (TAS) if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through normal channels.

- (2) See Exhibit 3.12.16-5, Acronyms and Abbreviations, for a list of commonly used acronyms and abbreviations.

3.12.16.1.7
(01-01-2024)

- (1) The following table lists related resources.

Related Resources

Related Resources

Resource	Title/Link/Information
Servicewide Electronic Research Program (SERP)	http://serp.enterprise.irs.gov/
Submission Processing Design Center (SPDC) - Course Development	https://irsgov.sharepoint.com/sites/le3adm_instcnr
Integrated Automation Technologies (IAT)	https://irsgov.sharepoint.com/sites/IAT
IRM 3.11.16	Returns and Documents Analysis - Corporate Income Tax Returns
IRM 3.12.38	Error Resolution, BMF General Instructions

Resource	Title/Link/Information
IRM 3.24.16	BMF ISRP System - Corporation Income Tax Returns
IRM 3.24.29	ISRP System, SCRS Error Resolution
Document 7071-A	Name Control Job Aid - For Use Outside of the Entity Area

3.12.16.2
(01-01-2023)

General Information

- (1) This section gives instructions for resolving errors made by corporate taxpayers and errors made during campus processing. These instructions apply to the Service Center Replacement System (SCRS). This IRM cannot address every possibility while correcting returns or documents. Take taxpayer intent into consideration. Refer issues not addressed in this IRM to the subject matter expert (SME), lead or manager to determine the corrective action.
- (2) The Service Center Replacement System (SCRS) is a term used to refer to the processing of paper register (error register) documents. While Error Resolution System (ERS) is worked on the computer with Integrated Data Retrieval System (IDRS), SCRS documents are corrected on a paper print, by hand, with a pen. The errors appear on paper error registers. SCRS programs are few as programs continue to be moved to ERS each year. The remaining few are generally received in such small numbers that it is considered too expensive to move them to ERS. Despite the low receipts, these forms are just as important to process correctly as those on ERS.
- (3) **Instructions in specific sections** take precedence over **general section instructions** in case of a **conflict**.
- (4) The instructions in this text apply to the following Corporate Income Tax forms:

Form and Title

Form	Title	Document (Doc) Code	Processing Service Campus
1120-FSC	U.S. Income Tax Return of a Foreign Sales Corporation Note: Form 1120-FSC is used to report the income, gains, losses, deductions, credits, and to figure the income tax liability of a foreign sales corporation.	07	Ogden Submission Processing Campus (OSPC)
1120-ND	Return for Nuclear Decommissioning Funds and Certain Persons Note: Form 1120-ND is used to report contributions received, income earned, the administrative expenses of operating the fund, and the tax on modified gross income.	08	Ogden Submission Processing Campus (OSPC)
1120-SF	U.S. Income Tax Return for Settlement Funds (Under Section 468B) Note: Form 1120-SF is used to report transfers received, income earned, deductions claimed, distributions made, and to figure the income tax liability of a designated or qualified settlement fund.	06	Ogden Submission Processing Campus (OSPC)

- (5) Internal Revenue Manual (IRM) 3.12.16 is exempt from the BMF Consistency Guidelines (for example, indicating diamonds) as shown in other sections of IRM 3.12, Error Resolution.

3.12.16.2.1 (01-01-2023)

Organization of Text

- (1) The text is organized to find corrective procedures quickly and have all necessary procedures in one place. The text is organized as follows:
- General information on the overall concepts and procedures of the error resolution process.
 - Math error and manual computation criteria and procedural instructions for correcting each section and each field on Form 1120-FSC, Form 1120-ND, and Form 1120-SF error register.
 - Exhibits are displayed on the last pages of the Internal Revenue Manual (IRM) with transcription lines and other frequently used codes with explanations.
- (2) This text gives sufficient information to correct most error conditions. It may be necessary to refer at times to the instructions in IRM 3.11.16, Corporate Income Tax Returns. If there is a discrepancy between the instructions in IRM 3.11.16 and those in IRM 3.12.16, contact your Headquarters Analyst and

continue to follow the instructions in IRM 3.12.16. If there is a conflict between IRM 3.12.16 and another IRM or Job Aid, IRM 3.12.16 takes precedence until the conflict is resolved.

3.12.16.2.2
(01-01-2018)
**IRM Deviation
Procedures**

- (1) Submit IRM deviations in writing following instructions from IRM 1.11.2.2.4, When Procedures Deviate from the IRM, and elevate through proper channels for executive approval.

3.12.16.2.3
(01-01-2023)
**Taxpayer Advocate
Service (TAS)**

- (1) The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate. Its job is to protect taxpayers' rights by ensuring that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights (TBOR). TAS offers free help to taxpayers, including when taxpayers face financial difficulties due to an IRS problem, when they are unable to resolve tax problems they haven't been able to resolve on their own, or when they need assistance to address an IRS system, process, or procedure that is not functioning as it should. TAS has at least one taxpayer advocate office in every state, the District of Columbia, and Puerto Rico.
- (2) TAS uses Form 12412, Operations Assistance Request (OAR), to start the OAR process of referring a case to the Wage and Investment (W&I) Division, to affect the resolution of the taxpayer's problem. For more information, refer to IRM 13.1.19, Taxpayer Advocate Service, Taxpayer Advocate Case Procedures, Advocating With Operations Assistance Requests (OARs).
- (3) Refer taxpayers to TAS when the contact meets TAS criteria or when Form 911, Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order), is attached and steps cannot be taken to resolve the taxpayer's issue the same day.
- (4) The definition of "same day resolution" is within 24 hours. The following two situations meet the definition of "same day resolution":
 - The issue can be resolved within 24 hours.
 - IRS takes steps within 24 hours to resolve the taxpayer's issue.
- (5) When making a TAS referral, use Form 911, and forward to TAS following your local procedures.
- (6) For more information, see IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria.

3.12.16.2.3.1
(01-01-2024)
**Taxpayer Advocate
Service (TAS) - Service
Level Agreements
(SLAs)**

- (1) The National Taxpayer Advocate reached agreements with the Commissioners of the Wage and Investment (W&I) Division, Small Business/Self Employed (SB/SE) Division, Tax Exempt Government Entities (TEGE), Criminal Investigations (CI), Appeals, and Large Business and International (LB&I) that outline the procedures and responsibilities for processing Taxpayer Advocate Service (TAS) casework when either the statutory or delegated authority to complete case transactions rests outside of TAS. These agreements are known as Service Level Agreements (SLAs).
- (2) The SLAs are found at <https://irs.gov.sharepoint.com/sites/TAS/SitePages/SLA.aspx>.

3.12.16.2.4
(01-01-2024)

**Business Master File
(BMF) Identity (ID) Theft**

- (1) BMF ID Theft is increasing. If a case is found with attachments or correspondence showing the taxpayer is a victim of "ID Theft" (IDT):
 1. Enter Action Code 3 on the error register and reject the record.
 2. Attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip with the notation "ID THEFT".
 3. Give the entire case to the manager/lead.
- (2) The manager/lead will expedite the case to the Planning and Analysis (P&A) staff for referral to one of the Submission Processing (SP) BMF ID Theft liaisons. The taxpayer must show that they are a victim of "ID Theft"; do **not** send cases that are subject to Criminal Investigation (CI), Examination (Exam) or Fraud review.
- (3) Computer Condition Code "E" may be edited on Form 1120-FSC, Form 1120-ND, and Form 1120-SF (any year) by the BMF ID Theft Liaison to identify a potential identity theft filing. See IRM 3.12.16.3.3.1, Computer Condition Code **E**, for more information.

3.12.16.2.5
(01-01-2024)

Frivolous Arguments

- (1) Businesses use frivolous arguments to express dissatisfaction with the substance, form or administration of the tax laws by trying to avoid or reduce tax liabilities illegally. See IRM 25.25.10, Frivolous Return Program, and Exhibit 3.12.16-6, Potential Frivolous Arguments for Examination Review, for a list of recognized frivolous arguments made by businesses.
- (2) Review the return to decide whether it appears to be a frivolous return.

Frivolous Arguments

If	Then
a. The return meets any of the conditions shown as a frivolous return. See Exhibit 3.12.16-6, Potential Frivolous Arguments for Examination Review. Caution: If the return shows CCC "U" and has a Form 4227 attached with the remarks, "Refer to Exam FRP for audit after processing", continue to next procedure.	Remove the return from the batch and place the return in the locally designated basket for Examination, Frivolous Return Program (FRP) for review.
b. Examination has selected the return as frivolous (e.g., shown by CCC "U") and a Form 4227 with the remarks, "Refer to Examination, Frivolous Return Program (FRP) for audit after processing", but sends the return for processing,	Continue processing the return using procedures in IRM 3.12.16. However, do not circle or void the CCC "U" showing a frivolous return.

- (3) Do not consider the following returns as frivolous, unless there is other evidence of a frivolous argument:
 - Returns that have only zeros, blanks, or no entries.
 - Returns showing "None", "Not Liable", etc.

3.12.16.2.6
(01-01-2024)

IRS Employee Contacts

- (1) The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA98), Section 3705(a) provides identification requirements for all IRS employees working on tax-related matters.
- (2) All IRS employees who communicate by telephone, face-to-face, or any other method of correspondence with taxpayers or their representatives on tax-related matters must give (at a minimum) the following information:
 - a. Telephone Contact - Their title (e.g., Mr., Mrs., Ms., Miss), last name, and badge identification (ID Card) number. Toll-free employees may also give their location for identification purposes. Treat faxes to taxpayers on tax-related matters as correspondence and include the required information.
 - b. Face-to-Face Contact - Their title (e.g., Mr., Mrs., Ms., Miss), give as appropriate during the conversation, their last name and badge identification (ID Card) number.
 - c. Correspondence (sent to the taxpayer and authorized representatives) - A telephone number that taxpayers can call for answers to questions. In addition, manually generated correspondence must have the employee's title (e.g., Mr., Mrs., Ms., Miss), last name, Integrated Data Retrieval System (IDRS) number, and letter system number, which are systemically generated by IDRS. Treat faxes to taxpayers on tax-related matters as correspondence and include the required information.
 - d. Correspondence letters - Specific employee name and telephone number if the employee initiating the correspondence is in the best position to respond to any questions the taxpayer may have or if the taxpayer is being asked to give more case-related information. If the taxpayer does not need to contact a specific employee, the correspondence needs only an IRS telephone number and standard signature.
- (3) When a taxpayer requests to speak with a specific employee who previously worked their inquiry or request, or complains about the level of service previously given, make every attempt to resolve the taxpayer's inquiry. If unable to resolve the issue, refer the inquiry using established procedures to the manager.
- (4) Secretaries, receptionists, or other people who answer the telephone in functional offices need to identify themselves. They should provide their badge identification (ID Card) number only if they are answering telephones which are routinely used to give tax or account information.
- (5) It is not necessary to repeat the badge identification (ID Card) number on a subsequent contact, when the nature of an employee's work involves multiple contacts with the same taxpayer and the employee has given the taxpayer (either by telephone or in-person) their badge identification (ID Card) number on the first contact.

3.12.16.2.7
(01-01-2023)

Use of Fax for Taxpayer Submissions

- (1) Taxpayers may send tax return information via fax as part of return perfection even when submitting a signature. In circumstances where contact with the taxpayer was made and documented, **faxed signatures are acceptable**.
- (2) Contact with the taxpayer may be by telephone or correspondence. Follow local procedures to decide which method of contact to use.
- (3) Select the fax paragraph on the Form 3696, Correspondence Action Sheet, or other approved Correspondence Action Sheet to inform the taxpayer of the fax options.

- (4) Use the following resources to ensure you are speaking with the taxpayer or authorized representative before disclosing any tax information:
- IRM 21.1.3.2.3, Required Taxpayer Authentication
 - IRM 21.1.3.2.4, Additional Taxpayer Authentication
- (5) Before leaving any messages on a taxpayer's answering machine, review the following:
- IRM 10.5.1.6.7.2, Answering Machine or Voicemail
 - IRM 10.8.1, Information Technology (IT) Security, Policy and Guidance

3.12.16.2.8
(01-01-2024)
**Correspondence
Imaging Inventory (CII)
Returns**

- (1) Correspondence Imaging Inventory (CII) is an inventory system for scanning all Accounts Management (AM) receipts into digital images and working the cases from those images.

Note: Correspondence Imaging System (CIS) changed to Correspondence Imaging Inventory (CII).

- (2) CII returns are shown with "CII Image - Do not correspond for Signature" stamped below the signature line or "CII" annotated on the front of the return.
- (3) Follow the instructions below for processing CII returns.

Correspondence Imaging Inventory (CII) Returns

If	And	Then
a. The CII return has a Form 13596, Reprocessing Returns, attached,	The return is incomplete (e.g., missing signature, schedules or forms),	<ol style="list-style-type: none"> 1. Do not correspond. 2. Enter Action Code 3 on the error register and reject the record. 3. Cancel the Document Locator Number (DLN) 4. Attach Form 4227 Intra-SC Reject or Routing Slip, or other proper routing slip to the return and route to Accounts Management (AM) to secure missing information. 5. If the return comes back from AM with incomplete information, send the return to AM again to secure all the missing information. Indicate "Additional information needed to process incomplete CII return," or similar language on Form 4227 or other proper routing slip.
b. The "CII" return has a Form 13596, Reprocessing Returns, attached and the return is incomplete (e.g., missing signature, schedules or forms),	The return shows correspondence was sent (e.g., CCC "3" is edited on the return),	Do not route the return to Accounts Management (AM). Continue processing the return.

If	And	Then
c. The CII return does not have a Form 13596, Reprocessing Returns, attached	The return is incomplete (e.g., missing signature, schedules or forms),	<p>Research for a prior posting (Transaction Code (TC) 150 posted).</p> <ol style="list-style-type: none"> 1. If TC 150 is present and the information is the same, cancel DLN and treat as Classified Waste. Note: Classified waste is documentation containing taxpayer entity or account information that is not part of the case and is not needed for audit trail purposes. Refer to IRM 21.5.1, General Adjustments, for guidance on handling classified waste to prevent inadvertent/unlawful destruction of records. 2. If TC 150 is not present, follow normal correspondence procedures.

3.12.16.2.9
(01-01-2024)

**Refund Returns 45-Day
Jeopardy and High
Dollar Refunds**

- (1) Document Perfection identifies refunds and initiates requests for manual refunds.
- (2) Expeditious processing of refund returns is critical if the 45-day period is about to expire.

Refund Returns

If	Then
<p>a. The processing date is more than 20 days after received date or the return due date (whichever is later) and the 45-day interest free period is in jeopardy and</p> <p>Reminder: The interest free period is the 45-calendar day span of time between the return due date, received date or processable date (whichever is later) and the actual date of the refund check.</p> <p>Note: Refund in this instruction means only the amount requested to be refunded to the taxpayer, not overpayments to be transferred to other periods.</p>	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register and reject the record. 2. Attach Form 4227 or other proper routing slip and give the return to the manager.

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If	Then
<p>Note: Refund in this instruction means only the amount requested to be refunded to the taxpayer, not overpayments to be transferred to other periods.</p>	<ol style="list-style-type: none"> 1. Do not leave the return in the block. 2. Enter Action Code 3 on the error register and reject the record. 3. Give the return to the manager. 4. If there is no indication Code and Edit (C&E) made a copy and sent to CI Referral, then see below. <ul style="list-style-type: none"> • Make a copy of the first two pages of the return along with any page of the return that appears suspicious. • Attach Form 4227 or other proper routing slip to the copy. • Route the copy to Ogden, Mail Stop 9001, Criminal Investigation (CI). • Edit an action trail "Copy to CI", or "CI Referral", or similar language in the lower left corner going vertically up the side of the return. • Reject with Action Code 3 to hold and monitor original return while waiting for a response from Criminal Investigation.

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Note: See IRM 3.12.16.8.10.1, Refund Returns, for more information.

3.12.16.2.10
(01-01-2021)
**Taxpayer Advocate
Service (TAS) Manual
Refunds**

- (1) **Taxpayer Advocate Service (TAS) Manual Refunds** - Any return hand walked by a W&I SP liaison for Taxpayer Advocate Service (TAS) as a manual refund should be processed by a lead tax examiner or designated tax examiner using the following procedures:

1. CCC "O" should be edited on the return and entered in Field 01-F (CCC) after the manual refund has been issued.

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rection only.

3. Delete CCC "Y". Continue processing the return.

- (2) **Correspondence** - If the return requires correspondence for missing or incomplete information, then do the following:

1. Enter Action Code 3 on the error register and reject the record.
2. Prepare Form 3696, Correspondence Action Sheet, or other approved Correspondence Action Sheet and request all information that is missing or incomplete.
3. Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49.
4. Edit an action trail "L118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.

5. Inform the W&I SP liaison of all information that is being requested.
 6. Give the return back to the W&I SP liaison.
 7. The W&I SP liaison will contact the Taxpayer Advocate to obtain the required information needed to complete the processing of the return.
- (3) **Other Suspense Action** - If the return requires other suspense action, then do the following:
1. Initiate the suspense action according to procedures.
 2. Inform the WI SP liaison the reason of the action taken.
 3. Give the return back to the WI SP liaison.
 4. The WI SP liaison will contact the Taxpayer Advocate, who in turn will take the necessary action to complete the processing of the return.
- (4) **Assigning Taxpayer Notice Codes (TPNCs)/Math Error** - When a math error is identified, do the following:
1. Assign the applicable TPNC according to procedures.
 2. After all TPNCs have been assigned, inform the WI SP liaison of the TPNCs issued.
 3. Suspend according to procedures and then give the return to the WI SP liaison.
 4. The WI SP liaison will contact the Taxpayer Advocate, who in turn will take the necessary action to complete the processing of the return.
- (5) **When Balance Due/Overpayment Math Error generates** do the following:
1. Make a copy of the error register and highlight the Computer-Generated Refund Amount (**underprint**).
 2. Attach the copy to the front of the return with the entity part of the return visible.
 3. Enter the amount the taxpayer claimed as the amount they requested to be refunded back into Field 07-I.
- (6) **If Balance Due/Overpayment Math Error loops** because the taxpayer made a math error when computing their refund, then do the following:

Note: The term “loop” means the register continues to reappear on the next correction cycle until every validity check has been satisfied.

1. Make a copy of the error register and highlight the Computer-Generated Refund Amount (**underprint**).
2. Attach the copy to the front of the return with the entity part of the return visible.
3. Enter Action Code 1 and assign the correct TPNC.
4. The first time a document in error prints on an error register it is called a “raw” register.
5. Tax examiners will make several corrections to the paper register (error register), trying to correct as many errors as possible. The document and register are then sent back through the Integrated Submission and Remittance Processing (ISRP) system to be transcribed. If the correction resolves the error, the information is transmitted to the Enterprise Computing Center-Martinsburg (ECC-MTB).
6. If all the errors do not clear, the system will generate a subsequent register (known as a “loop” register) showing the errors that are remaining. The title line will tell you if the register is a raw register or a

“loop” register and how many times (if any) the register has looped. The term “loop” means the register continues to reappear on the next correction cycle until every validity check has been satisfied.

- (7) **Once return processing is complete**, give the return, copy of the error register and Form 12412, Operations Assistance Request (OAR), to the WI SP liaison.
- (8) **Rejects Suspense** - Manual refunds that are hand walked by a WI SP liaison that have been suspended should be processed as follows:
 1. Follow the specific instruction given by the WI SP liaison in regard to correspondence issues and the assignment of the TPNCS.
 2. Refer to applicable paragraphs above.

3.12.16.2.11
(01-01-2022)

Local Desk Procedures

- (1) Some SP Campuses have developed local use “Desk Procedures”. Such procedures are only to be used:
 - a. To supplement existing Headquarters procedures
 - b. To expand SP Campus Error Resolution procedures by incorporating material from other IRMs, Automated Data Processing (ADP) handbooks, etc.
 - c. For local routing procedures; and
 - d. Not limited to the examples above
- (2) A **signed approval** must be on file from the responsible manager on all SP Campus **Desk Procedures**.
- (3) Managers must periodically review all existing local information and procedural issuances.
 - a. Make sure conformance with **Headquarters procedures**,
 - b. Make necessary updates to the Desk Procedures, and
 - c. Secure necessary approvals.
- (4) There are some BMF ERS Job Aids available at Servicewide Electronic Research Program (SERP): <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids.html>
 - Integrated Data Retrieval System (IDRS) Command Codes Job Aid can be found at: <http://serp.enterprise.irs.gov/job-aids/command-code/command-code.html>
 - TPNC 90 Math Error Codes Job Aid can be found on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-math-error-code.doc>
 - TPNC 90 Literals - Copy and Paste Job Aid (non-programmed TPNC 90 literals that Notice Review copies and pastes into notices) can be found on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>
- (5) Immediately notify the Headquarters Tax Analyst of any processing problems that cause a **work stoppage**.

3.12.16.2.12
(01-01-2018)
Perfection of Attachments

- (1) If the taxpayer writes a question or request for help on the return itself, make a photocopy of the question/request and the taxpayer's Employer Identification Number (EIN), name and address. Route this information to the correct function.

Perfection of Attachments

If	Then
a. Unrelated, unanswered taxpayer correspondence is attached and no action has been taken,	Detach and route to the proper area using local procedures.
b. Unanswered taxpayer correspondence relating to the Form 1120 SCRS Program is attached,	Make a photocopy of the attachment and forward it to the proper area using local procedures.

Note: If a return or attachment shows "Pro Forma Form 1120 for New York State" or similar statement is notated on the return, then no action is required. Do not detach the attachment from the return.

3.12.16.2.13
(01-01-2021)
Procedures for "In-Care-Of" Instructions

- (1) An "in-care-of" name can be identified by the words "in-care-of" or the symbols "c/o" or "%" (percent). Correct "in-care-of" names by researching Integrated Data Retrieval System (IDRS) using Command Code (CC) INOLES.

Note: See Integrated Data Retrieval System (IDRS) Command Code Job Aid at: <http://serp.enterprise.irs.gov/job-aids/command-code/command-code.html> for more information.

- (2) Make sure the "in-care-of" name is above the street address.

Procedures for "In-Care-Of"

If	And	Then
a. The "in-care-of" name on the return	Name control on CC INOLES matches,	1. Delete % (percent) from the name control field. 2. Enter the name control in Field 01-B (Name Control).
b. The "in-care-of" name on the return	Name control on CC INOLES does not match,	Overlay CC INOLES with CC ENMOD and transmit.
c. There is a pending (PN) transaction changing the c/o name,		1. Delete % (percent) from the name control field. 2. Enter the name control in Field 01-B (Name Control).
d. There is no PN transaction,		Input a change to the "in-care-of" name as shown below.

- a. Overlay CC ENMOD with CC ENREQ and transmit (Page Up key).

Note: CC BNCHG will display.

- b. **Caution:** If CC ENMOD is not present, displays "THE MODULE YOU HAVE REQUESTED IS FOUND AT THE FOLLOWING CAMPUS(S); XXX@ xx," or the ENMOD name control does not match the name control on the return, see the CC MFREQ instructions below.
- c. Position the cursor at "CARE-OF-NAME" by tabbing over.

- d. Enter the "c/o" name from the return making sure the % (percent) sign is in the first position followed by a space.
- e. TAB to "REMARKS" and enter "PER DOC" and transmit (Page Up key). "REQUEST COMPLETED" will display.
- f. Delete % from Field 01-B (Name Control) and enter the correct name control in Field 01-B (Name Control).

(3) CC MFREQ Instructions

Enter: MFREQC00-1234567

00 000000 XXXX

- a. Enter the name control on CC INOLES in place of the 4 Xs.
- b. After "REQUEST COMPLETED" displays, overlay CC MFREQ with CC ENMOD and transmit (Page Up key) to return to the "c/o" name change function.

Note: Addresses on extensions should **NEVER** be changed.3.12.16.2.14
(01-01-2020)**Criminal Investigation
(CI) Referral**

- (1) Criminal Investigation (CI) investigates potential criminal violations of the Internal Revenue Code (IRC) and related financial crimes. Criminal violations of the IRC include willful attempts to evade or defeat the income tax. Criminal tax violations also include the willful failure to collect or pay over tax and false claims for refunds based on bogus return information.
- (2) If CI has stamped the return, do not send for further CI action.

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Caution: If there is no sign Code and Edit (C&E) made a copy and sent to CI Referral, then see below.**Criminal Investigation (CI) Referral**

Refund Claim	Ogden
	<ol style="list-style-type: none"> 1. Make a copy of the first two pages of the tax return along with any page of the return that appears suspicious. 2. Attach Form 4227 to the copy. 3. Route the copy to Ogden, Mail Stop 9001, Criminal Investigation (CI). 4. Edit an action trail "Copy to CI", or "CI Referral", or similar language in the lower left corner going vertically up the side of the return. 5. Continue processing the return. 6. See IRM 3.12.16.2.9, Refund Returns 45-Day Jeopardy and High Dollar Refunds.

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- (4) Because of the repetitive nature of the ERS/Rejects function, ERS/Rejects Tax Examining Technicians often recognize income tax return data that is outside of the norm for data found on similar returns for each income tax return type. If ERS/Rejects finds return characteristics not meeting Audit Code or Exam referral criteria it deems suspicious, CI is available to review the referral.

- (5) If a suspicious return is found, and there is no sign Code and Edit (C&E) made a copy and sent to CI Referral, then, do the following:
 1. Make a copy of the first two pages of the return along with any page of the return that appears suspicious.
 2. Attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip to the copy.
 3. Route the copy to Ogden, Mail Stop 9001, Criminal Investigation (CI).
 4. Edit an action trail "Copy to CI", or "CI Referral", or similar language in the lower left corner going vertically up the side of the return.
 5. Continue processing the return.
- (6) If the return fits other criteria (for example, Frivolous Argument), take proper action.

3.12.16.2.15
(01-01-2023)
**Examination (Exam)
"Funny Box"**

- (1) The primary goal in identifying tax returns for examination is to promote the highest degree of voluntary compliance. Examination gives support and helps Submission Processing (SP) with any questionable return found during processing. Exam has many programs and tolerance criteria already found in several IRM sections. SP can refer any questionable return to Exam, unless prohibited by instructions currently found in several IRMs.

3.12.16.2.16
(01-01-2023)
**Integrated Automation
Technologies (IAT)**

- (1) IAT gives tools to IRS employees that simplify research, reduce keystrokes and increase the accuracy of regular work processes. When used with IRS systems, it eliminates repetitive typing and helps in making precise decisions. IAT tools improve efficiency, productivity and quality by performing some functions automatically. Through more complex programming, they are designed to reduce fallout to other areas.
- (2) Managers will ensure employees understand the use of IAT and will verify that employees have access to all the tools needed for their duties. They will ensure that all employees receive training on the use of IAT.

Note: IDRS will be used when IAT is unavailable.

- (3) See the IAT website at <https://organization.ds.irsnet.gov/sites/WiMttlat/home/default.aspx> for a complete list of available tools and User Guides. A few of the tools available are:
 - Address Change
 - Auto MFREQ
 - CC Prints
 - Credit Transfer
 - Manual Refund
 - Route It Out

3.12.16.2.17
(01-01-2024)
**Customer Account Data
Engine (CADE) 2**

- (1) The Customer Account Data Engine (CADE) 2 Program Office in Headquarters, is charged with the primary goal of implementing a single, modernized programming solution that gives daily processing of taxpayer accounts.
- (2) The CADE 2 solution is comprised of several components, to modernize the IRS to a daily processing environment with several Transition States.
- (3) The Business Master File (BMF) campus cycles are:

- a. Campus Cycle: Thursday - Wednesday
- b. Master File Processing: Friday - Thursday
- c. Notice Review: Saturday: Monday (8+ days)
- d. Unpostables: New available Tuesday; Closing Tuesday

(4) BMF transaction posting time frames are:

- a. Transactions will be viewable using Corporate Files Online (CFOL) command codes on Saturday following the weekly Master Files processing run on Thursday.
- b. Transactions will be viewable as posted transactions using Integrated Data Retrieval System (IDRS) command codes on Monday, following the weekly Master File processing run on Thursday.

Note: Implementation of CADE 2 accelerated weekly IDRS analysis. Previously, transactions such as this would have been pending on IDRS and not shown in the CFOL command code displays.

(5) Transaction posting dates show a format of YYYYCCDD. YYYY is the year. CC is the posting cycle. Individual Master File (IMF) transactions values for DD are:

- 01 = Friday
- 02 = Monday
- 03 = Tuesday
- 04 = Wednesday
- 05 = Thursday

Note: BMF cycle posting dates on Command Code (CC) BMFOL will continue to show YYYYCC. YYYY is the year. CC is the posting cycle. BMF posting cycles in TXMOD will show a format of YYYYCCDD. The DD value is 08.

3.12.16.2.18
(02-03-2023)
C/SC Letters

- (1) Below are letters by Headquarters for Submission Processing Campus use in corresponding for items in this IRM. It is expected that tax examiners or their supervisors (or delegates) will have access to and be familiar with the Submission Processing Campus Correspondex for selection of correct letters.
- a. Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office - Letter referring taxpayer inquiry and forms to another office.
 - b. Letter 118C, Corporate Return Incomplete for Processing: Form 1120, Form 1120 Series, Form 1120-S - Letter requesting missing schedules or documents.
 - c. Letter 319C, Return Covers Other Than 12-Month Accounting Period - Letter advising taxpayer that IRS cannot process return because it shows an improper tax period, or a period of more than 12 months, or a period less than 12 months without an explanation.
 - d. Letter 1382C, Penalty Removal Request Incomplete - Letter requesting taxpayer to resubmit request for penalty relief after receiving notice of penalty assessment.
 - e. Letter 3463C, Missing Information Request to Process Business Returns - Letter requesting missing information to process business returns.
 - f. Letter 3833C, Tax Return Adjustment Explained (BMF) - Letter explaining adjustment made on business returns.
 - g. Letter 3875C, Missing or Incorrect EIN on Return - BMF/EPMF - Letter requesting missing or incorrect EIN on business returns.

3.12.16.2.19
(01-01-2021)

**Suppression of
Erroneous Balance Due
and Return Delinquency
Notices -
Reject/Suspense
Correction**

- (2) When corresponding, edit an action trail "118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.
- (1) For **any** return received within the specified accounting period which cannot be processed by the Program Completion Date (PCD) as established in IRM 3.30.123, Processing Timeliness: Cycles, Criteria, and Critical Dates, a Transaction Code (TC) 599 with Closing Code (cc) 018 must be input on Integrated Data Retrieval System (IDRS) using Command Code FRM49. See IRM 3.30.123.2.4, Acceptable Inventory and Aged Criteria for Submission Processing Databases, for more information. This includes block deletes, nullified unpostables and rejects suspense/correction. Input of TC 599 with cc 018 does not need to be completed until three weeks before delinquency checks. However, checks can begin as soon as three weeks after the return's PCD.

Note: See Integrated Data Retrieval System (IDRS) Command Code Job Aid at: <http://serp.enterprise.irs.gov/job-aids/command-code/command-code.html> for more information.

- (2) Paper registers must have the fact of filing (TC 599) input manually to prevent erroneous notices. Automatic generation of a TC 599 is done only by the Error Resolution System (ERS).
- (3) Whenever a return or payment must be withdrawn from the workflow, immediate consideration must be given to the possibility that erroneous balance due or return delinquency notices may be issued. This includes block deletes, nullified unpostables, and rejects suspense/correction.
- (4) If notices would be sent erroneously, Integrated Data Retrieval System (IDRS) action must be input to the correct account by the first person identifying any of the following conditions:
 - a. If the return is more than ten weeks past the due date, input TC 599 with Closing Code (cc) 018 on IDRS using Command Code FRM49.
 - b. Any subsequent payment transaction (Document (Doc) Code 017, 018, 019) requires input of Command Code STAUP for six cycles.

Note: STAUP is an IDRS Command Code used to delay issuance of service center notices.
 - c. Annotate the document with "TC 599 cc 018" or "STAUP 6" (or similar language) in the upper left margin of the return.

Note: If the document has already been annotated, no further action is required.
- (5) A Transaction Code (TC) 599 is not necessary when:
 - a. An Error Resolutions System (ERS) Action Code is entered. A fact of filing (TC 599) is automatically generated on IDRS to prevent delinquency notice issuance; therefore, a TC 599 is not necessary.
 - b. Returns processed through Integrated Submission and Remittance Processing (ISRP). The payments have already posted on IDRS as a TC 610 (payment received with return) and this satisfies the BMF delinquency check.

Note: Integrated Submission and Remittance Processing (ISRP) replaced the previous Distributed Input System (DIS) and Residual Remittance Processing System (RRPS).

- c. Returns processed through a Collections Function will show a TC 59X in the middle of the left margin of the return.

3.12.16.2.20
(01-01-2024)

Working Trail

- (1) It is important to leave a legible “Working Trail” (or “Action Trail”) using blue ink for those who may work with the return later.
- (2) Write all Taxpayer Notice Codes (TPNCs) 90 on the front of the return in the upper left corner (or use Form 12648, Error Correction 90 TPNC). See IRM 3.12.16.3.4.1, Taxpayer Notice Codes (TPNCs), and IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.
- (3) If corresponding with a non-suspense letter, “X” and write the corrected money amounts to the left of each original point(s) of error. Write money amounts in dollars only or dollars and cents, as applicable. Arrowing is allowed for money amounts when there are **no intervening entries** between the arrow and the line to which the money is to be entered.
- (4) Leave a working trail on the return when changes are made to the following items:
 - Employer Identification Number (EIN)
 - Tax Period
 - Received Date
 - Computer Condition Code (CCC)
 - Correspondence Received Date (CRD)

Reminder: Circle out incorrect Employer Identification Numbers (EINs), Tax Periods, and Received Dates.

- (5) When working Reject re-inputs, circle out any previous Action Codes shown on the front of the return, if no longer applicable.
- (6) When working Rejects, write “Voided” with the date above the DLN in red, when voiding a return.

3.12.16.2.21
(01-12-2022)

Signature

- (1) If one of the following returns are mailed between August 28, 2020, and October 31, 2023, accept a digital signature.
 - Form 1120-FSC
 - Form 1120-ND
 - Form 1120-SF

3.12.16.3
(01-01-2024)
**Service Center
Replacement System
(SCRS) - Paper Error
Register Information**

- (1) The paper register (error register) is the physical representation of the tax document and any errors that have been identified. It is essentially a printed form of the data input from the document and appears in a standardized format used for nearly every type of SCRS program. Data fields are designated with letters of the alphabet. Each section is designated with the section number.

- (2) The first part of the error register is the title line. The error register title line identifies the run number, master file, register status, source of the register, type of register, program, form number, format code, date and page number.
- (3) The error register title line uses a couple of terms “raw” and “loop”. The first time a document in error prints on a register it is called a “raw” register. When a raw register prints, make various corrections to the register, trying to correct as many errors as possible. The document is then sent back through Integrated Submission and Remittance Processing (ISRP) system to be transcribed. If the correction resolves the error, the information is transmitted to the Enterprise Computing Center-Martinsburg (ECC-MTB). If all the errors do not clear, the error register will print again showing the errors that remain. The re-printed register is called a **loop** register. The title line shows if the register is a raw register or a loop register and how any times the register has looped (correction loop counter).
- (4) Each error register will have one or more sections of data. The sections will always start with Section 01. Other sections may follow in ascending order but not necessarily in consecutive order, depending upon which sections have data. For example, an error register may show Section 01 through Section 03, Section 05 and Section 07 because Section 04 and Section 06 did not have any data.
- (5) Each section will have one or more fields. Each field is identified by a letter of the alphabet, starting at A. The fields print consecutively until the end of the section. For example, Section 02 has six fields, starting at Field 02-A (In-Care-Of Name) and going through Field 02-F (ZIP Code). Unlike the sections, the fields print on the error register whether they have data or not.
- (6) There are two types of fields. They are a variable field and a fixed field.
 - a. One type of field is a variable field. For example, Field 02-A (“In-Care-Of” Name) is separated from Field 02-B (Foreign Address) by a plus sign (+). The plus sign identifies Field 02-A (“In-Care-Of” Name) as a variable field and is called a breaker; most of the time the breaker will be a plus sign or (less often) a minus sign. A variable field is a field that can have a variable amount of data. For example, Field 02-A (“In-Care-Of” Name) can have up to 35 letters or numbers. If 15 characters are entered in Field 02-A, **In-Care-Of** Name, the computer will accept the entry. See IRM 3.12.16.5.1, Field 02-A, “In-Care-Of” Name.
 - b. The other type of field is a fixed field. Unlike the variable field, the fixed field must have a fixed number of spaces. A good example is an Employer Identification Number (EIN). An EIN always has nine digits, so Field 01-C (EIN) will always have nine spaces. Other examples of a fixed field are Field 01-E (Received Date), which will have eight spaces, or Field 01-B (Name Control), which will have four spaces (characters). The computer identifies a fixed field for you by leaving out the breaker.

Note: It is important to know the difference between a fixed field and a variable field. Corrections to a fixed field may not have all the required spaces. For example, the name control **COE**. The name control requires four characters. If only three characters are entered, the computer will not accept the entry and the record will **loop**. All the spaces in a fixed field must be present. The way to avoid a **loop** is to enter the data from the return and then account for the blanks left by entering the number of blanks and circling them.

- (7) A record of the taxpayer's return will appear on the paper register (error register) when the computer has detected an error made by the taxpayer, by the Document Perfection tax examiner or by the Integrated Submission and Remittance Processing (ISRP) operator. Errors appear much differently on paper registers (error registers) than they do in ERS (error codes). The computer shows the errors in two ways: with asterisks and underprints.
- One way the computer shows an error is with an asterisk (*). The computer will place asterisks in front of the field or fields that are in error. The computer is reporting that something is wrong with this field.
 - Another way the computer shows an error is with an **underprint**. Instead of an asterisk, the computer is underprinting with what it thinks the correct information (amount, name control, etc.) should be.
 - The Error Correction tax examiner must locate the error and correct the error condition or, in the case of a taxpayer error, issue an explanatory notice to the taxpayer. The tax examiner must manually verify the taxpayer's tax computation in those special instances where the computer is unable to compute tax.

Note: Errors appear much differently on paper registers (error registers) than they do in ERS (error codes). Most errors can be found by an asterisk (*) appearing to the immediate left of the Field Designator. Some are special errors that require unique treatment. Errors can occur anywhere in every section except for the Header Section. Research IDRS with correct Command Codes can be used to correct some entity errors.

3.12.16.3.1
(01-01-2024)
**General Corrective
Procedures**

- (1) There are several types of errors which cause a record to print on the error register.
- Field errors
 - Section errors
 - Math errors
 - Consistency errors
- (2) **Field errors** are shown on the error register by an asterisk printed to the left of the Alpha Field Designator (AFD) in error. This occurs when a field does not have required data or when the contents of the field does not meet the requirements for that field (failed a validity check). See Figure 3.12.16-1, Field Error.

FIELD ERROR

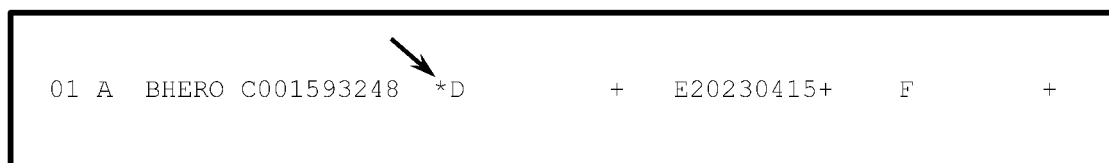


Figure 3.12.16-1 Field Error

- (3) **Missing section errors** are identified by a (*) single asterisk printed to the left of the section number. A missing section error occurs when a section is missing that the computer identifies as necessary for the correct processing of the return. See Figure 3.12.16-2, Section Error.

- a. If the required data or section was not transcribed, enter the data with Action Code 6. If the data cannot be found by checking the return or re-searching, show the return is unprocessable by entering Action Code 3.
- b. Do not try to correct a missing section error by trying to delete the section with Action Code 4. There is no section present (it is missing) and the computer will cause the register to “loop”.

SECTION ERROR

01 A	BJACA	C002165384	D202212	E20230415+	F	+			
→* 03 A	+	B	+	C	+	D	+	E	+

Figure 3.12.16-2 Section Error

- (4) **Extraneous errors** are a type of section error identified by a single pound sign (#) printed to the left of the section number. An extraneous section is one the computer identifies as **not necessary** for the complete processing of the return (unnecessary or invalid section). To correct an extraneous section error, do the following:
 - a. Examine the return and attachments and determine if the section is needed.
 - b. Delete any unnecessary sections with Action Code 4; or,
 - c. Enter another section with Action Code 5; or,
 - d. Correct the section with Action Code 6.
- (5) **Terminus section errors** are a type of section error identified by two asterisks (**) printed to the left of the section number. A terminus section is a section that does not fit the prescribed requirements for the given section. See Figure 3.12.16-3, Terminus Error. Several things cause Terminus section errors:
 - a. Erroneous size of a field or the entire section
 - b. Non-numeric character in a numeric field
 - c. Improper formatting of the section

TERMINUS ERROR

01	A	BCARD	C009876521	D202212+	E20230415+	F	+				
02	C4341	17 AVE		+	DBIRMINGHAM	+					
→ **	04	A	+	B	+	C	+	D	+	E	+

Figure 3.12.16-3 Terminus Error

- (6) To correct a terminus section error, do the following:

- a. Check that all necessary sections are present. If not, enter the missing sections with Action Code 5 or correct the terminus sections with Action Code 6.
 - b. Re-enter any field in the terminus section with Action Code 6 if the data is correct as it appears in the section.
 - c. Delete the section with Action Code 4 if the terminus section is blank and no data is required.
- (7) **Integrated Submission and Remittance Processing (ISRP) section errors** are a type of section error identified by a pound sign (#) and an error number printed to the left of the section number. An ISRP section error occurs after ISRP enters the data on the return into the system, the computer performs an automatic check, called a System Edit Run. If an error is detected, the computer prints a pound sign (#) and an error number to the left of the section number, identifying the type of error detected. An explanation of each error number follows.
- a. #0 - Normal.
 - b. #1 - Split screen transmission - The Key Verifier tried to change the check digits, the Key Verifier changed four or more digits of the Taxpayer Identification Number (TIN), or the Original Entry operator (ISRP operator) entered a required section as "missing".
 - c. #2 - A mixed condition exists, caused by back to back returns with the same data.
 - d. #3 - Invalid section ending point.
 - e. #4 - Invalid field length.
 - f. #5 - A section was entered twice or entered out of sequence by ISRP.

This error will be shown on the error register as follows. See Figure 3.12.16-4, ISRP Error.

ISRP ERROR



Figure 3.12.16-4 ISRP Error

- (8) All fields of an ISRP section error must be examined when this condition exists. For example, if Section 01 of a return is coded, then examine the tax data base section for error to ensure the return data is for the taxpayer whose name control is in Section 01.
- (9) Even though one or more sections of a record are coded, the validity and consistency checks necessary for the record are made for all sections.
 - a. If the record is correct as it appears on the error register, then use Action Code 7 to send the record to Good Tape.
- (10) Corrective action for fields in error must be taken as instructed in the applicable chapter of IRM 3.12.16.

- (11) **Math Errors** are shown by the presence of an **underprint** amount on the error register under the transcribed amount. A math error occurs when the taxpayer gives incorrect information or there is an editing or transcription causing a computed field to be out of balance. See Figure 3.12.16-5, Math Error.

MATH ERROR

01	A	BPANT	C002587417	D202212+	E20230415+	F	+			
07	A	60500+	B	+	C	+	D	+	E	+
	F	+	G	+	H 2300+	I	52800+	62800+		

Figure 3.12.16-5 Math Error

- To correct a math error, compare all entries leading to the underprinted field with the return and correct all transcription errors, editing errors, coding and transfer errors on both the return and the error register.
 - Total Tax Field is computer verified and underprinted only after Total Income and Total Deductions are within tolerance. Therefore, Total Tax may appear valid when either Total Income or Total Deductions are not within tolerance.
 - After making all possible corrections to the error register and examining the return for manual computation requirements, assign the applicable Taxpayer Notice Code (TPNC).
- Note:** The term “loop” means the register continues to reappear on the next correction cycle until every validity check has been satisfied.
- TPNCs can only be assigned after every validity check has been satisfied. See IRM 3.12.16.3.4.1, Taxpayer Notice Codes (TPNCs).
- (12) **Consistency errors** (Relationship errors) involve more than one field on the error register. The error can happen if the input information does not match or is inconsistent with other fields on the error register. An asterisk prints before the involved fields and should be worked together with all involved fields.
- To correct a consistency error, check all fields marked with an asterisk for coding errors and transcription errors by comparing the data on the register with the related entry on the return.
 - Enter Action Code 6 on the error register to the left of the corresponding section number, and correct the field on the error register to agree with the return.

3.12.16.3.2 (01-01-2022) Action Codes

- (1) Action Codes are entered on the error register to alert the computer to the type of correction being tried. The table below lists the Action Codes and describes when each Action Code can be used.

Action Codes

Action Code	Type of Correction
0	<ol style="list-style-type: none"> 1. Action Code (AC) 0 is used when data, as transcribed is correct. (Taxpayer's figures must be verified.) 2. Computer Condition Code (CCC) "Y" may or may not be present. When the "Y" code is required, but has not been entered, enter CCC "Y" and use Action Code 0 on the next correction cycle. 3. Enter Action Code 0 to the left of Section 01. 4. No other corrective action can be used. When Action Code 0 is used, no other AC is valid.
1	<ol style="list-style-type: none"> 1. Action Code (AC) 1 is used when the taxpayer has made a math error and a TPNC will be sent. 2. Enter Action Code 1 to the left of Section 01. 3. Separate the taxpayer notice codes (TPNCs) from the AC 1 with a hyphen. <ul style="list-style-type: none"> • To send one TPNC, use the following: 1-XX (e.g., 1-05 for TPNC 05) • To send more than one TPNC, separate each TPNC with a comma (e.g., 1-05, 10 to send a TPNC 05 and TPNC 10). 4. No other corrective action can be used. When Action Code 1 is used, no other AC is valid.
2	<ol style="list-style-type: none"> 1. Action Code (AC) 2 is valid for Information Return Processing (IRP) and Reject Register only to delete (D), re-enter (R), or renumber (N) records on the Service Center Control File (SCCF). 2. Enter Action Code 2 to the left of Section 01 (e.g., 2-D). 3. It is only valid when immediately followed by Error/Reject Disposition Codes D (delete), R (re-enter), or N (renumber). 4. No other corrective action can be used. When Action Code 2 is used, no other AC is valid.
3	<ol style="list-style-type: none"> 1. Action Code (AC) 3 is used to suspend or reject a record as unprocessable. 2. Enter Action Code 3 to the left of Section 01. 3. Prepare and attach Form 3696, Correspondence Action Sheet, or other approved Correspondence Action Sheet, Form 4227, Intra-SC Reject or Routing Slip, or Form 6882, IDRS/Master File Information Request, for campus routing, whichever is applicable. 4. No other corrective action can be used. When Action Code 3 is used, no other AC is valid.
4	<ol style="list-style-type: none"> 1. Action Code (AC) 4 is used to delete a data section that should not be part of the record (except on a required section, such as Section 01). 2. This code can be used to delete Section 02 through Section 20 (as applicable) of a return. 3. Enter Action Code 4 to the left of the section number being deleted. 4. Action Codes 4, 5 or 6 may be used on the same correction try.

Action Code	Type of Correction
5	<ol style="list-style-type: none"> 1. Action Code (AC) 5 is used to add a section to the error register. 2. This code can be used to enter Section 02 through Section 20 (as applicable) of a return. 3. Enter Action Code 5 to the left, followed by the section number, the alpha field designators and the data for each field you are adding. 4. Action Code 5 is not valid for sections already present or sections that are not valid for the document. 5. When adding sections, be sure to enter all corrections in the proper sequence. Write in alpha field designators that have amounts transcribed. 6. Action Codes 4, 5 or 6 may be used on the same correction try.
6	<ol style="list-style-type: none"> 1. Action Code (AC) 6 is used to change information in a field or fields within an existing section. Exception: Do not use AC 6 to add, delete or change the remittance amount or a computer-generated field. 2. Draw a line through incorrect information, but do not line through the field designator or field breaker. 3. Write the correct or missing information directly above the field. 4. Use all uppercase letters when adding or correcting fields or sections. Print clearly and legibly. 5. When adding positive or negative amounts or changing from one to the other, use a comma (,) for positive and a pound sign (#) for negative. 6. When a fixed-length field requires leading blanks, always enter the number of blanks encircled, followed by the corrected data. 7. If the fixed field requires blanks after the data or if the entire field must be blank, you must account for the spaces. 8. Enter Action Code 6 to the left of each section that has fields that need correction. Change any number of fields that need adjustment during one correction cycle. 9. Action Codes 4, 5 or 6 may be used on the same correction try.
7	<ol style="list-style-type: none"> 1. Action Code (AC) 7 is used to show that a record requires no changes (the data on the error record is correct). It is used to clear certain validity checks. Do not use when underprinted fields are present. 2. Each correction attempt is subject to tests which ensure proper correction procedures are followed. If a correction attempt fails, the record will reappear or "loop", with an Invalid Correction Attempt "AA" printed on the error register. When Error Reason Code "AA" is present, correct the error register as if no other correction attempt has been made. If no correction is necessary after reviewing return with Error Reason Code "AA", use Action Code 7 to clear the error register. 3. Enter Action Code 7 to the left of Section 01. 4. No other corrective action can be used. When Action Code 7 is used, no other AC is valid.

Action Code	Type of Correction
9	<ol style="list-style-type: none"> 1. Action Code (AC) 9 is used for Reject “loop” only. Do not use for raw input or error registers. Note: The first time a document in error prints on a register it is called a “raw” register. Tax examiners will make several corrections to the paper register (error register), trying to correct as many errors as possible. The document and register are then sent back through the Integrated Submission and Remittance Processing (ISRP) system to be transcribed. If the correction resolves the error, the information is transmitted to the Enterprise Computing Center-Martinsburg (ECC-MTB). If all the errors do not clear, the system will generate a subsequent register (known as a “loop” register) showing the errors that are remaining. The title line will tell you if the register is a raw register or a “loop” register and how many times (if any) the register has looped. 2. Use Action Code 9 to re-reject a “loop” register for correspondence or other suspense action. 3. Enter Action Code 9 to the left of Section 01. 4. No other corrective action can be used. When Action Code 9 is used , no other AC is valid.

3.12.16.3.3
(01-01-2019)
**Computer Condition
Codes**

- (1) When a Computer Condition Code (CCC) is not present, and is required, it must be entered in the dotted part of the income section, Page 1 (Lines 1-11).
- (2) A maximum of ten codes can be entered, as required.

3.12.16.3.3.1
(01-01-2024)
**Computer Condition
Code Table**

- (1) Computer Condition Codes (CCCs) are assigned by tax examiners or are computer-generated. Presence of one of the following Computer Condition Codes initiates action as explained below.

Computer Condition Code Table

CCC	Definition	Validity Check or Action
A	No Estimated Tax Penalty <ul style="list-style-type: none"> Used to suppress the Estimated Tax Penalty when the taxpayer computes zero for the penalty. Enter when the filer attaches Form 2220 showing no liability for the Estimated Tax Penalty. 	No validity check.
B	Electing out of Installment Sales	No validity check.
C	Form 8978, Partner's Additional Reporting Year Tax <ol style="list-style-type: none"> CCC "C" is valid for tax period ending 201712 and later. A field error is created if the tax period is before 201712 and CCC "C" is present. Verify the tax period and make corrections, as needed. Enter CCC "C" when: <ul style="list-style-type: none"> Tax period ending is 201712 and later, and Form 8978, Partner's Additional Reporting Year Tax, is attached. 	Valid for Form 1120-FSC (Doc Code 07), Form 1120-ND (Doc Code 08), and Form 1120-SF (Doc Code 06) for tax period ending 201712 and later.

CCC	Definition	Validity Check or Action
D	<p>Reasonable Cause for Failure to Pay Taxes Timely</p> <ul style="list-style-type: none"> CCC "D" is no longer edited by Code and Edit (see exception below) when a reason is given for the delay in paying taxes timely (or if the taxpayer requests abatement). Send Letter 1382C, Penalty Removal Request Incomplete, (if Code and Edit has not done so) and continue processing the return. <p>Exception: Secured returns, disaster returns and Reprocessing returns.</p> <ul style="list-style-type: none"> For secured returns (e.g., taxpayer-signed returns with an attached Form 13133, Expedite Processing Cycle), enter the applicable CCC as shown on the return or attached form. For IRS prepared returns (e.g., returns notated "6020(b)" or "SFR"(Substitute for Return)), enter the applicable CCC as shown on the return or attached form. <p>Exception: Do not enter CCC "D" on an IRS prepared return if the return due date is July 31, 1996, or later. Remove CCC "D" if previously entered.</p> <ul style="list-style-type: none"> Disaster provisions may apply if the taxpayer has identified the return as being subject to reasonable cause because of a specific disaster declaration. For Reprocessing returns (e.g., returns with an attached Form 13596), enter the applicable CCC as shown on the return or attached form. The corporation attaches a statement indicating it qualifies for an automatic extension under 26 Code of Federal Regulations (CFR) 1.6081-5 (or regulations under IRC 6081). Do not enter CCC "D" if the return was not postmarked by the 15th day of the 6th month following the end of the tax year, or if the tax shown due <ul style="list-style-type: none"> A "Final" return is received after the short period due the regular tax period due date. 	Do not use CCC "D" if a prepaid penalty is included.
E	<p>Potential Identify Theft (IDT) Filing</p> <ul style="list-style-type: none"> Computer Condition Code "E" may be edited on Form 1120-FSC, Form 1120-ND, and Form 1120-SF (any year) by the BMF ID Theft Liaison to identify a potential <ul style="list-style-type: none"> See IRM 3.12.16.2.4, Business Master File (BMF) Identity (ID) Theft, for more information. 	No validity check.

#

CCC	Definition	Validity Check or Action
F	Final Return a. Enter when the “Final Return” box on Page 1 of the return is checked. b. Enter when there is an indication that the corporation is not liable for filing future returns. Notations may include (but are not limited to) : <ul style="list-style-type: none"> • “Final”, • Deceased, • Out of Business, • Liquidation, • Exempt under IRC 501(c)(3), or • Dissolved. 	A “Final” return may not have CCC “Y” or a Credit Elect amount in Field 07-J (Credit to Next Years Estimated Tax).
G	Amended Return a. Enter when a taxpayer notes amended, superseding, duplicate, substitute, corrected, etc., on the return. b. If there is an incomplete return (e.g., return is missing multiple items of information, only Page 1 is present,), then do the following: <ol style="list-style-type: none"> 1. Research IDRS using correct Command Code (CC) (e.g., BRTVU, BMFOL, SUMRY and TXMOD) for the status of the return. 2. Check to see if there is a posting (TC 150) of the return for the tax period. 3. If there is a posting, enter “G” in Field 01-F (CCC) and delete subsequent significant entries and sections <ul style="list-style-type: none"> • Delete all fields in Section 01 past Field 01-F (CCC). • Delete all CCCs except “G” in Field 01-F (CCC). • If Field 01-E (Received Date) is blank, enter the correct received date. See IRM 3.12.16.4.9, Field 01-E, Received Date. • Enter Action Code 6 to the left of Section 01. c. If there is not a posting, correspond (e.g., Letter 118C, Corporate Return Incomplete for Processing: Form 1120, Form 1120 Series, Form 1120-S) for all missing information with Action Code (AC) 3. d. If unable to correspond, destroy the return following classified waste procedures.	No other code is allowed, except CCCs “U”, “W”, and “3” (see instructions for Computer Condition Codes for more criteria).
L	Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b) <ul style="list-style-type: none"> • Enter when the taxpayer shows “IRC 6114 Election” or Form 8833 is attached to the return. 	CCC “L” is not valid on Form 1120-ND or Form 1120-SF.

CCC	Definition	Validity Check or Action
M	<p>Form 8949, Sales and Other Dispositions of Capital Assets</p> <p>a. CCC "M" is valid for tax period ending 201712 and later. A field error is created if the tax period is before 201712 and CCC "M" is present. Verify the tax period and make corrections, as needed.</p> <p>b. Enter CCC "M" when:</p> <ul style="list-style-type: none"> • Tax period ending is 201712 and later, and • Form 8949, Sales and Other Dispositions of Capital Assets, column (f) has a code "Z" or "Y". <p>Note: CCC "M" for Form 8949 per Tax Cuts and Jobs Act of 2017, P.L. 115-97 (H.R. 1), Section 13823, Opportunity Zones. Taxpayers who elect to defer gain on the sale of an asset by investing in an Opportunity Zone Fund will show that they are deferring the gain by entering code "Z" or code "Y" on Form 8949 column (f).</p>	Valid for Form 1120-FSC, Form 1120-ND, and Form 1120-SF for tax period ending 201712 and later.
N	<p>Joint Committee Case</p> <ul style="list-style-type: none"> • Used when an unusual credit is claimed on the Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, and Form 1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B). • See IRM 3.12.16.6.8, Audit Codes, for more information. 	CCC "N" is not valid on Form 1120-ND.
O	<p>Manual Refund</p> <ul style="list-style-type: none"> • Used when the taxpayer applies for a quick refund of overpayment, or a manual refund is sent. • Enter when Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax or Form 3753, Manual Refund Posting Voucher, is attached to the return. 	No validity check.
Q	<p>Return Filed Claiming Telephone Excise Tax Refund (TETR) Only (Form 8913, Credit for Federal Telephone Excise Tax Paid)</p> <ul style="list-style-type: none"> • This CCC is no longer applicable and was used for tax periods 200612 - 200711. • The statutory period for claiming a Telephone Excise Tax Refund (TETR), Form 8913, Credit for Federal Telephone Excise Tax Paid, has expired. • CCC "Q" is no longer edited by Code and Edit. If CCC "Q" is edited in error by Code and Edit, remove CCC "Q". • See IRM 3.12.16.8.14, Field 07-R, Credit for Federal Telephone Excise Tax Paid and IRM 3.12.16.16, Section 20, Data - Form 8913, Credit for Federal Telephone Excise Tax Paid, for more information. 	

CCC	Definition	Validity Check or Action
R	Reasonable Cause for Failure to File Return Timely <ul style="list-style-type: none"> CCC “R” is no longer edited by Code and Edit (see exception below) when a reason is given for the delay in filing a return timely (or if the taxpayer requests abatement). Send Letter 1382C, Penalty Removal Request Incomplete, (if Code and Edit has not done so) and continue processing the return. Exception: Secured returns, Disaster returns and Re-processing returns. For secured returns (e.g., taxpayer-signed returns with an attached Form 13133, Expedite Processing Cycle), enter the applicable CCC as shown on the return or attached form. Disaster provisions may apply if the taxpayer has identified the return as being subject to reasonable cause because of a specific disaster declaration. For Reprocessing returns (e.g., returns with an attached Form 13596), enter the applicable CCC as shown on the return or attached form. The corporation attaches a statement indicating it qualifies for an automatic extension under 26 CFR 1.6081-5 (or regulations under IRC 6081). Do not enter CCC “R” if the return was not postmarked by the 15th day of the 6th month following the end of the tax year, or if the tax shown due on the return was not paid by A “Final” return is received after the short period due the regular tax period due date. 	No validity check.
S	Form 8883, Asset Allocation Statement Under Section 338 <ul style="list-style-type: none"> Enter CCC “S” when Form 8883 is attached. 	Not valid on Form 1120-ND and Form 1120-SF.
T	Form 8886, Reportable Transaction Disclosure Statement <ul style="list-style-type: none"> Enter CCC “T” when Form 8886 is attached. 	
U	Unprocessable Return	Use Action Code 3.
W	Return Cleared by Statute Control <ul style="list-style-type: none"> Used to bypass the statute check. Enter when the return is stamped Cleared by Statute Control. 	The Computer Condition Code field will asterisk if a statute return has no CCC “W” or if CCC “W” is present on a non-statute return.
X	Credit Freeze <ul style="list-style-type: none"> Enter when the taxpayer shows excess remittance or overpayment is to be applied to another account. Also, use to freeze a refund. 	If there’s “No Reply” on a refund return that is missing a signature, enter CCC “3” and CCC “X”.

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CCC	Definition	Validity Check or Action
Y	Short Period Return Due to Change of Accounting Period <ul style="list-style-type: none"> Enter only on a short period return that is due to a "change of accounting period". The return is accepted as submitted, and the Master File is updated. 	Do not use CCC "Y" on an "Initial" or "Final" return. The return must be manually verified. Clear the error register with Action Code 0.
1	Form 8824, Like-Kind Exchanges (and section 1043 conflict-of-interest sales) <ul style="list-style-type: none"> Enter when Form 8824 is attached. 	No validity check.
2	Form 8938, Statement of Foreign Financial Assets <ul style="list-style-type: none"> Form 8938 is to be filed by U.S. taxpayers with foreign financial assets of more than \$50,000. 	If attached to the return, no action is required.
3	No Reply <ul style="list-style-type: none"> Used for No Reply, Reply with Some Information, and Reply with No Information. Enter to show incomplete or no reply to correspondence. Credit interest is suppressed. 	See the Note at the end of this table.
7	Reasonable Cause Denied <ul style="list-style-type: none"> CCC "7" is no longer edited by Code and Edit tax examiners. See CCC "D", Reasonable Cause for Failure to Pay Taxes Timely, and CCC "R", Reasonable Cause for Failure to File Return Timely. 	No validity check.
8	Waiver of Estimated Tax Penalty or Estimated Tax Penalty Annualization Exception <ul style="list-style-type: none"> Enter when the taxpayer completes Form 2220, Underpayment of Estimated Tax by Corporations, or worksheet that shows an exception from the estimated tax penalty due to annualization. 	No validity check.

Note: If there is an overpayment on no reply correspondence, input CCC "3" and CCC "X". The CCC "X" will freeze the refund.

3.12.16.3.4
(01-01-2020)
**Math Error Preliminary
Review**

- (1) A math error will occur when the taxpayer gives incorrect information (or there is a coding error or transcription error) in any of the following fields:
 - Tax Period (Field 01-D).
 - Penalty and Interest Code (Field 03-D).
- (2) Take the following action during the preliminary review process:

Math Error Preliminary Review

If	Then
a. The data is inconsistent or undeterminable,	Correspond with the taxpayer for clarification.
b. The Taxable Income Brackets are questionable,	Consult with the lead tax examiner.

- (3) Prepare Letter 3833C, Tax Return Adjustment Explained (BMF), (or other correct letter) to notify the taxpayer of errors or adjustments to the return when a TPNC will not be sent.
- (4) Prepare Letter 3833C (or other correct letter) when:
- a. An adjustment is made to income and deductions which affects the total

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Credit, Employer Stock Ownership Credit, Research Credit, Possessions Tax Credit, Credit for Alcohol Used as Fuel, Production Tax Credit, General Business Credit or Prior Year Minimum Tax Credit.

3.12.16.3.4.1
(01-01-2022)

**Taxpayer Notice Codes
(TPNCs)**

- (1) Valid TPNCs for Form 1120-FSC, Form 1120-ND, and Form 1120-SF: 05, 10, 41, 88, 89, and 90.
- (2) Before sending a notice (enter Action Code 1 to the left of Section 01), correct all misplaced entries, coding errors, transcription errors, and validity errors. Allow the record to "loop", then send the TPNC.
- (3) Separate the TPNCs from the Action Code 1 with a hyphen.
- To send one TPNC, use the following: 1-XX (e.g., 1-05 for TPNC 05)
 - To send more than one TPNC, separate each TPNC with a comma (e.g., 1-05, 10 to send a TPNC 05 and TPNC 10).
- (4) The following Taxpayer Notice Code (TPNC) table identifies the TPNC, its explanation and valid forms. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information. See TPNC 90 Literals - Copy and Paste Job Aid (for non-programmed TPNC 90 literals that Notice Review copies and pastes into notices) for more information on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.

Taxpayer Notice Codes (TPNCs)

TPNC	Explanation	Valid Form(s)
05	We found an error in the computation of your total income tax.	ALL
10	We found an error in the computation of the tax due or overpayment amount.	ALL
41	We computed your tax for you.	ALL
88	We changed your telephone excise tax refund amount based on the information you provided. Note: This TPNC is no longer applicable and was used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711.	ALL
89	We changed your tax and/or credits because we did not receive the additional information we requested. The change includes the disallowance of all or part of your telephone excise tax refund you requested on your tax return. We previously sent you a separate letter explaining the disallowance. Note: This TPNC is no longer applicable and was used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711.	ALL
90	Fill-in narrative. This math error has fill-in free form text with maximum of 10 lines, 70 characters per line.	ALL

3.12.16.3.5
(01-01-2024)
**Unprocessable
Conditions**

- (1) Reject an error record with Action Code 3 when it is **international related** and one of the following conditions is present:
 - Has a foreign address
 - Claims Possessions Tax Credit (197601 and later)
 - Claims Credit for Income Tax Withheld (or paid) at source (Form 1042-S credit) (OSPC only)
 - Requests extension for Form 1120-FSC or
 - For Form 1120-FSC
- (2) Reject an error record with Action Code 3 when one of the following situations are present:
 - The return covers multiple tax periods or reports multiple types of tax.
 - The return is misblocked.
 - The return requires correspondence with the taxpayer for missing or clarifying information.
 - The return shows Tax Exempt Status pending.
 - The return is a potential Statute case not cleared by Statute Control Group.
 - The return shows "Pro Forma" or "Pro Forma 1120", "Pro Forma Form 1120 for New York State", or similar statement. The "Pro Forma" return should not be processed.

- a. If a "Pro Forma" return is attached to a Form 1120 series return, do not detach. Move the "Pro Forma" return to the back of the document.
- b. If a "Pro Forma" return is received and not attached to a Form 1120 series return, then delete the DLN and return the "Pro Forma" return to the taxpayer using correct letter, e.g., Letter 3064C, IDRS Special Letter. Include the following (or similar language) in the open paragraph: "The form appears to have been sent to us in error. Please keep it for your tax records."

Note: "Pro Forma" returns are an exception to the Chief Counsel opinion (effective October 5, 2009) that tax examiners will no longer send returns back to the taxpayer when corresponding for missing signature, missing information and supporting schedules and documentation on refund or zero balance returns.

- (3) When a record is rejected, it will be necessary to prepare one or more of the following:
 - a. Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip. Notate the reason for rejecting the document. See Figure 3.12.16-6, Form 4227, Intra-SC Reject or Routing Slip.
 - b. Form 3696, Correspondence Action Sheet, (or other approved Correspondence Action Sheet), used to correspond with the taxpayer.
 - c. Form 6882, IDRS/Master File Information Request.
- (4) Input Transaction Code (TC) 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49 to prevent delinquency notice from generating. Input TC 599 with cc 018 on IDRS using Command Code FRM49 if the form is being processed after the program completion date (PCD) and TC 599 with cc 017 has not already been input. See IRM 3.12.16.2.19, Suppression of Erroneous Balance Due and Return Delinquency Notices - Reject/Suspense Correction, for more information.
 - a. If the EIN, Name Control, Master File Tax (MFT) or Tax Period is missing, do not input TC 599 with cc 017.
 - b. If the document was secured by Compliance, do not input TC 599 with cc 017.

Intra-SC Reject or Routing Slip			Name-Unit 0049856759	Date 05/14/23
X	Route to		X	Reason
	Accounting	<input type="checkbox"/> IMF		Missing or illegible data
	Adjustments	<input type="checkbox"/> BMF		<input type="checkbox"/> EIN <input type="checkbox"/> Signature
	Batching and Numbering	<input type="checkbox"/> NMF		<input type="checkbox"/> SSN <input type="checkbox"/> Tax period
	Clearing and Deposit	<input type="checkbox"/> EPMF		<input type="checkbox"/> Name <input type="checkbox"/> Filing requirements
	Collection	<input type="checkbox"/> IRAF		<input type="checkbox"/> Address <input type="checkbox"/> Form _____
	Criminal Investigation	<input type="checkbox"/> IRP		<input type="checkbox"/> Other (specify) _____
	<input type="checkbox"/> QRDT <input type="checkbox"/> ITPP	<input type="checkbox"/> CAWR		Review for necessary action
	Data Control (Balancing)	<input type="checkbox"/> Other file:		Renumber to
	Document Services			<input type="checkbox"/> Tax class _____ <input type="checkbox"/> Doc.code _____
	Entity Control			<input type="checkbox"/> Other: _____
	Error Resolution			Unpostable code: _____ Cycle: _____
	Examination (Audit)			Action Code: _____
	Files			Reinput
x	Reject Correction			Questionable items
	Returns Analysis			<input type="checkbox"/> Form W-2 <input type="checkbox"/> Contributions
	Statute Control			<input type="checkbox"/> Other data: _____
	Other activity (explain)		x	Other (explain) Multiple Tax Periods

Form **4227** (Rev. 12-01) Cat. No. 269151 Department of the Treasury
Internal Revenue Service

Figure 3.12.16-6 Form 4227, Intra-SC Reject or Routing Slip

3.12.16.3.6
(01-01-2018)

**Single and Double Alpha
Field Designators
(AFDs)**

- (1) In a mixed section with **both** single and double alpha fields, the single alphas must have a space between the AFD and the money amount.

Note: A space should be shown by entering the number of spaces with a circle around it.

- For single Alpha Field Designator (AFD) fields in an a single/double field section, the correction would be entered as : 608A (1 with a circle around it) 557600, where 6 is the Action Code, 08 is the section number, A is the AFD, 1 with a circle around it is the space, and 557600 is the money amount.
- For double AFD fields in a single/double field section, the correction would be entered as: 608AB557600, where 6 is the Action Code, 08 is the section number, AB is the AFD, and 557600 is the money amount.
- Any section with just single AFDs would be corrected as: 610B12345, which is the normal correction procedures.

3.12.16.3.7
(01-01-2018)

**Corporation Edit Sheet
(Form 3892)**

- (1) Due to the Form 1120, U.S. Corporation Income Tax Return, redesign, the Form 3892, Corporation Edit Sheet, will no longer be used in Code and Edit. The applicable fields will be edited in the margin to the left of **Deductions** section of the return.

Exception: For Form 1120-FSC, the applicable fields will be edited in the left margin near Line 2 (Payments).

3.12.16.4
(01-27-2021)
**Introduction of Form
1120-FSC, Form 1120-ND
and Form 1120-SF**

- (1) Form 1120-FSC - U.S. Income Tax Return of a Foreign Sales Corporation, Document (Doc) Code 07. See Exhibit 3.12.16-1, Form 1120-FSC, for the Sections and Fields.
- (2) Form 1120-ND - Return for Nuclear Decommissioning Funds and Certain Related Persons, Doc Code 08. See Exhibit 3.12.16-2, Form 1120-ND, for the Sections and Fields.
- (3) Form 1120-SF - U.S. Income Tax Return for Settlement Funds (Under Section 468B), Doc Code 06. See Exhibit 3.12.16-3, Form 1120-SF, for the Sections and Fields.
- (4) Form 1120-FSC, Form 1120-ND and Form 1120-SF are processed in Ogden Submission Processing Campus (OSPC) only.

3.12.16.4.1
(01-27-2021)
**Section 01, Data - Form
1120-FSC, Form 1120-ND
and Form 1120-SF**

- (1) Section 01 must always be present.
- (2) It cannot be deleted or added. Action Codes 4 and 5 will never be used.
- (3) The error indicators that apply are the asterisk, **underprint**, ISRP Errors, and Terminus Errors.
- (4) Fields 01-A (Remittance), 01-B (Name Control), and 01-C (EIN) are fixed fields and all positions must be accounted for. The remaining fields are variable in length.
- (5) The record can be accepted (Action Code 0), rejected (Action Code 3) or changed (Action Code 6). See IRM 3.12.16.3.2, Action Codes, for more information.
- (6) Only Section 01 will print on a "G" coded return.
 - a. Manual math verification is not required.
 - b. All other records must be math verified and cleared with Action Code 0 or Action Code 1.
- (7) Form 1120-FSC, Form 1120-ND and Form 1120-SF require manual computations except "G" coded returns. See IRM 3.12.16.18, Manual Computations, for procedures.

3.12.16.4.2
(01-01-2018)
**Section 01, Error
Register Format**

- (1) The table below shows Section 01: Alpha Field Designator (AFD), Field Title, Field Length and Location on the Return.

Section 01

Section 01 AFD	Field Title	Field Length	Location On The Return
A	Remittance	11	Page 1, balance due area.
B	Name Control/Check Digit	4	Page 1, first name line.
B	Name Control/Check Digit (Generated Underprint)	4	
C	Employer Identification Number	9	Page 1, EIN line.
D	Tax Period Ending	6	Page 1, edited to the right/above the title of the form.
D	Tax Period Ending (Generated Underprint)	2	
E	Received Date	8	<ul style="list-style-type: none"> Form 1120-FSC - Page 1, IRS date stamp, or edited to the dotted part of Line 1 under Tax and Payments Form 1120-ND - Page 1, IRS date stamp, or edited to the dotted part of Lines 7 through 14 Form 1120-SF - Page 1, IRS date stamp, or edited to the dotted part of Lines 9 through 13
F	Computer Condition Codes (CCC)	10	<ul style="list-style-type: none"> Form 1120-FSC - Page 1, dotted part of Lines 3 or 4 Form 1120-ND - Page 1, dotted part of Lines 1 thru 4 Form 1120-SF - Page 1, dotted part of Lines 1 thru 6
G	Correspondence Received Date (CRD)	8	SCRS field only.
H	Preparer Checkbox Indicator	1	Page 1, lower right margin next to the Discuss with Preparer Checkbox.
I	Preparer Phone Number	10	Bottom of Page 1.
J	Preparer Tax Identification Number (PTIN)	9	Bottom of Page 1.
K	Firm's Employer Identifica- tion Number (EIN)	9	Bottom of Page 1.
L	Entity Underprint Code (Generated Underprint)	1	
M	Taxpayer Notice Code	6	Page 1, edited in upper left corner of Page 1.
N	Tax Period Beginning	8	Page 1, edited in the area above/near the form title

3.12.16.4.3
(01-01-2021)

Field 01-A, Remittance

- (1) Field 01-A (Remittance) can never be changed with Action Code 6. If the remittance was transcribed incorrectly take the following action:
 - a. Reject the record with Action Code 3.
 - b. Prepare Form 4227 Intra-SC Reject or Routing Slip, or other proper routing slip notating "Remittance in Error" or "Unidentified Remittance" and route to Rejects.
- (2) This field will be blank for non-remittance returns, overpaid returns and remittance returns processed through Integrated Submission and Remittance Processing (ISRP).

Note: Integrated Submission and Remittance Processing (ISRP) replaced the previous Distributed Input System (DIS) and Residual Remittance Processing System (RRPS).

- (3) Field 01-A (Remittance) will asterisk if present on a non-"G" coded return when Total Tax Computed is zero or blank, or if Total Tax Taxpayer is zero or blank. Take the following action:

If	Then
a. There is a math error,	Enter correct TPNC with Action Code 1.
b. There is no math error,	Reject the record with Action Code 3 for transfer of payment off the record.

- (4) On the "loop", Field 01-A (Remittance) will not asterisk on Form 1120-FSC, Form 1120-ND and Form 1120-SF.

Note: Field 07-A (Total Tax) can never be blank if Field 01-A (Remittance) has an entry. Enter .01 (1 cent) in Field 07-A (Total Tax) if the remittance amount in Field 01-A (Remittance) is the estimated penalty in Field 07-H (Estimated Tax Penalty) plus Field 07-I (Balance Due/Overpayment).

3.12.16.4.4
(01-01-2024)

Field 01-B, Name Control

- (1) This is a four position field and is used for either the check digits (two letter code preprinted on the label which is assigned to the taxpayer) or the name control (the first four significant characters of the corporation except when the first word is "the" and is followed by more than one word). For information on determining the Name Control, refer to Document 7071-A, Name Control Job Aid - For Use Outside of the Entity Area.
- (2) This field must have one to four characters. The valid characters are:
 - a. Numeric
 - b. Alpha
 - c. Ampersand
 - d. Hyphen

Note: Change a slash (/) or period (.) in the name control to a hyphen (-).

- (3) The name control field may have one to three blanks.
 - a. The name control must have an alpha or numeric in the first position.

- b. The remaining positions must be numeric, alpha, ampersand, hyphen or blank.
- c. No character may follow a blank.
- d. If the correction has less than 4 characters, enter the significant characters and circle the number of remaining positions.
- e. The check digit must have blanks in the first two positions and a letter other than "E", "G" or "M" in the last two positions.
- f. When the check digit is present, the computer verifies it with Field 01-C (EIN). Always enter the name control to correct invalid check digits.

(4) Take the following action:

Field 01-B Criteria

If	Then
a. There are no errors in the check digits,	Enter the name control in Field 01-B (Name Control).
b. The EIN is transcribed correctly,	Enter the name control in Field 01-B (Name Control).
c. The name control is invalid or blank,	<ol style="list-style-type: none"> 1. Check for coding errors and transcription errors. 2. Enter the correct data in Field 01-B (Name Control).
d. The name control cannot be determined,	Research using Integrated Data Retrieval System (IDRS).

- (5) All returns and documents input through ISRP must have the name control and tax period validated on the EIF (Entity Index File).
- (6) Field 01-B (Name Control) or Field 01-D (Tax Period) will **underprint** if the transcribed field and the EIF name control or tax period don't match.
- (7) Compare the entries in Field 01-B (Name Control) and Field 01-C (EIN) with the return, to determine the corrective action.

EIN and Name Control

If	Then
a. The EIN on the return and the EIN in Field 01-C (EIN) do not agree,	Correct Field 01-C (EIN) to agree with the return.
b. The name control on CC INOLES and Field 01-B (Name Control) agree and it is edited properly,	Enter a "1" in Field 01-L (Entity Underprint Code).
c. The name control on the return and Field 01-B (Name Control) do not agree or was transcribed incorrectly,	Change Field 01-B (Name Control).
d. The correction does not agree with the name control underprint ,	Enter a "1" in Field 01-L (Entity Underprint Code).
e. The EIN on the return agrees with the EIN in Field 01-C (EIN),	Determine why the name control is underprinted.
f. The name control edited on the return agrees with the name control Field 01-B (Name Control),	<ol style="list-style-type: none"> 1. Compare the name control underprint with the Field 01-B (Name Control). If it is obvious that the underprint was caused by the name being illegible, or coded wrong, change Field 01-B (Name Control) to agree with the name control underprint. 2. If it is not an obvious error, research IDRS using Command Code (CC) INOLES, then use the following Command Codes: <ol style="list-style-type: none"> a. NAMEB/NAMEE to research for the EIN on the return. b. ENMOD to research for the name on the return. c. BMFOL for the EIN on the return or EIN found on CC ENMOD.
g. The taxpayer checks the name change box,	<p>Research Integrated Data Retrieval System (IDRS) using correct Command Codes.</p> <ol style="list-style-type: none"> 1. If the name change has been completed or is pending, enter correct code in Field 01-L (Entity Underprint Code). See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information. 2. If research shows no name change: <ol style="list-style-type: none"> a. Reject and route the return to Entity Control following local procedures. b. Attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip notating why the return is being routed.

- (8) From the research, determine the correct EIN and name control for the return on the error register. Take the following action:

Correction Procedures

If	Then
a. Another EIN is found for the entity on the return,	Change Field 01-C (EIN) to the correct EIN and follow procedures in the first table under (7) above.
b. Multiple EINs are found,	Forward the case to Entity Control following local procedures.
c. The EIN on the return is correct and the taxpayer just rearranged the name on the return,	Change Field 01-B (Name Control) to agree with the name control on the BMF.
d. The EIN on the return is correct, but the name control on the BMF is not conforming to the acceptable rules for name controlling:	<ol style="list-style-type: none"> 1. Correct Field 01-B (Name Control) to agree with the name control on the BMF. 2. Copy Page 1 of the return, attach any research and forward the case to Entity Control following local procedures. Notate on Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip what action needs to be taken. 3. If the EIN on return and Field 01-C (EIN) agree, but does not agree with the name on the BMF, forward the case (along with any research) to Entity Control following local procedures. <p>See Figure 3.12.16-7, Entity Control Routing.</p>

Form 1120-FSC (Rev. November 2018) Department of the Treasury Internal Revenue Service	U.S. Income Tax Return of a Foreign Sales Corporation For calendar year 20 22 or other tax year beginning Jan. 01 , 20 22 , and ending Dec. 31 , 20 22 ▶ Go to www.irs.gov/Form1120FSC for instructions and the latest information.	OMB No. 1545-0123
A Foreign country or U.S. possession of incorporation (see instructions)	Name Oak Ash Corporation	C Employer identification number 00-520569
B Check type of election made: <input type="checkbox"/> FSC <input type="checkbox"/> Small FSC Enter the effective date of the election:	Number, street, and room or suite no. (see instructions) 35 Chestnut St City or town, state, and ZIP code San Francisco, CA 94101-0035	D Date incorporated E Total assets (see instructions) \$
F Check applicable boxes: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return		
FSC Information		
1 Principal shareholder. Complete for the shareholder that was the principal shareholder at the beginning of the FSC's tax year. If two or more shareholders		

3	01	A	BOAKA	*C00520569.	D202212+	E20230415+	F	+
WILL								

Intra-SC Reject or Routing Slip		Name-Unit	Date
		0049857802	05/16/23
X	Route to	X	Reason
	Accounting	<input type="checkbox"/>	IMF
	Adjustments	<input type="checkbox"/>	BMF
	Batching and Numbering	<input type="checkbox"/>	NMF
	Clearing and Deposit	<input type="checkbox"/>	EPMF
	Collection	<input type="checkbox"/>	IRAF
	Criminal Investigation	<input type="checkbox"/>	IRP
	<input type="checkbox"/> QRDT <input type="checkbox"/> ITPP	<input type="checkbox"/>	CAWR
	Data Control (<i>Balancing</i>)	<input type="checkbox"/>	Other file:
	Document Services		
x	Entity Control		
	Error Resolution		
	Examination (<i>Audit</i>)		
	Files		
	Reject Correction		
	Returns Analysis		
	Statute Control		
	Other activity (<i>explain</i>)	x	
			Missing or illegible data <input type="checkbox"/> EIN <input type="checkbox"/> Signature <input type="checkbox"/> SSN <input type="checkbox"/> Tax period <input type="checkbox"/> Name <input type="checkbox"/> Filing requirements <input type="checkbox"/> Address <input type="checkbox"/> Form _____ <input type="checkbox"/> Other (<i>specify</i>) _____
			Review for necessary action
			Renumber to <input type="checkbox"/> Tax class _____ <input type="checkbox"/> Doc. code _____ <input type="checkbox"/> Other: _____
			Unpostable code: _____ Cycle: _____
			Action Code: _____
			Reinput
			Questionable items <input type="checkbox"/> Form W-2 <input type="checkbox"/> Contributions <input type="checkbox"/> Other data: _____
			Other (<i>explain</i>)
			No Record

Form **4227** (Rev. 12-01) Cat. No. 269151 Department of the Treasury
 Internal Revenue Service

Figure 3.12.16-7 Entity Control Routing

3.12.16.4.5
(02-03-2021)
**Field 01-C, Employer
Identification Number
(EIN)**

- (1) The EIN is in the box shown on the return or on the preprinted label.
- (2) This field must:
 - Contain nine numbers
 - Not begin with 00, 07, 08, 09, 17, 18, 19, 28, 29, 49, 78, 79 or 89
 - Not be all zeroes or all nines
- (3) Correct all misplaced entries, coding errors and transcription errors.

Correction Procedures

If	Then
Field 01-C (EIN) is invalid,	Examine the return and attachments.
A correct EIN is found,	Enter in Field 01-C (EIN) and on the return.
Correct EIN cannot be found,	Research using IDRS.
The invalid EIN has credits that apply to the return being processed,	Move the credits to the correct EIN.

Reminder: If you change the EIN and Field 01-B (Name Control) or Field 01-D (Tax Period) is underprinting, then check to see if you must enter Field 01-L (Entity Underprint Code). See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information.

- (4) If the Employer Identification Number (EIN) is changed from the one the taxpayer used, send Letter 3875C, Missing or Incorrect EIN on Return - BMF/ EPMF, or Letter 3463C, Missing Information Request to Process Business Returns, as a non-suspense letter to the address on the return. Continue processing the return.

Exception: Letter 3463C was updated to include the paragraphs from the Letter 3875C. Letter 3463C may be used when there is more than one correspondence issue (e.g., Incorrect EIN and missing signature).

Note: Do not send Letter 3875C when:

1. Three or less digits of the EIN are transposed, different or missing, or
2. The EIN is consecutive numbers (e.g., 12-3456789) or repeating numbers (e.g., 11-1111111), or
3. Command Code (CC) INOLES shows the account has been “merged to” or “merged from”, or
4. The TIN on the return is the taxpayer’s Social Security Number (SSN) (check CC INOLEG).

(5) **Suspense Correction:**

- a. If there is an indication that Entity Control has assigned an EIN to the return, enter the Entity Assignment Date (found in the lower left corner of Page 1 of the return) in Field 01-G (Correspondence Received Date (CRD)), if it is later than the received date and return due date.

- b. If the EIN is changed from the taxpayer's entry and Entity has not already issued Letter 3875C, CP 576, We Assigned an EIN, (or other correct EIN letter or notice), send Letter Letter 3875C as a non-suspense letter to the address on the return.

Exception: Letter 3463C, Missing Information Request to Process Business Returns, was updated to include the paragraphs from the Letter 3875C. Letter 3463C may be used when there is more than one correspondence issue (e.g., Incorrect EIN and missing signature).

Note: Do not send Letter 3875C when:

1. Three or less digits of the EIN are transposed, different or missing, or
2. The EIN is consecutive numbers (e.g., 12-3456789) or repeating numbers (e.g., 11-1111111), or
3. Command Code (CC) INOLES shows the account has been "merged to" or "merged from", or
4. The TIN on the return is the taxpayer's SSN (check CC INOLEG).

3.12.16.4.6
(01-01-2024)

Field 01-D, Tax Period Ending

- (1) Field 01-D (Tax Period) is entered in YYYYMM format.
- (2) The following procedures address invalid tax periods for EARLY FILERS.
 - a. The tax period is computer-generated as a current calendar year return when ISRP inputs a blank.
 - b. The tax period cannot be after the current year and month.
 - c. If the tax period is equal to the year and month of the process date, the tax period will asterisk.
 - d. For tax periods that are later than or equal to the current month and year:

Correction Procedures

If	Then
a. Later by a year or more,	Change to a current fiscal or calendar year.
b. Later by not more than one month, or the taxpayer shows "no income",	Reject the record and attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip notating "Release end of appropriate month".
c. Later by more than one month with no explanation such as "Final" or "no income",	Correspond for confirmation of tax period ending.
d. Later by more than one month and taxpayer shows "Final" on the return,	Reduce the tax period to the month before the current processing month. See Figure 3.12.16-8, Tax Period Correction.

202303 202309													
Form 1120-FSC (Rev. November 2018) Department of the Treasury Internal Revenue Service	U.S. Income Tax Return of a Foreign Sales Corporation For calendar year 20____ or other tax year beginning <u>1/1</u> , 20 <u>23</u> , and ending <u>9/15</u> , 20 <u>23</u> . ▶ Go to www.irs.gov/Form1120FSC for instructions and the latest information.												
OMB No. 1545-0123													
A Foreign country or U.S. possession of incorporation (see instructions)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"> Name Green Insurance </td> <td style="width: 40%;"> C Employer identification number 00-2345896 </td> </tr> <tr> <td colspan="2"> B Check type of election made: <input type="checkbox"/> FSC <input type="checkbox"/> Small FSC Enter the effective date of the election: </td> </tr> <tr> <td colspan="2"> Number, street, and room or suite no. (see instructions) 725 Scarlet Ave. </td> </tr> <tr> <td colspan="2"> City or town, state, and ZIP code Omaha NE 68108 </td> </tr> <tr> <td colspan="2"> D Date incorporated </td> </tr> <tr> <td colspan="2"> E Total assets (see instructions) \$ _____ </td> </tr> </table>	Name Green Insurance	C Employer identification number 00-2345896	B Check type of election made: <input type="checkbox"/> FSC <input type="checkbox"/> Small FSC Enter the effective date of the election:		Number, street, and room or suite no. (see instructions) 725 Scarlet Ave.		City or town, state, and ZIP code Omaha NE 68108		D Date incorporated		E Total assets (see instructions) \$ _____	
Name Green Insurance	C Employer identification number 00-2345896												
B Check type of election made: <input type="checkbox"/> FSC <input type="checkbox"/> Small FSC Enter the effective date of the election:													
Number, street, and room or suite no. (see instructions) 725 Scarlet Ave.													
City or town, state, and ZIP code Omaha NE 68108													
D Date incorporated													
E Total assets (see instructions) \$ _____													
F Check applicable boxes: (1) <input checked="" type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return													
04152023 FSC Information													
1 Principal shareholder. Complete for the shareholder that was the principal shareholder at the beginning of the FSC's tax year. If two or more shareholders own equal amounts of stock, complete for the shareholder that has the same tax year as the FSC (see instructions).													

6	01 A	BGREE	C002345896	*D202309+ 12+	E20230415+	F
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Figure 3.12.16-8 Tax Period Correction

3.12.16.4.7
(01-01-2024)

**Field 01-D - Statute
Control Documents**

- (1) Any return with a received date that is two years and nine months or more after the Return Due Date is a potential statute control return.
- (2) A statute control document is filed for a barred period. A barred period is a taxable period on which statutory limitations are placed for allowing refunds, credits, or for assessing additional taxes.
- (3) A claim for refund must be filed not later than three years from the date the original return was filed or two years from the date the tax was paid, whichever period ends the later. An additional tax assessment must be made within three years from the date the original return was filed.
- (4) Process non-"G" coded returns as follows:
 - a. Identify a return for statute control action if the current processing date is two years and nine months, or more, after the original due date or the received date, whichever is later, and has not cleared the Statute Control Group. Reject and route the return using Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip.
 - b. Field 01-D (Tax Period) will asterisk for Statute check if the processing date is two years and nine months, or more, after the original due date or the received date, whichever is later and CCC "W" is not present.
- (5) Process "G" coded returns as follows:
 - a. Identify a return for statute control action if the current processing date is two years and nine months, or more, after the original due date or the received date, whichever is later, and has not cleared the Statute Control Group. Reject and route the return using Form 4227 or other proper routing slip.

- b. Field 01-D (Tax Period) will asterisk if the processing date is two years and nine months, or more, after the original due date or the received date, whichever is later, and CCC "W" is not present.
- (6) On both non-"G" and "G" coded returns both Field 01-D (Tax Period) and Field 01-F (CCC) will asterisk if the processing date is less than two years after the Return Due Date and a CCC "W" is present.
 - a. Correct the Tax Period or Computer Condition Code, whichever is incorrect.
- (7) Statute control returns must be routed to the Statute Control Group daily, or more often, if needed.

Exception: Do **not** route to the Statute Control Group for clearance, enter CCC "W" and continue processing if any of the following conditions are present:

- Compliance IRC 6020(b) returns.
 - Returns secured by Examination/Collections.
 - Returns with Transaction Code (TC) 59X or Integrated Collection System (ICS) notated on the face of the return.
 - Returns that are substitute returns prepared by Examination (e.g., Substitute For Return (SFR)) in top margin of the return.
 - Returns with a stamp indicating a previous clearance by Statute Control within the last 90 days.
 - Return is a 2019 or prior year original. Due to the COVID-19 pandemic and subsequent Submission Processing (SP) and Accounts Management (AM) site closures, SP and AM developed procedures to bypass AM statute clearance and be processed. In addition, any 2019 or prior year returns previously cleared by AM statute will not be returned by SP to AM to be cleared again if the 90-calendar day statute stamp has expired.
- (8) If there is an indication that the return has already been cleared through the Statute Control Group within the last 90 days, then enter CCC "W". Code and Edit will enter CCC "W" if the return has been cleared by Statute Control.

Note: The May 16, 1986, Federal Register published regulations concerning returns filed with Election under IRC 338(g). Receipt of such returns where the statutory period for assessment has expired should be expeditiously processed as if the statute had not expired. Enter CCC "D" and CCC "R" if the return has a statement indicating that it qualifies for a waiver under Treasury Regulations (Treas. Reg.) 1.338-10(b). In addition, enter CCC "W" to bypass Statute checks, if the current processing date is two years and nine months, or more, after the original due date or the received date, whichever is later.

- (9) If no indication, reject the record, attach Form 4227 or other proper routing slip to return and route to Statute Control Group.

Exception: Due to the COVID-19 pandemic and subsequent Submission Processing (SP) and Accounts Management (AM) site closures, SP and AM developed procedures for BMF 2019 or prior year original delinquent returns to bypass AM statute clearance and be processed. In addition,

any 2019 or prior year returns previously cleared by AM statute will not be returned by SP to AM to be cleared again if the 90-calendar day statute stamp has expired.

- (10) If it appears that a rejected document will not reach the Statute Control Group in time for clearance, then photocopy Page 1 of the return, stamp the photocopy "Photocopy-Do not process" and forward it to the Statute Control Group.

3.12.16.4.8
(01-01-2021)
Field 01-D - Tax Period Underprint

- (1) Compare the EIN on the return with Field 01-C (EIN) and apply the following corrective procedures when the tax period **underprints**. See Exhibit 3.12.16-14, Tax Period Underprint Flowchart, and Exhibit 3.12.16-15, Tax Period Underprint Flowchart for "Reply" and "No Reply", for more information.

Correction Procedures

If	Then
a. The EINs do not agree,	<ol style="list-style-type: none"> 1. Change Field 01-C (EIN) to agree with the return. 2. Enter the correct code in Field 01-L (Entity Underprint Code). 3. See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information.
b. The EINs agree,	<p>Compare the tax period on the return with Field 01-D (Tax Period).</p> <ol style="list-style-type: none"> 1. If the tax period on the return does not agree with Field 01-D (Tax Period), change Field 01-D (Tax Period) to agree with the return. 2. If the corrected tax period does not agree with the underprint, continue in (2) below.
c. The EIN and tax period on the return agree with Field 01-C (EIN) and Field 01-D (Tax Period) and are transcribed correctly, but do not agree with the underprint ,	Continue in (2) below.

Note: Tax periods reported under the 52-53 week rule may end not more than six days before, and not more than three days after, the end of a month. Be aware of special situations such as 52-53 week filers before changing the tax period.

- (2) If the tax period on the return is for a short period, "Final", "Change in Accounting Period", or "Initial" proceed as follows:

Correction Procedures

If	Then
a. A "Final" return,	Enter CCC "F" in Field 01-F (CCC).
b. A "Change of Accounting Period" and Field 01-F (CCC) has a "Y",	Return must be manually verified. 1. Clear the error register with Action Code 0. 2. Enter the correct code in Field 01-L (Entity Underprint Code). 3. See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information.
c. It is not a "Final" return or a "Change of Accounting Period",	Review the return for a statement that the taxpayer is complying with: 1. Treasury Regulation (Treas. Reg.) 1.442-1(c) or (d), Treas. Reg. 1.1502-76, Section 444, or 2. Revenue Procedure Rev. Proc. 76-10, Rev. Proc. 82-85, Rev. Proc. 85-58, Rev. Proc. 87-32, Rev. Proc. 92-13, Rev. Proc. 2000-11, Rev. Proc. 2002-37, Rev. Proc. 2006-45, Rev. Proc. 2006-46 or 3. IRC 898(c)(1)(A), IRC 898(c)(2) or IRC 1398.
d. A statement is attached stating that the taxpayer is complying with one of the Treasury Regulations or Rev. Proc. above, except Treasury Regulation 1.442-1(c) or (d) or Rev. Proc. 82-25,	1. Enter CCC "Y" in Field 01-F (CCC). 2. Enter the correct code in Field 01-L (Entity Underprint Code). 3. See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information.
e. The taxpayer is complying with Treasury Regulation 1.442-1(c) or (d) or Rev. Proc. 82-25,	1. Enter CCC "Y" in Field 01-F (CCC). 2. Enter the correct code in Field 01-L (Entity Underprint Code). See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information. 3. Verify information or research IDRS.
f. The above mentioned conditions do not apply,	Research IDRS using Command Code (CC) ENMOD (or other applicable CC) for the following transaction codes: 1. TC 052 - Reverses TC 053, TC 054 and TC 055. 2. TC 053 - Form 1128, Application to Adopt Change, or Retain a Tax Year, filed and tax period approved for other than Rev. Proc. 87-32. This code applies to all Form 1120 series
g. One of the above transactions is present, and the tax period matches the taxpayer's tax period on the return,	Enter a "2" in Field 01-L (Entity Underprint Code).
h. One of the above transactions is present, and the tax period underprint does not match the taxpayer's intended tax period on the return,	1. Route to Entity Control for validation of the transaction code. 2. Attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip with an explanation as to why the document is being sent to Entity Control.
i. None of the transaction codes are present on the entity module,	Correspond with the taxpayer for tax period approval.

If	Then
j. The taxpayer replies with an approved copy of Form 1128, Application To Adopt, Change, or Retain a Tax Year, or Form 8716, Election To Have a Tax Year Other Than a Required Tax Year,	Forward to Entity Control so they may update the Fiscal Year Month (FYM) on the Master File.
k. The taxpayer doesn't reply, or does not give tax period approval,	<ol style="list-style-type: none"> 1. Enter CCC "Y" in Field 01-F (CCC). 2. Enter a "2" in Field 01-L (Entity Underprint Code).
l. The taxpayer states this is an "Initial" return; it may be for a full 12 months or a short period. Normally, an "Initial" return will post without matching on FYM. However, if a tax module has been established for the Master File Tax (MFT) that is on the return, it will unpost.	Research using IDRS.
m. Research shows no tax modules for MFT 02; this is the first return for the taxpayer,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures).
n. Research shows tax modules already established for MFT 02, but no returns posted before the tax period of the return,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures). 3. Rejects will input TC 016 to change the FYM to agree with the taxpayer's return. 4. Release the return from the error register one (1) cycle after the TC 016 is input. 5. Move the extension, payments and credits, etc., to the correct tax period, or prepare Form 3465, Adjustment Request, for routing to Accounts Management, to request that the extension, payments and credits, etc., be moved to the correct tax period. Enter a CCC "X" in Field 01-F (CCC) and write a note on the bottom of Form 3465 to remove "X" once credits have been moved. 6. Input a TC 590 with Closing Code (cc) 020 to the module that was established erroneously.

Note: Tax periods reported under the 52-53 week rule may end not more than six days before, and not more than three days after, the end of a month. Be aware of special situations such as 52-53 week filers before changing the tax period.

- (3) If the return covers a full 12 months and the Fiscal Year Month (FYM) in Field 01-D (Tax Period) does not agree with the **underprint**, research using IDRS.
- a. Research using Command Code (CC) BMFOL, CC INOLE or CC ENMOD for the entity and the MFT of the return.
 - b. Review the transactions posted for the tax periods on the BMF.

Correction Procedures

If	Then
<p>Returns filed (TC 150), and the TC 150 are all for the same FYM as the return:</p> <p>Note: There is a tax module for the same FYM as the underprint with extension, payments, credits, etc., posted, that apply to the return being processed.</p>	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures). 3. Rejects will input TC 016 to change the FYM on the BMF to agree with the return. 4. Release the return from the error register one (1) cycle after the TC 016 is input. 5. Enter a "2" in Field 01-L (Entity Underprint Code). 6. Move the extension, payments, and credits, etc., to the correct tax period, or prepare Form 3465, Adjustment Request, for routing to Accounts Management, request that the extension, payments, and credits, etc., be moved to the correct tax period. Enter a CCC "X" in Field 01-F (CCC) and write a note on the bottom of Form 3465 to remove "X" once credits have been moved. 7. Input a TC 590 with Closing Code (cc) 020 to the module that was established erroneously.

Note: Tax periods reported under the 52-53 week rule may end not more than six days before, and not more than three days after, the end of a month. Be aware of special situations such as 52-53 week filers before changing the tax period.

- (4) Initiate correspondence with the taxpayer, requesting a clarification of the accounting period, if the posted TC 150 are for several tax periods (no pattern), or posted TC 150 are all for the same FYM but disagree with the tax period of the return. Telephone contact may be used.
 - a. The table below establishes procedures for processing correspondence.

If	Then
The taxpayer replies and identifies the correct tax period and it agrees with the return tax period,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures). 3. Rejects will input TC 016 to change the FYM on the BMF to agree with the return. 4. Release the return from the error register one (1) cycle after the TC 016 is input. 5. Enter a "2" in Field 01-L (Entity Underprint Code). 6. Move the extension, payments, and credits, etc., to the correct tax period, or prepare Form 3465, Adjustment Request, for routing to Accounts Management, request that the extension, payments, and credits, etc., be moved to the correct tax period. Enter a CCC "X" in Field 01-F (CCC) and write a note on the bottom of Form 3465 to remove "X" once credits have been moved. 7. Input a TC 590 with Closing Code (cc) 020 to the module that was established erroneously.
The taxpayer replies and identifies that the tax period on the return is incorrect and gives the correct period that does not agree with the underprint ,	Change Field 01-D (Tax Period) and follow procedures directly above.
No reply and the last tax period with a TC 150 is 12 months or more before the return tax period,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures). 3. Rejects will input TC 016 on IDRS CC ENMOD using CC BNCHG. 4. Input TC 474 on CC REQ77 (using one (1) cycle delay) for the year and month before the beginning month of the tax period on the return being processed. 5. Hold for one week. 6. Correct the return and the error register one (1) cycle after the input of TC 474. 7. When pending (PN) TC 016 generates on CC ENMOD, enter a "2" in Field 01-L (Entity Underprint Code) for "Initial" returns.
No reply to correspondence and the last tax period with a TC 150 is less than 12 months previous to the return tax period,	<ol style="list-style-type: none"> 1. Enter CCC "Y" in Field 01-F (CCC). 2. Enter a "2" in Field 01-L (Entity Underprint Code).

- (5) For more information on Command Codes, see Integrated Data Retrieval System (IDRS) Command Code Job Aid at: <http://serp.enterprise.irs.gov/job-aids/command-code/command-code.html>.

3.12.16.4.9
(01-01-2024)
Field 01-E, Received Date

- (1) The received date must be printed in YYYYMMDD format, and it must be all numeric. If no received date is stamped on the return, Code and Edit may edit it in the dotted part of the **Deductions** Section.

Exception: For Form 1120-FSC, the Received Date is edited in the dotted line area, near **Tax and Payments**.

- (2) Input the correct received date if Field 01-E (Received Date) asterisks.
- (3) It must be equal to or earlier than the processing date. The year-month combination must be equal to or later than the tax period year-month. Otherwise, Field 01-E (Received Date) will asterisk.
- (4) If the received date is earlier than the tax period:
- a. If Field 01-D (Tax Period) and Field 01-E (Received Date) are transcribed correctly and the tax period is not after the error register date, enter the received date as the first day after the tax period.
 - b. If tax period is after the error register date, see IRM 3.12.16.4.6, Field 01-D, Tax Period Ending.
- (5) Correct all misplaced entries, coding errors and transcription errors. Compare the date with the date stamped or edited on the face of the return and take the following action:

Received Date

If	Then
a. The month of the received date is before the tax period ending,	Enter the month of the tax period.
b. There are multiple received dates on the return,	Use the earliest received date in Field 01-E (Received Date).
c. The received date is the return due date and Penalty and Interest Code is correctly entered in Field 03-D,	<p>Note: Section 2006(a) of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, Public Law (P.L.) 114-41, changed the return due date for C corporations and is effective for taxable years beginning after December 31, 2015. The federal income tax return for the Form 1120 series of returns (except Form 1120-C, Form 1120-S and Form 1120-IC-DISC) are due on or before the 15th day of the fourth month after the tax period ends, with one exception as follows:</p> <p>The income tax return of a C corporation that ends its tax year in June remains due on or before the 15th day of the third month following the close of the fiscal year for tax years beginning after December 31, 2015, and before January 1, 2026.</p>

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- (6) Determine the received date using the following priority when one is needed but is not stamped on the return or a valid handwritten received date is not present.

- a. Earliest legible postmark date (U.S. Postal Service, foreign or Private Delivery Service) on the envelope. Rules for using the U.S. Postal Service (USPS) postmark, foreign postmark or Private Delivery Service postmark date are as follows:

Received Date

If	Then
a. An envelope is not attached,	Use the postmark date stamped on the face of the return. Note: When there are multiple returns in one envelope, the envelope is attached to one return and the postmark date is stamped on the other returns.
b. The postmark is missing and the envelope is certified ,	Look for an "USPS.com Track Confirm" record that has been attached to the return (should be before the envelope). <ul style="list-style-type: none"> • Use the Acceptance date on the record to determine timeliness and follow normal procedures. • See Exhibit 3.12.16-16, USPS.com Track Confirm. • If the "USPS.com Track Confirm" record is not attached, no action is required.
c. An envelope has both a USPS and private-metered postmark,	Use the USPS postmark.
d. An envelope has a foreign and private-metered postmark,	Use the foreign postmark.
e. An envelope has two private-metered postmarks,	Use the latest private postmark.
f. An envelope has only one private-metered postmark,	Use the private-metered postmark.

- b. Service Center Automated Mail Processing System (SCAMPS) digital date.
- c. Revenue officer's or other IRS official's signature date.
- d. Signature Date, if within the current year (unless other information shows signature date is invalid).
- e. Julian Date of the Document Locator Number (DLN) minus 10 days.
- f. Current date minus 10 days.
- (7) If a return is faxed to another area of IRS and then sent to Submission for processing, do not enter the Enterprise Electronic Fax (EEFax) Date as an IRS Received Date. Enter a received date according to normal procedures.

Caution: Do not use the EEFax Date as the IRS Received Date.

3.12.16.4.10
(01-01-2023)

Field 01-F, Computer Condition Codes

- (1) See IRM 3.12.16.3.3, Computer Condition Codes, for a list of valid Computer Condition Codes (CCCs) and their descriptions.
- (2) Field 01-F (CCC) can have up to 10 positions.
- (3) The table below identifies the forms and valid codes on the raw register.

Note: The first time a document in error displays on an error register, it is called a raw register.

Computer Condition Codes

Form	Valid Computer Condition Codes
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	"A", "B", "C", "D", "E", "F", "G", "L", "M", "N", "O", "Q", "R", "S", "T", "U", "W", "X", "Y", "1", "3", "7", and "8".
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	"A", "B", "C", "D", "E", "F", "G", "M", "O", "Q", "R", "T", "U", "W", "X", "Y", "1", "2", "3", "7", and "8".
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	"A", "B", "C", "D", "E", "F", "G", "M", "N", "O", "Q", "R", "T", "U", "W", "X", "Y", "1", "2", "3", "7", and "8".

- (4) CCC "L" is valid on Form 1120-FSC. It must be entered when a taxpayer writes "Section 6114 Election", "IRC 6114 Election" (or similar language) on the return or attaches Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), to the return.
- (5) CCC "O" is entered if a quick refund has been issued or if a manual refund has been issued. Also, a Reserve Code "1" must be entered when a manual

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Note: See IRM 3.12.16.2.9, Refund Returns 45-Day Jeopardy and High Dollar Refunds, to ensure the refund is issued timely. See IRM 3.12.16.2.10, Taxpayer Advocate Service (TAS) Manual Refunds, for TAS Manual Refunds.

- (6) CCC "W" - Field 01-F (CCC) will asterisk if CCC "W" is present and the processing date is less than two years after the return due date. Field 01-D (Tax Period) will also asterisk. See IRM 3.12.16.4.6, Field 01-D, Tax Period Ending, for corrective procedures.
- (7) CCC "Y" is used to update the tax period on the Master File.
- (8) If CCC "Y" is present without Action Code 0 or Action Code 1, Field 01-F (CCC) will continue to asterisk. See IRM 3.12.16.18, Manual Computations, for corrective action.
- (9) CCC "3" will be entered for no reply cases and used as an indicator for Master File to suppress credit interest.
- (10) CCC "8" - Enter CCC "8" to suppress penalties of estimated tax for Form 1120-FSC, Form 1120-ND and Form 1120-SF.

Note: Suppress penalties when a taxpayer writes “waiver of estimated tax penalties” under IRC 6655 for any period before January 1, 1998, with any payment the due date of which is before January 16, 1998, enter CCC “8”.

(11) Take the following action to correct Field 01-F (CCC):

Correction Procedures

If	Then
a. An overflow condition occurs in Field 01-F (more than 10 codes),	Keep codes in the following priority: “F,” “D,” “R,” “O,” “Y,” “3,” and others.
b. Both CCCs “D” and “R” are present,	CCC “7” may not be present.
c. Field 01-F (CCC) is asterisked, examine the return for the correct entries.	Correct any error found on the return and correct Field 01-F (CCC) as needed. See IRM 3.12.16.3.3, Computer Condition Codes, for more information.
d. CCC “F” is present and there is an entry in Field 07-J (Credit to Next Years Estimated Tax),	Field 01-F (CCC) and Field 07-J (Credit to Next Years Estimated Tax) will asterisk. 1. Check to see if CCC “F” has been correctly edited. 2. Delete CCC “F” if it has not been correctly edited.
e. CCC “F” was correctly edited,	Delete Field 07-J (Credit to Next Years Estimated Tax) amount from the error register and on the return to allow the amount to be refunded.
f. CCC “G” is present with another CCC (except CCCs “S,” “T,” “U,” “W,” and “3”) or is not the last entry for the return except for the Correspondence Received Date and Entity Underprint Code,	Field 01-F (CCC) will asterisk.
g. The CCC “G” is correct,	Delete other Computer Condition Code(s) (except CCCs “S,” “T,” “U,” “W,” and “3”) and any subsequent significant entries or sections*. Otherwise, delete CCC “G” from Field 01-F (CCC) and the return. Note: *Delete all fields in Section 01 past Field 01-F (CCC). Delete all CCCs except “G” (and the CCC exceptions shown above, if present) in Field 01-F (CCC).

3.12.16.4.11
(01-01-2022)
**Field 01-G,
Correspondence
Received Date (CRD)**

- (1) Field 01-G (CRD) is entered in YYYYMMDD format and has eight positions.
- (2) Field 01-G (CRD) cannot be later than or the same as the current processing date **or** earlier than Field 01-E (Received Date). See IRM 3.12.16.4.9, Field 01-E, Received Date, for more information.
- (3) Correct all misplaced entries, coding errors and transcription errors.

Correction Procedures

If	Then
a. CRD is prior to the Return Due Date,	Do not enter a CRD. Field 01-G (CRD) must be left blank.
b. Entity Control assigned an EIN,	Enter the Entity Assignment Date (found in the lower left corner of Page 1 of the return) in Field 01-G (CRD) only if the Entity Assignment Date is later than Field 01-E (Received Date) and Return Due Date. Caution: Field 01-G (CRD) will be invalid if the Entity Assignment Date is before the Return Due Date. Blank Field 01-G (CRD).
c. No Reply to correspondence,	Enter CCC "3" in Field 01-F (CCC).
d. "Overpayment" is shown,	Enter CCC "X" to freeze the refund.

3.12.16.4.12
(01-01-2021)

**Field 01-H, Preparer
Checkbox Indicator**

- (1) The Preparer Checkbox is next to the taxpayer signature area. The Preparer Checkbox is used to show whether or not the taxpayer has elected to allow the Preparer to answer questions about the taxpayer's return as it is processed.
- (2) The Preparer Indicator is on Page 1, lower right margin, next to the Discuss with Preparer Checkbox, Form 1120-FSC, Form 1120-ND and Form 1120-SF.
- (3) ISRP operators will enter a "1" if the Preparer Checkbox, "Yes" box is checked.
- (4) **Correction Procedures:**
 - a. Correct all misplaced entries, coding errors and transcription errors.

Correction Procedures

If	Then
The "Yes" box is checked	Enter "1" in Field 01-H (Preparer Checkbox Indicator).
<ul style="list-style-type: none"> • The "No" box is checked; • Neither box is checked; or • Both boxes are checked 	Delete Field 01-H (Preparer Checkbox Indicator) and Field 01-I (Preparer Phone Number) and continue processing.

3.12.16.4.13
(01-01-2021)
**Field 01-I, Preparer
Phone Number**

- (1) The Preparer Phone Number is at the bottom of Page 1 below the Firm's Employer Identification Number (EIN).

Note: If the taxpayer has checked "Yes" in the Preparer Checkbox, a telephone number for the Preparer should be entered to allow contact. However, this field is not required and may be left blank.

- (2) **Valid Condition** - Field 01-I must be alpha or numeric or a combination of alpha, numeric and blank characters, not to exceed 10 characters.
- (3) **Invalid Condition** - This field is invalid if other than alpha, numeric and blank.
- (4) **Correction Procedures:**
- Correct all misplaced entries, coding errors and transcription errors.
 - If invalid, delete Field 01-I (Preparer Phone Number) and continue processing.

3.12.16.4.14
(01-01-2024)
**Field 01-J, Preparer Tax
Identification Number
(PTIN)**

- (1) The Preparer Tax Identification Number (PTIN) is at the bottom of Page 1. Data may or may not be present in Field 01-J (PTIN).

- (2) **Valid Condition** - Field 01-J (PTIN) can be blank or numeric. If numeric, it cannot be all zeros and it cannot be all nines.

Note: The first character in the PTIN must begin with the alpha "P" followed by eight numbers (e.g., P00000001 through P99999998). These numbers can't be all zeros or all nines.

- (3) **Invalid Condition** - Field 01-J (PTIN) is invalid if any of the following conditions are present:
- All zeros, or
 - All nines, or
 - Less than nine positions.
- (4) **Correction Procedures:**
- Correct all misplaced entries, coding errors and transcription errors.
 - If unable to determine a valid entry, delete Field 01-J (PTIN).

3.12.16.4.15
(01-01-2024)
**Field 01-K, Firm's
Employer Identification
Number (EIN)**

- (1) The Firm's EIN is at the bottom of Page 1 below the PTIN box.
- (2) **Valid Condition** - Field 01-K (Firm's EIN) can be blank or numeric. If numeric, it cannot be all zeros or all nines.

- (3) **Invalid Condition** - Field 01-K (Firm's EIN) is invalid if any of the following conditions are present:
- All zeros, or
 - All nines, or
 - Less than nine characters.

- (4) **Correction Procedures:**
- Correct all misplaced entries, coding errors and transcription errors.
 - If unable to determine a valid entry, delete Field 01-K (Firm's EIN).

3.12.16.4.16
(01-01-2018)
**Field 01-L, Entity
Underprint Code**

- (1) The Entity Underprint Code will force the computer to bypass the **underprint** and accept the transcribed entry for Field 01-B (Name Control) and Field 01-D (Tax Period).
- (2) The **underprint** in Field 01-B (Name Control), and Field 01-D (Tax Period), will not clear until either an Entity Underprint Code is entered in Field 01-L or the field is corrected to agree with the **underprint**.
- (3) When CCC "F" is entered to correct a tax period **underprint**, the Entity Underprint Code is not necessary to clear the tax period **underprint**.
- (4) The computer will not recheck the Entity Index File after initial input. Enter code as follows:
 - a. Code "1" - Name Control underprinting only and transcribed name control is correct; or name control and tax period both are underprinting but only transcribed name control is correct.
 - b. Code "2" - Tax period underprinting only and transcribed tax period is correct; or name control and tax period both are underprinting but only transcribed tax period is correct.
 - c. Code "3" - Tax period and name control underprinting and transcribed tax period and name control are both correct.

3.12.16.4.17
(01-01-2022)
**Field 01-M, Taxpayer
Notice Code (TPNC)**

- (1) The valid Taxpayer Notice Codes for Form 1120-FSC, Form 1120-ND and Form 1120-SF are 05, 10, 41, 88, 89 and 90. See IRM 3.12.16.3.4.1, Taxpayer Notice Codes (TPNCs), for the TPNC and the explanation.
- (2) In January 2014, the Taxpayer Notice Code (TPNC) 90 Math Error (ME) Code literals/language were programmed into the OnLine Notice Review (OLNR) Retype Application for Notice Review (NR). This addition will eliminate the need for the NR tax examiner to manually type the notice literal and reduce potential copying and typing incorrect paragraphs and messages in the notices. For a full listing of the programmed TPNC 90 Math Error Codes, see TPNC 90 Math Error Code Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-math-error-code.doc>.
- (3) Notice Review can copy and paste non-programmed TPNC 90 literals in the notice. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
- (4) TPNC 90 is an error explanation "fill-in" that is used if the standard TPNCs do not adequately describe an error condition or correction(s) made or when more than three or more notice codes are necessary. Ten blank lines (70 characters per line) are available to give pertinent information to the taxpayer.
- (5) Write the TPNC 90 on the front of the return in the upper left corner or use Form 12648, Error Correction 90 TPNC.
- (6) When sending a TPNC 90, do the following:
 - a. Write on the return "TPNC 90 - ###" (or similar language) or use Form 12648, Error Correction 90 TPNC, for OnLine Notice Review.

Note: TPNC 90 Math Error Code Job Aid shows literals with two digits and TPNC 90 Literals - Copy and Paste Job Aid shows literals with three digits.

- b. Notate "TPNC 90" (or similar language) and the date on Form 1332, Block and Selection Record, or Form 2275, Records Request, Charge and Recharge.
 - c. Place the return in the TPNC 90 designated area (basket/tub).
- (7) If there is not an applicable TPNC 90, then do the following:
- a. Attach the applicable TPNC 90 slip of paper to the front of the return, after completing applicable fields, or use Form 12648, Error Correction 90 TPNC, with the TPNC or narrative to be sent.
 - b. Notate "TPNC 90" (or similar language) and the date on Form 1332, Block and Selection Record, or Form 2275, Records Request, Charge and Recharge.
 - c. Place the return in the TPNC 90 designated area (basket/tub).
- (8) Re-enter TPNC 90 with Action Code 1, if it was transcribed incorrectly.
- (9) Make sure that the return needing a TPNC 90 leaves Error Resolution System (ERS) with the correct TPNC 90 language for the applicable form. For questions, please contact your Lead or Manager.
- (10) If Field 01-M (TPNC) is invalid (*), do not change Field 01-M. This will happen if Field 07-Z (Manually Corrected Total Tax) was not entered previously. Never change Field 01-M.
- (11) When necessary to send a TPNC, the correct tax must be entered in Field 07-Z (Manually Corrected Total Tax) first, then allow it to "loop" to send the TPNC. On "loop", the amount in Field 07-Z (Manually Corrected Total Tax) will **underprint** Field 07-A (Total Tax) for the notice.

3.12.16.4.18
(01-01-2021)
**Field 01-N, Tax Period
Beginning**

- (1) The Tax Period Beginning (Field 01-N) displays in YYYYMMDD format and must have eight numerics
- (2) The Tax Period Beginning is edited on Page 1, above or to the left of the form title area (close to that area), if Computer Condition Code (CCC) "F" or CCC "Y" is present. If the Tax Period Beginning is not present (not a short period or final return), programming will generate the Tax Period Beginning to be the first day of the 11th month preceding the tax period ending month. For example: Tax period ending month is 202111, so the Tax Period Beginning would be 12/01/2020 (20201201).
- (3) Correct all misplaced entries, coding errors and transcription errors.
- (4) **Invalid Condition** - Field 01-N (Tax Period Beginning) is invalid if any of the following conditions are present:
 - a. Tax Period Beginning is not present with a CCC "Y" or CCC "F"
 - b. Tax Period Beginning is after the Tax Period Ending, or
 - c. Tax Period Beginning is earlier than 12 months before Tax Period Ending
- (5) **Correction Procedures:**
 - a. Correct all misplaced entries, coding errors and transcription errors.

- b. Compare the Tax Period Beginning on the return with Field 01-N (Tax Period Beginning) and take the following action:

Correction Procedures

If	And	Then
a. The return is a final or short period,	Tax Period Beginning is present on return,	Enter Tax Period Beginning in YYYYMMDD format.
b. The return is a final or a short period,	The day is not present in the Tax Period Beginning,	Enter "01" for the day.
c. The return is a final or a short period,	Tax Period Beginning is missing or not valid,	Determine a Tax Period Beginning based on the previous tax period ending.
d. The return is not a final or a short period,		Remove CCC "Y" and "F", as applicable.

3.12.16.5
(01-01-2023)

Section 02, Data - Form 1120-FSC, Form 1120-ND and Form 1120-SF

- (1) Section 02 has address information from Form 1120-FSC, Form 1120-ND and Form 1120-SF. It will be present when a change of address has been entered.
- (2) The table below shows Section 02: Alpha Field Designator (AFD), Field Title, and Field Length. All fields are variable length and it is not necessary to account for every position allotted.

Section 02

Section 02 AFD	Field Title	Field Length
A	"In-Care-Of" Name	35
B	Foreign Address	35
C	Street Address	35
D	City	22
E	State	2
F	ZIP Code	12

- (3) This section should not be present on "G" coded returns.
- (4) Action Codes 4, 5 and 6 are valid. See IRM 3.12.16.3.2, Action Codes, for more information.

3.12.16.5.1
(01-01-2019)

Field 02-A, "In-Care-Of" Name

- (1) Field 02-A ("In-Care-Of" Name) is in the Entity Section of the return.
- (2) **Valid Condition** - Field 02-A ("In-Care-Of" Name) has 35 positions and the valid characters are numeric, alpha, ampersand, hyphen (-), slash (/) or percent (%).
- (3) **Invalid Condition** - Field 02-A ("In-Care-Of" Name) is invalid if any of the following conditions are present:
- The first position is % (percent) and the second position is not blank, or

- The first position is blank, or
- The first position of the “in-care-of” name is not alpha or numeric, or
- There are two consecutive blanks between significant characters.

(4) **Correction Procedures:**

1. Correct all misplaced entries, coding errors and transcription errors.

Correction Procedures

If	Then
a. A % (percent) is in the first position,	<ol style="list-style-type: none"> 1. Line through Field 02-A (“In-Care-Of” Name). 2. Enter the “in-care-of” name beginning with an alpha or numeric in Field 02-A (“In-Care-Of” Name).
b. A blank is in the first position,	<ol style="list-style-type: none"> 1. Line through Field 02-A (“In-Care-Of” Name). 2. Enter the “in-care-of” name beginning with an alpha or numeric in Field 02-A (“In-Care-Of” Name).
c. The first position of the “in-care-of” name is not alpha or numeric,	<ol style="list-style-type: none"> 1. Verify “in-care-of” name on return. 2. Line through Field 02-A (“In-Care-Of” Name). 3. Enter the “in-care-of” name beginning with an alpha or numeric in Field 02-A (“In-Care-Of” Name).
d. Two consecutive blanks present between significant characters,	<ol style="list-style-type: none"> 1. Line through Field 02-A (“In-Care-Of” Name). 2. Enter the “in-care-of” name beginning with an alpha or numeric in Field 02-A (“In-Care-Of” Name).

3.12.16.5.2
(01-01-2023)

Field 02-B, Foreign Address

- (1) Field 02-B (Foreign Address) is in the Entity Address Section of the return.
 - a. The computer will check for a presence in this field if Field 02-E (State Code) has a period/space (.).
 - b. Field 02-B (Foreign Address) should not be present on “G” coded short period returns.
- (2) **Valid Condition** - Field 02-B (Foreign Address) has 35 characters and the valid characters are alpha, numeric and special characters.
- (3) **Invalid Condition** - Field 02-B (Foreign Address) will generate as an error when the Field 02-E (State Code) has a period/space (.) and any of the following conditions are present:
 - The first position is blank.
 - There are two consecutive blanks followed by valid characters.
 - There are more than 35 characters present in the field.

Note: ISRP operators will input a pound sign (#) as the 35th character if there are more than 35 characters present for this field on the return.

(4) **Correction Procedures:**

- a. Correct all misplaced entries, coding errors and transcription errors.

Correction Procedures

If	Then
a. A foreign address is present in Field 02-B (Foreign Address),	Check the error register against the return to verify the address is truly a foreign address.
b. It is confirmed the address on the return is a foreign address,	<ol style="list-style-type: none"> 1. A valid Foreign Country Code must be present in Field 02-D (City). If missing, correct Field 02-D with an Action Code 6. Exception: Use the country code based on the province in Field 02-D (City) if the foreign address is from Canada and the address has a province name or abbreviation. See Exhibit 3.12.16-8, Province and Country Code - Canada. 2. Delete Field 02-F (ZIP Code), if present, with Action Code 6.
c. A province abbreviation is not present for Australia, Brazil, Canada, Cuba, Italy, Mexico or The Netherlands but a province name is present,	Enter the province abbreviation in Field 02-B (Foreign Address). See Exhibit 3.12.16-9, Province, Foreign State and Territory Abbreviations.
d. It is confirmed the address on the return is a domestic address,	<ol style="list-style-type: none"> 1. Reject with Action Code 3. 2. Attach Form 4227 or other proper routing slip indicating to renumber the return with a domestic DLN. Reminder: *The period/space (.) in Field 02-E (State) must be deleted if this is NOT a foreign address.
e. A foreign address is NOT present in Field 02-B (Foreign Address),	<p>Check the error register against the return to verify whether the address was a domestic address.</p> <p>Caution: Do not use Field 02-B (Foreign Address) for domestic street addresses. The period/space (.) in Field 02-E (State) will alert the computer to search for a foreign address in Field 02-B and the Foreign Country Code in Field 02-D (City).</p>
f. The address on the return is a domestic address,	<ol style="list-style-type: none"> 1. Draw a line through the period/space (.) entry in Field 02-E (State) and enter the correct State Code, with Action Code 6. 2. Enter the correct information in Field 02-C (Street), Field 02-D (City), and Field 02-F (ZIP Code), with Action Code 6.

If	Then
g. The address on the return is truly a foreign address,	<ol style="list-style-type: none"> 1. Enter the foreign street address in Field 02-B, with Action Code 6. Reminder: ISRP operators are instructed to use the Street Address line (Field 02-C) as a second address line, if needed. 2. Also enter the valid Foreign Country Code in Field 02-D (City), with Action Code 6.
h. The Foreign Country Code is missing or incorrect,	<ol style="list-style-type: none"> 1. Compare the information on the error register to the information on the return. 2. Enter the Foreign Country Code in Field 02-D (City), if missing, with Action Code 6. 3. To correct, draw a line through the entry in Field 02-D and write the correct information above the lined-out entry, with Action Code 6.
i. A foreign address is present in Field 02-B (Foreign Address) and a ZIP code is present in Field 02-F (ZIP Code),	<ol style="list-style-type: none"> 1. Verify the information on the error register against the return. 2. If the return truly has a foreign address, line through the entry in Field 02-F (ZIP Code) on the error register. 3. Enter the Foreign Country Code in Field 02-D (City), with Action Code 6.

Note: See Exhibit 3.12.16-7, Foreign Country Codes, for a list of the valid Foreign Country Codes or Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.

(5) This field will asterisk (*) if other than specified above.

(6) If Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached to the return, compare the name and address information on the Form 8822 (or Form 8822-B) to the return.

Note: A business may have two addresses. One is the mailing address and the other is the location address or physical location of the business.

Caution: These instructions will apply to Error Resolution only if Document Perfection has not detached and sent the Form 8822 (or Form 8822-B) to Entity Control.

Form 8822 Criteria

If	And	Then
a. Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached,	All the following applies: <ul style="list-style-type: none"> • Mailing address information is the same • No location address is on Form 8822/Form 8822-B, Line 7 • No entry on Form 8822-B, Line 8 or Line 9 	Take no action and continue processing.
b. Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached,	Any of the following applies: <ul style="list-style-type: none"> • Mailing address information is the different • Location address is on Form 8822/Form 8822-B, Line 7 • An entry is on Form 8822-B, Line 8 or Line 9 	<ol style="list-style-type: none"> 1. Enter address shown on Form 8822 (or Form 8822-B) in Field 02-C (Street Address). 2. Notate "Form 8822 (or Form 8822-B) detached" on tax return. 3. Detach Form 8822 (or Form 8822-B) and route to Entity Control using Form 4227 or proper routing slip. 4. Notate on Form 4227, "Change of Address per Form 8822 (or Form 8822-B)."

Note: The lead tax examiner must batch all Form 8822 (or Form 8822-B) daily and hand carry them to Entity Control for expedite processing.

3.12.16.5.3
(01-01-2023)

Field 02-C, Street Address

- (1) Field 02-C (Street Address) is in the Entity Section of the return.
- (2) **Valid Condition** - Field 02-C (Street Address) has 35 characters and the valid characters are alpha, numeric, blank, hyphen (-), and slash (/).
- (3) **Invalid Condition** - Field 02-C (Street Address) will error when any of these conditions are present:
 - The first position is blank.
 - Any characters are not alpha, numeric, blank, hyphen (-) or slash (/).
 - There are two consecutive blanks followed by valid characters.
- (4) Correct all coding errors and transcription errors.
- (5) If Field 02-D (City) has a Major City Code (MCC), a street address must be present.
- (6) If a Major City Code (MCC) is used and **no** address is present, enter the city in "city format", not in MCC format.
- (7) Check returns and attachments if the address is not present.

Address Criteria

If	Then
a. Address is not found,	Research IDRS using Command Code (CC) INOLE or CC ENMOD.
b. If an address is still not found,	<ol style="list-style-type: none"> 1. Reject with Action Code 3 and attach research. 2. Attach Form 4227 or other proper routing slip and notate "No Address" and route to Entity Control.

Note: See Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.

(8) This field will asterisk if other than specified above. Correct this field.

Reminder: If inputting a foreign address, this field may be used as a **second address line** for entering the foreign city, province, and postal code.

(9) If Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached to the return, compare the name and address information on the Form 8822 (or Form 8822-B) to the return.

Note: A business may have two addresses. One is the mailing address and the other is the location address or physical location of the business.

Caution: These instructions will apply to Error Resolution only if Document Perfection has not detached and sent the Form 8822 (or Form 8822-B) to Entity Control.

Form 8822 Criteria

If	And	Then
a. Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached,	All the following applies: <ul style="list-style-type: none"> • Mailing address information is the same • No location address is on Form 8822/Form 8822-B, Line 7 • No entry on Form 8822-B, Line 8 or Line 9 	Take no action and continue processing.

If	And	Then
b. Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached,	Any of the following applies: <ul style="list-style-type: none"> • Mailing address information is different • Location address is on Form 8822/Form 8822-B, Line 7 • An entry is on Form 8822-B, Line 8 or Line 9 	<ol style="list-style-type: none"> 1. Enter address shown on Form 8822 (or Form 8822-B) in Field 02-C (Street Address). 2. Notate "Form 8822 (or Form 8822-B) detached" on tax return. 3. Detach Form 8822 (or Form 8822-B) and route to Entity Control using Form 4227 or proper routing slip. 4. Notate on Form 4227, "Change of Address per Form 8822 (or Form 8822-B)."

Note: The lead tax examiner must batch all Form 8822 (or Form 8822-B) daily and hand carry them to Entity Control for expedited processing.

3.12.16.5.4

(01-01-2018)

Field 02-D, City

- (1) Valid characters are alpha and blank (22 positions).
- (2) First position cannot be blank.
- (3) Second and third positions cannot both be blank.
- (4) There cannot be two consecutive blanks within significant data.
- (5) When a Major City Code (MCC) has been used:
 - a. Field 02-E (State Code) must not be present.
 - b. Field 02-C (Street Address) must be present.
 - c. Field 02-F (ZIP Code) must be compatible with Major City Code.
- (6) If a valid MCC cannot be used, then the entire City must be input with Action Code 6. When the entire city name is used, Field 02-E (State) must be present.
- (7) This field will asterisk if the MCC does not agree with the first three digits of the ZIP Code. Field 02-F (ZIP Code) will also asterisk.
- (8) The ZIP Code will require ZIP Code look-up if the Major City has multiple ZIP Codes. Correct Field 02-F (ZIP Code).
- (9) See Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries. See Exhibit 3.12.16-10, U.S. Possessions ZIP Codes, for use with address corrections.
- (10) **IMPORTANT: If there is a foreign address, the country must be present in this field. Do not abbreviate the name of the country.** See Exhibit 3.12.16-7, Foreign Country Codes, for a list of the valid foreign country codes or Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.

3.12.16.5.4.1
(01-01-2018)

**City - Special to Foreign
Address**

- (1) If the Foreign Address is present, the City Error Indicator will error for the following reasons:
 - a. The Foreign Country Code is blank.
 - b. The Foreign Country Code is invalid.
 - c. The Foreign Country Code is present, but the remaining positions in Field 02-D (City) are not blank.
 - d. The City field is blank.

3.12.16.5.5
(01-01-2018)

Field 02-E, State

- (1) If present, this field must have a State Code of two alpha characters (two positions).
- (2) This field will asterisk for the following conditions:
 - a. The State is not valid. Enter the correct State Code in Field 02-E.
Note: See Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.
 - b. The State is present and a Major City Code is present in Field 02-D. If the Major City Code is correct, then delete Field 02-E (State).
 - c. If the Major City Code is incorrect or determinable, then enter the complete city name in Field 02-D.
- (3) The State Code does not agree with the first three digits of the ZIP Code. Field 02-F (ZIP Code) will also asterisk:
 - a. If the State Code is incorrect, then correct Field 02-E.
 - b. If the State Code is correct, check the return and attachments for the ZIP Code. If no data found, see Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.
- (4) OSPC will delete Section 02 if a Non-U.S. Possession Foreign Address.
- (5) **IMPORTANT: Field 02-E must have a period/space (.) if the address is foreign.**

3.12.16.5.6
(01-01-2023)

Field 02-F, ZIP Code

- (1) Field 02-F is the entity ZIP information (12 positions).
- (2) **Correction Procedures:**
 - Correct all misplaced entries, coding errors and transcription errors.
- (3) If a valid ZIP Code is unavailable from the return or attachments, see Exhibit 3.12.16-10, U.S. Possessions ZIP Codes, for a valid ZIP Code. See Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.
- (4) All ZIP Codes are standardized at Martinsburg Computing Center (MCC) before the return posts to the Master File. A program called "Finalist" matches the taxpayers Street Address and City Address to the ZIP Code on the return with the latest ZIP Code updates received from the U.S. Postal Service (USPS).
 - a. If the ZIP Code is **correct**, the program standardizes the ZIP Code to a 12-digit ZIP Code and passes the record (return) on to the Master File for posting to the taxpayer's account.

- b. If the ZIP Code is **incorrect**, but there is a match to the taxpayer's Street and City address, the program corrects and standardizes the ZIP Code, and passes the record (return) on to the Master File for posting to the taxpayer's account.
- (5) If the ZIP Code is incomplete (partial) on the return, but it has a Street and City address, **no research** is necessary, take the following action:
 - a. Enter the Major State Code that includes the last two digits of "01". See Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.
 - b. If there is a **match** by the program, the ZIP Code is standardized at MCC for posting to the Master File.
 - c. If there is **no match** by the program, MCC passes the return on to the Master File for posting, but an Error Listing is generated and sent to the campus for correction.
- (6) If the ZIP Code is **incomplete** on the return and the Street or City address is incomplete or missing, then research is needed for the complete address.
 - Follow local procedures for research.
- (7) If only the first three digits of the ZIP Code can be determined, enter "01" for the fourth and fifth digits.
- (8) If the first three digits of the ZIP Code cannot be determined, see Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.
- (9) The U.S. Postal Service (USPS) established new address requirements for Army Post Office (APO), Diplomatic Post Office (DPO), and Fleet Post Office (FPO) addresses. If the old address appears (e.g., APO New York, NY 091XX), convert to the new state code abbreviation based on the ZIP Code (e.g., the previous example would be converted to APO AE 091XX). **APO/DPO/FPO addresses are considered domestic addresses.** Refer to conversion table below:

APO/DPO/FPO Criteria

Address	State Code Abbreviation	ZIP Code
APO/DPO/FPO	AA	340XX
APO/DPO/FPO	AE	090XX - 098XX
APO/DPO/FPO	AP	962XX - 966XX

- (10) **IMPORTANT: Field 02-F must be blank if the address is foreign.**

3.12.16.6
(01-01-2018)

Section 03, Data - Form 1120-FSC, Form 1120-ND and Form 1120-SF

- (1) Section 03 must be present for Form 1120-FSC, except for a valid "G" coded return.
- (2) The only error indicator that applies to Section 03 is the asterisk which will appear to the left of the invalid field or section error indicators.
- (3) **If a field is asterisked, check to determine if that field is valid for that return and document code.**

- (4) All Section 03 fields are variable in length.
- (5) Corrections are made with Action Code 6. Section 03 can be added or deleted with Action Code 5 or Action Code 4.

Note: Action Code 4 is used only when CCC “G” is present.

3.12.16.6.1
(01-01-2020)
**Section 03, Error
Register Format**

- (1) The table below shows Section 03: Alpha Field Designator (AFD), Field Title, Field Length and Location on the Return.

Note: The Form 1120-L and Form 1120-PC moved to the Error Resolution System (ERS). To keep the error register in the same format and prevent more programming, several fields are “Reserved”.

Section 03

Section 03 AFD	Field Title	Field Length	Location On The Return
A	ABLM Code	3	Reserved
B	North American Industry Classification System (NAICS) Code	6	<ul style="list-style-type: none"> Form 1120-FSC, Page 1, above Box A Computer-generated for Form 1120-ND 525920) and Form 1120-SF (999000)
C	Missing Schedule Code (MSC)	2	Reserved. See IRM 3.12.16.6.4, Field 03-C, Missing Schedule Code, for more information.
D	Penalty and Interest Code	1	<ul style="list-style-type: none"> Form 1120-FSC, left margin near Line 2 Form 1120-ND, left margin near Line 5 Form 1120-SF, left margin near Line 9
E	Reserve Code	1	<ul style="list-style-type: none"> Form 1120-FSC, left margin near Line 2 Form 1120-ND, left margin near Line 5 Form 1120-SF, left margin near Line 9
F	Tax Preference Code	1	<p>Form 1120-FSC, Page 1, bottom center margin for tax periods ending November 30, 2018, (201811) and prior.</p> <p>Note: Tax Cuts and Jobs Act of 2017, Public Law (P.L.) 115-97, Section 12001 - Repeal of tax for corporations. Section 12001 repeals the corporate alternative minimum tax, effective for taxable years beginning after December 31, 2017.</p>
H	Audit Codes	9	<ul style="list-style-type: none"> Form 1120-FSC, left margin near Line 2 Form 1120-ND, left margin near Line 5 Form 1120-SF, left margin near Line 9
I	Installment Sale Indicator	1	Form 1120-FSC, left margin near Line 2
K	Principal Shareholder Name	4	Form 1120-FSC, Page 1, Line 1a
L	Principal Shareholder EIN	9	Form 1120-FSC, Page 1, Line 1b
M	Subsidiary Filer Code	1	Form 1120-FSC, Page 1, Line 2 box checked

Section 03 AFD	Field Title	Field Length	Location On The Return
N	Parent Name	4	Form 1120-FSC, Page 1, Line 2a
O	Parent EIN	9	Form 1120-FSC, Page 1, Line 2b
P	Type of Election Code	1	Form 1120-FSC, Page 1, Box B
Q	Kind of Business Code	1	Reserved
V	Foreign Country Code	2	Form 1120-FSC, Page 1, left of Line 1a
W	Parent Total Assets	13	Form 1120-FSC, Page 1, Line 2d
X	Types of Liabilities	5	Form 1120-SF, Page 2, Line 5a
Y	Empowerment Zone Indicator	1	Reserved

3.12.16.6.2 (1) This field is Reserved.

(01-01-2020)

**Field 03-A, ABLM Code
(Reserved)**

- 3.12.16.6.3 (1) The six-digit Principal Business Activity (PBA) (which is based on the North American Industry Classification System (NAICS)) is **computer-generated for Form 1120-ND (525920) and Form 1120-SF (999000)**.
- (01-01-2024)
- Field 03-B, North American Industry Classification System (NAICS) Code**
- (2) The NAICS Code (Field 03-B) is entered on Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, Page 1, left corner, near Form 1120-FSC.
- (3) Field 03-B (NAICS Code) will asterisk if blank, all zeroes or if Field 03-B (NAICS Code) does not have six numeric digits within the range 000001 through 999999 on Form 1120-FSC only, on other than an Amended (CCC "G") return. See Figure 3.12.16-9, Blank Field 03-B (NAICS Code).

323100

Form 1120-FSC

U.S. Income Tax Return of a Foreign Sales Corporation

For calendar year 20 or other tax year beginning , 20 and ending , 20

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

Go to www.irs.gov/Form1120FSC for instructions and the latest information.

A Foreign country or U.S. possession of incorporation (see instructions)

Name

C Employer identification number

B Check type of election made:
☐ FSC ☐ Small FSC
Enter the effective date of the election:

Number, street, and room or suite no. (see instructions)

D Date incorporated

3131 E Maple Ave

Little Rock AR 72201

E Total assets (see instructions)

F Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

FSC Information

1 Principal shareholder. Complete for the shareholder that was the principal shareholder at the beginning of the FSC's tax year. If two or more shareholders

6 03 A + *B 323100 + C + D + E + F + G + H + I + J + K + L + M
N + O + P + Q + R + S + T + V +

Figure 3.12.16-9 Blank Field 03-B (NAICS Code)

- (4) Only one NAICS Code can be used on the return. Enter the NAICS Code as follows:

NAICS Code Procedures

If	Then
a. An Amended (CCC “G”) return,	The NAICS Code is not needed. No action is required.
b. The NAICS Code is missing,	1. Check Form 1120-FSC, Page 2, Schedule A, Additional Information, Line 1a. 2. Enter the six-digit code in Field 03-B (NAICS Code).
c. If the NAICS Code is missing and there is more than one NAICS Code on Form 1120-FSC, Page 2, Schedule A, Additional information, Line 1a,	Enter the first NAICS Code shown in Field 03-B (NAICS Code).
d. The correct code cannot be determined on Form 1120-FSC, Page 2, Schedule A, Additional information, Line 1a,	Enter NAICS Code 999999 in Field 03-B (NAICS Code).

- (5) Field 03-B (NAICS Code) must always be present on Form 1120-FSC.

- a. A Missing Section will generate if this field and Section 03 are not present.
- b. Enter the correct code with Action Code 6, if missing.

3.12.16.6.4
(02-03-2020)
**Field 03-C, Missing
Schedule Code**

- (1) Code and Edit will no longer edit the Missing Schedule Code (MSC) in the left margin near Line 5 (Form 1120-ND) and near Line 2 (Form 1120-FSC). Code

#

Exception: Form 1120-ND, Page 1, Line 2 has **any** significant entry and Schedule D or similar schedule is not attached.

Missing Schedule Codes

Code	Explanation	Valid Form(s)
29	Foreign Tax Credit - Corporations is present on Form 1120-FSC and Form 1118 is not attached.	Form 1120-FSC
30	Personal Holding Company Tax is present on Form 1120-FSC and Schedule PH (Form 1120) is not attached.	Form 1120-FSC (2004 and prior tax returns)
32	Capital gain net income is present on Form 1120-ND, Page 1, Line 2, and Schedule D (Form 1120) is not attached.	Form 1120-ND
34	<p>Form 1120-FSC, Schedule J, Line 3* has an entry and the Form 4626, Alternative Minimum Tax, is not attached.*(Prior Years: 2005-2000: Line 4.)</p> <p>Caution: This is valid for tax periods ending November 30, 2018, (201811) and prior. Tax Cuts and Jobs Act of 2017, Public Law (P.L.) 115-97, Section 12001 - Repeal of tax for corporations. Section 12001 repeals the corporate alternative minimum tax, effective for taxable years beginning after December 31, 2017.</p>	Form 1120-FSC

- (2) Check for coding errors, transcription errors, and correct Field 03-C (Missing Schedule Code) correctly.
- (3) If the required form(s) and schedule(s) are not present and there is no indication Code and Edit corresponded for the missing form(s) and schedule(s):
 - a. Delete the entry in Field 03-C (Missing Schedule Code).
 - b. Reject the record with Action Code 3 for correspondence.
 - c. Prepare Form 3696 or other approved Correspondence Action Sheet and request all information that is missing or incomplete.

- d. Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49.
- e. Edit an action trail "L118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.
- f. Circle out the Missing Schedule Code on the return, if present.

(4) If no reply to our correspondence:

- a. Disallow the credit. See IRM 3.12.16.17, General "No Reply" Procedures, for more information.
- b. Delete the credit from the error register and the return.
- c. Enter CCC "3" in Field 01-F (CCC).
- d. Enter CCC "X" to freeze the refund, if an overpayment is shown.
- e. Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for more information.
- f. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
- g. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

3.12.16.6.5
(01-01-2018)
Field 03-D, Penalty and Interest Code

- (1) Penalty and Interest Code is edited in the left margin near **Deductions** (Form 1120-ND, near Line 5; Form 1120-SF, near Line 9) when the return shows an

#

Exception: For Form 1120-FSC, the Penalty and Interest Code is edited in the left margin near Line 2 (Payments).

- (2) CCC "R" must be present in Field 01-F (CCC), if interest only is shown.
- (3) Field 03-D must be blank or "1".

#

(4) Check the return for all coding errors and transcription errors.

- Correct Field 01-E (Received Date), Field 01-F (Computer Condition Code), Field 03-D (Penalty and Interest Code) and return.

3.12.16.6.6
(01-01-2021)
Field 03-E, Reserve Code

- (1) Reserve Code is edited in the left margin near **Deductions** (Form 1120-ND, near Line 5; Form 1120-SF, near Line 9). Code and Edit will edit "5 -" followed by the correct Reserve Code.

Exception: For Form 1120-FSC, the Reserve Code is edited in the left margin near Line 2 (Payments).

- (2) Code and Edit may enter a "9" to force the record to the error register and will attach an explanation to the return.
- a. Since the "9" is invalid, it must be deleted from Field 03-E (Reserve Code) when the problem is resolved.

- (3) If Field 03-E is asterisked, correct the field.

#

The "1" is valid on correction only.

- (5) Enter Reserve Code "4" if Form 2220, Underpayment of Estimated Tax by Corporations, is attached and the taxpayer has checked the box on Form 2220, Part II, Line 8, "Large Corporation".
- (6) Priority of Reserve Codes are as follows:
- "1"
 - "4"
 - "9" - will be deleted by Error Correction after proper action is taken.

3.12.16.6.7
(01-01-2024)

**Field 03-F, Tax
Preference Code**

- (1) Field 03-F (Tax Preference Code) applies only to Form 1120-FSC and is valid for tax periods ending November 30, 2018, (201811) and prior.

Note: Tax Cuts and Jobs Act of 2017, Public Law (P.L.) 115-97, Section 12001, repeals the corporate alternative minimum tax, effective for taxable years beginning after December 31, 2017.

- (2) For tax periods ending December 31, 2018, (201812) and later, Field 03-F (Tax Preference Code) **must** be blank. If a "1" is present in Field 03-F (Tax Preference Code), remove it.
- (3) For tax periods ending November 30, 2018, (201811) and prior, the valid entries are blank and "1".
- The Tax Preference Code is edited to the bottom center margin of Form 1120-FSC, Page 1.
 - Check for misplaced entries, coding errors and transcription errors, and correct.
 - Tax Preference Code "1" is required when:
 - Form 4626, Alternative Minimum Tax, or substitute is attached.
 - An amount is present (for tax periods ending 201811 and prior) for Alternative Minimum Tax computation on Form 1120-FSC, Schedule J, Line 3 (Prior year line number: 2017 - 2006: Line 3).

3.12.16.6.8
(01-01-2018)

Field 03-H, Audit Code

- (1) Field 03-H (Audit Code) is edited in the left margin near **Deductions** (Form 1120-ND, near Line 5; Form 1120-SF, near Line 9). Code and Edit will edit "2 -" followed by the correct Audit Code(s).

Exception: For Form 1120-FSC, the Audit Code is edited in the left margin near Line 2 (Payments).

- (2) This field may be blank or have digits 1 through 6. Only three codes can be entered. The following table lists the valid Audit Codes:

Audit Codes

Form	Valid Audit Code
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	All codes are valid.
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Audit Code “3” is the only valid code and must be present.
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Audit Codes “1”, “3”, and “4” are valid.

(3) The Audit Codes and conditions are in the following table:

Audit Codes

Audit Code	Condition
Audit Code 1	Disclosure Statement or Inconsistent Filer
Form 1120-FSC, Form 1120-SF	<ul style="list-style-type: none"> Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR), is attached; or The return has an attachment with the statement, "Notice of Inconsistent Treatment under IRC 6222(b)"; or Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement, is attached, or a statement referring specifically to IRC 6222 (Disclosure). Form 8886, Reportable Transaction Disclosure Statement, is attached.
Audit Code 2	International Income or Credit
Form 1120-FSC	Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business (Under Sections 6038A and 6038C of the Internal Revenue Code), is attached to the return.
Audit Code 3 Note: Attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip with an explanation as to why the Audit Code was used.	Examination Classification Criteria
Form 1120-FSC	<ul style="list-style-type: none"> "Unusual Refundable Credits" are claimed. Taxpayer quotes "Change of Accounting Period" under Headquarters Grant Letter, Revenue Procedure (Rev. Proc.) 2006-46, Rev. Proc. 2006-45, Rev. Proc. 82-25 or Treasury Regulations 1.442-1(c) or (d).
Form 1120-ND	Edit on all Form 1120-ND.
Form 1120-SF	<p>through 16e. Enter CCC "N" (Joint Committee Case).</p> <p>b. "Unusual Credits" are defined as:</p> <ul style="list-style-type: none"> A credit claimed under IRC 1341 or a "Claim of Right" for refund of excessive prior year taxes. Credits claimed by minority shareholder corporations under IRC 337(d). Credits claimed under IRC 1383 in a later year for a refund of excessive prior year taxes. Randomly entered credits notated as "Claim of Right", "Reg. 1.1341", or "Reg. 1.337". <p>c. Taxpayer quotes "Change of Accounting Period" under Headquarters Grant Letter, Revenue Procedure (Rev. Proc.) 2006-46, Rev. Proc. 2006-45, Rev. Proc. 82-25 or Treasury Regulations 1.442-1(c) or (d).</p>
Audit Code 4	Joint Committee Case

#

Audit Code	Condition
Form 1120-FSC	<p>through 2g. Enter CCC "N" (Joint Committee Case).</p> <p>b. "Unusual Credits" are defined as:</p> <ul style="list-style-type: none"> • A credit claimed under IRC 1341 or a "Claim of Right" for refund of excessive prior year taxes. • Credits claimed by minority shareholder corporations under IRC 337(d). • Credits claimed under IRC 1383 in a later year for a refund of excessive prior year taxes. • Randomly entered credits notated as "Claim of Right", "Reg. 1.1341", or "Reg. 1.337".
Audit Code 5	Reserved
Audit Code 6	Reserved

#

- (4) If Field 03-H (Audit Code) is asterisked, check for coding errors and transcription errors. Correct Field 03-H (Audit Code).

3.12.16.6.9
(01-01-2018)

**Field 03-I, Installment
Sale Indicator**

- (1) Field 03-I (Installment Sale Indicator) is edited in the left margin near Line 2 (Payments) of Form 1120-FSC. Code and Edit will edit "6 -" followed by the correct Installment Sale Indicator.
- (2) This field must be 1, 2, 3 or blank. The codes are based on the response to Question "3" on Form 6252, Installment Sale Income.
- (3) Valid codes for Installment Sale Indicator are:

Installment Sale Indicator

Code	One Form 6252	Multiple Forms 6252
1	"Yes" response to Question 3	At least one form has a "Yes" response.
2	"No" response to Question 3	All "No" responses or a combination of "No" and blank responses.
3	"Yes" and "No" are checked or Question 3 is blank	Question 3 is blank on all forms.

- (4) The following table gives instructions for resolving Field 03-I (Installment Sale Indicator).

Correction Procedures

If	Then
a. Field 03-I (Installment Sale Indicator) asterisks, check for coding errors and transcription errors,	Correct Field 03-I (Installment Sale Indicator).
b. The return is a Form 1120-FSC, but the Document Code is not 07,	Reject with Action Code 3 and write on Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip incorrectly numbered, renumber as a Form 1120-FSC.

3.12.16.6.10
(01-01-2018)
**Field 03-K, Principal
Shareholder Name
(Form 1120-FSC)**

- (1) Field 03-K (Principal Shareholder Name) is transcribed from Form 1120-FSC, Page 1, Line 1a. The field must have one to four characters. The valid characters are:
- a. Numeric
 - b. Alpha
 - c. Ampersand
 - d. Hyphen

Note: Change a slash (/) or period (.) in the name control to a hyphen (-).

- (2) The name field must have one to four characters and may have from one to three blanks.
- a. The name must have an alpha or numeric in the first position.
 - b. The remaining positions must be numeric, alpha, ampersand, hyphen or blank.
 - c. No character may follow a blank.
- (3) Take the following action:

Correction Procedures

If	Then
a. The name is invalid or blank,	Check for coding errors and transcription errors. Enter the correct data in Field 03-K (Principal Shareholder Name).
b. The correct name cannot be found,	Research using Integrated Data Retrieval System (IDRS)
c. A correct name cannot be determined,	Delete Field 03-K (Principal Shareholder Name).

3.12.16.6.11
(01-01-2018)

**Field 03-L, Principal
Shareholder EIN (Form
1120-FSC)**

- (1) Field 03-L (Principal Shareholder EIN) is transcribed from Form 1120-FSC, Page 1, Line 1b.
- (2) Field 03-L (Principal Shareholder EIN) must have an EIN.
- (3) If Field 03-L (Principal Shareholder EIN) is an EIN, it cannot begin with 00, 07, 08, 09, 17, 18, 19, 28, 29, 49, 78, 79 or 89.
- (4) Take the following action to correct the field:

Correction Procedures

If	Then
a. The EIN is invalid or blank,	Check for coding errors and transcription errors. Enter the correct EIN in Field 03-L (Principal Shareholder EIN).
b. The correct EIN cannot be found,	Research using IDRS. Reminder: EIN cannot begin with 00, 07, 08, 09, 17, 18, 19, 28, 29, 49, 78, 79 or 89.
c. The correct EIN cannot be determined,	Delete Field 03-L (Principal Shareholder EIN).

3.12.16.6.12
(01-01-2020)

**Field 03-M, Subsidiary
Filer Code (Form
1120-FSC)**

- (1) Field 03-M (Subsidiary Filer Code) is edited and transcribed from Form 1120-FSC, Page 1, Line 2 box checked.
- (2) Field 03-M (Subsidiary Filer Code) is a transcribed field which must have a blank or 1 through 3.
 - a. Code "1" - "Yes" box checked.
 - b. Code "2" - "No" box checked.
 - c. Code "3" - Both box 1 and 2 are checked.
- (3) If this field asterisks, check for coding errors and transcription errors.
- (4) Field 03-M (Subsidiary Filer Code) will asterisk if the Parent Name Control or Parent EIN is not present on the return, when code "1" or "3" is entered in this field. A correct entry in Field 03-N (Parent Name Control) and Field 03-O (Parent EIN) will eliminate the asterisk.

3.12.16.6.13
(01-01-2020)

**Field 03-N, Parent Name
Control (Form 1120-FSC)**

- (1) Field 03-N (Parent Name Control) is transcribed from Form 1120-FSC, Page 1, Line 2a.
- (2) Field 03-N (Parent Name Control) must have one to four characters. The valid characters are:
 - a. Numeric
 - b. Alpha
 - c. Ampersand

d. Hyphen

Note: Change a slash (/) or period (.) in the name control to a hyphen (-).

- (3) The name field must have one to four characters and may have from one to three blanks.
 - a. The name must have an alpha or numeric in the first position.
 - b. The remaining positions must be numeric, alpha, ampersand, hyphen or blank.
 - c. No character may follow a blank.
- (4) If name control is invalid or blank, check for coding errors and transcription errors and correct.
- (5) Field 03-N (Parent Name Control) will asterisk if Field 03-M (Subsidiary Filer Code) is coded "1" or "3" and Field 03-N (Parent Name Control) is blank. Take the following action:

Correction Procedures

If	Then
This field is invalid,	Examine the return and attachments for a valid name control.
No Parent Name is found,	Enter "XXXX" in Field 03-N (Parent Name Control) if Field 03-M (Subsidiary Filer Code) is coded "1" or "3".

3.12.16.6.14
(01-01-2020)

**Field 03-O, Parent
Employer Identification
Number (EIN) (Form
1120-FSC)**

- (1) Field 03-O (Parent EIN) is transcribed from Form 1120-FSC, Page 1, Line 2b.
- (2) Take the following action for Form 1120-FSC only:

Correction Procedures

If	Then
Field 03-O (Parent EIN) was edited and transcribed,	The EIN must be present in this field.
The Field 03-O (Parent EIN) is not present,	Then it will be substituted with Field 03-L (Principal Shareholder EIN), if present, unless Field 03-L is a SSN.

- (3) The table below lists pertinent information for Field 03-O (Parent EIN).

Parent EIN

Form	Field 03-O cannot Begin With The Following Numerics
1120-FSC	00, 07, 08, 09, 17, 18, 19, 28, 29, 49, 78, 79 or 89.

- (4) Field 03-O (Parent EIN) will asterisk if the EIN is the same as the EIN for the return. They cannot be the same.
- (5) Examine the return and attachments for a valid EIN, if this field is invalid. Take the following action:

Correction Procedures

If	Then
A valid EIN is found,	Enter the correct EIN in Field 03-O (Parent EIN).
A valid EIN is not found,	Enter "129999999" in Field 03-O (Parent EIN), if Field 03-M (Subsidiary Filer Code) is coded "1" or "3".

3.12.16.6.15
(01-01-2018)
Field 03-P, Type of Election Code (Form 1120-FSC)

- (1) Field 03-P (Type of Election Code) is transcribed and edited from Form 1120-FSC, Page 1, Box B.
- (2) Valid codes are 1, 2 or blank.
 - a. Code "1" must be present if the "FSC" box is checked.
 - b. Code "2" must be present if the "Small FSC" box is checked.
 - c. If neither box is checked (Box B is blank), then no code is applicable.
 - d. Correct field.
- (3) Field 03-P (Type of Election Code) will asterisk if present on any return other than Form 1120-FSC. Delete this field if present on any other form.

3.12.16.6.16
(01-01-2020)
Field 03-Q, Kind of Business Code (Reserved)

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.6.17
(01-01-2018)
Field 03-V, Foreign Country Code (Form 1120-FSC)

- (1) The Foreign Country Code is a code transcribed from Form 1120-FSC, Page 1, left of Line 1a.
- (2) This field must be blank or a two-character alpha. See Exhibit 3.12.16-7, Foreign Country Codes, for a list of valid foreign county codes or Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.

3.12.16.6.18
(01-01-2018)
Field 03-W, Parent Total Assets (Form 1120-FSC)

- (1) Field 03-W (Parent Total Assets) must be present if Field 03-N (Parent Name Control) was edited and transcribed.
 - a. It is transcribed in dollars only.
 - b. Delete Field 03-W (Parent Total Assets) if it is negative.
 - c. The field must be blank or all numeric.
- (2) Delete this field when an asterisk is present on Form 1120-SF.

- (3) Enter the amount from Page 1, Line 1d into Field 03-W (Parent Total Assets), when the amount on Page 1, Line 1d is greater than the amount present on Page 1, Line 2d.
- (4) Copy any significant amount on Page 1, Line 1d to Page 1, Line 2d, when the amount on Page 1, Line 2d is blank and the Common Parent's Name and EIN are blank.

3.12.16.6.19
(01-01-2018)
Field 03-X, Type of Liabilities (Form 1120-SF)

- (1) Field 03-X (Type of Liabilities) is a five-digit field transcribed from Page 2, Additional Information, Line 5a on Form 1120-SF only.
- (2) The field must be 1 through 5 or blank. All five codes do not have to be present.
- (3) A blank cannot be in the first position, if a valid code is present.
- (4) The valid codes for Field 03-X (Type of Liabilities) are:

Type of Liabilities (Form 1120-SF)

Code	Description
1	Tort
2	Breach of Contract
3	Violation of Law
4	Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)
5	Other

3.12.16.6.20
(01-01-2020)
Field 03-Y, Empowerment Zone Indicator (Reserved)

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.7
(01-01-2018)
Section 04, Data - Form 1120-FSC, Form 1120-ND and Form 1120-SF

- (1) Section 04 has the information fields for Form 1120-FSC, Form 1120-ND and Form 1120-SF.
- (2) If a field is asterisked, check to determine if that field is valid for that return and document code.
- (3) The fields are variable in length and are money amounts.
- (4) Fields 04-A, 04-B, 04-C, 04-D, 04-E and 04-F are transcribed in dollars only.
- (5) Fields 04-A, 04-C and 04-F may be positive or negative.
- (6) The remaining fields must be positive only.

3.12.16.7.1
(07-26-2019)

- (1) The table below shows Section 04: Alpha Field Designator (AFD), Field Title, Field Length, Dollars and Cents (\$ / ¢), and the Location on the Return.

**Section 04, Error
Register Format**

Section 04

Section 04 AFD	Field Title	Field Length	\$ / ¢	Location On The Return
A	Total Assets-End	15	\$	<ul style="list-style-type: none"> Form 1120-FSC, Page 1, Box E Form 1120-ND, Page 1, bottom right margin Form 1120-SF, Page 1, bottom right margin
B	Total Assets-Begin	15	\$	Form 1120-SF, Schedule L, Line 6, Beginning Column
C	Modified Gross Income	11	\$	Form 1120-SF, Page 1, Line 14
D	Total Liabilities-End	13	\$	Form 1120-SF, Schedule L, Line 9, End Column
E	Total Liabilities-Begin	13	\$	Form 1120-SF, Schedule L, Line 9, Beginning Column
F	Taxable Income	15	\$	<ul style="list-style-type: none"> Form 1120-FSC, Page 3, Line 18 Form 1120-ND, Page 1, Line 12
H	Depreciation (Administrative Pricing Rules)	11	\$ / ¢	Form 1120-FSC, Schedule G, Line 4, Column (a)
I	Depreciation (Non-Administrative Pricing Rules)	11	\$ / ¢	Form 1120-FSC, Schedule G, Line 4, Column (b)

3.12.16.7.2
(01-01-2023)

- (1) Field 04-A (Total Assets - End) is transcribed from the following forms.

**Field 04-A, Total Assets -
End**

Form	Location On The Return
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Box E
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, bottom right margin (edited amount)
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 1, bottom right margin (edited amount)

- (2) Code and Edit will edit the amount in dollars.
- (3) The field must be all numeric or blank.
- (4) Field 04-A (Total Assets - End) will asterisk when Fields 04-F through 04-J are present on Form 1120-SF.
- (5) Delete the invalid fields for Form 1120-ND or Form 1120-SF.

- (6) Check for misblocking, if the return is not a Form 1120-ND or Form 1120-SF.
- Reject with Action Code 3.
 - Prepare Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip indicating reason for reject (e.g., return is misblocked, renumber as Form 1120-FSC).

3.12.16.7.3
(01-01-2018)

**Fields 04-B through 04-E
(Form 1120-SF)**

- (1) Fields 04-B through 04-E are valid on Form 1120-SF.
- (2) The table below shows Field, Name and Location on the Form 1120-SF.

Fields 04-B through 04-E (Form 1120-SF)

Field	Name	Location On The Return
04-B	Total Assets - Beginning of Year	Schedule L, Line 6, Beginning Column
04-C	Modified Gross Income	Page 1, Line 14
04-D	Total Liabilities - End of Year	Schedule L, Line 9, End Column
04-E	Total Liabilities - Beginning of Year	Schedule L, Line 9, Beginning Column

- (3) These fields must be all numeric or blank.
- (4) Field 04-C (Modified Gross Income) may be positive or negative.

3.12.16.7.4
(01-01-2018)

**Field 04-F, Taxable
Income**

- (1) The table below shows Form and Location on the Return for Field 04-F (Taxable Income).

Field 04-F, Taxable Income

Form	Location On The Return
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 3, Line 18
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, Line 12

- (2) This field must be all numeric or blank.
- (3) Field 04-F (Taxable Income) may be positive or negative.

3.12.16.7.5
(01-01-2020)

**Field 04-H and Field 04-I,
Depreciation (Form
1120-FSC)**

- (1) The table below shows Field, Name and Location on the Form 1120-FSC.

Field 04-H and Field 04-I, Depreciation

Field	Name	Location On The Return
04-H	Depreciation (Administrative Pricing Rules)	Schedule G, Line 4, Column (a)
04-I	Depreciation (Non-Administrative Pricing Rules)	Schedule G, Line 4, Column (b)

- (2) Fields 04-H (Depreciation (Administrative Pricing Rules)) and 04-I (Depreciation (Non-Administrative Pricing Rules)) must be edited in dollars and cents.
- (3) These fields must be all numeric or blank.
- (4) They must be a positive amount only.

3.12.16.7.6
(01-01-2020)

**Tax Rates for Form
1120-SF**

- (1) The table below shows the Tax Periods and Tax Rates for the Form 1120-SF.

Tax Periods and Tax Rates for Form 1120-SF

Tax Period	Tax Rate
201812 and later	37%
201312 through 201811	39.6%
200312 through 201311	35%
200201 through 200311	38.6%
200101 through 200112	39.1%
200012 and prior	39.6%

3.12.16.8
(01-01-2023)

**Section 07, Data - Form
1120-FSC, Form 1120-ND
and Form 1120-SF**

- (1) Section 07 has tax information, credits and other taxes.
- (2) If a field is asterisked, check to determine if that field is valid for that return and document code.
- (3) Action Codes 4, 5, and 6 are applicable. See IRM 3.12.16.3.2, Action Codes, for more information.
- (4) All fields are positive except the following fields, which may be positive or negative.
- Field 07-I (Balance Due/Overpayment)
 - Field 07-T (Salaries and Wages)
- (5) Take the following action **if an error reduces** the correctly transcribed **Total**

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- Examine the return for a possible typing error.
- Check all the lines leading to the math computation.
- Search for omitted or incorrectly transferred amounts from attachments.

- d. If it appears that the error is not necessarily a true error condition, reject the record with Action Code 3 for correspondence with the taxpayer. Ask for clarification of the area in doubt.
- (6) If there is an increase in Total Tax, then check if the taxpayer has any unused carryover credits. If so, then apply them to the maximum amount available in the following order.

Correction Procedures

If	Then
a. For Tax Periods beginning 199512 and later:	Apply as follows: 1. Foreign Tax Credit 2. Possessions Tax Credit 3. Production Tax Credit 4. General Business Credit 5. Prior Year Minimum Tax Credit
b. The taxpayer has not applied the credits in the proper order:	Recompute in the order above. Refer to the supporting forms to determine the available amounts.

- (7) Adjust the amount reported on the return to reflect the actual amount applied; and, change the correct fields on the error register.

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error notice must be sent, send Letter 3833C, Tax Return Adjustment Explained (BMF), (or other correct letter) explaining the adjustment and stating the corrected carryover amount.

- (9) The valid taxpayer notice codes for Form 1120-FSC, Form 1120-ND and Form 1120-SF are TPNCs 05, 10, 41, 88, 89 and 90.

Note: See IRM 3.12.16.3.4.1, Taxpayer Notice Codes (TPNCs), for the TPNC and the explanation.

- (10) For a full listing of the programmed TPNC 90 Math Error Codes, see TPNC 90 Math Error Code Job Aid at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-math-error-code.doc>.
- (11) For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
- (12) Manually Corrected Tax is used when neither the transcribed amount nor the underprinted amount for total tax is correct. All fields leading up to Field 07-A (Total Tax) must be corrected when applicable. If manually corrected tax is

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3.12.16.8.1
(01-01-2022)
**Section 07, Error
Register Format**

- (1) Section 07 has information fields that are variable in length and are money amounts.
- (2) If a field is asterisked, check to determine if that field is valid for that return and document code.

- (3) The table below shows Section 07: Alpha Field Designator (AFD), Field Title, Field Length, Dollars and Cents (\$ / ¢), and the Location on the Return.

Note: The Form 1120-L and Form 1120-PC moved to the Error Resolution System (ERS). To keep the error register in the same format and prevent more programming, several fields are “Reserved”.

Section 07

Section 07 AFD	Field Title	Field Length	\$ / ¢	Location On The Return
A	Total Tax	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 1 Form 1120-ND, Line 13 Form 1120-SF, Line 15
A	Total Income Tax (Generated Underprint)	15	\$ / ¢	
B	Estimated Tax Credit	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 2d Form 1120-ND, Line 14d Form 1120-SF, Line 16d
C	Form 7004 Credit	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 2e Form 1120-ND, Line 14e Form 1120-SF, Line 16e
D	Regulated Investment Credit/Reciprocal Credits	11	\$ / ¢	Reserved
E	Refundable Credits from Form 3800 and Form 8827	15	\$ / ¢	Reserved
F	1042-S Credit (Form 1120-FSC)	15	\$ / ¢	Form 1120-FSC, Line 2g
G	Foreign Investment in Real Property Tax Act (FIRPTA) Credit	11	\$ / ¢	Form 1120-FSC, space to the right of Line 2g
H	Estimated Tax Penalty	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 3 Form 1120-ND, Line 15 Form 1120-SF, Line 17
I	Balance Due/ Overpayment	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 4/Line 5 Form 1120-ND, Line 16/ Line 17 Form 1120-SF, Line 18/ Line 19
I	Balance Due/ Overpayment (Generated Underprint)	15	\$ / ¢	
J	Credit to Next Year's Estimated Tax	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 6 (center) Form 1120-ND, Line 18 (center) Form 1120-SF, Line 20, (center)
N	Gross Income	15	\$	Reserved
O	Special Deduction	15	\$	Reserved

Section 07 AFD	Field Title	Field Length	\$ / ¢	Location On The Return
R Note: This field is no longer applicable and was used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711.	Credit for Federal Telephone Excise Tax Paid (For 2006 tax form revision.)	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, edited amount in the dotted area left of Line 2h Form 1120-ND, Line 14f, edited amount in dotted area Form 1120-SF, Line 16f, edited amount in dotted area
R Note: This field is no longer applicable and was used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711.	Credit for Federal Telephone Excise Tax Paid (Generated Under-print)	15	\$ / ¢	Generated total of Form 8913, Line 15, Columns (d) and (e)
S Note: This field is no longer applicable and was used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711.	Credit for Federal Telephone Excise Tax Paid (verified amount)	15	\$ / ¢	SCRS field only
T	Salaries and Wages	15	\$	Reserved
W	Tax Exempt Interest	15	\$	Form 1120-SF, Page 2, Additional Information Line 2
X	Interest Exempt Under Section 103	11	\$	Reserved

Section 07 AFD	Field Title	Field Length	\$ / ¢	Location On The Return
Y	Refundable Credits (Computer-Generated)	15	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 2h Form 1120-ND, Line 14f Form 1120-SF, Line 16f
Z	Manually Corrected Total Tax	13	\$ / ¢	<ul style="list-style-type: none"> Form 1120-FSC, Line 1 left Form 1120-ND, Line 13 Form 1120-SF, Line 15 left

3.12.16.8.2

(01-01-2023)

Field 07-A, Total Tax

(2) The form(s) and the transcription line(s) are identified in the table below:

Field 07-A, Total Tax

Form	Transcription Line(s)	Math Verify
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Line 1	Yes
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, Line 13	Yes
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 1, Line 15	No

Note: See IRM 3.12.16.10, Manual Verifications, for more information.

(3) Take the following action:

Correction Procedures

If	Then
a. The return is a Form 1120-ND and any of the following fields are present: <ul style="list-style-type: none"> • Field 07-D (Regulated Investment Credit), • 07-F (1042-S Credit/Other Credit), • 07-G (Foreign Investment in Real Property Tax Act (FIRPTA) Credit), 	Delete the fields.
b. The return is a Form 1120-SF and any of the following fields are present: <ul style="list-style-type: none"> • Field 07-D (Regulated Investment Credit), • 07-F (1042-S Credit/Other Credit), • 07-G (FIRPTA Credit), 	Delete the fields.

- (4) The return is a **Form 1120-SF** and the total tax does not equal 37% (201812 and later) of the Modified Gross Income (Field 04-C), Field 07-A (Total Tax) will **underprint**. See IRM 3.12.16.7.6, Tax Rates for Form 1120-SF, for more information. Take the following action:

Correction Procedures

If	Then
a. Field 07-A (Total Tax) is underprinting and the underprint is correct,	Use the computer's figure and enter Action Code 1 and TPNC 05.
b. Field 07-A (Total Tax) is underprinting and the underprint is incorrect, and the taxpayer's figure has been verified as correct,	Enter Action Code 0 to clear the register.
c. Neither the taxpayer's figure nor the underprint are correct,	Enter the corrected figure in Field 07-Z (Manually Corrected Total Tax) with Action Code 6. On "loop", enter Action Code 1 and TPNC 05.

- (5) Take the following action for Form 1120-SF:

Correction Procedures

If	Then
a. The tax period straddles the 2017 and 2018 tax year,	Manually compute the income tax using the two rates.
b. No other errors are present, and there is no underprint in Field 07-A (Total Tax),	Enter Action Code 0 to clear the register.

Note: Field 07-A (Total Tax) can never be blank if Field 01-A (Remittance) has an entry. Enter .01 (1 cent) in Field 07-A (Total Tax) if the remittance amount in Field 01-A (Remittance) is the estimated penalty in Fields 07-H (Estimated Tax Penalty) plus 07-I (Balance Due/Overpayment).

- (6) Taxpayers who file an approved Form 1128, Application to Adopt, Change, or Retain a Tax Year, must annualize. If the taxpayer does not annualize, enter the correct annualized tax in Field 07-Z (Manually Corrected Total Tax). On “loop”, enter Action Code 1 and TPNC 05 to inform the taxpayer of the error.
- (7) Taxpayers annualizing their tax due to a short period “Initial” or “Final” return is not permitted. Assess tax at the regular rate based on their taxable income.

3.12.16.8.3
(01-01-2018)
**Field 07-B, Estimated
Tax Credit**

- (1) The form(s) and the transcription line(s) are identified in the table below:

Field 07-B, Estimated Tax Credit

Form	Transcription Line(s)
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Line 2d
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, Line 14d
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 1, Line 16d

- (2) Field 07-B (Estimated Tax Credit) is the total of:
 - Form 1120-FSC, Line 2d equals = Line 2a plus 2b minus 2c.
 - Form 1120-ND, Line 14d equals = Line 14a plus 14b minus 14c.
 - Form 1120-SF, Line 16d equals = Line 16a plus 16b minus 16c.
- (3) Reject to Accounting: If prepaid credits are claimed on Form 1120-FSC (Lines 2a, 2b, 2e), Form 1120-ND (Lines 14a, 14b, 14e), or Form 1120-SF (Lines 16a, 16b, 16e) and the return is one of the following conditions:
 - a. A short period return,
 - b. A “Final”, or
 - c. A “Change of Accounting Period”.
- (4) Prepare Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip with a notation “Short Period with ES Credits”.

- (5) Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49 as defined below.
 - a. Input for the short period if a copy of attached Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, shows short period.
 - b. Input for a full period (ending 12 months after beginning of the short period) if no Form 7004 is attached or use the underprinted Fiscal Year Month (FYM) in Field 01-D (Tax Period).

3.12.16.8.4
(01-01-2023)

**Field 07-C, Form 7004
Credit**

- (1) The form(s) and the transcription line(s) are identified in the table below:

Field 07-C, Form 7004 Credit

Form	Transcription Line(s)
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Line 2e
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, Line 14e
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 1, Line 16e

3.12.16.8.5
(01-01-2020)

**Field 07-D, Regulated
Investment Credit
(Reserved)**

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.8.6
(01-01-2020)

**Field 07-E, Refundable
Credits from Form 3800
and Form 8827
(Reserved)**

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.8.7
(02-20-2020)

**Field 07-F, U.S. Income
Tax Paid or Withheld at
Source (Form 1042-S
Credit)**

- (1) The form and the transcription line are identified in the table below:

***Field 07-F, U.S. Income Tax Paid or Withheld at Source
(Form 1042-S Credit)***

Form	Transcription Line(s)
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Line 2g, U.S. Income Tax Paid or Withheld at Source

- (2) Correct all misplaced entries, coding errors and transcription errors.
- (3) OSPC must take the following action to correct Field 07-F:

Note: If the taxpayer's name is not shown as the recipient in Box 13 of Form 1042-S (Box 13 cannot be a Withholding Rate Pool), then reduce Field 07-F by this amount.

Caution: If a letter is attached, signed by the Competent Authority, accept the letter as proof of Form 1042-S, withholding and do not correspond for the missing Form 1042-S.

Correction Procedures

If	Then
a. Field 07-F (U.S. Income Tax Paid or Withheld at Source) and Field 07-G (Foreign Investment in Real Property Tax Act (FIRPTA) Credit) are present at the same time,	<p>Edit the Form 1042-S Credit to Form 1120-FSC, to the left of Line 2g.</p> <p>Note: Form 1042-S, Box 13, cannot be a Withholding Rate Pool. If present, reduce Field 07-F by this amount and continue processing.</p>
b. The total credit on Form 1120-FSC, Field 07-F (U.S. Income Tax Paid or Withheld at Source) is supported by Form 1042-S, Copy A, B, C, D, or E, or letter signed by Competent Authority is attached,	<p>Accept the taxpayer's figures.</p> <p>Exception: Form 1042-S, Box 13, cannot be a Withholding Rate Pool. If present, reduce Field 07-F by this amount and continue processing.</p>
c. There is an amount present in Field 07-F (U.S. Income Tax Paid or Withheld at Source) and no Form 1042-S, Copy A, B, C, D, or E, or letter signed by Competent Authority is attached,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register. 2. Prepare Form 3696, Correspondence Action Sheet or other approved Correspondence Action Sheet and request supporting documentation. 3. Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49. 4. Edit an action trail "L118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.

If	Then
d. No response to the request for verification of withholding is received from the taxpayer,	<ol style="list-style-type: none"> 1. Disallow the withholding credit. Note: See IRM 3.12.16.17, General “No Reply” Procedures, for more information. 2. Delete the credit from the error register and the return. 3. Enter CCC “3” in Field 01-F (CCC). 4. Enter Action Code 1 and TPNC 90 (e.g., 90-204) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information. 5. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Service-wide Electronic Research Program (SERP) at http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt. 6. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

Note: See IRM 3.12.16.17, General “No Reply” Procedures, for more information.

- (4) OSPC must refer any questionable verification of the withholding documents to Examination (Exam).

3.12.16.8.8
(02-20-2020)
Field 07-G, Foreign Investment in Real Property Tax Act (FIRPTA) (Form 8288-A)

- (1) The FIRPTA credit is on Form 1120-FSC, Page 1, to the right of Line 2g.
- (2) Correct all misplaced entries, coding errors and transcription errors.
- (3) If FIRPTA credit is claimed on Form 1120-FSC, OSPC must take the following action to correct Field 07-G (FIRPTA):
 - a. Look for an approval from the OSPC Document Perfection, Foreign Team on the total amount of credit claimed on Form 13698, International Credit(s) Verification Slip.
 - b. The credit must be claimed on Form 8288-A, Statement of Withholding on Certain Dispositions by Foreign Persons, or a statement from the payor/withholding agent which identifies the amount of tax withheld, the withholding rate (including 0% (percent), if exempt), and the country involved.

Note: Form 13698, International Credit(s) Verification Slip, must be present when a FIRPTA credit (e.g., Form 8288-A) is shown. If Form 13698 is not attached, reject the record with Action Code 3 and route the return to the OSPC Document Perfection, Foreign Team for verification of these credits on the International National Standard Application (NSA) database.

- (4) Follow the instructions in the table below for FIRPTA credit.

Field 07-G, Foreign Investment in Real Property Tax Act (FIRPTA) Procedures

If	Then
a. The total amount of FIRPTA credit claimed on Form 1120-FSC is verified by OSPC Document Perfection, Foreign Team,	Accept the taxpayer's figure.
b. The total amount of FIRPTA credit claimed on the return is not approved by OSPC Document Perfection, Foreign Team,	Check the attachments for a Form 1042-S, Copy A, B, C, D, and/or E, withholding credit or a letter signed by Competent Authority to make up the difference. Note: Form 1042-S, Box 13, cannot be a Withholding Rate Pool. If present, reduce Field 07-F by this amount and continue processing.
c. Attachments are present,	Accept the taxpayer figures. Exception: Form 1042-S, Box 13, cannot be a Withholding Rate Pool. If present, reduce Field 07-F by this amount and continue processing.
d. Attachments are not present, and there is an indication that Code and Edit corresponded,	<ol style="list-style-type: none"> 1. Disallow the credit. See IRM 3.12.16.17, General "No Reply" Procedures, for more information. 2. Delete the credit from the error register and the return. 3. Enter CCC "3" in Field 01-F (CCC). 4. Enter CCC "X" to freeze the refund, if an overpayment is shown. 5. Enter Action Code 1 and TPNC 90 (e.g., 90-204) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information. 6. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt. 7. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.
e. Attachments are not present, and there is no indication that Code and Edit corresponded,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register and reject the record. 2. Prepare Form 3696, Correspondence Action Sheet or other approved Correspondence Action Sheet and request supporting documentation. 3. Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49. 4. Edit an action trail "L118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.
f. A reply is received,	Route the return and attachments to the OSPC Document Perfection, Foreign Team for verification per local procedures.

If	Then
g. There is no reply,	<ol style="list-style-type: none"> 1. Disallow the credit. See IRM 3.12.16.17, General “No Reply” Procedures, for more information. 2. Delete the credit from the error register and the return. 3. Enter CCC “3” in Field 01-F (CCC). 4. Enter CCC “X” to freeze the refund, if an overpayment is shown. 5. Enter Action Code 1 and TPNC 90 (e.g., 90-204) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information. 6. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt. 7. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

Note: Input CCC “L” when taxpayer writes “Section 6114 Election” on the return or attached Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), to the return.

- (5) OSPC must refer any questionable verification of the withholding documentation to Examination (Exam).

3.12.16.8.9
(01-01-2024)

Field 07-H, Estimated Tax Penalty

- (1) The form(s) and the transcription line(s) are identified in the table below:

Field 07-H, Estimated Tax Penalty

Form	Transcription Line(s)
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Line 3 (2005 through current year)
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, Line 15 (2005 through current year)
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 1, Line 17 (2005 through current year)

- (2) Field 07-H (Estimated Tax Penalty) is edited from Form 2220, Underpayment of Estimated Tax by Corporations, Line 38 (Form 2220 prior year line number: 2005 through 2007: Line 34) and must always be included in the Balance Due/Overpayment total.
- (3) Enter Reserve Code “4” when a large corporation is shown on Form 2220, Part II, Line 8. See IRM 3.12.16.6.6, Field 03-E, Reserve Code.

3.12.16.8.10

(02-03-2023)

Field 07-I, Balance Due/Overpayment

- (1) The form(s) and the transcription line(s) are identified in the table below:

Field 07-I, Balance Due/Overpayment

Form	Transcription Line(s)
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	<ul style="list-style-type: none"> Line 4, Tax Due Line 5, Overpayment
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	<ul style="list-style-type: none"> Line 16, Tax Due Line 17, Overpayment
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	<ul style="list-style-type: none"> Line 18, Tax Due Line 19, Overpayment

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- (3) Correct all misplaced entries, coding errors and transcription errors.

- (4) The table below identifies the form and gives the computation for Field 07-I (Balance Due/Overpayment).

Field 07-I, Balance Due/Overpayment Procedures

Form	Balance Due Or Overpayment Is Equal To:
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	<ol style="list-style-type: none"> Field 07-A (Total Tax) minus Field 07-B (Estimated Tax Credit), Field 07-C (Form 7004 Credit), Field 07-F (1042-S Credit), Field 07-G (FIRPTA), and Field 07-R (Credit for Telephone Excise Tax Paid), plus Field 07-H (Estimated Tax Penalty), minus Field 15-A (Total Gas Tax Credit) on the error register. <p>Note: Delete Fields 07-D and 07-E, if present. They are invalid fields.</p>
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	<ol style="list-style-type: none"> Field 07-A (Total Tax) minus Field 07-B (Estimated Tax Credit), Field 07-C (Form 7004 Credit), and Field 07-R (Credit for Telephone Excise Tax Paid), plus Field 07-H (Estimated Tax Penalty), minus Field 15-A (Total Gas Tax Credit) on the error register. <p>Note: Delete Fields 07-D, 07-E, 07-F and 07-G, if present. They are invalid fields.</p>
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	<ol style="list-style-type: none"> Computer's underprint amount minus Field 07-B (Estimated Tax Credit), Field 07-C (Form 7004 Credit), and Field 07-R (Credit for Telephone Excise Tax Paid), plus Field 07-H (Estimated Tax Penalty), minus Field 15-A (Total Gas Tax Credit) on the error register. <p>Note: Delete Fields 07-D, 07-E, 07-F and 07-G, if present. They are invalid fields.</p> <p>Note: A ripple type error will cause an underprint in Field 07-I (Balance Due/Overpayment) on Form 1120-SF.</p>

Note: The total of the applicable Field 07-B (Estimated Tax Credit), Field 07-C (Form 7004 Credit), Field 07-F (1042-S Credit), Field 07-G (FIRPTA), and Field 07-R (Credit for Telephone Excise Tax Paid), plus Field 15-A (Total Gas Tax Credit) will be computer-generated into Field 07-Y (Refundable Credits).

- (5) Field 07-I (Balance Due/Overpayment) will **underprint** when a refundable credit is present, but not claimed on a refundable credit line. Follow local procedures to allow the credit.
- (6) Delete all penalties and interest that are included in Field 07-I (Balance Due/Overpayment), except for the amount from Field 07-H (Estimated Tax Penalty).
- (7) Occasionally, the taxpayer will enter tax only on the total income tax line or only on the tax due line.

- a. If this happens, deduct any penalties and interest from the total income

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- b. Enter the correct tax in Field 07-A (Total Income Tax) or Field 07-I (Balance Due/Overpayment), whichever is correct.

- (8) Field 07-I (Balance Due/Overpayment) may **underprint** if Field 07-I is out of tolerance. If the out of tolerance was caused by an adjustment to the Credit for Federal Telephone Excise Tax Paid, and Field 07-S (Credit for Federal Telephone Excise Tax Paid, Verified Amount) has a significant entry, then:

- a. Enter Action Code 1 and TPNC 88 if the credit was partially denied (Field 07-S amount is less than Field 07-R) See IRM 3.12.16.8.14, Field 07-R, Credit for Federal Telephone Excise Tax Paid.

- b. Enter Action Code 1 and TPNC 89 if the credit was fully denied (Field

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- Federal Telephone Excise Tax Paid.

- (9) When no other errors are discovered, take the following action:

- a. Change Field 07-I (Balance Due/Overpayment) to the underprinted amount.
 - b. Enter the revised figure on the return.

3.12.16.8.10.1
(01-01-2023)

Refund Returns

- (1) Field 07-I (Balance Due/Overpayment) will asterisk as a precautionary flag whenever there is a refund for review and manual verification.

- a. Returns will not be forced to the error register solely because of the presence of a refund amount in Field 07-I.
 - b. Field 07-I will asterisk on initial input and on all subsequent loops. Once all true error conditions are corrected, Field 07-I will automatically clear.

- (2) Field 07-I will also asterisk, until Reserve Code "1" is entered if the overpay-

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- a. Check for coding errors and transcription errors.

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return has been in processing for less than 20 days from the received date or return due date (whichever is later), **verify that the transcribed**

refund amount is the same as the return refund line. If the amounts are the same, then input “1” in Field 03-E (Reserve Code) to allow the systemic refund to be generated.

Caution: If the return has been in processing for 20 days or more from the received date or return due date (whichever is later), reject and flag the return for issuance of a manual refund, if the refund has not been issued. Once the manual refund has been issued, enter a “1” in Field 03-E (Reserve Code).

for 20 days or more from the received or return due date (whichever is later), reject and flag the return for issuance of a manual refund, if the refund has not been issued. Once the manual refund has been issued, enter a “1” in Field 03-E (Reserve Code).

Caution: Because of the tendency for SCRS returns to “loop” over and over, it is up to the campus to determine if they want to continue

- d. Reject and flag the return for issuance of a manual refund, if the refund refunded. Once the manual refund has been issued, enter a “1” in Field 03-E (Reserve Code).

- (3) Refund returns have a 45-day interest free period (180 days for any overpayment resulting from tax deducted and withheld under Chapter 3 or Chapter 4). The interest free period is the 45-calendar day span of time between the return due date, received date or processable date (whichever is later) and the actual date of the refund check.

- a. The due date of the return is generally the 15th day of the fourth month after the end of the tax year.

Example: The due date for a 2022 calendar year return is April 15, 2023.

Note: Section 2006(a) of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, Public Law (P.L.) 114-41, changed the return due date for C corporations and is effective for taxable years beginning after December 31, 2015. The federal income tax return for the Form 1120 series of returns (except Form 1120-C, Form 1120-S and Form 1120-IC-DISC) are generally due on or before the 15th day of the fourth month following the close of the C corporation’s tax year, with several exceptions, including: The income tax return of a C corporation that ends its tax year in June remains due on or before the 15th day of the third month following the close of the fiscal year for tax years beginning after December 31, 2015, and before January 1, 2026.

- b. The return is in jeopardy when 20 or more days have elapsed since the received date or the return due date.
- c. If it is apparent that the 45-day interest free period is in jeopardy or that
- d. Interest is never payable on “No Replies.”

- e. If a date is correctly present in Field 01-G (CRD), interest is payable 45 days from the Correspondence Received Date.
 - f. If a manual refund must be issued, reject the record with Action Code 3 and flag the return for expedite issuance of the manual refund.
- (4) Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49 to prevent delinquency notice from generating when a refund return is pulled for a manual refund. IRM 3.12.16.2.19, Suppression of Erroneous Balance Due and Return Delinquency Notices - Reject/Suspense Correction, for more information.
 - (5) Handle the return on an **EXPEDITED** basis, when a manual refund is necessary.
 - (6) Enter CCC "0" in Field 01-F (CCC), when a manual refund has been issued.

Note: See IRM 3.12.16.2.9, Refund Returns 45-Day Jeopardy and High Dollar Refunds, to ensure the refund is issued timely. See IRM 3.12.16.2.10, Taxpayer Advocate Service (TAS) Manual Refunds, for TAS Manual Refunds.

3.12.16.8.11
(01-01-2020)

**Field 07-J, Credit to Next
Years Estimated Tax**

- (1) The form(s) and the transcription line(s) are identified in the table below:

Field 07-J, Credit to Next Years Estimated Tax

Form	Transcription Line(s)
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Line 6, center
1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons	Page 1, Line 18, center
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 1, Line 20, center

- (2) CCC "F" is incompatible with an amount in Field 07-J (Credit to Next Years Estimated Tax) and both will asterisk.
 - a. Determine which is correct.
 - b. Delete the other.

3.12.16.8.12
(01-01-2020)

**Field 07-N, Gross
Income (Reserved)**

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.8.13
(01-01-2020)

**Field 07-O, Special
Deduction (Reserved)**

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.8.14
(01-01-2022)

**Field 07-R, Credit for
Federal Telephone
Excise Tax Paid - Field
07-S, Credit for Federal
Telephone Excise Tax
Paid Verified Amount**

- (1) The statutory period for claiming a Telephone Excise Tax Refund (TETR), Form 8913, Credit for Federal Telephone Excise Tax Paid, **has expired**. Field 07-R and Field 07-S are no longer applicable and were used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711. When programming resources are available, these fields will be removed or re-purposed.

Note: Announcement 2012-16 provides that the Service will not process requests for refund of the wrongfully collected telephone excise taxes submitted after July 27, 2012.

- (2) An **Invalid Condition** will asterisk when any of the following conditions are present:

- Tax Period is before 200612 or after 200711.
- There are entries in Field 20-A (Tax Refund) and Field 20-B (Interest on Tax Refund) and there is no entry in Field 07-R (Credit for Telephone Excise Tax Paid).
- Field 20-B (Interest on Tax Refund) is greater than Field 07-R (Credit for
- The transcribed amount for telephone excise tax refund amount (return

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- (3) **Correction Procedures:**

- a. Code and Edit will no longer edit the Telephone Excise Tax Refund (TETR) amount. This will allow all TETR claims filed on original returns to fall out to ERS.
- b. Change all TETR fields to zero (0) and remove the Computer Condition Code "U", if applicable.
- c. Detach Form 8913 and make a copy of the signature page from the return. Staple the copy of the signature page to the back of the original Form 8913 and route to Accounts Management.
- d. Enter Action Code 1 and TPNC 90 (e.g., 90-201) with the following language: Due to processing constraints, your Credit for Federal Telephone Excise Tax Paid could not be processed with your tax return. Your claim for this credit has been forwarded to another area to be processed.
- e. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.

3.12.16.8.15
(01-01-2020)

**Field 07-T, Salaries and
Wages (Reserved)**

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.8.16
(01-01-2020)

**Field 07-W, Tax Exempt
Interest (Form 1120-SF)**

- (1) The form and the transcription line are identified in the table below:

Field 07-W, Tax Exempt Interest

Form	Transcription Line(s)
1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)	Page 2, Additional Information, Line 2

(2) Correct all misplaced entries, coding errors and transcription errors.

3.12.16.8.17
(01-01-2020)
Field 07-X, Interest Exempt Under Section 103 (Reserved)

- (1) This field is Reserved.
- (2) This will prevent the error register from being renumbered/reformatted and will eliminate new programming.

3.12.16.8.18
(01-01-2018)
Field 07-Y, Refundable Credits (Computer-Generated)

- (1) This field is computer-generated and cannot be changed.
- (2) It can be used to identify math errors.

3.12.16.8.19
(01-01-2024)
Field 07-Z, Manually Corrected Total Tax

- (1) Field 07-Z (Manually Corrected Total Tax) is used when a manual computation return has a math error.
- (2) This often shows that neither the transcribed amount nor the underprinted (generated) amount is correct except for “Y” coded returns (short period).
- (3) Enter the correct amount of tax in Field 07-Z (Manually Corrected Total Tax) and change the correct line on the return to the corrected amount. When the
- Corrected Total Tax).
- (4) On “loop”, enter Action Code 1 and TPNC 05 to inform the taxpayer of the error.
- (5) When a taxpayer files a consolidated return with a “Mixed Component Member”, ensure Audit Code “3” has been entered. Accept the taxpayer entries for taxable income and tax and enter in Field 07-Z (Manually Corrected Total Tax).

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Note: Field 07-Z (Manually Corrected Total Tax) must be entered on Form 1120-SF if there is a math error in tax. Field 07-A (Total Tax) will **underprint**. Enter correct tax in Field 07-Z (Manually Corrected Total Tax) with Action Code 6. When document loops, enter Action Code 1 and TPNC 05.

See Figure 3.12.16-10, Manually Correct Tax.

05 ←
Form **1120-SF**
(Rev. November 2018)
Department of the Treasury
Internal Revenue Service

**U.S. Income Tax Return for Settlement Funds
(Under Section 468B)**

OMB No. 1545-0123

▶ Go to www.irs.gov/Form1120SF for instructions and the latest information.
For calendar year 20 **22**

Case Type or Print	Name of fund Scarlet Insurance Company		Employer identification number of fund (see instructions) 00-0612800	
	Number, street, and room or suite no. (If a P.O. box, see instructions.) 584 Magenta Circle			
	City or town, state or province, country, and ZIP or foreign postal code Salt Lake City, UT 84100			
	Name and address of administrator (see instructions for definition)			

Part II Tax Computation (see instructions)

13	Total deductions. Add lines 7 through 12	13	
14	Modified gross income. Subtract line 13 from line 6	14	20,656 22
15	Total tax. Multiply the amount on line 14 by 37% (0.37)	15	7,520 00
16	Credits and payments:		
a	Overpayment from prior year allowed as a credit	16a	
b	Current year estimated tax payments	16b	7,000 00
c	Refund of overpaid estimated tax applied for on Form 4466	16c	
d	Subtract line 16c from the total of lines 16a and 16b	16d	7,000 00
e	Tax deposited with Form 7004	16e	
f	Total credits and payments (add lines 16d and 16e)	16f	7,000 00
17	Estimated tax penalty. See instructions. Check if Form 2220 is attached	17	
18	Tax due. If the total of lines 15 and 17 is more than line 16f, enter amount owed	18	520 00
19	Overpayment. If line 16f is more than the total of lines 15 and 17, enter amount overpaid	19	
20	Enter amount of line 19 you want: Credited to next year's estimated tax ▶ Refunded ▶	20	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here *Martin White* 02/15/23 CEO
Signature of fund administrator Date Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 14989I Form **1120-SF** (Rev. 11-2018)

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1-0501 A BSCAR C000612800 D202212+ E20230415+ F + G + H + I

07 A 752000+ B 700000+ C + D + E + F +
→ 764280

H + I 52000+ J + K + M +

N + W + X + Y + Z 764280+

Figure 3.12.16-10 Manually Corrected Tax

- 3.12.16.9
(01-01-2018)
Section 08, Data - Form 1120-SF
- (1) Section 08 has information fields that are variable in length and are money amounts.
 - (2) Fields 08-A through 08-C are valid for Form 1120-SF.
 - (3) Fields 08-A and 08-B are transcribed in dollars only.
 - (4) If a field is asterisked, check to determine if that field is valid for that return and document code.

- 3.12.16.9.1
(01-01-2020)
Section 08, Error Register Format
- (1) The table below shows Section 08: Alpha Field Designator (AFD), Field Title, Field Length, Dollars and Cents (\$ / ¢), and the Location on the Return.

Section 08

Section 08 AFD	Field Title	Field Length	\$ / ¢	Location On The Return
A	Transfers to Fund	13	\$	Form 1120-SF, Page 2, Additional Information, Line 1a
B	Direct/Indirect Payment	13	\$	Form 1120-SF, Page 2, Additional Information, Line 3b
C	Distribution Indicator	1		Form 1120-SF, Page 2, Additional Information, Dotted part of Line 4a

- 3.12.16.9.2
(01-01-2020)
Field 08-A, Transfers to Fund (Form 1120-SF)
- (1) Field 08-A is transcribed from Form 1120-SF, Page 2, Additional Information, Line 1a.
 - (2) Field 08-A must be all numeric or blank.
 - (3) Field 08-A must be transcribed in dollars only.
 - (4) Field 08-A must be positive.

- 3.12.16.9.3
(01-01-2020)
Field 08-B, Direct/Indirect Payment (Form 1120-SF)
- (1) Field 08-B is transcribed from Form 1120-SF, Page 2, Additional Information, Line 3b.
 - (2) Field 08-B must be all numeric or blank.
 - (3) Field 08-B must be transcribed in dollars only.
 - (4) Field 08-B must be positive.

- 3.12.16.9.4
(01-01-2020)
Field 08-C, Distribution Indicator (Form 1120-SF)
- (1) Field 08-C is transcribed from Form 1120-SF, Page 2, Additional Information, the dotted part Line 4a.
 - (2) This is a one-digit numeric field.

Field 08-C, Distribution Indicator Code

Code	Description
1	Yes
2	No

3.12.16.9.5
(01-01-2019)
Additional Credits

- (1) Additional credits that may be attached or shown on a return are shown below.

3.12.16.9.5.1
(01-01-2019)
Non-Qualifying Vehicles

- (1) **Non-Qualifying Vehicles** - Code and Edit will no longer edit Computer Condition Code "C" for Non-Qualifying Vehicles on Form 8834, Qualified Electric Vehicle Credit.

3.12.16.10
(01-01-2020)
Manual Verifications

- (1) Math verification of Form 1120-FSC and Form 1120-ND is limited to the following instructions:
- a. On "G" coded returns, math verification is not required.
 - c. Check the transfer of summary figures from related sections and schedules. Verify the computation and if there is a discrepancy between the two figures, correct when required.

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3.12.16.10.1
(01-01-2020)
**Form 1120-FSC, U.S.
Income Tax Return of a
Foreign Sales
Corporation**

- (1) Check the transfer of figures from Schedule J to Page 1.
- (2) Math verify Page 3, Schedule B, Part I, Columns (a) and (b) and Part II, Lines 16 through 20.
- (3) Math verify Page 4, Schedule F.
- (4) Math verify Page 5, Schedule J.
- (5) Use Action Code 0 to clear the register, if tax agrees with Line 1.
- (6) Enter correct tax in Field 07-Z (Manually Correct Total Tax), if tax disagrees. Enter Action Code 1 and TPNC 05 to notify the taxpayer of the error.

3.12.16.10.2
(01-01-2018)
**Form 1120-ND, Return
for Nuclear
Decommissioning Funds
and Certain Persons**

- (1) Check the transfer of figures from related schedules to Page 1.
- (2) Math verify Page 1.
- (3) Math verify tax computation work sheet if attached (Line 13 amount). See IRM 3.12.16.22, Corporate Income Tax Rates, for tax rates.
- (4) Use Action Code 0 to clear the register, if tax agrees with Line 13.
- (5) Enter correct tax in Field 07-Z (Manually Correct Total Tax), if tax disagrees. Enter Action Code 1 and TPNC 05 to notify the taxpayer of the error.

- 3.12.16.10.3
(01-01-2018)
Form 1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B)
- (1) Form 1120-SF is math verified by the computer.
 - (2) Use Action Code 0 to clear the register when no other errors are present.
- 3.12.16.11
(01-01-2020)
Section 14, Data - Form 1120-FSC
- (1) Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, Page 2, Additional Information, Questions 5 and 6, are valid for tax periods beginning after 199912. Questions 5 and 6 are identical to questions on Schedule N (Form 1120), Foreign Operations of U.S. Corporations. Form 1120-FSC filers are not required to file a Schedule N (Form 1120).
 - (2) The Form 1120-L and Form 1120-PC moved to the Error Resolution System (ERS). To keep the error register in the same format and prevent more programming, several fields are "Reserved".
- 3.12.16.11.1
(01-01-2020)
Section 14, Error Register Format
- (1) The table below shows Section 14: Alpha Field Designator (AFD), Field Title, Field Length, and the Location on the Return.
- Note:** The Form 1120-L and Form 1120-PC moved to the Error Resolution System (ERS). To keep the error register in the same format and prevent more programming, Field 14-B (Number of Forms 8865) is "Reserved".

Section 14

Section 14 AFD	Field Title	Field Length	Location On The Return
A	Disregarded Entity	1	Form 1120-FSC, Page 2, Additional Info, Question 4
B	Number of Forms 8865	3	Reserved
C	Direct/Indirect Interest	1	Form 1120-FSC, Page 2, Additional Info Question 5

- 3.12.16.11.2
(01-01-2020)
Field 14-A, Disregarded Entity (Form 1120-FSC)
- (1) Field 14-A (Disregarded Entity) is transcribed from Form 1120-FSC, Page 2, Additional Information, Question 4.
 - (2) The valid characters for this field are 1, 2, 3 or blank.
 - (3) If Field 14-A (Disregarded Entity) asterisks, check for all coding errors and transcription errors.
 - (4) Take the following action:

Correction Procedures

If	Then
a. Form 1120-FSC, Page 2, Additional Information, Question 4, box is checked "Yes",	Enter a "1" in Field 14-A (Disregarded Entity).
b. Form 1120-FSC, Page 2, Additional Information, Question 4, box is checked "No",	Enter a "2" in Field 14-A (Disregarded Entity).
c. Form 1120-FSC, Page 2, Additional Information, Question 4, has both the "Yes" and "No" box checked,	Enter a "3" in Field 14-A (Disregarded Entity).
d. Form 1120-FSC, Page 2, Additional Information, Question 4, has neither the "Yes" nor "No" box checked,	Delete entry in Field 14-A (Disregarded Entity).

3.12.16.11.3 (1) This field is Reserved.
(01-01-2020)

**Field 14-B, Number of
Forms 8865 (Reserved)**

3.12.16.11.4 (1) Field 14-C is transcribed from Form 1120-FSC, Page 2, Additional Information,
(01-01-2020) Question 5.

**Field 14-C,
Direct/Indirect Interest
(Form 1120-FSC)**

- (2) The valid characters for this field are 1, 2, 3 or blank.
(3) If Field 14-C asterisks, check for all coding errors and transcription errors.
(4) Take the following action:

Field 14-C Correction Procedures

If	Then
a. Form 1120-FSC, Page 2, Additional Information, Question 5, box is checked "Yes",	Enter a "1" in Field 14-C (Direct/Indirect Interest).
b. Form 1120-FSC, Page 2, Additional Information, Question 5, box is checked "No",	Enter a "2" in Field 14-C (Direct/Indirect Interest).
c. Form 1120-FSC, Page 2, Additional Information, Question 5, has both the "Yes" and "No" box checked,	Enter a "3" in Field 14-C (Direct/Indirect Interest).
d. Form 1120-FSC, Page 2, Additional Information, Question 5, has neither the "Yes" nor "No" box checked,	Delete the entry in Field 14-C (Direct/Indirect Interest).

3.12.16.12
(01-01-2020)

Section 15, Data - Form 4136, Credit for Federal Tax Paid on Fuels (Form 1120-FSC)

- (1) Section(s) 15, 16, 17 and 18 have credit information from Form 4136, Credit for Federal Tax Paid on Fuels. Section 15 does not have to be present; therefore, it will never be error coded as missing.
- (2) If Section 15 is present, Field 15-A will display the Total Gas Tax Credit (Form 4136), computer-generated amounts of Section(s) 15, 16, 17 and 18.
- (3) Fields 15-B through 15-Y must consist of only money amounts and Credit Reference Numbers (CRNs).
- (4) Action Codes 4, 5 and 6 are applicable to this section. See IRM 3.12.16.3.2, Action Codes, for more information.
- (5) Section 15 may be present.
- (6) All fields are variable in length and the money amounts are transcribed in dollars and cents.
- (7) The maximum field length is 10 positions and significant positions must be numeric.
- (8) All negative amounts are computer-forced positive.
- (9) See Exhibit 3.12.16-12, Form 4136 - Prior Year Conversion Table, for prior years 2000 - 1998.

3.12.16.12.1
(04-01-2020)

Section 15, Error Register Format

- (1) Form 4136 is transcribed using the credit amount (amount of claim) and corresponding Credit Reference Number (CRN) until all amounts and CRNs are entered. The first 12 credit amounts and CRNs will display in Section 15.
- (2) The first credit amount (amount of claim) transcribed from Form 4136 will display in Field 15-B and the corresponding CRN will display in Field 15-C. The second credit amount will display in Field 15-D and the corresponding CRN will display in Field 15-E, etc.
- (3) The error register format for Section 15 is as follows:

Section 15

Section 15 Field	Field Title
15-A	Total Gas Tax Credit (Computer-Generated)
15-B	Amount of Claim 1
15-C	Credit Reference Number 1
15-D	Amount of Claim 2
15-E	Credit Reference Number 2
15-F	Amount of Claim 3
15-G	Credit Reference Number 3
15-H	Amount of Claim 4
15-I	Credit Reference Number 4
15-J	Amount of Claim 5
15-K	Credit Reference Number 5
15-L	Amount of Claim 6
15-M	Credit Reference Number 6
15-N	Amount of Claim 7
15-O	Credit Reference Number 7
15-P	Amount of Claim 8
15-Q	Credit Reference Number 8
15-R	Amount of Claim 9
15-S	Credit Reference Number 9
15-T	Amount of Claim 10
15-U	Credit Reference Number 10
15-V	Amount of Claim 11
15-W	Credit Reference Number 11
15-X	Amount of Claim 12
15-Y	Credit Reference Number 12

Note: All transcription lines are found in Column (d), "Amount of Credit".

- (4) This section supports the credit from Form 4136 and part of Field 07-I (Balance Due/Overpayment).
- Correspond if Form 4136 is not attached.
 - If no reply to our correspondence:
 - Disallow the credit. See IRM 3.12.16.17, General "No Reply" Procedures, for more information.
 - Enter CCC "3" in Field 01-F (CCC).
 - Enter CCC "X" to freeze the refund, if an overpayment is shown.

- Disallow the credit when the taxpayer doesn't reply to our correspondence.
- Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information.
- For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
- See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

3.12.16.12.2 (01-01-2024) (1) The following table identifies corrective procedures for Section 15, Form 4136.

Correction Procedures

Correction Procedures

If	Then
a. Section 15 is terminus,	<ol style="list-style-type: none"> 1. Determine the correct data from Form 4136. 2. Enter the correct data in the correct fields with Action Code 6. 3. If data is correct, re-enter a field with Action Code 6.
b. No data is present for any of the fields, or if CCC "G" is present in Field 01-F (CCC),	Delete Section 15 with Action Code 4.
c. The section is not present for an original return (non "G" coded) and Form 4136 is attached,	Add Section 15 with Action Code 5.
d. Any of the fields in Section 15 are asterisked (*),	Check for coding errors and transcription errors and correct the field(s) as needed.
e. Field 07-A (Total Tax) is underprinted. <ol style="list-style-type: none"> 1. Compare Field 15-A with the applicable "Total income tax credit claimed" (e.g., Form 4136, Line 17 for 2023 - 2008, Line 18 for 2007, Line 20 for 2006, Line 15 for 2005, Line 10 for 2004-2001, Line 9 for 2000-1997). 2. If different, verify that the fields in Section(s) 15, 16, 17 and 18 were correctly transcribed. 3. If so, 	Bring up the underprint in Field 07-A (Total Tax) and correct the applicable line on the return. Otherwise, correct any fields transcribed incorrectly.

(2) Field 01-D (Tax Period) and the Credit Reference Number (CRN) field will asterisk if a CRN is present for an invalid tax period.

- a. Correct all misplaced entries, coding errors and transcription errors.
- b. Verify prior year CRNs (e.g., tax year 2000 and prior) are converted to current year CRNs. See Exhibit 3.12.16-12, Form 4136 - Prior Year Conversion Table, for prior years 2000 - 1998.
- c. Verify the CRN and Form 4136 credit amount is claimed for a valid tax period. See Exhibit 3.12.16-13, Form 4136 - Valid Tax Period Table.

(3) If the Credit Reference Number (CRN) is not valid,

- a. Delete the entries from the CRN and Form 4136 credit amount fields.
- b. Enter Action Code 1 and TPNC 90. See Exhibit 3.12.16-11, Form 4136 - Credit Reference Number (CRN) and TPNC 90 Literal, for the applicable literal/language.

Note: See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

- c. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
- (4) The Form 4136 credit amount field and the Credit Reference Number (CRN) field will asterisk when a Form 4136 credit amount is present and the corresponding CRN is not present, or a CRN is present and the corresponding Form 4136 credit amount is not present.
- a. Correct all misplaced entries, coding errors and transcription errors.

Correction Procedures

If	Then
a. A Form 4136 credit amount is present with no CRN (prior year form revisions when no CRN printed on the form),	<ol style="list-style-type: none"> 1. Enter the credit amount from Form 4136, if present, or 2. Delete the CRN if a credit amount is not present on Form 4136.
b. A CRN is present without a Form 4136 credit amount,	<ol style="list-style-type: none"> 1. Enter the credit amount from Form 4136, if present, or 2. Delete the CRN if a credit amount is not present on Form 4136.

- (5) The following table identifies what line the credit is reported on.

Form 4136 Credit

Form	Line Number
1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation	Page 1, Tax and Payments, Line 2f.

- (6) The following table gives corrective procedures for Form 4136.

Correction Procedures

If	Then
a. Form 4136 is missing,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register and reject the record for correspondence. 2. Prepare Form 3696, Correspondence Action Sheet or other approved Correspondence Action Sheet. 3. Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49. 4. Edit an action trail "L118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.
b. The taxpayer does not reply to correspondence,	<ol style="list-style-type: none"> 1. Delete the credit from the error register and the return. Note: See IRM 3.12.16.17, General "No Reply" Procedures, for more information 2. Enter CCC "3" in Field 01-F (CCC). 3. Adjust Field 07-A (Total Tax) correctly. 4. Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information. 5. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt.
c. The "Total income tax credit claimed" (e.g., Form 4136, Line 17 for 2023 - 2008, Line 18 for 2007, Line 20 for 2006, Line 15 for 2005, Line 10 for 2004-2001, Line 9 for 2000-1997) is the only amount available,	<ol style="list-style-type: none"> 1. Enter Action Code 3 on the error register and reject the record for correspondence. 2. Prepare Form 3696, Correspondence Action Sheet or other approved Correspondence Action Sheet. 3. Input TC 599 with Closing Code (cc) 017 on IDRS using Command Code FRM49. 4. Edit an action trail "L118C Sent" (or similar language) in the lower left corner going vertically up the side of the return.

3.12.16.13
(01-01-2020)

Section 16, Data - Form 4136, Credit for Federal Tax Paid on Fuels (Form 1120-FSC)

- (1) Section 16 is the second of four sections that has credit information from Form 4136, Credit for Federal Tax Paid on Fuels. Section 16 does not have to be present; therefore, it will never be error coded as missing.
- (2) If Section 16 is present, it must consist of only money amounts and Credit Reference Numbers (CRNs).
- (3) Action Codes 4, 5 and 6 are applicable to this section. See IRM 3.12.16.3.2, Action Codes, for more information.
- (4) Section 16 may be present.

- (5) All fields are variable in length and the money amounts are transcribed in dollars and cents.
- (6) The maximum field length is 10 positions and significant positions must be numeric.
- (7) All negative amounts are computer-forced positive.
- (8) The total of these fields is computer-generated into Field 15-A (Total Gas Tax Credit).
- (9) See Exhibit 3.12.16-12, Form 4136 - Prior Year Conversion Table, for prior years 2000 - 1998.

3.12.16.13.1
(04-01-2020)
**Section 16, Error
Register Format**

- (1) Form 4136 is transcribed using the credit amount (amount of claim) and corresponding Credit Reference Number (CRN) until all amounts and CRNs are entered. Section 16 will consist of the thirteenth through twenty-fourth credit amounts and CRNs.
- (2) The thirteenth credit amount transcribed from Form 4136 will display in Field 16-A and the corresponding CRN will display in Field 16-B. The fourteenth credit amount will display in Field 16-C and the corresponding CRN will display in Field 16-D, etc.
- (3) The error register format for Section 16 is as follows:

Section 16

Section 16 Field	Field Title
16-A	Amount of Claim 13
16-B	Credit Reference Number 13
16-C	Amount of Claim 14
16-D	Credit Reference Number 14
16-E	Amount of Claim 15
16-F	Credit Reference Number 15
16-G	Amount of Claim 16
16-H	Credit Reference Number 16
16-I	Amount of Claim 17
16-J	Credit Reference Number 17
16-K	Amount of Claim 18
16-L	Credit Reference Number 18
16-M	Amount of Claim 19
16-N	Credit Reference Number 19
16-O	Amount of Claim 20
16-P	Credit Reference Number 20

Section 16 Field	Field Title
16-Q	Amount of Claim 21
16-R	Credit Reference Number 21
16-S	Amount of Claim 22
16-T	Credit Reference Number 22
16-U	Amount of Claim 23
16-V	Credit Reference Number 23
16-W	Amount of Claim 24
16-X	Credit Reference Number 24

Note: All transcription lines are found in Column (d), "Amount of Credit".

- (4) This section supports the credit from Form 4136 and part of Field 07-I (Balance Due/Overpayment).
- Correspond if Form 4136 is not attached.
 - If no reply to our correspondence:
 - Disallow the credit. See IRM 3.12.16.17, General "No Reply" Procedures, for more information.
 - Delete the credit from the error register and the return.
 - Enter CCC "3" in Field 01-F (CCC).
 - Enter CCC "X" to freeze the refund, if an overpayment is shown.
 - Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information.
 - For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
 - See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

3.12.16.13.2
(01-01-2018)

Correction Procedures

- (1) Follow Section 15 correction procedures.

3.12.16.14
(01-01-2020)

Section 17, Data - Form 4136, Credit for Federal Tax Paid on Fuels (Form 1120-FSC)

- Section 17 is the third of four sections that has credit information from Form 4136, Credit for Federal Tax Paid on Fuels. Section 17 does not have to be present; therefore, it will never be error coded as missing.
- If Section 17 is present, it must consist of only money amounts and Credit Reference Numbers (CRNs).
- Action Codes 4, 5 and 6 are applicable to this section. See IRM 3.12.16.3.2, Action Codes, for more information.
- Section 17 may be present.

- (5) All fields are variable in length and the money amounts are transcribed in dollars and cents.
- (6) The maximum field length is 10 positions and significant positions must be numeric.
- (7) All negative amounts are computer-forced positive.
- (8) The total of these fields is computer-generated into Field 15-A (Total Gas Tax Credit).
- (9) See Exhibit 3.12.16-12, Form 4136 - Prior Year Conversion Table, for prior years 2000 - 1998.

3.12.16.14.1
(04-01-2020)
**Section 17, Error
Register Format**

- (1) Form 4136 is transcribed using the credit amount (amount of claim) and corresponding Credit Reference Number (CRN) until all amounts and CRNs are entered. Section 17 will consist of the twenty-fifth through thirty-sixth credit amounts and CRNs.
- (2) The twenty-fifth credit amount will display in Field 17-A and the corresponding CRN will display in Field 17-B. The twenty-sixth credit amount will display in Field 17-C and the corresponding CRN will display in Field 17-D, etc.
- (3) The error register format for Section 17 is as follows:

Section 17

Section 17 Field	Field Title
17-A	Amount of Claim 25
17-B	Credit Reference Number 25
17-C	Amount of Claim 26
17-D	Credit Reference Number 26
17-E	Amount of Claim 27
17-F	Credit Reference Number 27
17-G	Amount of Claim 28
17-H	Credit Reference Number 28
17-I	Amount of Claim 29
17-J	Credit Reference Number 29
17-K	Amount of Claim 30
17-L	Credit Reference Number 30
17-M	Amount of Claim 31
17-N	Credit Reference Number 31
17-O	Amount of Claim 32
17-P	Credit Reference Number 32
17-Q	Amount of Claim 33

Section 17 Field	Field Title
17-R	Credit Reference Number 33
17-S	Amount of Claim 34
17-T	Credit Reference Number 34
17-U	Amount of Claim 35
17-V	Credit Reference Number 35
17-W	Amount of Claim 36
17-X	Credit Reference Number 36

Note: All transcription lines are found in Column (d), "Amount of Credit"

- (4) This section supports the credit from Form 4136 and part of Field 07-I (Balance Due/Overpayment).
- Correspond if Form 4136 is not attached.
 - If no reply to our correspondence:
 - Disallow the credit. See IRM 3.12.16.17, General "No Reply" Procedures, for more information.
 - Enter CCC "3" in Field 01-F (CCC).
 - Enter CCC "X" to freeze the refund, if an overpayment is shown.
 - Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information.
 - For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
 - See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

3.12.16.14.2
(01-01-2018)

Correction Procedures

- (1) Follow Section 15 correction procedures.

3.12.16.15
(01-01-2020)

Section 18, Data - Form 4136, Credit for Federal Tax Paid on Fuels (Form 1120-FSC)

- Section 18 is the fourth of four sections that has credit information from Form 4136, Credit for Federal Tax Paid on Fuels. Section 18 does not have to be present; therefore, it will never be error coded as missing.
- If Section 18 is present, it must consist of only money amounts and Credit Reference Numbers (CRNs).
- Action Codes 4, 5 and 6 are applicable to this section. See IRM 3.12.16.3.2, Action Codes, for more information.
- Section 18 may be present.
- All fields are variable in length and the money amounts are transcribed in dollars and cents.

- (6) The maximum field length is 10 positions and significant positions must be numeric.
- (7) All negative amounts are computer-forced positive.
- (8) The total of these fields is computer-generated into Field 15-A (Total Gas Tax Credit).
- (9) See Exhibit 3.12.16-12, Form 4136 - Prior Year Conversion Table, for prior years 2000 - 1998.

3.12.16.15.1
(04-01-2020)
**Section 18, Error
Register Format**

- (1) Form 4136 is transcribed using the credit amount (amount of claim) and corresponding Credit Reference Number (CRN) until all amounts and CRNs are entered. Section 18 will consist of the thirty-seventh through forty-third credit amounts and CRNs.
- (2) The thirty-seventh credit amount will display in Field 18-A and the corresponding CRN will display in Field 18-B. The thirty-eighth credit amount will display in Field 18-C and the corresponding CRN will display in Field 18-D, etc.
- (3) The error register format for Section 18 is as follows:

Section 18

Section 18 Field	Field Title
18-A	Amount of Claim 37
18-B	Credit Reference Number 37
18-C	Amount of Claim 38
18-D	Credit Reference Number 38
18-E	Amount of Claim 39
18-F	Credit Reference Number 39
18-G	Amount of Claim 40
18-H	Credit Reference Number 40
18-I	Amount of Claim 41
18-J	Credit Reference Number 41
18-K	Amount of Claim 42
18-L	Credit Reference Number 42
18-M	Amount of Claim 43
18-N	Credit Reference Number 43

Note: All transcription lines are found in Column (d), "Amount of Credit".

- (4) This section supports the credit from Form 4136 and part of Field 07-I (Balance Due/Overpayment).
 - a. Correspond if Form 4136 is not attached.
 - b. If no reply to our correspondence:

- Disallow the credit. See IRM 3.12.16.17, General “No Reply” Procedures, for more information.
- Enter CCC “3” in Field 01-F (CCC).
- Enter CCC “X” to freeze the refund, if an overpayment is shown.
- Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information.
- For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.
- See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

3.12.16.15.2
(01-01-2018)
Correction Procedures

- (1) Follow Section 15 correction procedures.

3.12.16.16
(01-01-2022)
Section 20, Data - Form 8913, Credit for Federal Telephone Excise Tax Paid

- (1) Section 20 has data from Form 8913, Credit for Federal Telephone Excise Tax Paid.

Note: Field 20-A and Field 20-B are no longer applicable and were used for Telephone Excise Tax Refund (TETR) claims filed in tax periods 200612 - 200711. When programming resources are available, these fields will be removed or re-purposed.

- (2) All fields are positive only, dollars and cents, and may have 15 digits.
- (3) Fields must be numeric or blank.
- (4) The table below shows Section 20: Alpha Field Designator (AFD), Field Title, Field Length and Location on the Form 8913. See Exhibit 3.12.16-4, Form 8913, Credit for Federal Telephone Excise Tax Paid, for field locations.

Section 20

Section 20 AFD	Field Title	Field Length	Location On The Form 8913
A	Tax Refund	15	Line 15, Column (d)
B	Interest on Tax Refund	15	Line 15, Column (e)

- (5) Refer to attached Form 8913 to correct all coding errors and transcription errors.

3.12.16.17
(04-01-2020)
General “No Reply” Procedures

- (1) If there is no reply or an incomplete reply to correspondence, perfect the document from available information using the procedures in the IRM.
- (2) Disallow unsubstantiated credits where substantiation is required.
- (3) When unable to identify an excess remittance, transfer the remittance to the Unidentified Remittance File (URF).
- (4) Enter CCC “3” in Field 01-F (CCC).

- (5) Enter CCC "X" in Field 01-F (CCC) on refund returns.
- (6) Refer to the "No Reply" Conditions Table below.

No Reply Conditions

Conditions	Required Action
a. Tax Period One to six months later than current date.	Hold one to six months as necessary.
b. More than 12 months.	Research for the correct period ending and change the tax period.
c. Unexplained short year or unauthorized change in accounting period.	<ol style="list-style-type: none"> 1. Process, post to tax period or return, after corresponding with taxpayer. 2. Enter Audit Code "3" with an explanation (valid for Form 1120-FSC, Form 1120-ND and Form 1120-SF).
d. Multiple tax periods.	Use earliest tax period.
e. Future Tax period.	Hold and process for the tax period shown on the return.
f. Tax period differs from Master File and last tax period with a TC 150 is more than 12 months before the return tax period.	<ol style="list-style-type: none"> 1. Input TC 016 so that the TC 474 will post. 2. Input TC 474 on CC REQ77 (using one cycle delay) for one year before the tax period on the return being processed. 3. Hold for one week. 4. Correct the return and the register one cycle after the input of TC 474.
g. Tax period differs from Master File and last tax period with a TC 150 is less than 12 months before the return tax period.	<ol style="list-style-type: none"> 1. Enter CCC "Y" in Field 01-F (CCC) 2. Enter the correct code in the Entity Underprint Code.
h. Signature	<ol style="list-style-type: none"> 1. Enter CCC "X" (on refund returns only) in Field 01-F (CCC). 2. Enter CCC "3" in Field 01-F (CCC).
i. Unsubstantiated Credits <ul style="list-style-type: none"> • Form 1118, Foreign Tax Credit - Corporations • Form 4136, Credit for Federal Tax Paid on Fuels • Form 4626, Alternative Minimum Tax <p>Caution: Form 4626 is valid for tax periods ending November 30, 2018 (201811) and prior.</p> <ul style="list-style-type: none"> • Schedule D (Form 1120), Capital Gains and Losses 	<ol style="list-style-type: none"> 1. Disallow the credit when the taxpayer doesn't reply to our correspondence. 2. Delete the credit from the error register and the return. 3. Enter Action Code 1 and TPNC 90 (e.g., 90-202) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information. 4. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt. 5. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information.

Conditions	Required Action
<p>j. Controlled Group - No Apportionment Schedule (Valid for tax periods beginning January 1, 2007, through November 30, 2018 (201811))</p> <ul style="list-style-type: none"> 5% (percent) and 3% (percent) Additional Tax Allocation of income - Section 1561 Lines 2ai-iv, 2bi and 2bii <p>Caution: Controlled Groups are subject to a flat tax rate of 21% and can use only one \$250,000 amount, for purposes of computing the accumulated earnings credit, per the Tax Cuts and Jobs Act (TCJA) of 2017, for taxable years beginning after December 31, 2017.</p>	<ol style="list-style-type: none"> Assess maximum tax. Manually compute the 5% (percent) and 3% (percent) Additional Tax. See IRM 3.12.16.20.4, Controlled Group Returns, for more information. Enter Action Code 1 and TPNC 90 (e.g., 90-203) with the following language: We adjusted your tax and/or credits because we did not receive a reply to our request for additional information. For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt. See IRM 3.12.16.4.17, Field 01-M, Taxpayer Notice Code (TPNC), for more information. <p>Note: Refer to Schedule O (Form 1120), Consent Plan and Apportionment Schedule, for a Controlled Group for returns filed for tax periods beginning January 1, 2007, through November 30, 2018 (201811).</p>
<p>k. Form 8913, Credit for Federal Telephone Excise Tax Paid</p>	<ol style="list-style-type: none"> The statutory period for claiming a Telephone Excise Tax Refund (TETR), Form 8913, Credit for Federal Telephone Excise Tax Paid, has expired. Follow IRM procedures for possible disallowance of Federal Telephone Excise Tax Paid Credit. See IRM 3.12.16.8.14, Field 07-R, Credit for Federal Telephone Excise Tax Paid for more information. IRM 3.12.16.16, Section 20, Data - Form 8913, Credit for Federal Telephone Excise Tax Paid, for more information. Announcement 2012-16 provides the Service will not process requests for refund of the wrongfully collected telephone excise taxes submitted after July 27, 2012.

3.12.16.17.1
(01-01-2020)

Remittance

- (1) When a remittance is submitted with a Corporate Income Tax Return, take the following action:

Remittance Procedures

If	Then
a. The remittance was transcribed incorrectly,	Reinput the document to correct the remittance amount.
b. A remittance is present and total tax is not significant (e.g., zero),	Determine the purpose of the remittance.
c. The remittance was obviously made in error (for example, equal to the overpayment amount),	<ol style="list-style-type: none"> 1. Prepare Form 3244, Payment Posting Voucher, to post the amount to the module for the return tax period. 2. Renummer and process the return as a non-remittance.
d. The taxpayer has shown on the return the purpose of the payment,	<ol style="list-style-type: none"> 1. Prepare Form 3465, Adjustment Request, for routing to Accounts Management, request that the payments, etc. be moved to the correct tax period. 2. Enter a CCC "X" in Field 01-F (CCC) and write a note on the bottom of Form 3465 to remove "X" once credits have been moved.
e. No explanation is attached to the return,	Research and correspond with the taxpayer and apply the payment correctly.
f. No reply and research is unsuccessful,	Transfer the money to Unidentified Remittance File (URF).

3.12.16.17.2
(01-01-2018)

Return Secured by Audit

- (1) If a return secured by Audit is unprocessable due to missing information, do not correspond. Reject and route the return to Examination (Exam)

3.12.16.17.3
(01-01-2019)

Tax Exempt Status Pending by Audit

- (1) Transfer any credits present in the module.
- (2) Void the reject register and send the return to Examination.

3.12.16.17.4
(01-01-2022)

Replies to Correspondence

- (1) Enter the stamped correspondence received date in Field 01-G (CRD), if it is before the return due date. IRM 3.12.16.4.11, Field 01-G, Correspondence Received Date (CRD), for more information.
- (2) Process the return according to the information received.
- (3) If the taxpayer sends in a partial reply, follow "No Reply" procedures for the missing information. See IRM 3.12.16.17, General "No Reply" Procedures, for more information.
- (4) If the taxpayer's correspondence addresses issues not related to the return being processed, photocopy the request and forward to the correct area.
- (5) If there is an Entity Assignment Date and a correspondence received date, enter the latest date in Field 01-G (CRD).

3.12.16.18
(01-01-2020)
Manual Computations

- (1) The computer will accurately compute the tax on most returns if they have been properly filled out, edited, and transcribed.
- (2) It is imperative that tax examiners be able to identify a return requiring manual computation. If the tax examiner doesn't identify such returns, incorrect settlement with the taxpayer will result.
- (3) A "manual computation" return requires an Action Code 0 or an entry of corrected tax in the Field 07-Z (Manually Corrected Total Tax) and Action Code 1.

Note: These corrections override the computer determination of what is the correct Total Income Tax. You may, therefore, never use this code unless and until the transcribed Total Income Tax printed on the error register agrees with the

all other transcription is correct.

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- (4) Code and Edit is instructed to enter CCC "Y" for returns that have a "change of accounting period" on a short period return.
- (5) Other returns will print out on the register because of the **underprint** in the Total Tax Field. Therefore, you must examine the entire return to determine if it requires manual verification or not. Before performing the computation, everything must be present and correct on the register.
- (6) Returns that require manual computations are more frequent in years when the tax rates change as they did in 1982, 1983, 1984 and 1993 (corporations with \$1 million or more in Taxable Income), tax periods straddling July 1, 1987, and Control Group Corporations with \$100,000 or more in Taxable Income with tax periods 198707-198811.
- (7) Returns that are 52-53 week filers and those that are "Initial" or "Final" short year need to be manually computed only when they straddle two different tax rates. For these returns as well as "change of accounting period" returns, the tax must be computed on the actual days or months used.

3.12.16.18.1
(01-01-2018)
Rule of Two

- (1) Under normal circumstances, the computer and the taxpayer or the taxpayer and the tax examiner agree on the computation of the tax. This satisfies the Rule of Two.
- (2) On most returns with **true math errors**, the computer and the tax examiner will agree on the computation of the tax. This satisfies the Rule of Two.
- (3) On a manually computed return with a **true math error**, the Rule of Two is not satisfied until two tax examiners arrive at the same tax computation.

3.12.16.18.2
(01-01-2018)
Specifically Quoted Sections

- (1) When a taxpayer has quoted specific sections of the Internal Revenue Code, and the tax computation is mathematically verified as correct, it is preferable to accept this computation than to send a taxpayer a notice.
- (2) If the reference is questionable, refer the record to the manager for research of the Internal Revenue Code. A large (erroneous) refund or a large increase in tax could create bad taxpayer relations.

3.12.16.18.3
(01-01-2018)

Corrective Procedures

- (1) Compute the tax using the corporate manual computation requirements.
- (2) Use the credits and additional taxes as you normally would. Compute tax from the Taxable Income through Total Tax fields. If there is no error, use Action Code 0.
- (3) If there is an error:
 - a. Enter the correct tax in Field 07-Z (Manually Corrected Total Tax).
 - b. Attach your tape with two stamps on it or two individual tapes (this applies the Rule of Two). When verifying the 5% (percent) or 3% surcharge, a tape is not required.
 - c. Correct the document from the point of error.

Exception: The Total Tax Field must always reflect the taxpayer's figure. Change only the fields on the register that are being changed to achieve the figure entered in Field 07-Z (Manually Corrected Total Tax), an adjustment in the credits used before the Total Tax Field.

- d. On "loop", if there are no transcription errors, enter Action Code 1 and TPNC 05.

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the computer's figures and enter Action Code 1 and TPNC 05, except with CCC "Y" returns. On "Y" coded returns, Field 07-Z (Manually Corrected Total Tax) must always be used when the taxpayer has made an error.

3.12.16.18.4
(01-01-2020)

Returns Requiring Manual Computation

- (1) Follow these procedures for returns requiring manual computation.

Manual Computations Methods

Methods	Types of Return
Annualization	<ol style="list-style-type: none"> a. Treasury Regulation 1.442-1(c) or (d) b. "Y" Coded, "Change of Accounting Period"
Manual Verifications	Form 1120-FSC, Form 1120-ND and Form 1120-SF <ol style="list-style-type: none"> a. Minimum tax b. Treasury Regulation Section 1.1502-76 - "Y" coded (inclusion in a consolidated return group) c. Fields over maximum number of digits d. Controlled Group Returns

3.12.16.19
(01-01-2020)

Annualization Computations

- (1) "Y" Coded, "Change of Accounting Period" returns cover a period of less than 12 months or 52-53 weeks. These returns are not "Initial" or "Final" returns.
- (2) Proof of permission of the change must be attached, such as one of the following:
 - a. Form 1128, Application to Adopt Change, or Retain a Tax Year, with approval space signed.
 - b. Copy of grant letter giving permission to change its taxable year.

- c. Statement that the taxpayer is changing the accounting period, including a list of citations to the relevant authorities relied upon by the taxpayer for making the requested change.

Note: If Rev. Proc. 2006-46, Rev. Proc. 2006-45, or Treasury Regulations 1.442-1(c) is stated, Audit Code “3” must be present (Form 1120-FSC, Form 1120-ND and Form 1120-SF).

- (3) If proof of permission is not attached, initiate research of the Form 1128 file kept by Entity Control.
- (4) If proof of permission is not attached and not found in Entity, correspond with taxpayer for reason for short period.
- (5) CCC “Y” must be present on all returns that have a “Change of Accounting Period” to update the tax period on the Master File.
- (6) A subsidiary before its inclusion in a consolidated return (IRC 1502-76) is “Y” coded but not annualized.

3.12.16.19.1
(01-01-2018)
**Optional Method of
Annualization**

- (1) IRC 443 requires a taxpayer to file a short period return if it changes its accounting period. In completing the short period return, the taxable income and corresponding tax liability for the short period must be annualized under IRC 443(b)(1).
 - a. Under the IRC 443(b)(1) method, the modified taxable income for the short period is annualized by multiplying the short period income by 12 and then dividing that amount by the number of months in the short period.
 - b. Next, applicable tax rates are used to compute an annualized tax liability.
 - c. The annualized tax liability is then multiplied by a fraction, the numerator of which is the number of months in the short period and the denominator of which is 12.
 - d. The result is the short period tax liability under IRC 443(b)(1).

Note: See the Example in the table below.

- (2) An alternate short period tax liability may also be computed under IRC 443(b)(2) if the taxpayer timely applies to use that alternate method of calculation and if the alternate method results in less tax liability. The short period tax liability determined under IRC 443(b)(2) is the greater of the amount determined under IRC 443(b)(2)(A)(i) or the amount determined under IRC 443(b)(2)(A)(ii). The amount determined under IRC 443(b)(2)(A)(i) is based on the modified taxable income from the 12-month period beginning on the first day of the short period.
 - a. First, applicable tax rates are used to compute the tax liability for the 12-month period.
 - b. Second, the short period tax liability is determined by multiplying the tax liability for the 12-month period by a fraction, the numerator of which is the income for the short period and the denominator of which is the modified taxable income for the 12-month period.

Note: See the Example in the table below.

- (3) The amount determined under IRC 443(b)(2)(A)(ii) is the actual tax computed on the short period income. See the Example in the table below.

Example: Assume the tax period is 201712; the taxable income for the five month short period is \$40,000; and the tax rates are as follows:

- 15% (percent) of income up to \$50,000
- 25% of income from \$50,000 to \$75,000
- 34% of income more than \$75,000

Note: Assume also that in doing the IRC 443(b)(2) alternate 12-month calculation, the income for the seven month period following the five month short period is \$50,000. For example, tax period 201712; the taxable income for the five-month short period is \$40,000; the income for the seven-month period following the five-month short period is \$50,000; taxable income for 12-month period is \$90,000. See table below.

Step	Example Calculation Process
Step 1	Regular annualization (IRC 443(b)(1)) $\$40,000 \times 12 \div 5 = \$96,000$ (annualized income) $\$96,000 \times \text{tax rate (34\% (percent))} - \$11,750 = \$20,890$ (annualized tax) $\$20,890 \times 5 \div 12 = \$8,704$ (gross tax)
Step 2	12-month period calculation (IRC 443(b)(2)(A)(i)) $\$90,000 \times \text{tax rate (34\%)} - \$11,750 = \$18,850$ (actual tax) $\$18,850 \times 40,000 \div 90,000 = \$8,378$
Step 3	Short period calculation (IRC 443(b)(2)(A)(ii)) $\$40,000 \times \text{tax rate (15\%)} = \$6,000$
Step 4	Take the greater of Step 2 (\$8,378) and Step 3 (\$6,000), which in this example is \$8,378.
Step 5	The tax liability for the short period is the lesser of Step 1 (\$8,704) and Step 4 (\$8,378), which in this example is \$8,378.

3.12.16.19.2
(01-01-2021)
**Short Period Returns
Due to Change of
Accounting Period**

- (1) For tax periods beginning after December 31, 2017, the income tax rate for a corporation will be 21% (percent).

Note: The Tax Cuts and Jobs Act of 2017 - Public Law (P.L.) No. 115-97 (H.R. 1), Section 13001 gives a 21% corporate rate effective for taxable years beginning after December 31, 2017.

- (2) Annualized Tax with One Tax Rate - The formula for computing tax with one rate due to "Change of Accounting Period" is as follows:

Step	Item	Applicable Period/Rate	Equals
Step 1	Taxable income ×	12 / Number of months in tax period	= Annualized Income
Step 2	Annualized income ×	Applicable Tax Rate	= Annualized Tax
Step 3	Annualized tax ×	Number of months in tax period / 12	= Gross Tax

Note: Compute using rounded figures.

- (3) Example - The tax on a single corporation with the taxable income of \$115,572.00 for the tax period beginning January 1, 2017, and ending September 30, 2017, is computed as follows:

Step	Example Calculation Process
Step 1	$\$115,572.00 \times 12 = \$1,386,864.00 \div 9 = \$154,096.00$
Step 2	$\$154,096.00 \times \text{tax rate (39\% (percent))} - \$16,750.00 = \$43,347.44$
Step 3	$\$43,347.44 \times 9 \div 12 = \$32,510.68$

- (4) Days versus Months - If the taxpayer has used days to compute tax, verify the computation using days. This applies to the short period when a taxpayer is changing to/from a 52-53 week tax year, but not if such change results in a short period of more than 359 days, or less than seven days. The following is an example of a single corporation with a "change of accounting period" with 1 tax rate, taxable income of \$10,501.00 and tax period from September 1, 2017, to December 31, 2017.

Days versus Months
$\$10,501.00 \times 365 = \$3,832,865.00$ $\$3,832,865.00 \div 122 = \$31,416.93$
$\$31,416.93 \times .15 = \$4,712.54$
$\$4,712.54 \times 122 = \$574,929.76$ $\$574,929.76 \div 365 = \$1,575.15$

- (5) In the next example, the taxable income is \$75,000 for 90 days of business in 2017.

Days versus Months
$\$75,000 \times 365 = \$27,375,000.00$ $\$27,375,000.00 \div 90 = \$304,166.67$
$\$304,166.67 \times .39 - \$16,750 = \$101,875.00$
$\$101,875 \times 90 = \$9,168,750$ $\$9,168,750 \div 365 = \$25,119.86$

- 3.12.16.20
(01-01-2019)
Manual Verifications
- (1) The information within this section gives a breakdown of different types of manual verifications.
- 3.12.16.20.1
(01-01-2020)
“Y” Coded, Treasury Regulation Section 1.1502-76 Return
- (1) A “Y” coded, Treasury Regulation Section 1.1502-76, return is computed under normal corporate tax rates. The return is the last return of a subsidiary before its inclusion in a consolidated return. The Computer Condition Code “Y” must be entered to change the fiscal year ending.
- 3.12.16.20.2
(01-01-2021)
Personal Service Corporations
- (1) For tax periods beginning before January 1, 2018, if the return is for a Personal Service Corporation, tax will be computed at a flat 35% (percent).
- (2) For tax periods beginning January 1, 2018 (201801) and later, the income tax will be 21% (percent).
- Note:** The Tax Cuts and Jobs Act of 2017 - Public Law (P.L.) No. 115-97 (H.R. 1), Section 13001 has a 21% corporate rate effective for taxable years beginning after December 31, 2017.
- 3.12.16.20.3
(01-01-2019)
Regulated Investment Companies
- (1) For tax periods 198701 and later, the Regulated Investment Company taxpayers will file Form 1120-RIC, U.S. Income Tax Return for Regulated Investment Companies. Form 1120-RIC is on the Error Resolution System (ERS). See IRM 3.12.251, Error Resolution - Corporation Income Tax Returns.
- 3.12.16.20.4
(01-01-2020)
Controlled Group Returns
- (1) Controlled Groups are subject to a flat tax rate of 21% and can use only **one** \$250,000 amount, for purposes of computing the accumulated earnings credit, per the Tax Cuts and Jobs Act (TCJA) of 2017, for taxable years beginning after December 31, 2017.
- (2) A controlled group is a group of two or more corporations treated as one for determining the group's tax rates.
- (3) For tax periods ending December 31, 1993 (199312), through November 30, 2018 (201811), a corporation with Taxable Income over \$100,000:
- Besides paying its regular tax, they will pay an additional 5% tax on income that exceeds \$100,000 up to \$15,000,000, (not to exceed \$11,750 in tax).
 - Any corporation or members of a corporation of a controlled group that has Taxable Income that exceeds \$15,000,000 will pay the above tax; plus an additional tax of 3% (not to exceed \$100,000 in tax).
 - Corporations who are members of a controlled group are also supposed to attach Schedule O (Form 1120), Consent Plan and Apportionment Schedule.
- Note:** Refer to Schedule O (Form 1120), Consent Plan and Apportionment Schedule, for a Controlled Group for returns filed for tax periods beginning January 1, 2007, through November 30, 2018 (201811).
- (4) Corporations that are members of a controlled group are instructed to check a particular box on their tax returns. On Form 1120-FSC, U.S. Income Tax

Return of a Foreign Sales Corporation, the box is on Page 1 of the return ("Parent-subsidary controlled group.") and Page 5, Schedule J ("Check if the FSC is a member of a controlled group..."). See IRM 3.12.16.6.12, Field 03-M, Subsidiary Filer Code, for more information.

- (5) Members of a controlled group will be treated as one corporation.
- If the Taxable Income exceeds \$100,000, each member will pay the additional tax based on the part of the tax allocated above and agreed upon by each member.
 - Each member should attach a schedule showing the computation of each member of the controlled group.
 - When taxable income exceeds \$100,000, and there is no additional tax present, send correspondence to the taxpayer requesting an apportionment plan or schedule for each member of the Controlled Group.
 - When the taxpayer doesn't reply to our correspondence, see IRM 3.12.16.17, General "No Reply" Procedures, for more information.

Note: Refer to Schedule O (Form 1120), Consent Plan and Apportionment Schedule, for a Controlled Group for returns filed for tax periods beginning January 1, 2007, through November 30, 2018 (201811).

3.12.16.21
(01-01-2019)
**Legislative Changes
Affecting Tax
Computations**

- (1) The information within this section explains how tax computations are affected by legislative changes.

3.12.16.21.1
(01-01-2020)
**Tax Cuts and Jobs Act
(TCJA) of 2017**

- (1) Tax Cuts and Jobs Act of 2017, Public Law (P.L.) No. 115-97, Section 12001 - Repeal of tax for corporations. Act Section 12001 repeals the corporate alternative minimum tax, effective for taxable years beginning after December 31, 2017.
- (2) Tax Cuts and Jobs Act of 2017, P.L. 115-97, Section 13001 - 21-percent corporate tax rate. Section 13001:
- Has a 21% corporate rate effective for taxable years beginning after December 31, 2017.
 - For taxpayers subject to the normalization method of accounting (regulated public utilities), clarifies the normalization of excess tax reserves resulting from the reduction of corporate income tax rates (with respect to prior depreciation or recovery allowances taken on assets placed in service before the corporate reduction takes effect).
 - Under the TCJA, a utility that reduces its excess tax reserve more rapidly or to a greater extent than under a specified accounting method is not treated as using the normalization method to reconcile the tax treatment of accelerated depreciation of its assets with its regulatory treatment (as in Section 168(i)(9)).
 - TCJA further gives that a utility that does not use the normalization method must increase its income tax by the amount by which the excess tax reserve is reduced more rapidly or to a greater extent than permitted under the normalization method.
- (3) Tax Cuts and Jobs Act of 2017, P.L. 115-97, Section 11001 - Modifications of Rates. Act Section 11001 replaces the existing individual income tax rate

structure with a new rate structure: 10%, 12%, 22%, 24%, 32%, 35%, and 37%, effective for taxable years beginning after December 31, 2017, and before January 1, 2026.

- (4) Form 1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B) tax rate changed to 37% (percent) for tax periods ending December 31, 2018, (201812) and later per Tax Cuts and Jobs Act of 2017, P.L. 115-97 (H.R. 1), Section 11001, (changed the Section 1 tax rates).

3.12.16.21.2
(01-01-2019)
**Omnibus Budget
Reconciliation Act of
1993 (OBRA)**

- (1) Omnibus Budget Reconciliation Act of 1993 (OBRA) made changes to the tax rates and the estimated tax rules that affected tax periods beginning after January 1, 1993.
- (2) The Act also mandated a retroactive tax increase on corporate tax returns with tax periods of 199301-199311.
- (3) This legislation established a new corporate tax rate structure - 15% marginal tax rate on taxable income up to \$50,000; 25% on taxable income exceeding \$50,000 up to \$75,000; 34% on taxable income exceeding \$75,000 up to \$10,000,000; 35% on taxable income exceeding \$10,000,000. Additionally, a 5% or 3% surtax may apply to certain levels of income as in the flush language of IRC 11(b). The flush language has: "In the case of a corporation which has taxable income more than \$100,000 for any taxable year, the amount of tax determined under the preceding sentence for such taxable year must be increased by the lesser of (i) 5 percent of such excess, or (ii) \$11,750. In the case of a corporation which has taxable income more than \$15,000,000, the amount of the tax determined under the foregoing provisions of this paragraph shall be increased by an additional amount equal to the lesser of (i) 3 percent of such excess, or (ii) \$100,000."
- (4) The tax rate for Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons, decreased to 20% under OBRA for tax period 199601 and later. If the taxpayer's return straddles two tax periods with different rates, the return must be manually verified.
- (5) The tax rate for Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Persons, changed to 22% under OBRA for tax period 199401 through 199512. If the taxpayer's return straddles two tax periods with different rates, the return must be manually verified.
 - The tax rate for Form 1120-ND increased to 35% under OBRA for tax period 199301-199312.
 - The tax rate for Form 1120-ND increased after the 1992 tax returns were filed, which made the tax for tax period ending in 199301-199311 retroactive.
- (6) Form 1120-SF, U.S. Income Tax Return for Settlement Funds (Under Section 468B), which replaced Form 1120-DF, was included in OBRA. The Act increased the tax rate for Form 1120-SF to a maximum tax rate of 39.6%. It is also retroactive for tax periods 199301-199311.
- (7) All the rules and regulations that applies to Form 1120-DF, apply to Form 1120-SF.

3.12.16.22
(01-01-2020)
Corporate Income Tax Rates

- (1) Tax Cuts and Jobs Act of 2017, P.L. No. 115-97, Section 13001 - 21-percent corporate tax rate. Act Section 13001:
- a. Has a 21% corporate rate effective for taxable years beginning after December 31, 2017.
 - b. For taxpayers subject to the normalization method of accounting (regulated public utilities), clarifies the normalization of excess tax reserves resulting from the reduction of corporate income tax rates (with respect to prior depreciation or recovery allowances taken on assets placed in service before the corporate reduction takes effect).
 - c. Under the TCJA, a utility that reduces its excess tax reserve more rapidly or to a greater extent than under a specified accounting method is not treated as using the normalization method to reconcile the tax treatment of accelerated depreciation of its assets with its regulatory treatment (as in Section 168(i)(9)).
 - d. TCJA further has a utility that does not use the normalization method must increase its income tax by the amount by which the excess tax reserve is reduced more rapidly or to a greater extent than permitted under the normalization method.
- (2) See table below for corporate income tax rates.

Corporate Income Tax Rates

Tax Periods	Tax
201812 and later	Taxable Income x 21% (flat)
201801 through 201811	Prorated
199312 through 201712	Taxable Income x 35% (graduated to top rate)
199301 through 199311	Prorated
199212 and prior	Taxable Income x 34% (graduated to top rate)

Note: Do **not** use this table for Controlled Groups or Personal Service Corporations.

- (3) The following corporate income tax rates apply to a **Personal Service Corporation**:

Corporate Income Tax Rates for Personal Service Corporation

Tax Periods	Tax
201812 and later	21% (flat)
199312 through 201811	35%
199301 through 199311	Prorated
199212 and prior	34%

Note: The Tax Cuts and Jobs Act of 2017, - Public Law (P.L.) No. 115-97 (H.R. 1), Section 13001 has a 21% corporate rate effective for taxable years beginning after December 31, 2017.

- (4) The following corporate income tax rates apply to Form 1120-SF:

Corporate Income Tax Rates for Form 1120-SF

Tax Periods	Tax
201812 and later	Taxable income x 37%
201312 through 201811	Taxable income x 39.6%
200312 through 201311	Taxable income x 35%
200201 through 200311	Taxable income x 38.6%
200101 through 200112	Taxable income x 39.1%
200012 and prior	Taxable income x 39.6%

Note: Tax Cuts and Job Acts of 2017, Public Law No. 115-97, Section 11001, changed the rate from 39.6% (ATRA) to 37% (Form 1120-SF, Line 15, [IRC Section 1(e)]).

- (5) Beginning in 1993, Form 1120-DF, U.S. Income Tax Return for Designated Settlement Funds (Under Section 468B), became Form 1120-SF. Prior year Form 1120-SF, use the Form 1120-DF rate for that year. The following corporate income tax rates apply to Form 1120-DF:

Corporate Income Tax Rates for Form 1120-DF

Tax Periods	Tax
199101 through 199212	Taxable income X 31%
198812 through 199012	Taxable income X 28%
198712 through 198811	Taxable income X 38.5%
198412 through 198711	Taxable income X 50%

- (6) The following corporate income tax rates apply to Form 1120-ND:

Corporate Income Tax Rates for Form 1120-ND

Tax Periods	Tax
199601 through present	Taxable income x 20%
199412 through 199512	Taxable income x 22%
199401 through 199411	Taxable income prorated between 35% and 22%
199301 through 199312	Taxable income x 35%
198806 through 199212	Taxable income x 34%

3.12.16.23
(01-01-2019)

Internal Revenue Codes

- (1) The following table identifies some of the Revenue Procedures, Internal Revenue Code (IRC) Sections and Treasury Regulations identified throughout this manual and the corrective action.

Internal Revenue Codes

Revenue Procedures, IRC Sections and Treasury Regulations	Corrective Action
Rev. Proc. 76-10, Rev. Proc. 85-58, Rev. Proc. 2006-45 or Rev. Proc. 2006-46	Enter CCC "Y". Annualize tax.
IRC 38(c)(2)	Accept the taxpayer's entry.
IRC 443(b)(2)	Enter CCC "Y". Use optional method of annualization.
IRC 444 Election	Enter CCC "Y". Annualize tax.
IRC 444 Termination	Enter CCC "Y". Annualize tax.
IRC 453A	Accept the taxpayer's entry.
IRC 453(d)(e)	Accept the taxpayer's entry.
IRC 898(c)(1)(A) or IRC 898(c)(2)	Enter CCC "Y". Annualize tax.
IRC 1398	Enter CCC "Y". Annualize tax.
IRC 156	See IRM 3.12.16.6.12, Field 03-M, Subsidiary Filer Code, for more information.
IRC 6114	Enter CCC "L".
IRC 6662(b)	Enter Audit Code "1".
IRC 6662	Enter Audit Code "1".
Treasury Regulation 1.442-1(c)	Enter CCC "Y". Enter Audit Code "3" Annualize tax.
Treasury Regulation 1.1502-76	Enter CCC "Y". Do not annualize tax.

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Exhibit 3.12.16-1 (01-01-2024)

Form 1120-FSC

01-N		01-D	
01-M Form 1120-FSC (Rev. November 2018) Department of the Treasury Internal Revenue Service		U.S. Income Tax Return of a Foreign Sales Corporation For calendar year 20____ or other tax year beginning _____, 20____, and ending _____, 20____ OMB No. 1545-0123 ▶ Go to www.irs.gov/Form1120FSC for instructions and the latest information.	
03-B A Foreign country or U.S. possession of incorporation (see instructions) B Check type of election made: <input type="checkbox"/> FSC <input type="checkbox"/> Small FSC Enter the effective date of the election:		C Employer identification number 01-C D Date incorporated E Total assets (see instructions) \$ 04-A	
03-P 01-B 02-A, 02-B, 02-C 02-D, 02-E, 02-F			
F Check applicable boxes: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return			
FSC Information			
1 Principal shareholder. Complete for the shareholder that was the principal shareholder at the beginning of the FSC's tax year. If two or more shareholders own equal amounts of stock, complete for the shareholder that has the same tax year as the FSC (see instructions).			
03-V a Name 03-K		b Identification number 03-L	
c Address (number, street, and room or suite no., city or town, state, ZIP code, or country)		d Total assets (corporations only) \$	
e Percentage of voting stock of the principal shareholder %		f Tax year ends (month and year)	
g Service Center where tax return is filed		h Foreign owner? (check one) <input type="checkbox"/> Yes <input type="checkbox"/> No	
2 Parent-subsidiary controlled group. Is the FSC a subsidiary in a parent-subsidiary controlled group? ▶ <input type="checkbox"/> Yes <input type="checkbox"/> No 03-M If "Yes," and the principal shareholder (described in 1 above) is not the common parent of the group, complete lines 2a through 2g below for the common parent (see instructions).			
a Name of common parent 03-N		b Identification number 03-O	
c Address (number, street, and room or suite no., city or town, state, ZIP code, or country)		d Total assets (consolidated, if applicable) \$ 03-W	
e Percentage of voting stock of the common parent %		f Tax year ends (month and year)	
g Service Center where tax return is filed			
3 Administrative pricing rules			
a Check the applicable box(es) to show the pricing rule(s) used to determine taxable income on transactions resulting in foreign trading gross receipts. (1) <input type="checkbox"/> 1.83% of foreign trading gross receipts (2) <input type="checkbox"/> 23% of combined taxable income (3) <input type="checkbox"/> Marginal costing (4) <input type="checkbox"/> Section 482 method (5) <input type="checkbox"/> Transactions at arm's length with unrelated supplier(s)			
b If the FSC and the related supplier(s) meet the payment rules of Temporary Regulations section 1.925(a)-1T(b)(2)(ii) and elect to use the administrative pricing rules, check here <input type="checkbox"/>			
Tax and Payments (see instructions)			
1 Total tax (Schedule J, line 6) 01-E		07-Z	
2 Payments:			
03-D a Overpayment from prior year allowed as a credit		2a	
03-E b Current year estimated tax payments		2b	
03-H c Less refund of overpaid estimated tax applied for on Form 4466		2c () d Bal ▶	
03-I e Tax deposited with Form 7004		2e 07-B	
f Credit for Federal tax paid on fuels (attach Form 4136)		2f 07-C	
g U.S. income tax paid or withheld at source (attach Form 1042-S)		2g 07-F	
h Add lines 2d through 2g		07-R	
3 Estimated tax penalty		01-F ▶ <input type="checkbox"/>	
4 Tax due. If line 2h is less than line 3, enter amount owed		07-J	
5 Overpayment. If line 2h is more than line 3, enter amount overpaid		07-I	
6 Enter amount of line 5 you want refunded ▶		07-K	
Section 07 \$ & ¢ + Only (except 07-I + or -)			
Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Signature of officer		Date	
Print/Type preparer's name		Preparer's signature	
Date		Title	
Paid		01-H May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Edited from Sch. J Line 3 (Valid for tax periods ending 201811 and prior only)		01-J Check <input type="checkbox"/> if self-employed	
		01-K Firm's EIN ▶	
		01-L Phone no.	
		Form 1120-FSC (Rev. 11-2018)	
Cat. No. 11531K → 03-F			

Exhibit 3.12.16-1 (Cont. 1) (01-01-2024)
Form 1120-FSC

Form 1120-FSC (Rev. 11-2018)		Page 2
Schedule A Cost of Goods Sold Related to Foreign Trading Gross Receipts (see instructions)		
	(a) Using administrative pricing rules	(b) Not using administrative pricing rules
1 Inventory at beginning of year	1	
2 Purchases	2	
3 Cost of labor	3	
4 Additional section 263A costs (attach schedule)	4	
5 Other costs (attach schedule)	5	
6 Total. Add lines 1 through 5	6	
7 Inventory at end of year	7	
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 7 of Schedule B. Small FSCs, see instructions for Schedule A	8	
9a Check all methods used for valuing closing inventory: (1) <input type="checkbox"/> Cost as described in Regulations section 1.471-3 (2) <input type="checkbox"/> Lower of cost or market as described in Regulations section 1.471-4 (3) <input type="checkbox"/> Other (Specify method used and attach explanation.) ▶		
b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) <input type="checkbox"/>		
c Check if the LIFO inventory method was adopted this tax year for any goods. (If checked, attach Form 970.) <input type="checkbox"/>		
d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d		
e If property is produced or acquired for resale, do the rules of section 263A apply to the FSC? <input type="checkbox"/> Yes <input type="checkbox"/> No		
f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation <input type="checkbox"/> Yes <input type="checkbox"/> No		
Additional Information (see instructions). Note: Small FSCs, complete lines 1 through 8f only.		
1 See the instructions and enter the FSC's:	Yes	No
a Business activity code no. ▶		
b Business activity ▶		
c Product or service ▶		
2 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$		
3 At any time during the tax year was the FSC engaged in a trade or business in the United States?		
4 During the tax year, did the FSC own any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3?	14-A	
If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each such entity.		
5 During the tax year, did the FSC own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see the instructions for required attachment.	14-C	
6 If the FSC has an NOL for the tax year and is electing to forego the carryback period, check here (see instructions)		
Code 1 - Yes Code 2 - No Code 3 - Both boxes checked Blank - Neither box checked		
7 Enter the FSC's name (Do not include "LLC" or "L.P.")		
8 FSC		
a Enter the FSC's name at any time during the tax year ▶		
b Did the FSC have any preferred stock outstanding at any time during the tax year?		
c During the tax year, did the FSC maintain an office in a qualifying foreign country or U.S. possession in which a complete set of books and records was maintained?		
d During the tax year did the FSC maintain the records required under section 6001 at a location within the U.S.?		
e At all times during the tax year, did the FSC have at least one non-U.S. resident on its board of directors?		
f Small FSCs only: Check the applicable box if during the tax year the small FSC was a member of a controlled group of corporations that included a <input type="checkbox"/> DISC or a <input type="checkbox"/> FSC.		
g Check the applicable box if during the tax year the FSC was a member of a controlled group of corporations that included a <input type="checkbox"/> DISC or a <input type="checkbox"/> FSC.		
9 Foreign management rules (does not apply to small FSCs):		
a Did all formally convened meetings of the board of directors and of the shareholders occur outside the U.S.?		
b (1) Were all cash dividends, legal and accounting fees, salaries of officers, and salaries or fees of members of the board of directors disbursed from bank accounts maintained outside the United States? (If "Yes," these accounts are considered to be the FSC's principal bank accounts.)		
(2) At all times during the tax year, did the FSC maintain its principal bank accounts in a qualifying foreign country or U.S. possession (see instructions)?		
Name of bank(s) ▶		
Account number(s) ▶		
10 Foreign economic process rules (does not apply to small FSCs):		
a Check the applicable box if the FSC is electing to group transactions from its sales activities (Regulations section 1.924(d)-1(c)(5)):		
<input type="checkbox"/> Customer grouping <input type="checkbox"/> Contract grouping		
<input type="checkbox"/> Product or product line grouping <input type="checkbox"/> Product or product line subgroups		
b Check the applicable box(es) to indicate how the FSC met the foreign direct costs requirement (see instructions):		
<input type="checkbox"/> The FSC (or any person under contract with the FSC) met the 50% test of section 924(d)(1).		
<input type="checkbox"/> The FSC (or any person under contract with the FSC) met the alternative 85% test of section 924(d)(2). Check to indicate the subparagraphs of section 924(e) for which this alternative test was met:		
(e)(1) <input type="checkbox"/> (e)(2) <input type="checkbox"/> (e)(3) <input type="checkbox"/> (e)(4) <input type="checkbox"/> (e)(5) <input type="checkbox"/>		
c If box (e)(5) is checked, enter which of the five methods listed in Regulations section 1.924(e)-1(e)(1)(i) through (v) describes how the FSC bears the economic risk of nonpayment ▶		
d Check the applicable box if the FSC is electing to group its foreign direct costs on one of the following (Regulations section 1.924(d)-1(e)):		
<input type="checkbox"/> Customer grouping <input type="checkbox"/> Contract grouping <input type="checkbox"/> Product or product line grouping		

Form **1120-FSC** (Rev. 11-2018)

Exhibit 3.12.16-1 (Cont. 2) (01-01-2024)
Form 1120-FSC

Form 1120-FSC (Rev. 11-2018)		Page 3	
Schedule B Taxable Income or (Loss) (see instructions)			
Part I—Net Income Attributable to Nonexempt Foreign Trade Income			
	(a) Using administrative pricing rules	(b) Not using administrative pricing rules	
1 Sale, exchange, or other disposition of export property. (Enter 50% of military property sales. Include the other 50% on Schedule F, line 1.)	1		
2 Lease or rental of export property for use outside the United States	2		
3 Services related and subsidiary to:			
a Sale, exchange, or other disposition of export property. (Enter 50% of services related to the sale or other disposition of military property. Include the other 50% on Schedule F, line 1.)	3a		
b Lease or rental of export property	3b		
4 Engineering or architectural services for construction projects outside the U.S.	4		
5 Managerial services for an unrelated FSC or IC-DISC (see instructions)	5		
6a Total foreign trading gross receipts. Add lines 1 through 5	6a		
Small FSCs: Complete lines 6b through 6h.			
b Small FSC limitation (section 924(b)(2)(B))	6b	\$5,000,000	00
c Controlled group member's share of line 6b	6c		
d Enter 1. (Short tax year: Divide the number of days in the short tax year by the number of days in the full tax year. Enter as a decimal less than 1.00000.)	6d		
e Multiply line 6b or line 6c (whichever applies) by line 6d	6e		
f Total of line 6a, columns (a) and (b)	6f		
Note: See the instructions for line 6f if commission income is included on line 6a.			
g Enter the smaller of line 6e or line 6f. Note: If line 6f exceeds line 6e, enter the excess on line 7 of Schedule F	6g		
h Allocate the amount from line 6g to columns (a) and (b) (see instructions)	6h		
7 Cost of goods sold (Schedule A, line 8). (Small FSCs, enter only the part of cost of goods sold from the receipts on line 6h above. See instructions for Schedule A.)	7		
8 Foreign trade income. Subtract line 7 from line 6a or line 6h (whichever applies)	8		
9a Exemption percentage from Schedule E, line 3d	9a		%
b Exemption percentage from Schedule E, line 2d	9b		%
10 Exempt foreign trade income. Multiply line 8, column (a) by line 9a and line 8, column (b) by line 9b	10		
11 Nonexempt foreign trade income. Subtract line 10 from line 8	11		
12 Deductions attributable to nonexempt foreign trade income. Enter amount from Schedule G, line 18	12		
13 Net income attributable to nonexempt foreign trade income. Subtract line 12 from line 11	13		
14 Net income attributable to nonexempt foreign trade income from Schedule F, line 6	14		
15 Total net income attributable to nonexempt foreign trade income. Add lines 13 and 14	15		
Part II—Taxable Income or (Loss)			
16 Taxable income from foreign trade income. Enter total of line 15, columns (a) and (b), minus any nontaxable income included in line 15, column (b). Attach a schedule that shows the computation of the taxable and nontaxable income included on line 15, column (b)	16		
17 Taxable nonforeign trade income from Schedule F, line 19	17		
18 Taxable income or (loss) before net operating loss deduction and dividends-received deduction. Add lines 16 and 17	18		04-F
19a Net operating loss deduction (attach schedule)	19a		
b Dividends-received deduction (attach schedule)	19b		
c Add lines 19a and 19b	19c		
20 Taxable income or (loss). Subtract line 19c from line 18. (See instructions for Schedule J to figure the tax on this income.)	20		

Form 1120-FSC (Rev. 11-2018)

Exhibit 3.12.16-1 (Cont. 3) (01-01-2024)
Form 1120-FSC

Form 1120-FSC (Rev. 11-2018)		Page 5	
Schedule G Deductions Allocated or Apportioned to Foreign Trade Income Other Than Foreign Trade Income Reported on Schedule F (See instructions for limitations on deductions before completing lines 1 through 14.)			
	(a) Using administrative pricing rules	(b) Not using administrative pricing rules	
1 Foreign direct costs described in section 924(e):			
a Advertising and sales promotion	1a		
b Certain processing and arranging costs	1b		
c Certain transportation costs	1c		
d Certain determination and transmittal costs	1d		
e Assumption of credit risk	1e		
f Total foreign direct costs. Add lines 1a through 1e.	1f		
2 Advertising	2		
3 Interest	3		
4 Depreciation from Form 4562 (less any depreciation claimed elsewhere on this return) (attach Form 4562)	4	04-H	04-I
5 Salaries and wages	5		
6 Rents	6		
7 Sales commissions	7		
8 Warehousing	8		
9 Freight	9		
10 Compensation of officers	10		
11 Bad debts	11		
12 Pension, profit-sharing, etc., plans	12		
13 Employee benefit programs	13		
14 Other deductions (attach list)	14		
15 Total deductions. Add lines 1f through 14.	15		
16a Exemption percentage from Schedule E, line 3d	16a	%	
b Exemption percentage from Schedule E, line 2d	16b		%
17 Deductions attributable to exempt foreign trade income. Multiply line 15, column (a) by line 16a and enter the result in column (a). Multiply line 15, column (b) by line 16b and enter the result in column (b)	17		
18 Deductions allocated or apportioned to nonexempt foreign trade income other than foreign trade income reported on Schedule F. Subtract line 17 from line 15. Enter here and on Schedule B, line 12, columns (a) and (b).	18		
Schedule J Tax Computation (see instructions)			
1 Check if the FSC is a member of a controlled group (see section 927(d)(4)) (attach Schedule O (Form 1120))	▶ <input type="checkbox"/>		
2 Income tax	2		
3 Base erosion minimum tax (attach Form 8991)	3		
4 Add lines 2 and 3	4		
5 Foreign tax credit (attach Form 1118)	5		
6 Total tax. Subtract line 5 from line 4. Enter here and on line 1, page 1	6		

Form **1120-FSC** (Rev. 11-2018)

Exhibit 3.12.16-2 (01-01-2024)

Form 1120-ND

01-M	01-N	01-D	
Form 1120-ND (Rev. October 2013) Department of the Treasury Internal Revenue Service			
Return for Nuclear Decommissioning Funds and Certain Related Persons			
OMB No. 1545-0954			
▶ Information about Form 1120-ND and its separate instructions is at www.irs.gov/form1120nd .			
For calendar year 20____, or fiscal year beginning _____, 20____, and ending _____, 20____			
Please Type or Print	Name of fund 01-B	A Employer identification number of fund (see instructions)	
	Name of trustee or disqualified person (complete if filing to report section 4951 taxes)	01-C	
	Address of filer. Number, street, and room or suite no. If a P.O. box, see instructions. 02-A, 02-B, 02-C	B Identifying number of trustee or disqualified person (see instructions)	
	City or town, state or province, country, ZIP or foreign postal code 02-D, 02-E, 02-F		
C Return filed for (see Specific Instructions, check applicable box): <input type="checkbox"/> Fund <input type="checkbox"/> Trustee <input type="checkbox"/> Disqualified person			
D Check applicable boxes: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return			
E The books are in care of ▶ _____ Phone no. ▶ _____ Located at ▶ _____			
Part I—Computation of Fund Income Tax			
Income	1 Taxable interest 01-F	1	
	2 Capital gain net income (attach Schedule D (Form 1120))	2	
	3 Other income (attach schedule)	3	
	4 Gross income. Add lines 1 through 3	4	
	5 Trustees fees	5	
	6 Taxes 01-E	6	
	7 Accounting and legal services	7	
	8 Other deductions (attach schedule)	8	
	9 Total deductions. Add lines 5 through 8	9	
	10 Modified gross income before deductions	10	
	11 Net operating loss deduction (if applicable)	11	
Deductions	12 Modified gross income. Subtract line 11 from line 10	12	04-F
	13 Total tax. Multiply line 12 by 20% 07-Z	13	07-A
	14 Payments:		
	a Overpayment from prior year allowed as a credit 14a		
	b Current year estimated tax payments 14b		
	c Refund applied for on Form 4466 14c ()		
	d Subtract line 14c from the total of lines 14a and 14b 14d	07-B	
	e Tax deposited with Form 7004 14e	07-C	
	f Total payments. Add lines 14d and 14e 07-R	14f	07-Y c/g
	15 Estimated tax penalty. Check if Form 2220 is attached <input type="checkbox"/>	15	07-H
	Tax and Payments	16 Tax due. If line 14f is smaller than the total of lines 13 and 15, enter amount owed	16
17 Overpayment. If line 14f is larger than the total of lines 13 and 15, enter amount overpaid		17	07-I
18 Refund. If line 17 is larger than zero, enter amount refunded		18	
19 Carryover. If line 17 is larger than zero, enter amount carried over		19	
Sign Here	Section 07 \$ & ¢ All Fields + (except 07-I + or -)		
	I, _____, preparer of this return, certify that the information furnished on this return is true and correct to the best of my knowledge and belief, it is true, complete, and correct in all material respects, and I am not aware of any information which would require me to amend or delete any part of the information furnished on this return.		
Paid Preparer Use Only	Print/type preparer's name _____	Preparer's signature _____	Date _____
	Firm's name ▶ _____	Firm's EIN ▶ _____	PTIN 01-J
	Firm's address ▶ _____	Phone no. _____	01-K 01-L
For Paperwork Reduction and Privacy Act Notice, see separate instructions. Cat. No. 11507K Form 1120-ND (Rev. 10-2013)			
04-A			

Exhibit 3.12.16-3 (01-01-2024)

Form 1120-SF

01-M

01-N

01-D

Form **1120-SF**
(Rev. November 2018)
Department of the Treasury
Internal Revenue Service

**U.S. Income Tax Return for Settlement Funds
(Under Section 468B)**
► Go to www.irs.gov/Form1120SF for instructions and the latest information.
For calendar year 20_____

OMB No. 1545-0123

Please Type or Print

Name of fund
01-B

Employer identification number of fund (see instructions)
01-C

Number, street, and room or suite no. (if a P.O. box, see instructions.)
02-A, 02-B, 02-C

City or town, state or province, country, and ZIP or foreign postal code
02-D, 02-E, 02-F

Name and address of administrator (see instructions for definition)

Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

Part I Income and Deductions (see instructions)

Income

1 Taxable interest **01-F**

2 Dividends

3 Capital gain net income (attach Schedule D (Form 1120))

4 Items of income or gain from a partnership interest

5 Other income (attach statement)

6 **Gross income.** Add lines 1 through 5

7 Trustee/administrator fees

8 Taxes

9 Accounting and legal services (attach statement)

10 Notification of claimants and claim processing expenses

11 Other deductions (attach statement)

12 Net operating loss deduction

13 **Total deductions.** Add lines 7 through 12

Deductions

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Section 04
\$ Only
+ Or -
01-E

Part II Tax Computation (see instructions)

14 **Modified gross income.** Subtract line 13 from line 6

15 **Total tax.** Multiply the amount on line 14 by 37% (0.37)

16 **Credits and payments:**

a Overpayment from prior year allowed as a credit **16a**

b Current year estimated tax payments **16b**

c Refund of overpaid estimated tax applied for on Form 4466 **16c**

d Subtract line 16c from the total of lines 16a and 16b **16d 07-B**

e Tax deposited with Form 7004 **16e 07-C**

f **Total credits and payments (add lines 16d and 16e)** **07-R**

17 Estimated tax **17 07-H**

18 **Tax due.** Subtract line 17 from line 15 **18 07-I**

19 **Overpayment.** If line 18 is less than line 16f, enter amount overpaid **19 07-I**

20 Enter amount of line 19 you want: Credited to next year's estimated tax **07-J**
Refunded ►

14 **04-C**

15 **07-A**

16f **07-Y c/g**

17 **07-H**

18 **07-I**

19 **07-I**

20

Section 07
\$ & ¢
All Fields + (except 07-I + or -)

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of fund administrator _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below? See instructions. ☐ Yes ☐ No **01-H**

Paid Preparer Use Only

Print/Type preparer's name _____ Preparer's signature _____ Date _____

Firm's name _____ Firm's EIN ► **01-K**

Firm's address ► _____ Phone no. **01-I**

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 14989I

Form **1120-SF** (Rev. 11-2018)

04-A

Exhibit 3.12.16-3

Internal Revenue Manual

Cat. No. 33660A (11-07-2023)
Any line marked with a #
is for **Official Use Only**

Exhibit 3.12.16-3 (Cont. 1) (01-01-2024)
Form 1120-SF

Schedule L Balance Sheets		(a) Beginning of year	(b) End of year
Assets			
1	Cash	1	
2	U.S. Government obligations	2	
3	State and local government obligations	3	
4	Other investments (attach statement)	4	
5	Other assets (attach statement)	5	
6	Total assets. Add lines 1 through 5	6	04-B
Liabilities and Fund Balance			
7	Liabilities	7	
8	Fund balance	8	
9	Total. Add lines 7 and 8	9	04-E 04-D

Additional Information		Yes	No
1a	Enter the amount of cash and the fair market value of property, valued at the date of the transfer, transferred to the fund during the tax year \$ 08-A		
b	For transfers of property included on line 1a, attach a copy of each qualified appraisal and the statements received from a transferor under Regulations sections 1.468B-3(b) and 1.468B-3(e).		
c	Were amounts transferred to the fund during the tax year by a person other than a transferor? ▶		
2	Enter the amount of tax-exempt interest received during the tax year \$ 07-W		
3a	Were direct and indirect distributions made during the tax year? ▶		
b	If "Yes," enter the amount of the total distributions \$ 08-B		
4a	Did the fund make any distributions (including deemed distributions) to a transferor or related party during the tax year? 08-C ▶		
b	If "Yes," enter the amount of the total distributions and attach a statement showing the name, identifying number, and the amount of distributions to each transferor or related party \$		
03-X 5a	Check the type of liability <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Field 03-X Code 1 - Tort Code 2 - Breach of Contract Code 3 - Violation of Law Code 4 - CERCLA Code 5 - Other </div> <div style="margin-top: 5px;"> <input type="checkbox"/> Tort <input type="checkbox"/> Breach of Contract <input type="checkbox"/> Violation of Law <input type="checkbox"/> CERCLA <input type="checkbox"/> Other </div>		
b	If "Other" is checked, enter the percent (by value) of the assets of the fund that are allocated to the "Other" liability ▶ % Attach a statement describing the type of liability (or liabilities).		
6	If the fund was established by a court order, enter the Court Order Number under which the fund was established		

Form 1120-SF (Rev. 11-2018)

Exhibit 3.12.16-4 (01-01-2012)

Form 8913, Credit for Federal Telephone Excise Tax Paid

Form 8913 Department of the Treasury Internal Revenue Service	Credit for Federal Telephone Excise Tax Paid ▶ Attach to your income tax return.	OMB No. 1545-XXXX 2006 Attachment Sequence No. 59
Name as shown on your income tax return		Identifying number
<p>Enter the federal telephone excise tax for each month of the calendar quarter in the applicable column of lines 1–14 below.</p> <p>Claimant certifies that it (1) has not received from the collector a credit or refund of the tax paid on long distance service or bundled service billed after February 28, 2003, and before August 1, 2006, and (2) will not ask the collector for a credit or refund and has withdrawn any request submitted to the collector for a credit or refund.</p> <p>Caution. See the instructions for explanations of the services that qualify for a refund of the federal telephone excise tax.</p>		
Amount of federal excise tax on long distance or bundled service only		
(a) Bills dated during:	(b) Long distance service	(c) Bundled service
(d) Tax refund (add columns (b) and (c))	(e) Interest on tax refund (see instructions)	
1 April, May, and June of 2003		
2 July, August, and September of 2003		
3 October, November, and December of 2003		
4 January, February, and March of 2004		
5 April, May, and June of 2004		
6 July, August, and September of 2004		
7 October, November, and December of 2004		
8 January, February, and March of 2005		
9 April, May, and June of 2005		
10 July, August, and September of 2005		
11 October, November, and December of 2005		
12 January, February, and March of 2006		
13 April, May, and June of 2006		
14 July 2006		
15 Add lines 1–14 in columns (d) and (e)	\$ 20-A	\$ 20-B
16 Total credit claimed. Add columns (d) and (e) on line 15. Enter here and on Form 1040, line 71; Form 1040A, line 42; Form 1040EZ, line 9, Form 1040EZ-T, line 2a; Form 1040NR, line 69; Form 1040NR-EZ, line 21; Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23d; Form 1041, line 24f; Form 1065, line 23; Form 990-T, line 44f; or the proper line of other returns ▶		\$

Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose. Use Form 8913 to claim a refund of the federal telephone excise tax on long distance service or bundled service.

You cannot claim a refund for the tax on local service unless you paid a flat charge for combined local and long distance service.

Caution. Do not use Form 8849, Schedule C (Form 720), or Form 720X, Amended Quarterly Federal Excise Tax Return, to

make a claim. All claimants, including Form 720 filers, must use Form 8913 to make a claim.

Claim requirements. Generally, a claim must be filed within 3 years of the filing of the return to which the claim relates, or 2 years from when the tax reported on that return was paid, whichever is later. The months that claims can be filed for are listed in lines 1–14.

How to file. Attach Form 8913 to your income tax return. If you attach additional sheets, write your name and identifying number on each sheet.

For Paperwork Reduction Act Notice, see the instructions.

Cat. No. 37723M

Form **8913** (2006)

Printed on recycled paper

Exhibit 3.12.16-5 (01-01-2024)**Acronyms and Abbreviations**

The table lists commonly used acronyms, abbreviations and their definitions. An acronym is a new word made from the first letters of a phrase. An abbreviation is a shortened form of a word or phrase.

Acronyms and Abbreviations

Acronyms and Abbreviations	Definition
AC	Action Code
ADP	Automated Data Processing (formerly Automatic Data Processing)
AFD	Alpha Field Designator
AM	Accounts Management
APO	Army Post Office
ATRA	American Taxpayer Relief Act
BMF	Business Master File
c/o	care of
C&E	Code and Edit
CADE	Customer Account Data Engine
CAS	Correspondence Action Sheet
CC	Command Code
cc	Closing Code
CCC	Computer Condition Code
CDP	Collection Due Process
CFOL	Corporate Files Online
CFR	Code of Federal Regulations
CI	Criminal Investigation
CII	Correspondence Imaging Inventory
CP	Computer Paragraph
CRN	Credit Reference Number
CRD	Correspondence Received Date
CTDWA	Control-D WebAccess
DLN	Document Locator Number
Doc	Document
DPO	Diplomatic Post Office
ECC-MTB	Enterprise Computing Center-Martinsburg
EEFax	Enterprise Electronic Fax

Exhibit 3.12.16-5 (Cont. 1) (01-01-2024)**Acronyms and Abbreviations**

Acronyms and Abbreviations	Definition
e.g.	for example
EIN	Employer Identification Number
EO	Exempt Organization
EQSP	Embedded Quality Submission Processing
ERS	Error Resolution System
etc.	et cetera
Exam	Examination
Fax	Facsimile
FCC	Foreign Country Code
FedEx	Federal Express Corporation
FIRPTA	Foreign Investment in Real Property Tax Act
FPO	Fleet Post Office
FRP	Frivolous Return Program
HIRE	Hiring Incentives to Restore Employment
http	Hypertext Transfer Protocol
IAT	Integrated Automation Technologies (Replaced IDRS Decision Assisting Program (IDAP))
ICS	Integrated Collection System
ID	Identification or Identity
IDRS	Integrated Data Retrieval System
IDT	Identity Theft
IRP	Information Return Processing
ISRP	Integrated Submission and Remittance Processing Note: Integrated Submission and Remittance Processing (ISRP) replaced the previous Distributed Input System (DIS) and Residual Remittance Processing System (RRPS).
IMF	Individual Master File
IPU	IRM Procedural Update
IRC	Internal Revenue Code
IRS	Internal Revenue Service
IT	Information Technology

Exhibit 3.12.16-5 (Cont. 2) (01-01-2024)**Acronyms and Abbreviations**

Acronyms and Abbreviations	Definition
KCSPC	Kansas City Submission Processing Center or Kansas City Submission Processing Campus
LB&I	Large Business and International
MCC	Martinsburg Computing Center
MeF	Modernized Electronic Filing
MSC	Missing Schedule Code
MFT	Master File Tax
Mod E-File	Modernized Electronic Filing
N/A	Not Applicable
NAICS	North American Industry Classification System
NSA	National Standard Application
OAR	Operations Assistance Request
OBRA	Omnibus Budget Reconciliation Act
OC	Other Country
OID	Original Issue Discount
OMB	Office of Management and Budget
OSPC	Ogden Submission Processing Center or Ogden Submission Processing Campus
P&A	Planning and Analysis
PBA	Principal Business Activity
PCD	Program Completion Date
P.L.	Public Law
PTIN	Preparer Tax Identification Number
R&C	Receipt and Control
Rev. Proc.	Revenue Procedure
RICS	Return Integrity and Compliance Services
RO	Revenue officer
RRA98	Restructuring and Reform Act of 1998
SB/SE	Small Business/Self-Employed
SCAMPS	Service Center Automated Mail Processing System
SCCF	Service Center Control File

Exhibit 3.12.16-5 (Cont. 3) (01-01-2024)**Acronyms and Abbreviations**

Acronyms and Abbreviations	Definition
SCRS	Service Center Replacement System
SERP	Servicewide Electronic Research Program
SFR	Substitute for Return
SLA	Service Level Agreement
SME	Subject Matter Expert
SOI	Statistics of Income
SP	Submission Processing
SPDC	Submission Processing Design Center
SSN	Social Security Number
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TC	Transaction Code
TCJA	Tax Cuts and Jobs Act of 2017
TE	Tax Examiner
TEGE	Tax Exempt and Government Entities
TETR	Telephone Excise Tax Refund
TIN	Taxpayer Identification Number
TPNC	Taxpayer Notice Code
TRPRT	Tax Return Print
U.S.	United States
UCC	Uniform Commercial Code
URL	Unidentified Remittance File
USC	United States Code
USPS	United States Postal Service
W&I	Wage and Investment
YYYYMMDD	Year Year Year Year Month Month Day Day
ZIP	Zone Improvement Plan

Note: The above list is not all-inclusive.

Exhibit 3.12.16-6 (01-01-2023)**Potential Frivolous Arguments for Examination Review**

Potential Frivolous Argument	Description
Alleged Churches/First Amendment	Income from non-religious sources and may claim a vow of poverty.
Altered Form	Altering any or all line items with the intent of facilitating non-compliance with the tax laws.
Altered Jurat/Uniform Commercial Code (UCC) 1-207 or UCC 1-308	Return has income and deductions but the jurat was altered or stricken. May include reference to UCC 1-207/UCC 1-308 or a statement that the return was not signed under penalties of perjury.
Amended Returns/Form 843 Claim	Amended return or a Form 843, Claim for Refund and Request for Abatement, filed to obtain a total refund of all taxes paid in prior years, based on a tax avoidance argument.
C-Filings	This frivolous position includes the following four categories: <ul style="list-style-type: none"> a. Files a return claiming several types of deductions, credits, or overpayments/refunds that have no relation to reality and because of their outrageous character, qualify as frivolous returns. b. Files a return containing the filer's identifying information but does not request a refund, often lacking sufficient information to determine a tax liability. c. Files a return with several types of rambling dialogue or confusing arguments that no one could reasonably view as a good faith attempt to comply with the law. d. Files a return that attempts to send some type of message or protest to the IRS but doesn't include sufficient identifying information for the IRS to either determine the identity of the taxpayer or correspondent or return address.
Challenges to Authority/Due Process	Questions several administrative authorities such as delegation orders, summons authority, Privacy Act, etc. Argues that they must be afforded a hearing or a trial before taxes can be assessed or before property can be seized.
Challenges to Authority/Title 26 or "law" in Other Documents	Argues that Title 26 of the United States Code is not law because it was never enacted as named.
Collections Issues	Files frivolous documents contending that several collections issues are invalid (e.g., Offers in Compromise, Collection Due Process Requests, Installment Agreements, Appeals Requests,) because they are not filed and signed by someone with delegated authority. They may have no certificate of assessment attached, do not comply in form or content with a state or local law, are not in a certain format or lack a valid Office of Management and Budget (OMB) number, or other frivolous positions.
Disclaimer	Submits a disclaimer stating, "disclaims the liability for the tax due," making the liability on the return zero.

Exhibit 3.12.16-6 (Cont. 1) (01-01-2023)**Potential Frivolous Arguments for Examination Review**

Potential Frivolous Argument	Description
Fifth Amendment	Assertion of the Fifth Amendment right against self-incrimination as a basis for not providing any financial information.
Foreign Income	Argues that United States citizens and residents are not subject to tax on their wages or other income derived from sources within the United States, as only foreign-based income or income received by nonresident aliens and foreign corporations from sources within the United States is taxable.
Form 1099-OID (Original Issue Discount)	An individual or business files a return reporting false amounts of income (generally "Other" or "Miscellaneous" income) and claims a false amount of income tax withholding approximately equal to the amount of falsely reported income. Although the returns report income, they do not calculate any tax due. Some of the returns have Form 1099-OID attached and some have Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Other false financial instruments may be filed in the place of or in addition to the Form 1099-OID such as Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, promissory notes, bonds, sight drafts, etc.
IRC 861 Business Employment Tax (BMF 861)	Argument targets employers and advises them that wages are exempt from withholding. These taxpayers rely on Sections 861 through 865 of the Code and the regulations (in particular, Treasury Regulation §1.861-8), promoters of this scheme advise employers to stop withholding and paying payroll taxes on their employee's wages. In addition, some employers file amended payroll tax returns and request refunds of previously paid payroll taxes.
IRS is a Private Organization/Collects Tribute, Not Taxes	Argues that the IRS is an entity named the Internal Revenue and Tax Service, Inc., which was incorporated in Delaware in 1933, it is a collection agency for the Federal Reserve Bank or is part of the United Nations and is clandestinely leading the tax-paying public into a "new world order".
Not a Person	Argues that a taxpayer is not a "person" within the meaning of Section 7701(a)(14).
Obscene, Vulgar, Harassing	Submits documents or other materials indicating that non-filing is due to dissatisfaction with tax policies or taxation in general. Often, this argument is expressed with obscene, vulgar, or crude language and characters in an extremely demeaning manner.
Protest Against Government Action/Inaction	Argues that refusal to file or pay is justified because they disagree with government policies or spending plans.
Sixteenth Amendment	Argues the Sixteenth Amendment was not properly ratified and therefore the federal government does not have the legal authority to collect an income tax without apportionment.

Exhibit 3.12.16-6 (Cont. 2) (01-01-2023)

Potential Frivolous Arguments for Examination Review

Potential Frivolous Argument	Description
Straw Men	Argues the government has created an entity separate and distinct from the taxpayer - a "straw man" and any tax obligations are exclusively those of the "straw man".
Taxes are Voluntary/Law Does Not Require	Submits a return, amended return or correspondence that argues income taxes are voluntary.
U.S. vs. Long	Submits a return with zero money amounts. To explain the zeroes inserted on the form the individual references "U.S. vs. Long".
Unsigned Returns	The individual completes a return but doesn't sign. A statement indicating disagreement with the tax system is attached or added to the return.
Valuation	Income is not taxable because of the declining fair market value of the dollar, because the dollar is not backed by gold/silver, because the value of services is offset by the value of the labor (barter income), etc.
Zero Returns	Submits a return with zero money amounts on all or most line items on the form (e.g., IRC 861, Form 2439, OID, and other BMF filings that claim no income and request refunds). See Rev. Rul. 2004-34. A statement is attached claiming there is no section of the Internal Revenue Code that established an income tax liability. The statement may also have arguments regarding the definition of income. There are several variations on this type of filing such as those bearing the words "nunc pro tunc" and "not liable". Note: Returns having only zeros, no entries, are blank, or show "None", "Not Liable", etc., with no evidence of frivolous arguments are not to be considered as frivolous returns
Other	All others including those in Notice 2010-33 or any subsequent superseding notice. See also http://www.irs.gov/Tax-Professionals/The-Truth-About-Frivolous-Tax-Arguments-Introduction on IRS.gov. This category includes non-filer accounts resulting from initial compliance check such as cross-reference Taxpayer Identification Numbers (TINs). Note: Frivolous arguments citing "Collection Due Process (CDP)" should be reviewed by Collections for possible referral to Appeals. Refer to IRM 5.19.8, Collection Appeal Rights, for more information.

Exhibit 3.12.16-7 (01-01-2021)
Foreign Country Codes

The Foreign Country Code (FCC) table is valid for all Form 1120 series returns.

Use the Foreign Country Code table below to enter the two-digit "Country Code".

Note: If the table has two Country Codes, use the first Country Code for the Entity Section. Use the second Country Code for other than the Entity Section (e.g., Schedule K). Also, "Holland" is not an official country name. It is part of The Netherlands.

Foreign Country Codes

Foreign Country	Country Code
Afghanistan	AF
Akrotiri	AX (Entity Section Only) OC (Other than Entity Section)
Albania	AL
Algeria	AG
American Samoa Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	AQ (Other than Entity Section)
Andorra	AN
Angola	AO
Anguilla	AV
Antarctic Lands (Southern Lands)	FS
Antarctica	AY
Antigua	AC
Antigua Barbuda	AC
Argentina	AR
Armenia	AM
Aruba	AA
Ascension	SH
Ashmore Island	AT
Ashmore Cartier Islands	AT
Australia	AS
Austria	AU
Azerbaijan	AJ
Bahamas	BF

Exhibit 3.12.16-7 (Cont. 1) (01-01-2021)

Foreign Country Codes

Foreign Country	Country Code
Bahrain	BA
Baker Island	FQ
Bangladesh	BG
Barbados	BB
Barbuda	AC
Belarus	BO
Belgium	BE
Belize	BH
Benin (Dahomey)	BN
Bermuda	BD
Bhutan	BT
Bolivia	BL
Bosnia - Herzegovina	BK
Botswana	BC
Bouvet Island	BV
Brazil	BR
British Indian Ocean Territory	IO
British Virgin Islands	VI
Brunei	BX
Bulgaria	BU
Burkina Faso (Upper Falto)	UV
Burma	BM
Burundi	BY
Caicos Islands (Turks Islands)	TK
Cambodia (Kampuchea)	CB
Cameroon	CM
Canada Note: In an effort to help Compliance with workload assignment, returns filed with an address in Canada will be edited/entered using a unique country code based on the province.	See Exhibit 3.12.16-8, Province and Country Code - Canada, for more information.
Cape Verde	CV
Cartier Island	AT

Exhibit 3.12.16-7 (Cont. 2) (01-01-2021)
Foreign Country Codes

Foreign Country	Country Code
Cayman Islands	CJ
Central African Republic	CT
Chad	CD
Chile	CI
China, People's Republic of (including Inner Mongolia, Tibet and Manchuria)	CH
Christmas Island (Indian Ocean)	KT
Clipperton Islands	IP
Cocos (Keeling) Island	CK
Colombia	CO
Comoros	CN
Congo, Democratic Republic of (Kinshasa) (formerly Zaire)	CG
Cook Islands	CW
Coral Sea Islands Territory	CR
Costa Rica	CS
Cote d'Ivoire (Ivory Coast)	IV
Croatia	HR
Cuba	CU
Cyprus	CY
Czech Republic	EZ
Democratic People's Republic of Korea (North)	KN
Democratic Republic of Congo (Kinshasa) (formerly Zaire)	CG
Denmark	DA
Dhekelia	DX (Entity Section Only) OC (Other than Entity Section)
Djibouti	DJ
Dominica	DO
Dominican Republic	DR
East Timor	TT
Ecuador	EC
Egypt	EG
El Salvador	ES
Eleuthera Island	BF

Exhibit 3.12.16-7 (Cont. 3) (01-01-2021)

Foreign Country Codes

Foreign Country	Country Code
England	UK
Equatorial Guinea	EK
Eritrea	ER
Estonia	EN
Ethiopia	ET
Falkland Islands	FK
Faroe Islands	FO
Federated States of Micronesia Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	FM (Other than Entity Section)
Fiji	FJ
Finland	FI
France	FR
French Polynesia (Tahiti)	FP
French Southern Antarctic Lands	FS
Futuna	WF
Gabon	GB
Gambia	GA
Georgia	GG
Germany	GM
Ghana	GH
Gibraltar	GI
Great Britain	UK
Greece	GR
Greenland	GL
Grenada	GJ
Grenadines	VC
Guam Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	GQ

Exhibit 3.12.16-7 (Cont. 4) (01-01-2021)
Foreign Country Codes

Foreign Country	Country Code
Guatemala	GT
Guernsey	GK
Guinea	GV
Guinea-Bissau	PU
Guyana	GY
Haiti	HA
Heard Island McDonald Island	HM
Holy See	VT
Honduras	HO
Hong Kong	HK
Howland Island	HQ
Hungary	HU
Iceland	IC
India	IN
Indonesia	ID
Iran	IR
Iraq	IZ
Ireland	EI
Isle of Man	IM
Israel	IS
Italy	IT
Jamaica	JM
Jan Mayen	JN
Japan	JA
Jarvis Island	DQ
Jersey	JE
Johnston Atoll	JQ
Jordan	JO
Kazakhstan	KZ
Kenya	KE
Kingman Reef	KQ
Kinshasa (Democratic Republic of Congo)	CG

Exhibit 3.12.16-7 (Cont. 5) (01-01-2021)

Foreign Country Codes

Foreign Country	Country Code
Kiribati	KR
Korea, Democratic People's Republic of (North)	KN
Korea, Republic of (South)	KS
Kosovo, Republic of	KV (Entity Section Only) OC (Other than Entity Section)
Kuwait	KU
Kyrgyzstan	KG
Laos	LA
Latvia	LG
Lebanon	LE
Lesotho	LT
Liberia	LI
Libya	LY
Liechtenstein	LS
Lithuania	LH
Luxembourg	LU
Macau	MC
Macedonia	MK
Madagascar	MA
Malawi	MI
Malaysia	MY
Maldives	MV
Mali	ML
Malta	MT
Marshall Islands Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	RM (Other than Entity Section)
Mauritania	MR
Mauritus	MP
Mayotte	MF
McDonald Island	HM

Exhibit 3.12.16-7 (Cont. 6) (01-01-2021)
Foreign Country Codes

Foreign Country	Country Code
Mexico	MX
Midway Islands	MQ
Miquelon	SB
Moldova	MD (Entity Section Only) OC (Other than Entity Section)
Monaco	MN
Mongolia	MG
Montenegro	MJ (Entity Section Only) MW (Other than Entity Section)
Montserrat	MH
Morocco	MO
Mozambique	MZ
Namibia	WA
Nauru	NR
Navassa Island	BQ
Nepal	NP
Netherlands	NL
Netherlands Antilles	NT
Nevis	SC
New Caledonia	NC
New Zealand	NZ
Nicaragua	NU
Niger	NG
Nigeria	NI
Niue	NE
Norfolk Island	NF
North Korea	KN
Northern Mariana Islands Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	CQ (Other than Entity Section)
Norway	NO

Exhibit 3.12.16-7 (Cont. 7) (01-01-2021)

Foreign Country Codes

Foreign Country	Country Code
Oman	MU
Other (Country not identified elsewhere)	OC (Other than Entity Section)
Pakistan	PK
Palau Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	PS (Other than Entity Section)
Palmyra Atoll	LQ
Panama	PM
Papua New Guinea	PP
Paracel Islands	PF
Paraguay	PA
Peru	PE
Philippines	RP
Pitcairn Islands	PC
Poland	PL
Portugal	PO
Principe	TP
Puerto Rico Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	RQ (Other than Entity Section)
Qatar	QA
Republic of Congo (Brazzaville)	CF
Republic of Korea (South)	KS
Republic of Kosovo	KV (Entity Section Only) OC (Other than Entity Section)
Republic of Singapore	SN
Romania	RO
Russia	RS
Rwanda	RW

Exhibit 3.12.16-7 (Cont. 8) (01-01-2021)
Foreign Country Codes

Foreign Country	Country Code
Saint Barthelemy	TB
Saint Martin	RN
Samoa	WS
San Marino	SM
Sao Tome and Principe	TP
Saudi Arabia	SA
Scotland	UK
Senegal	SG
Serbia	RI (Entity Section Only) SR (Other than Entity Section)
Seychelles	SE
Sierra Leone	SL
Singapore	SN
Slovakia	LO
Slovenia	SI
Solomon Islands	BP
Somalia	SO
South Africa	SF
South Georgia Island (and South Sandwich Island)	SX
South Korea	KS
South Sandwich Island (and South Georgia Island)	SX
South Sudan	SS
Spain	SP
Spratly Islands	PG
Sri Lanka	CE
St. Barthelemy	TB
St. Helena	SH
St. Kitts Nevis	SC
St. Lucia	ST
St. Martin	RN
St. Miquelon	SB
St. Pierre	SB

Exhibit 3.12.16-7 (Cont. 9) (01-01-2021)**Foreign Country Codes**

Foreign Country	Country Code
St. Pierre Miquelon	SB
St. Vincent Grenadines	VC
Sudan	SU
Suriname	NS
Svalbard	SV
Swaziland	WZ
Sweden	SW
Switzerland	SZ
Syria	SY
Taiwan	TW
Tajikistan	TI
Tanzania	TZ
Thailand	TH
The Bahamas	BF
The Gambia	GA
The Netherlands	NL
Timor-Leste	TT
Tobago	TD
Togo	TO
Tokelau	TL
Tonga	TN
Trinidad	TD
Tunisia	TS
Turkey	TU
Turkmenistan	TX
Turks Caicos Islands	TK
Tuvalu	TV
Uganda	UG
Ukraine	UP
United Arab Emirates	AE
United Kingdom	UK
Uruguay	UY

Exhibit 3.12.16-7 (Cont. 10) (01-01-2021)
Foreign Country Codes

Foreign Country	Country Code
Uzbekistan	UZ
Vanuatu	NH
Venezuela	VE
Vietnam	VM
Virgin Islands (British)	VI
Virgin Islands (United States) Caution: Do not use as a Foreign Country Code when entering the Entity Section. See Exhibit 3.12.16-10, U.S. Possessions/Territories and ZIP Codes.	VQ (Other than Entity Section)
Wake Island	WQ
Wallis and Futuna	WF
Western Sahara	WI
Windward Island	VC
Yemen	YM
Zambia	ZA
Zimbabwe	ZI

Exhibit 3.12.16-8 (01-01-2019)**Province and Country Code - Canada***Province and Country Code - Canada*

Canada Province/Territory	Province Abbreviation	Canadian Postal Code <i>Note: If the Canadian Postal Code begins with one of the following, use the corresponding Country Code in the right most column.</i>	Country Code
Alberta	AB	T	XA
British Columbia	BC	V	XB
Manitoba	MB	R	XM
New Brunswick	NB	E	XN
Newfoundland and Labrador	NL	A	XL
Northwest Territories	NT	X	XT
Nova Scotia	NS	B	XS
Nunavut	NU	X	XV
Ontario	ON	K, L, M, N or P	XO
Prince Edward Island	PE	C	XP
Quebec	QC	G, H or J	XQ
Saskatchewan	SK	S	XW
Yukon	YT	Y	XY

Exhibit 3.12.16-9 (01-01-2019)**Province, Foreign State and Territory Abbreviations*****Australia State***

Australia State	Abbreviation
Australian Capital Territory	ACT
New South Wales	NSW
Northern Territory	NT
Queensland	QLD
South Australia	SA
Tasmania	TAS
Victoria	VIC
Western Australia	WA

Brazil State

Brazil State	Abbreviation
Acre	AC
Alagoas	AL
Amapa	AP
Amazonas	AM
Bahia	BA
Ceara	CE
Distrito Federal	DF
Esperito Santo	ES
Goiias	GO
Maranhao	MA
Mato Grosso	MT
Mato Grosso do Sul	MS
Minas Gerais	MG
Para	PA
Paraiba	PB
Parana	PR
Pernambuco	PE
Piaui	PI
Rio de Janeiro	RJ

Exhibit 3.12.16-9 (Cont. 1) (01-01-2019)**Province, Foreign State and Territory Abbreviations**

Brazil State	Abbreviation
Rio Grande do Norte	RN
Rio Grande do Sul	RS
Rondonia	RO
Roraima	RR
Santa Catarina	SC
Sergipe	SE
Sao Paulo	SP
Tocantins	TO

Canada Province/Territory

Canada Province/Territory	Abbreviation
Alberta	AB
British Columbia	BC
Manitoba	MB
New Brunswick	NB
Newfoundland and Labrador	NL
Northwest Territories	NT
Nova Scotia	NS
Nunavut	NU
Ontario	ON
Prince Edward Island	PE
Quebec	QC
Saskatchewan	SK
Yukon	YT

Cuba Province

Cuba Province	Abbreviation
Camaguey	CG
Ciego de Avila	CA
Cienfuegos	CF
Ciudad de La Habana	CH

Exhibit 3.12.16-9 (Cont. 2) (01-01-2019)
Province, Foreign State and Territory Abbreviations

Cuba Province	Abbreviation
Granma (Bayamo)	GR
Guantanamo	GT
Holguin	HO
La Habana	HA
Matanzas	MT
Municipio Especial Isla de la Juventud	IJ
Pinar del Rio	PR
Sancti Spiritus	SS
Santiago de Cuba	SC
(Victoria de) Las Tunas	LT
Villa Clara	VC

Italy Province

Italy Province	Abbreviation
Agrigento	AG
Alessandria	AL
Ancona	AN
Aosta/Aoste	AO
Arezzo	AR
Ascoli Piceno	AP
Asti	AT
Bari	BA
Belluno	BL
Benevento	BN
Bergamo	BG
Biella	BI
Bologna	BO
Bolozano Bozen	BZ
Brescia	BS
Brindisi	BR
Cagliari	CA

Exhibit 3.12.16-9 (Cont. 3) (01-01-2019)**Province, Foreign State and Territory Abbreviations**

Italy Province	Abbreviation
Caltanissetta	CL
Campobasso	CB
Caserta	CE
Catania	CT
Catanzaro	CZ
Chieti	CH
Como	CO
Cosenza	CS
Cremona	CZ
Crotone	KR
Cuneo	CN
Enna	EN
Ferrara	FE
Firenze	FI
Foggia	FG
Forli	FO
Frosinone	FR
Genova	GE
Gorizia	GO
Grosseto	GR
Imperia	IM
Isernia	IS
L'Aquila	AQ
La Spezia	SP
Latina	LT
Lecce	LE
Livorno	LI
Lodi	LO
Lucca	LU
Macerata	MC
Mantova	MN

Exhibit 3.12.16-9 (Cont. 4) (01-01-2019)
Province, Foreign State and Territory Abbreviations

Italy Province	Abbreviation
Massa-Carrara	MS
Matera	MT
Messina	ME
Milan	MI
Modena	MO
Napoli	NA
Novara	NO
Nuoro	NU
Oristano	OR
Padova	PD
Palermo	PA
Parma	PR
Pavia	PV
Perugia	PG
Pesaro-Urbino	PS
Pescara	PE
Piacenza	PC
Pisa	PI
Pistoia	PT
Pordenone	PN
Potenza	PZ
Prato	PO
Ragusa	RG
Ravenna	RA
Reggio de Calabria	RC
Reggio Emilia	RE
Rieti	RI
Rimini	RN
Roma	RM
Rovigo	RO
Salerno	SA

Exhibit 3.12.16-9 (Cont. 5) (01-01-2019)**Province, Foreign State and Territory Abbreviations**

Italy Province	Abbreviation
Sassari	SS
Savona	SV
Siena	SI
Siracusa	SR
Sondrio	SO
Taranto	TA
Teramo	TE
Terni	TR
Torino	TO
Trapani	TP
Trento	TN
Treviso	TV
Trieste	TS
Udine	UD
Varese	VA
Venezia	VE
Verbania	VB
Vercelli	VC
Verona	VR
Vibo Valentia	VV
Vicenza	VI
Viterbo	VT

Mexico State

Mexico State	Abbreviation
Aguascalientes	AGS
Baja California Norte	BCN
Baja California Sur	BCS
Campeche	CAM
Chiapas	CHIS
Chihuahua	CHIH

Exhibit 3.12.16-9 (Cont. 6) (01-01-2019)
Province, Foreign State and Territory Abbreviations

Mexico State	Abbreviation
Coahuila	COAH
Colima	COL
Distrito Federal	DF
Durango	DGO
Guanajuato	GTO
Guerrero	GRO
Hidalgo	HGO
Jalisco	JAL
Mexico	MEX
Michoacan	MICH
Morelos	MOR
Nayarit	NAY
Nuevo Leon	NL
Oaxaca	OAX
Puebla	PUE
Queretaro	QRO
Quintana Roo	QROO
San Luis Potosi	SLP
Sinaloa	SIN
Sonora	SON
Tabasco	TAB
Tamaulipas	TAMPS
Tlaxcala	TLAX
Veracruz	VER
Yucatan	YUC
Zacatecas	ZAC

The Netherlands Province

The Netherlands Province	Abbreviation
Drenthe	DR
Flevoland	FLD

Exhibit 3.12.16-9 (Cont. 7) (01-01-2019)**Province, Foreign State and Territory Abbreviations**

The Netherlands Province	Abbreviation
Friesland	FR
Gelderland	GLD
Groningen	GN
Limburg	LB
North Brabant	NB
North Holland	NH
Overijssel	OV
South Holland	ZH
Utrecht	UT
Zeeland	SLD

Exhibit 3.12.16-10 (01-01-2019)
U.S. Possessions ZIP Codes

If the table has two Country Codes, use the first Country Code for the Entity Section. Use the second Country Code for other than the Entity Section (e.g., Schedule K).

American Samoa (AS)

American Samoa (AS) City	American Samoa (AS) ZIP Code
Faga'itua	96799
Leone	96799
Olosega Manua'	96799
Pago Pago	96799

Federated States of Micronesia (FM)

Federated States of Micronesia (FM) City	Federated States of Micronesia (FM) ZIP Code
Chuuk	96942
Kosrae	96944
Pohnpei	96941
Yap	96943

Guam (GU)

Guam (GU) City	Guam (GU) ZIP Code
Agana	96910
Inarajan	96917
Merizo	96916
Tamuning	96931
Umatac	96915
Yona	96915

Marshall Islands (MH)

Marshall Islands (MH) City	Marshall Islands (MH) ZIP Code
Ebeye	96970
Majuro	96960

Exhibit 3.12.16-10 (Cont. 1) (01-01-2019)

U.S. Possessions ZIP Codes

Northern Marianna Islands (MP)

Northern Marianna Islands (MP) City	Northern Marianna Islands (MP) ZIP Code
Capitol Hill	96950
Rota	96951
Saipan	96950
Tinian	96952

Palau (PW)

Palau (PW) City	Palau (PW) ZIP Code
Koror	96940
Palau	96940

Puerto Rico (PR)

Puerto Rico (PR) City	Puerto Rico (PR) ZIP Code
Adjuntas	00601
Aguada	00602
Aguadilla	00603
Aguas Buenas	00703
Aguirre	00704
Aibonito	00705
Anasco	00610
Angeles	00611
Arecibo	00612
Arroyo	00714
Bajadero	00616
Barceloneta	00617
Barranquitas	00794
Barrio Obrero Station	00935
Bayamon	00956
Boqueron	00622
Cabo Rojo	00623
Caguas	00725

Exhibit 3.12.16-10 (Cont. 2) (01-01-2019)
U.S. Possessions ZIP Codes

Puerto Rico (PR) City	Puerto Rico (PR) ZIP Code
Camuy	00627
Canovanas	00729
Caparra Heights	00920
Carolina	00982
Catano	00962
Cayey	00736
Ceiba	00735
Cerro Gordo	00754
Ciales	00638
Cidra	00739
Coamo	00769
Comerio	00782
Condado	00907
Corozal	00783
Coto Laurel	00780
Culebra	00775
Dorado	00646
Ensenada	00647
Esperanza	00765
Fajardo	00738
Fernandez Juncos	00936
Florida	00650
Fort Buchanan	00934
Garrachales	00652
Guanica	00653
Guayama	00784
Guayanilla	00656
Guaynabo	00965
Gurabo	00778
Hatillo	00659
Hato Rey	00936

Exhibit 3.12.16-10 (Cont. 3) (01-01-2019)**U.S. Possessions ZIP Codes**

Puerto Rico (PR) City	Puerto Rico (PR) ZIP Code
Hormigueros	00660
Humacao	00791
Isabela	00662
Jayuya	00664
Juana Diaz	00795
Juncos	00777
La Cumbre	00926
Lajas	00667
La Plata	00786
Lares	00669
Las Marias	00670
Las Piedras	00771
Levittown	00949
Loiza	00772
Loiza Street Station	00936
Luquillo	00773
Manati	00674
Maricao	00606
Maunabo	00707
Mayaguez	00680
Mercedita	00715
Minillas Center	00936
Moca	00676
Morovis	00687
Naguabo	00718
Narajito	00719
Orocovis	00720
Palmer	00721
Patillas	00723
Penuelas	00624
Ponce	00731

Exhibit 3.12.16-10 (Cont. 4) (01-01-2019)
U.S. Possessions ZIP Codes

Puerto Rico (PR) City	Puerto Rico (PR) ZIP Code
Puerta de Tierra	00936
Puerta Real	00740
Punta Santiago	00741
Quebradillas	00678
Ramey	00603
Rincon	00677
Rio Blanco	00744
Rio Grande	00721
Rio Piedras	00927
Rosario	00636
Sabana Grande	00637
Sabana Hoyos	00688
Sabana Seca	00952
Saint Just	00978
Salinas	00751
San Antonio	00690
San Francisco	00927
San German	00683
San Juan	00936
San Lorenzo	00754
San Sebastian	00685
Santa Isabel	00757
Santurce	00936
Toa Alta	00953
Toa Baja	00949
Trujillo Alto	00976
University	00936
Utuado	00641
Vega Alta	00692
Vega Baja (Box 1 - 9049)	00694
Vieques	00765

Exhibit 3.12.16-10 (Cont. 5) (01-01-2019)**U.S. Possessions ZIP Codes**

Puerto Rico (PR) City	Puerto Rico (PR) ZIP Code
Villalba	00766
Yabucoa	00767
Yauco	00698

Virgin Islands - U.S. (VI)

Virgin Islands - U.S. (VI) City	Virgin Islands - U.S. (VI) ZIP Code
Charlotte Amalie	00802
Christiansted	00820
Cruz Bay	00830
Downtown	00840
Frederiksted	00840
Kingshill	00850
Saint Croix	00820
Saint John	00830
Saint Thomas	00805
Sunny Isle	00850
Veterans Annes	00820

Exhibit 3.12.16-11 (01-01-2024)**Form 4136 - Credit Reference Number (CRN) and TPNC 90 Literal**

For an updated listing of the non-programmed TPNC 90 literals, see TPNC 90 Literals - Copy and Paste Job Aid on Servicewide Electronic Research Program (SERP) at <http://serp.enterprise.irs.gov/databases/portals/sp/bmf/ers/job-aids/tpnc-90-literals.txt>.

Note: TPNC 90 Literals - Copy and Paste Job Aid shows TPNC 90 literals with three digits (e.g., ###).

Invalid CRN	TPNC 90 - ###	TPNC 90 Literal/Language
306	400	We computed your return without applying your nontaxable use of exported diesel-water fuel emulsion credit. The credit is not valid for tax periods earlier than 200601.
307	401	We computed your return without applying your renewable diesel mixtures fuel credit. The credit is not valid for tax periods earlier than 200601.
309	402	We computed your return without applying your nontaxable use of a diesel-water fuel emulsion credit. The credit is not valid for tax periods earlier than 200601.
310	403	We computed your return without applying your diesel-water fuel emulsion blender credit. The credit is not valid for tax periods earlier than 200601.
324	405	We computed your return without applying your sales by registered ultimate vendors of aviation fuel credit. The credit is not valid for tax periods earlier than 199701.
346	406	We computed your return without applying your sale and use of kerosene and undyed kerosene used in aviation and state or local government fuel credit. The credit is not valid for tax periods earlier than 199801.
347	407	We computed your return without applying your sale and nontaxable use of undyed kerosene used in certain intercity and local buses fuel credit. The credit is not valid for tax periods earlier than 199801.
350	408	We computed your return without applying your sale and nontaxable use of undyed diesel fuel used in certain intercity and local buses fuel credit. The credit is not valid for tax periods earlier than 199801.
377 (Depends on the tax year)	215	We computed your return without applying your nontaxable use of aviation grade kerosene used in foreign trade fuel credit. The credit is not valid for tax periods earlier than 199301.
377 (Depends on the tax year)	216	We computed your return without applying your nontaxable use of aviation grade kerosene used in foreign trade fuel credit. The credit is not valid for tax periods after 200511 and before 200712.

Exhibit 3.12.16-11 (Cont. 1) (01-01-2024)**Form 4136 - Credit Reference Number (CRN) and TPNC 90 Literal**

Invalid CRN	TPNC 90 - ###	TPNC 90 Literal/Language
388	217	We computed your return without applying your nontaxable use of biodiesel mixtures (other than agri-biodiesel mixtures) fuel credit. The credit is not valid for tax periods earlier than 200501.
390	218	We computed your return without applying your agri-biodiesel mixtures fuel credit. The credit is not valid for tax periods earlier than 200501.
393	219	We computed your return without applying your alcohol fuel mixture containing ethanol fuel credit. The credit is not valid for tax periods earlier than 200501 or after 201211.
394	220	We computed your return without applying your alcohol fuel mixture containing alcohol (other than ethanol) fuel credit. The credit is not valid for tax periods earlier than 200501 or after 201211.
411	222	We computed your return without applying your nontaxable use of exported gasoline fuel credit. The credit is not valid for tax periods earlier than 200601.
412	223	We computed your return without applying your nontaxable use of exported aviation gasoline fuel credit. The credit is not valid for tax periods earlier than 200601.
413	224	We computed your return without applying your nontaxable use of exported undyed diesel fuel credit. The credit is not valid for tax periods earlier than 200601.
414	225	We computed your return without applying your nontaxable use of exported undyed kerosene (other than kerosene used in aviation) fuel credit. The credit is not valid for tax periods earlier than 200601.
415	226	We computed your return without applying your nontaxable use of exported dyed diesel fuel credit. The credit is not valid for tax periods earlier than 200601.
416	227	We computed your return without applying your nontaxable use of exported dyed kerosene fuel credit. The credit is not valid for tax periods earlier than 200601.
417	228	We computed your return without applying your nontaxable use of kerosene used in commercial aviation (other than foreign trade) taxed at \$.244 fuel credit. The credit is not valid for tax periods earlier than 200601.
418	229	We computed your return without applying your sale of kerosene used in aviation fuel credit. The credit is not valid for tax periods earlier than 200601.
419	230	We computed your return without applying your nontaxable use of alternative fuel credit. The credit is not valid for tax periods earlier than 200610.

Exhibit 3.12.16-11 (Cont. 2) (01-01-2024)**Form 4136 - Credit Reference Number (CRN) and TPNC 90 Literal**

Invalid CRN	TPNC 90 - ###	TPNC 90 Literal/Language
420	231	We computed your return without applying your nontaxable use of alternative fuel ("P series" fuel) credit. The credit is not valid for tax periods earlier than 200610.
421	232	We computed your return without applying your nontaxable use of alternative fuel (compressed natural gas) credit. The credit is not valid for tax periods earlier than 200610.
422	233	We computed your return without applying your nontaxable use of alternative fuel (liquefied hydrogen) credit. The credit is not valid for tax periods earlier than 200610.
423	234	We computed your return without applying your nontaxable use of alternative liquid fuel derived from coal credit. The credit is not valid for tax periods earlier than 200610.
424	235	We computed your return without applying your nontaxable use of alternative liquid hydrocarbon fuel derived from biomass credit. The credit is not valid for tax periods earlier than 200610.
425	236	We computed your return without applying your nontaxable use of alternative fuel (liquefied natural gas) credit. The credit is not valid for tax periods earlier than 200610.
426	237	We computed your return without applying your alternative fuel credit (liquefied petroleum gas). The credit is not valid for tax periods earlier than 200610.
427	238	We computed your return without applying your alternative fuel credit ("P series"). The credit is not valid for tax periods earlier than 200610.
428	239	We computed your return without applying your alternative fuel credit (compressed natural gas). The credit is not valid for tax periods earlier than 200610.
429	240	We computed your return without applying your alternative fuel credit (liquefied hydrogen). The credit is not valid for tax periods earlier than 200610 or after 202311.
430	241	We computed your return without applying your alternative fuel credit (liquid fuel from coal). The credit is not valid for tax periods earlier than 200610.
431	242	We computed your return without applying your alternative fuel credit (liquid fuel derived from biomass). The credit is not valid for tax periods earlier than 200610.
432	243	We computed your return without applying your alternative fuel credit (liquefied natural gas). The credit is not valid for tax periods earlier than 200610.

Exhibit 3.12.16-11 (Cont. 3) (01-01-2024)**Form 4136 - Credit Reference Number (CRN) and TPNC 90 Literal**

Invalid CRN	TPNC 90 - ###	TPNC 90 Literal/Language
433	244	We computed your return without applying your leaking underground storage tanks (lust) tax credit. The credit is not valid for tax periods earlier than 200510.
434	245	We computed your return without applying your leaking underground storage tanks (lust) tax credit. The credit is not valid for tax periods earlier than 200510 or after 200712.
435	246	We computed your return without applying your nontaxable use of alternative fuel (liquefied gas derived from biomass) credit. The credit is not valid for tax periods earlier than 200810.
436	247	We computed your return without applying your alternative fuel credit (liquefied gas derived from biomass). The credit is not valid for tax periods earlier than 200810.
437	248	We computed your return without applying your alternative fuel credit (compressed gas derived from biomass). The credit is not valid for tax periods earlier than 200810.
440	261	We computed your return without applying your sustainable aviation fuel mixture credit. The credit is not valid for tax periods earlier than 202301.

Exhibit 3.12.16-12 (01-01-2020)**Form 4136 - Prior Year Conversion Table***Form 4136 - Prior Year Conversion Table*

Line Number of Tax Years 2000 - 1998 Form 4136	Credit Reference Number (CRN)	Change Credit Reference Number To
1a - c	301	362
1d - f	312	359
2a - b	307	324
3a	303	360
3b	305	353
3c	303	350
4a - b	310	369
5a - b	303	360
6a - c	303	346
7a - b	304	361
8a - c	302	356

Reminder: No conversion required for tax years after 2001.

Exhibit 3.12.16-13 (01-01-2024)
Form 4136 - Valid Tax Period Table

Form 4136 - Valid Tax Period Table

Credit Reference Number (CRN)	Valid Tax Period(s)
306	200601 and later
307	200601 and later
309	200601 and later
310	200601 and later
324	199701 and later
346	199801 and later
347	199801 and later
350	199801 and later
353	All
354	All
355	All
360	All
377	199301 through 200511 and 200712 and later
388	200501 and later
390	200501 and later
393	200501 through 201211
394	200501 through 201211
411	200601 and later
412	200601 and later
413	200601 and later
414	200601 and later
415	200601 and later
416	200601 and later
417	200601 and later
418	200601 and later
419	200610 and later
420	200610 and later
421	200610 and later
422	200610 and later
423	200610 and later

Exhibit 3.12.16-13 (Cont. 1) (01-01-2024)
Form 4136 - Valid Tax Period Table

Credit Reference Number (CRN)	Valid Tax Period(s)
424	200610 and later
425	200610 and later
426	200610 and later
427	200610 and later
428	200610 and later
429	200610 through 202311
430	200610 and later
431	200610 and later
432	200610 and later
433	200510 and later
434	200510 and later
435	200810 and later
436	200810 and later
437	200810 and later
440	202301 and later

Exhibit 3.12.16-14 (01-01-2024)
Tax Period Underprint Flowchart

Refer to the Tax Period Underprint Flowchart below.

Note: If prepaid credits are present, see IRM 3.12.16.4.6, Field 01-D, Tax Period Ending and IRM 3.12.16.4.8, Field 01-D - Tax Period Underprint, for instructions.

Tax Period Underprint Flowchart

Tax Period Underprint Flowchart	Yes or No	Resolution
Is the EIN transcribed correctly? Yes↓	No→	<ol style="list-style-type: none"> 1. Change the EIN on the return and in Field 01-C (EIN). 2. Research Integrated Data Retrieval System (IDRS) using Command Code (CC) INOLES on the new EIN to ensure the Fiscal Year Month (FYM) agrees with the return. 3. Enter correct Entity Underprint Code, if applicable.
Is the tax period transcribed correctly? Yes↓	No→	<ol style="list-style-type: none"> 1. Change Field 01-D (Tax Period). 2. Enter correct Entity Underprint Code.
Is the tax period edited correctly? Note: Search the return and attachments for the correct tax period if there is no pre-printed label or no written date(s) on the top of Page 1 of the return. Yes↓	No→	<ol style="list-style-type: none"> 1. Change the tax period on the return and in Field 01-D (Tax Period). 2. Enter correct Entity Underprint Code. <p>Note: Be aware of special situations such as, 52-53 week filers before changing the tax period.</p>
Is Computer Condition Code (CCC) "G" present? No↓	Yes→	Enter correct Entity Underprint Code. See IRM 3.12.16.4.16, Field 01-L, Entity Underprint Code, for more information.
Is the return a "Final" or approved "Change of Accounting Period"? No↓	Yes→	<ol style="list-style-type: none"> 1. Enter CCC "F" or CCC "Y" in Field 01-F (CCC), as applicable. 2. Enter correct Entity Underprint Code, if applicable.

Exhibit 3.12.16-14 (Cont. 1) (01-01-2024)**Tax Period Underprint Flowchart**

Tax Period Underprint Flowchart	Yes or No	Resolution
<p>Is the return for a Short Period (not “Initial” or “Final”) with an acceptable reason attached (e.g., IRC Section or Revenue Procedure quoted)?</p> <p>Note: See Field 01-D (Tax Period) for more information.</p> <p>No↓</p> <p>Research IDRS using Command Codes INOLES, ENMOD, BMFOLE, or other applicable Command Code.</p>	Yes →	<ol style="list-style-type: none"> 1. Enter CCC “Y”. 2. Enter correct Entity Underprint Code.
<p>Does the FYM agree with the FYM on the return, or is there a pending (PN) Transaction Code (TC) 016 or TC 090 with the correct FYM shown on ENMOD?</p> <p>Note: See Document 6209 for a list of pending Transaction Codes (TCs).</p> <p>No↓</p>	Yes →	Enter correct Entity Underprint Code.
<p>Is TC 052, TC 053, TC 054, TC 055, TC 057, TC 059, TC 090, TC 091, TC 092, TC 093, TC 094, TC 095 or TC 096 present, and is the date of the transaction within 12 months of the tax period on the return?</p> <p>No↓</p> <p>Research IDRS using CC BMFOLI.</p> <p>Caution: If TC 053 or TC 054 is not present, or pending, and a Form 1128 is attached to the return, then enter Action Code 3 on the error register. Attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip and route to Entity Control following local procedures.</p>	Yes →	<ol style="list-style-type: none"> 1. If the transaction code tax period matches the return, enter the applicable Entity Underprint Code. 2. If TC 053, TC 054 or TC 055 is present, enter a “Y” in Field 01-F (CCC) and the applicable Entity Underprint Code. 3. If TC 059 is present, enter Action Code 3 on the error register. Attach Form 4227 or other proper routing slip and route to Rejects to correspond for return with correct tax period. 4. If there is a tax period mismatch, enter Action Code 3 on the error register. Attach Form 4227 or other proper routing slip and route to Entity Control following local procedures.

Exhibit 3.12.16-14 (Cont. 2) (01-01-2024)

Tax Period Underprint Flowchart

Tax Period Underprint Flowchart	Yes or No	Resolution
Is the MFT 02 present? Yes ↓	No →	Enter correct Entity Underprint Code in Field 01-L (Entity Underprint Code).
Are there returns posted for the MFT of the return? Note: A “Y” in the “Posted Return” column shows a return is posted. Yes ↓	No →	1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures).
Are all the posted returns for the MFT of the return later than the tax period of the return? No ↓	Yes →	1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures). 3. When remittance is present that needs to be transferred to the correct FYM: • Prepare Form 3465, Adjustment Request, • Route to Accounts Management (AM) to request that the remittance be moved to the correct tax period.
Does the posting before the tax period of the return agree with the FYM of the return? Note: If all postings are for the same fiscal year and there are no dates on the top of Page 1, change the FYM of the return to the fiscal year. No ↓	Yes →	1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures).
Can you clearly determine from CC BMFOLI research that the return should post as filed? (See Example below.) No ↓ Correspond using Letter 319C, Return Covers Other Than 12-Month Accounting Period.	Yes →	1. Enter Action Code 3 on the error register. 2. Attach Form 4227 or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures).

For example, The return is filed for Fiscal Year Month (FYM) 202309 and Command Code (CC) INOLES shows FYM 09. Command Code BMFOLI shows:

- Tax Period 201812, Posted Return Y
- Tax Period 201912, Posted Return Y

Exhibit 3.12.16-14 (Cont. 3) (01-01-2024)**Tax Period Underprint Flowchart**

- Tax Period 202012, Posted Return Y
- Tax Period 202112, Posted Return Y
- Tax Period 202209, Posted Return Y
- Tax Period 202309, Posted Return N

The tax return for 202309 still needs to post. In this example, enter Action Code 3 on the error register, attach Form 4227, Intra-SC Reject or Routing Slip, or other proper routing slip and route to Rejects for input of TC 016 (or follow local procedures).

Exhibit 3.12.16-15 (01-01-2021)**Tax Period Underprint Flowchart for “Reply” and “No Reply”*****Tax Period Underprint Flowchart for “Reply” and “No Reply” Procedures - Form 1128 or Form 8716***

Tax Period Underprint Flowchart for “Reply” and “No Reply” Procedures - Form 1128 or Form 8716	Yes or No	Resolution
Did the taxpayer reply with Form 1128 or Form 8716? No↓	Yes→	Route to Entity Control following local procedures
Did the taxpayer reply without Form 1128 or Form 8716?	Yes→	1. Enter CCC Y. 2. Enter correct Entity Underprint Code.


Tax Period Underprint Flowchart for “Reply” and “No Reply” Procedures

Tax Period Underprint Flowchart for “Reply” and “No Reply” Procedures	Yes or No	Resolution
Does the tax period shown by the taxpayer agree with the FYM? No↓	Yes→	Change the tax period to agree with the underprint .
Is the return for a Short Period? No↓	Yes→	1. Enter CCC “Y”. 2. Enter correct Entity Underprint Code.
Is the last tax period with a TC 150, 12 months or more before the return tax period? No↓	Yes→	1. Input TC 016 on CC ENMOD using CC BNCHG. 2. Input TC 474 on CC REQ77 (using one (1) cycle delay) for the year and month before the beginning month of the tax period on the return being processed. 3. Hold for one week. 4. Correct the return and the register one (1) cycle after the input of TC 474. 5. When Pending (PN) 016 generates on CC ENMOD, enter correct Entity Underprint Code.
Is the last TC 150 less than 12 months before the return tax period?	Yes→	1. Enter CCC “Y”. 2. Enter correct Entity Underprint Code.

Reminder: When remittance is present that needs to be transferred to the correct FYM, prepare Form 3465, Adjustment Request, and route to Accounts Management to request that the remittance be moved to the correct tax period.

Exhibit 3.12.16-16 (01-01-2024)
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Quick Tools

Ship a Package

Send Mail

Manage Your Mail

Track & Confirm

PRINT DETAILS

YOUR LABEL NUMBER	SERVICE	STATUS OF YOUR ITEM	DATE & TIME
70103090000263274415	First-Class Mail®	Delivered	March 25, 2023, 12:48 pm
		Arrival at Unit	March 24, 2023, 8:34 pm
		Acceptance	March 23, 2023, 2:27 pm

Check on Another Item

What's your label (or receipt) number?

Find