



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D C. 20224

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MEMORANDUM FOR ALL EO EXAMINATIONS MANAGERS AND
ALL EO EXAMINATIONS REVENUE AGENTS

FROM: Paul A. Marmolejo /s/
Acting Director, EO Examinations

SUBJECT: Establishing and Controlling MFT 67 Non-Return Units

Purpose:

The purpose of this memorandum is to clarify and provide instructions on the establishment and control of Form 990 series non-return units of Master File Tax Code 67 (MFT 67).

Background:

When auditing taxpayers, an audit record is required for control purposes on Audit Information Management System (AIMS). Reporting Compliance Case Management System (RCCMS) is also used for control purposes. Each AIMS record identifies a specific return, tax period, and taxpayer under audit.

However, because Form 990, *Return of Organization Exempt from Income Tax* (MFT 67) has unique characteristics and filing thresholds, casual use of the term "return" can be confusing when providing instructions to agents about audit controls for non-filers not required to file a return or for filers of Form 990-N.

Procedure:

(1) This memorandum introduces the administrative term, "*non-return units*" (NRUs). Agents can refer to certain MFT 67 AIMS audit records as NRUs or NRU audit records where **no Form 990 or 990-EZ is filed**, and either:

- No Form 990 (or 990-EZ) return was required
- No Form 990 (or 990-EZ) return was due (including extensions)
- A Form 990-N is filed instead (properly or improperly)

(2) Thus, the following are examples of what an MFT 67 NRU is:

- Any posted Form 990-N, assuming no return is subsequently filed
- An MFT 67 AIMS record of a non-filer organization required to file Form 990-N
- An MFT 67 AIMS record of a non-filer church (i.e., a church that has not filed a 990-series return)
- An MFT 67 AIMS record where the return for the tax year is not yet due

(3) The following are examples of what an MFT 67 NRU is not:

- The AIMS record of a church that filed Form 990
- The AIMS record of a non-filer required to file Form 990

(4) An MFT 67 AIMS record can lose its designation as an NRU, if the agent subsequently:

- Secures a filed Form 990 or 990-EZ
- Prepares an SFR Form 990

(5) Every NRU AIMS record for a non-filer under audit is represented in the case file by a dummy return as defined in [IRM 4.75.21.3](#).

(6) Follow these AIMS establishment and case file instructions for various types of NRUs. SFRs are also included in this table for comparison purposes:

If	And...	Then establish the audit record on:	In lieu of a “return” in the case file, use:
Form 990-N was filed	---	Master File (an NRU Record)	Graphic Print of 990-N e- Postcard, available via Employee User Portal (EUP) database or EO Select Check print for Filed Form 990-N See TEGE-04-1015-0024 , <i>Form 990-N Case File Preparation</i>
No Form 990, 990-EZ or 990-N was filed	The organization is required to file Form 990-N	Non-Master File (an NRU Record)	Dummy Form 990. Insert “-N” after “990” in bold print See Paragraph (7) below.

No Form 990, 990-EZ, or 990-N was filed	The organization is not required to file either Form 990 or Form 990-N (e.g., church), or the return or notice is not due (the due date or extended due date has not passed)	Non-Master File (an NRU Record)	Dummy Form 990 See Paragraph (7) below.
No Form 990, 990-EZ, or 990-N was filed	Organization is required to file Form 990, and organization refuses to file Form 990	Master File	Substitute for Return (See IRM 4.75.22.7)
No Form 990, 990-EZ, or 990-N was filed	Organization is required to file Form 990, and Delinquent Form 990 is secured	Master File	Copy of Delinquent Return (See IRM 4.75.22.4)

(7) A dummy return is a skeletal first page of Form 990 serving as a placeholder in the MFT 67 case file where a return would be if one were filed. Allowable entries on a dummy return include:

- Organization's name
- Organization's address
- TIN
- Tax period
- Annotated on the top margin in red, "DUMMY RETURN," "DUMMY RETURN OF A CHURCH," or "DUMMY RETURN-NON-FILER UNDER \$50,000."

(8) If an organization voluntarily files Form 990, 990-EZ or 990-N after the audit group has shipped the NMF case for closure, the closing function (or review function) generally will not send the case back to the group for an AIMS Master File establishment unless the closing function (or review function) either:

- a. Rejects the case for other reasons
- b. Determines the agent, during the conduct of the audit prior to closing, should have concluded the organization was required to file a Form 990 (or 990-EZ) in the first place (requiring an SFR or a secured delinquent return).

(9) If an agent establishes an NRU audit record (MF or NMF), but did not conduct the audit, follow the instructions in [IRM 4.75.16.3](#) for non-examined closures. Master File and NMF accounts must be deleted using Form 10904, *Request for Record Deletion from AIMS*. Use AIMS disposal code 33 (RCCMS Code 901), *Error Accounts with No Returns*.

Effect on Other Documents:

Within two years from the date of this memorandum, [IRM 4.75.21.3](#), *Dummy Returns*, will be removed and its contents restated to incorporate this memorandum into [IRM 4.75.16](#), *Case Closing Procedures*, and [IRM 4.75.22](#), *EO Delinquent, Amended and Substitute for Return Procedures*.

Effective Date:

These procedures are effective immediately.

Please submit your questions to Mandatory Review via [*TEGE EO Review Staff](#).

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