

## IRM PROCEDURAL UPDATE

**DATE: 01/26/2026**

**NUMBER: ts-03-0126-0147**

**SUBJECT: Start-up Changes**

**AFFECTED IRM(s)/SUBSECTION(s): 3.11.217**

**CHANGE(s):**

**IRM 3.11.217.3.6.2(1) - Changed CCC to Computer Condition Code for clarity and consistency.**

(1) These returns are identified by the notations: "TC 59X" or "ICS"

- a. **Do not** edit Computer Condition Code (CCC) "G" on these returns.
- b. Use **approved** Correspondence Action Sheet to correspond for conditions that are unprocessable (e.g., missing signatures, missing schedules, etc.).
- c. Edit CCC "W" if the received date is more than two years and nine months after the Return Due Date. Do **not** send to Statute Control. See IRM 3.11.217.3.7, Statute Returns.

**Reminder:** If there is an indication of penalties require suppression, edit the proper CCC(s). See IRM 3.11.217.14, Computer Condition Codes - General, for more information.

**IRM 3.11.217.3.7(3) - Deleted the Statute Returns clearing exception process for BMF per guidance that allowed the Statute Bypass Memo to sunset on December 31, 2025.**

(3) If any of the conditions listed below are present, **do not** route to Statute Control Unit for clearance. Instead, edit CCC "W" and continue processing.

- Compliance IRC 6020(b) returns. See IRM 3.11.217.3.6.1, IRC 6020(b) Prepared by Collections.
- Secured by Examination/Collections, secured by TEGE, secured by TEGE Employee Plan (EP) Exam.
- Returns identified by the notation "Process as Original" on Page 1 of the return with Form 13133, Expedite Processing Cycle, attached with the "Delinquent Return" box checked. See IRM 3.11.217.3.6.4, Examination Secured.

- Returns with Transaction Code (TC) 59X or Integrated Collection System "ICS" notated on the face of the return.
- Returns showing "substitute returns prepared by Examination (SFR)" in top margin of the return. See IRM 3.11.217.3.6.3, Examination Prepared.
- Returns with a stamp indicating a previous clearance by Statute Control within the last 90 days.

**IRM 3.11.217.3.7(4) - Updated the title of the CP Notices and Letters to match SNIP.**

(4) If a return has any of the following computer paragraphs (CPs) or letters attached, **do not** route to Statute Control Unit for clearance. Edit CCC "W" if the return needs processing. See Exhibit 3.11.217-3, Routing Guide for Attachments, for more information.

- CP 259, Business Master File Generated - First Taxpayer Delinquency Investigation (TDI) Notice.
- CP 959, Business Master File Generated - First Taxpayer Delinquency Investigation (TDI) Notice (Spanish version).
- CP 518, Final Notice - Return Delinquency.
- Letter 112C, Payment/Overpayment/Credit Applied; No Record of Return Filed.
- Letter 282C, Return Not Received: Copy Requested/Received.
- Letter 2255C, Delinquent Return (Forms 720, 1041, 1065, 1120).
- Letter 2284C, Delinquent Return (Form 940, 941, 943).

**IRM 3.11.217.14.22(1) - Corrected spelling.**

(1) Edit CCC "9" when any of the following are attached:

- Form 8611, Recapture of Low-Income Housing Credit.
- Form 8609-A, Annual Statement for Low-Income Housing Credit (prior year Form 8609, Schedule A).
- Form 8586, Low-Income Housing Credit.

**IRM 3.11.217.41(1)(5) - Deleted and renumbered lines. Added Line numbers and Audit Code C information.**

(1) Form 8283, Noncash Charitable Contributions is valid for transcription for Tax Periods ending 202501 and later when data is present on any of the following lines.

**Note:** See IRM 3.11.217.15.1(1), Sequence of Return - Form 1120-S, for the sequence order of Form 8283.

Line	Line Description
Part I, Line 2	Information on Donated Property Type Check boxes
Part I, Line 3A(c)	Donated Property Appraised Fair Market Value
Part I, Line 3A(d)	Donated Property Date Acquired by Donor
Part I, Line 3A(f)	Donated Property Donor's Cost or Adjusted Basis
Part IV	Appraiser Signature Indicator
Part IV	Appraiser Identifying Number
Part V	Qualified Organization Property Received Date
Part V	Charitable Organization Employer Identification Number
Part V	Charitable Organization Authorized Signature Indictor
Part V, Lower right corner pg. 2	Multiple Form 8283 Attached

(2) Form 8283, Noncash Charitable Contributions is required to be attached to the return if a deduction # [REDACTED] # is claimed on Line 12b, Schedule K. Correspond if Form 8283 is not attached.

(3) If multiple Form 8283 is attached, edit a 1 on page 2, of Form 8283, Part V, lower right corner.

(4) Edit Audit Code "C" if Form 8283 is attached and any of the following conditions are present:

- Box 2b is checked
- Box 2b(1) is checked
- Line 3, Column H has an entry

**Note:** See IRM 3.11.217.13.1, Audit Codes, for more information.

**IRM 3.11.217.45(1)(2) - Updated tax years.**

(1) All Form 1120-S filers must complete and file Schedule K-1, Shareholder's Share of Income, Deductions, Credits, etc., and attach it to the Form 1120-S. If no Schedules K-1 are attached, follow the procedures listed below:

**Note:** Detach Schedules K-1 for current year (TY2025), two preceding years (TY2024 and TY2023), and future Schedules K-1.

**Note:** #

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(2) Do **not** correspond for Schedule K-1 if:

- Section 965 Returns - See IRM 3.11.217.2.11, Section 965 Returns (201712 through 202012), for more information.
- Form 1120-S is a TY2022 and prior tax period.
- Form 1120-S, Line 22 (line 21 on Form 1120-S 2022 form revision and prior), Ordinary Business Income (Loss), #

#

- There are attachments to the return in a standard format which may be used as a Schedule K-1.
- Re-entry return (Form 13596, Reprocessing Returns or Form 3893, Re-Entry Document Control, is attached to return).
- Amended (CCC "G") return.
- IRC 6020(b) return
- Examination Secured "Substitute for Return" (SFR) returns.
- There are no entries on Form 1120-S, Lines 1 through 22 (line 21 on Form 1120-S 2022 revision).
- Form 1120-S has a Form 4251, Return Charge-Out, attached and is being processed as an original return
- Payee is a foreign entity.

(3) When correspondence with the taxpayer is required, see IRM 3.11.217.3.4.2, Issuing Correspondence.

(4) If Schedule K-1, Line 15\*, Alternative minimum tax (AMT) items, has an amount #

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, edit Tax Preference Code in the left margin near Line 9 (Deductions area) of Form 1120-S. See IRM 3.11.217.13.4, Tax Preference Code.

(5) Form 1120-S, Schedule K-1, Box 10 (with code F), Box 12 (with code K), and Box 14 (with code U) may show a Section 965 return. See IRM 3.11.217.2.11, Section 965 Returns (201712 through 202012), for more information.

(6) # [REDACTED]

[REDACTED] #

(7) See IRM 3.0.101, Schedule K-1 Processing, for complete instructions to edit and process Schedules K-1.

(8) See IRM 3.11.217.15.1, Sequence of Return - Form 1120-S, for the sequence order of Schedule K-1.