

IRM PROCEDURAL UPDATE

DATE: 11/03/2015

NUMBER: WI-21-1115-1601

SUBJECT: Guidance for Processing Carryback/Carryforward RINT/TENT Cases from U.S. Virgin Islands

AFFECTED IRM(s)/SUBSECTION(s): 21.5.9

CHANGE(s):

IRM 21.5.9.5.49, IRM 21.5.9.5.49.1 and IRM 21.5.9.5.49.2. Added guidance for processing Carryback/Carryforward RINT/TENT cases from the U.S. Virgin Islands

U.S. Virgin Island Carryback/Carryforward RINTs/TENTs

1. A taxpayer who resided or currently resides in the U.S. Virgin Islands may file a RINT or TENT to request the carryback/carryforward of a Net Operating Loss (NOL), Net Capital Loss (NCL), Unused Credits, or a Claim-of-Right adjustment. Verification as per IRM 21.5.9.4, *Carryback Verification*, requires an additional step since the loss or gain years were filed in the U.S. Virgin Islands.

NOTE: For additional information on IMF International Adjustments see IRM 21.8.1, *IMF International Adjustments*, and for BMF International Adjustments, see IRM 21.8.2, *BMF International Adjustments*.

RINT/TENT Received from the U.S. Virgin Islands - Loss Year filed with the U.S. / Gain Year Filed with the U.S. Virgin Islands

1. Upon receipt of a loss year return filed in the U.S., verify that the RINT/TENT is processible as per IRM 21.5.9.5.4.2, *Identifying Processible and Unprocessable Carryback Applications/Claims*.
2. If a determination is made that pertinent supporting information is missing from either the RINT or TENT, with the exception of the filing of the gain year returns since these were filed with the U.S. Virgin Islands, reject the carryback/carryforward request as per IRM 21.5.9.4.3, *Rejecting Unprocessable Carryback Application/Claims*.
3. Once the RINT/TENT has been verified per the guidance in (1) and (2) above, notify the taxpayer via Letter 216C (for TENTS) or 4734C (for RINTS)

to explain the IRS is unable to process their request. To accommodate the character limitations for open paragraph(s) in the letters, include the following **two** open paragraphs in the letter:

Paragraph 1: *The IRS verified your 20XX (loss year) Federal Income Tax Return, including the carryback information. However, the adjustment on the gain year tax return(s) cannot be processed by the IRS. Since you filed your gain year tax returns(s) with the U.S. Virgin Island Bureau of Internal Revenue, that tax agency must process your carryback request.*

Paragraph 2: *A referral will be made to the U.S. Virgin Islands Bureau of Internal Revenue. However, you may also need to prepare and submit an amended return to the U.S. Virgin Islands Bureau of Internal Revenue for processing. Include all documentation supporting the net operating loss with your amended return and send it to:*

U.S. Virgin Islands Bureau of Internal Revenue
Disclosure Officer
6115 Estate Smith Bay, Suite 255
St. Thomas, VI 00802

NOTE: Attach a copy of the letter to the taxpayer to the CIS case.

4. Efax the taxpayer's carryback/carryforward request to the U.S. Competent Authority at # [REDACTED] #, Attn: U.S. Territory Program Manager. Notate on CIS that the carryback/carryforward has been forwarded to the U.S. Territory Program Manager for processing.

NOTE: Include the number of days remaining in the 45-day interest free period on the first page of the fax.

RINT/TENT Received from the U.S. Virgin Islands - Gain Year Filed with the U.S. / Loss Year Filed with the U.S. Virgin Islands

1. The IRS will process the carryback/carryforward RINT/TENT received from the U.S. Virgin Islands when the gain year is posted on IDRS/CFOL. As per IRM 21.5.9.4, *Carryback Verification*, verify the RINT/TENT includes all the required attachments to support the carryback/carryforward RINT/TENT an the gain years have posted to Master File.
2. The loss year is filed with the U.S. Virgin Islands Bureau of Internal Revenue and will require contact through Competent Authority to obtain necessary information for verification of the loss year return. Follow the steps included in the Obtaining Tax Information from a U.S. Territory Tax Agency document. When preparing the Form 8796, *Request for Return Information*, ensure that a return fax number is included on the request.

NOTE: When requesting verification of an election to forgo the carryback period, on Form 8796, Section B, Item 2 check the radio button next to the "other" and notate a request to verify that the election to forgo the carryback

period has been timely filed.

NOTE: Notate CIS that the U.S. Virgin Island Bureau of Internal Revenue has been contacted to request the loss year information.

3. Once the loss year information has been received from the U.S. Virgin Island Bureau of Internal Revenue, process the RINT/TENT using normal carryback/carryforward procedures.