

IRM PROCEDURAL UPDATE

DATE: 02/23/2026

NUMBER: ts-03-0226-0256

SUBJECT: Removed the Digital Signature End Date per IRM 10.10.1; Form 1120, Error Code 186 Updated

AFFECTED IRM(s)/SUBSECTION(s): 3.12.251

CHANGE(s):

IRM 3.12.251.3(5) - Removed the end date for accepting digital signatures on certain 1120 forms.

(5) When making corrections to the screen display, be sure money amounts within a section have been transcribed in dollars and cents or dollars only, whichever is applicable. Brackets must be placed around negative amounts on the return. A signature is needed on all returns. If no signature is present, follow instructions in IRM 3.12.38, BMF General Instructions, for missing signature. If the signature area on the tax return is not signed, SSPND with Action Code "225" and correspond.

Note: A paper return stating that the return was rejected through the E-File system still requires a signature. Form 8879-CORP, E-File Authorization for Corporations is not an acceptable signature substitute for a paper return (Form 8879-C /Form 8879-I for 2021 and prior).

Exception: If one of the following returns are mailed between August 28, 2020, or later, accept a digital signature.

- Form 1120-C
- Form 1120-H
- Form 1120-L
- Form 1120-PC
- Form 1120-RIC
- Form 1120-REIT

IRM 3.12.251.32.40(5) I - Form 1120, added a correction procedure for Error Code 186 when the taxpayer has an entry in Field 08PY2.

(1) Fields Displayed

Field	Field Title
NC	Notice Code
01TXP	Tax Period
01CCC	Computer Condition Code
S03NP	Section 03 Not Present
07GIT	Gross Income Tax
>>>>	Gross Income Tax Computer Generated
07GVT	Gross Verified Tax
07TTX	Total Tax
>>>>	Total Tax Computer Generated
07MCT	Manually Corrected Tax
S08NP	Section 08 Not Present
08BET	Form 8991, Tax on Base Erosion Payments of Taxpayers with Substantial Gross Receipts, (Valid 201812 and later)
08AMT	Form 4626, Alternative Minimum Tax - Corporations, (Valid 201811 and prior)
>>>>	Alternative Minimum Tax Computer Generated (201811 and prior)
08CAM	Alternative Minimum Tax Corporation (2023 revision)
08PHC	Form 1120, Schedule PH, U.S. Personal Holding Company (PHC) Tax.
08TRI	Tax on Recomputed Investment Credit (This field is no longer transcribed)
08RLI	Form 8611, Recapture of Low- Income Housing Credit
08GT>	Gross Tax Less Credits Computer Generated
08QZA	Qualified Zone Academy Bond Credit (This field is no longer transcribed)
08RIC	Form 4255, Recapture Investment Credit
08ULB	Form 8697, Interest Computation Under the Look-Back method for Completed Long-Term Contracts, credit

Any line marked with a # is for Official Use Only

08IFM	Form 8866, Interest Computation Under the Look-Back method for Property Depreciated under the Income Forecast Method, amount
08QSA	Form 8902 Alternative Tax on Qualifying Shipping Activities, amount
08453	IRC 453A Tax
08OTH	Other Taxes Interest Amounts
31RED>	Reduced amount of CVC credit

Note: The literal "Section XX Not Present" displays if there are no entries in a specific section.

(2) **Invalid Conditions** - Error Code 186 generates when:

- Total Tax differs from Total Tax Computer by # [REDACTED] #
- If an adjustment is made to any carryover # [REDACTED] # and no math error notice must be sent, send Letter 3833C, Tax Return Adjustment Explained, explaining the adjustment and stating the corrected carryover amount.

(3) For Tax Period 202201 through 202212, the new Corporate Alternative Minimum Tax (AMT) is claimed in Field 08OTH (Schedule J, Line 9g).

(4) **For Special Instructions for Section 965 Returns, See the following IRM references:**

- IRM 3.12.251.3.24, Section 965 Returns - General Instructions.
- IRM 3.12.251.3.24.1, Section 965 Returns - Tax Period 201712 - 201811.
- IRM 3.12.251.3.24.2, Section 965 - Tax Period 201812 through 202012.

(5) If the Tax Period is after 202012 and the taxpayer has included a Section 965 installment payment in Total Tax, delete the installment payment amount and send TPNC 05.

(6) **Correction Procedures:**

- Correct coding and transcription errors, and misplaced entries.
- Reminder: ERS MUST enter Action Code "341" and route to ERS/Rejects for the issuance of a manual refund when either of the following conditions are present:
 - The refund amount is # [REDACTED] # , Or
 - The processing date is more than 20 days after the Received Date, or the Return Due Date (whichever is later) and the 45-day interest free period is in jeopardy and the refund amount is # [REDACTED] # or more.

Any line marked with a # is for Official Use Only

- c. Correction Procedure **Field 07TTX**: Total Tax - Transcription is from Line 31, Form 1120. In terms of return sequence, transcription or taxpayer error lies somewhere between Gross Tax and this field (Field 07TTX) inclusively. Field 07TTX will underprint when it differs by # [REDACTED] # .
- d. If the taxpayer has filed a fiscal return (201801 through 201811) compute Total Tax using the following computation:

Note: Use Field 07GVT to override the computers computation.

Step	Action	Amount
Step 1	Figure the corporation's tax for the entire tax year using the tax rate schedule, Schedule O, or the 35 percent rate for Personal Service Corporations.	Line 1 amount _____
Step 2	Figure the corporations tax for the entire tax year using the 21 percent flat tax.	Line 2 amount _____
Step 3	Multiply Line 1 by the number of days in the corporation's tax year before January 1, 2018.	Line 3 amount _____
Step 4	Multiply Line 2 by the number of days in the corporation's tax year after December 31, 2017.	Line 4 amount _____
Step 5	Divide Line 3 by the total number of days in the corporation' tax year.	Line 5 amount _____
Step 6	Divide Line 4 by the total number of days in the corporation' tax year.	Line 6 amount _____
Step 7	Add Lines 5 and 6. This is the corporation' total tax for the fiscal tax year.	Total tax amount _____

- e. If it appears the return is being filed for a bank or savings and loan and has an Audit Code 1, CCC "X" and blocking series 979 or 499, it should be treated in the normal manner. If the return has a refund, do not send TPNC; instead, change the taxpayer's figures to agree with the underprint.
- f. Homeowners Associations may file on Form 1120. When they do so, they are to be taxed at the normal corporate rate. If the taxpayer shows "Sec. 277," or "minimum tax" when no taxable income is present, accept the taxpayer's figures by entering the taxpayers amount in 07MCT.

- g. When a credit is claimed on Form 8912, Credit to Holders of Tax Credit Bonds, and Error Code 182 has not previously generated, enter the credit amount from that form into Field 08SCV along with any other credits that must be verified.
- h. After an amount has been entered in Field 07MCT, the computer will not be able to correctly calculate Statutory Credits or Alternative Minimum Tax. Ignore any erroneous underprints after Field 07MCT has been entered. Correct coding and transcription errors and misplaced entries. Also, check all attachments to ensure that all entries were brought forward correctly.
- i. Follow the procedures below when Field 07TTX is underprinting:

If	And	Then
Field 07TTX is underprinting,	Taxpayer has no entry on Line 31 or Schedule J,	Bring up the generated amount in Field 07TTX (When EC 194 displays, correct Field 07B/R).
Field 07TTX is underprinting,	There is no entry on Line 31 and the taxpayer has computed tax on Schedule J,	Enter amount from Schedule J, Line 12, Form 1120, in Field 07TTX. When EC 194 displays correct Field 07B/R.
Field 07TTX is underprinting,	And the Tax Period is 202401 and later,	GTSEC 08 and verify the transcription of Field 08TXL, Field 08SEC, Field 08TAJ, Field 08ATX, Field 08CTR, and Field 08OCT. Make any corrections needed. Note: If Field 08CTR is present with an amount of # [REDACTED] #, and Form 4255 is missing, then correspond.
Field 07TTX is underprinting,	Taxpayer has entered zero, dash or none,	Send TPNC 05.
Field 07TTX is underprinting,	Return requires manual computation,	Manually compute tax.
Field 07TTX is underprinting,	Taxpayer writes SEC 1294 and amount on Line 11, Schedule J,	See Paragraph (5)b below.
Field 07TTX is underprinting,	The Tax Period is 202401 and later and the difference between 07TTX and the	Enter the amount shown in 07TTX in Field 07MCT. Note: Do not send a TPNC.

Any line marked with a # is for Official Use Only

	underprint equals the amount shown in Field 08CAM,	
Field 07TTX is underprinting,	The Tax Period is 202401 and later ,	GTSEC 08, if the difference between 07TTX and the underprint equals the amount in Field 08PY2, enter the amount shown in 07TTX in Field 07MCT.

(7) Add-on Taxes, Add-on Interest, or Deferred Amounts Causing Underprints to Field 07TTX.

- a. If Total Tax, Field 07TTX, is underprinting, then check Form 1120, Schedule J for one of the write-in taxes in the table below:
- b. If the difference between the underprint and the transcribed figure is the write-in amount, enter the taxpayer figures for Total Tax in Field 07MCT.
- c. If the difference between the underprint and the transcribed figure is not equal to the write-in amount, enter the difference between the transcribed amount and the write-in amount and enter in Field 07GVT. Send the correct TPNC if necessary.

Additional Tax, Interest or Deferred Amount	Description	Location per Form 1120 Instructions Caution: Taxpayer may show elsewhere on schedule J.
For Tax Period 202201 through 202211, the new Corporate Alternative Minimum Tax (AMT) is claimed in Field 08OTH (Schedule J, Line 9g).	If the taxpayer writes CAMT or IRA AMT or indicates the amount is for Corporate AMT, accept the taxpayers amount. If Code and Edit has not edited an action trail indicating P&A has scanned the return for LB&I, give the return to the lead. The lead will: 1. Notify P&A that a return has been found (P&A will scan the Form 1120, pages 1 through 6 and any attachment with the new AMT calculation and email a copy to an LB&I Point of Contact (POC)),	Schedule J, Line 9g

	2. Edit an action trail on the return. 3. Continue processing.	
Mutual savings bank conducting life insurance business, Section 594.	Taxpayer computes a partial tax on Form 1120, and a partial tax on Form 1120-L. Form 1120-L is attached as a schedule and identified as such by the taxpayer.	Schedule J, Line 2
Deferred tax amount under Section 1291, (PFIC).	Taxpayer writes in "Section 1291"	Schedule J, Line 2
Form 8978, Partner's Additional Reporting Year Tax	Form 8978, Line 14	Schedule J, Line 2
Additional Tax Under Section 197(f)	Taxpayer writes in "Section 197"	Schedule J, Line 2
Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.	Taxpayer writes in "Section 1294." Taxpayer will bracket the amount if it is subtracted from Line 11.	Schedule J, Line 11
Deferred LIFO recapture tax (Section 1363(d))	Taxpayer writes in "Section 1363(d) deferral" Installment payment of tax attributable to LIFO recapture by corporations making a S corporation election, 1987 Act Section 10227(a).	Schedule J, Line 11

(8) Correction Procedure Field 07MCT and 08PHC:

- a. Field 07MCT is used when a manual computation return has a math error. This shows that neither the transcribed amount nor the underprinted (generated) amount is correct; or in the case of Computer Condition Code "Y" and the transcribed amount is incorrect.
- b. Enter the correct amount of total tax in Field 07MCT and change Form 1120, Page 1, Line 31 to the corrected amount. When the manually corrected total tax is zero, enter .01 (1 cent) in Field 07MCT.

- c. If all corrections have been made and Error Code 186 is still displayed, assign TPNC 05.
- d. See IRM 3.12.251.33, Manual Computations, for returns requiring manual computation.
- e. Field 08PHC transcription is from Schedule J, Line 8.
- f. Check attachments for a Schedule PH, Personal Holding Company form. If the Schedule PH is not attached and Field 08PHC has an entry of # [REDACTED] # , correspond for the missing Schedule PH.

(9) Correction Procedures Fields 08RIC and 08RLI:

- a. **Field 08RIC** transcription is from Schedule J, Line 9a and is edited from Form 4255, Certain Credit Recapture, Excessive Payments, and Penalties.
- b. Current Year Investment Credit may not be used to offset a recaptured tax.
- c. Check attachments for a schedule of the taxpayer's Prior Year Investment Credit and Recaptured Tax. If not found, do not delete Field 08RIC, send TPNC 05.
- d. **Field 08RLI** transcription is from Schedule J, Line 9b. If multiple Forms 8611 are attached, the Line 14 entries of all Forms 8611 will be totaled and edited to the correct line on Schedule J, Line 9b.
- e. Any corrections to this field must be made in dollars and cents.
- f. If a taxpayer error is creating a math error, send TPNC 33.
- g. If an amount is present on Schedule J, Line 9b, or Form 8611 is attached, enter Computer Condition Code "9" in Field 01CCC.

(10) Correction Procedure Field 08AMT- Alternative Minimum Tax (Valid for Tax Periods 201811 and prior):

- a. Transcription is from Form 1120 Schedule J, Line 3. The source is Form 4626, Part II, Line 13.
- b. This field will underprint if the transcribed amount differs from the computer generated amount only if Section 09 is present.
- c. If this field has an entry of # [REDACTED] # and Form 4626 is not attached, correspond. On "no replies" enter Alternative Minimum Tax Taxpayer (Field 08AMT) into Alternative Minimum Tax Verified (Field 09VER). This will remove the underprint in Field 08AMT.
- d. If amounts are present in Field 08AMT **and** Field 09213 and Field 07TTX >>>> is underprinting with the same dollar amount reported in both fields, then remove the entry in Field 08AMT.

Any line marked with a # is for Official Use Only

(11) Correction Procedures Field 08GT>

- a. **Field 08GT> Gross Tax Less Credits - Computer Generated** - The amount in Field 08GT> should be the same as Form 1120 Schedule J, Line 7. This field is the computer's amount for Gross Tax minus Statutory Credits. If the amount in this field differs from the above-mentioned line on the form, there is an error in credits. If these amounts are the same, the error will result in additional taxes.

(12) Letter 3833C and TPNC Codes:

- a. See chart for when to send Letter 3833C, Tax Return Adjustment Explained;

If	And	Then
Adjustments to income or deductions are being made,	The total taxable income is a negative figure,	Send Letter 3833C.
Adjusting Field 06NOL by # [REDACTED] # ,	No notice is being issued,	Send Letter 3833C.
Adjusting any tax credits by \$10.00 or more,	No notice is being issued,	Send Letter 3833C.

TPNC	Literal
05	We found an error when your total income tax was figured.
08	The credit claimed was more than the law allows.
11	Your Foreign Tax Credit was more than the law allows.
12	We found an error in the amount of Investment Credit applied against your tax.
13	We found an error in the amount of Work Incentive (WIN) Credit applied against your tax.
21	We found an error in the amount of your Work Opportunity Credit applied against your tax.
23	We found an error in the computation of Alternative Minimum Tax.
25	We found an error in the computation of the alcohol fuels credit or the Nonconventional Source Fuel Credit.
26	We found an error in the computation of the Research Credit.

Any line marked with a # is for Official Use Only

30	We found an error in the computation of Total Income Tax for a fiscal year with two tax rates.
33	We found an error in the computation of the Recapture Low-Income Housing Credit on Form 8611.
34	We found an error in the computation of the credit for prior year minimum tax on Form 8827.
40	We adjusted your tax return as shown because we did not receive a reply to our request for additional information.
90	Fill-in narrative. Used when a return has an error and none of the TPNCs above apply or when more than three TPNCs are necessary.

- b. The valid Taxpayer Notice Codes for this Error Code are those listed below and any previously assigned TPNC.