

## IRM PROCEDURAL UPDATE

**DATE: 02/01/2024**

**NUMBER: wi-03-0224-0179**

**SUBJECT: Statute Update and Process Clarification**

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

**CHANGE(s):**

**IRM 3.11.217.3.7(3) - Updated Statute exception process for BMF per MOU signed by Submission Processing and Accounts Management.**

(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.
- Secured by Examination/Collections, secured by TEGE, secured by TEGE Employee Plan (EP) Exam.
- 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.
- Returns with a stamp indicating a previous clearance by Statute Control within the last 90 days.
- Return is a 2020 and 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 2020 and 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.

**IRM 3.11.217.8(4) - Updated If/Then table per SERP Feedback #16753.**

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

### North American Industry Classification System (NAICS) Code

| If  | Then                    |
|---|-------------------------|
| A legible six-digit NAICS Code is shown on Page 1, Box B,<br><b>Note:</b> The number may not have all repeating numbers, e.g., "000000", "333333", "666666", etc. | No editing is required. |

|  |   |
|--|---|
| A legible four-digit NAICS Code is shown on Page 1, Box B,<br><b>Note:</b> The number may not have all repeating numbers, e.g., "0000", "3333", "6666", "9999", etc. | No editing is required.                     |
| Page 1, Box B is blank and Schedule B, Line 2a has a legible four-digits or six-digits NAICS code,   | Edit the NAICS code to Page 1, Box B.       |
| There is more than one NAICS Code on Page 1, Box B,  | Circle all but the first NAICS Code listed. |
| Page 1, Box B is blank, illegible, has repeating numbers, or is other than four or six digits,   | Edit NAICS Code "999999".                   |

**IRM 3.11.217.45(1) - Updated title of the First Prior Year Chart per SERP Feedback #16754.**

(1) The following charts show information for converting Form 1120-S, U.S. Income Tax Return for an S Corporation (and other applicable forms and schedules) to the current year form (and schedule).

**Prior Year Conversion 2022 - 2021**

| <b>Form/Schedule</b> | <b>Action</b>  |
|----------------------|--|
| Form 1120-S          | <ul style="list-style-type: none"> <li>• Change line 19 to 20</li> <li>• Change line 20 to 21</li> <li>• Change line 21 to 22</li> <li>• Change line 22b to 23b</li> <li>• Change line 22c to 23c</li> <li>• Change line 23a to 24a</li> <li>• Change line 23b to 24b</li> <li>• Change line 23c to 24c</li> <li>• Change line 23d to 24z</li> <li>• Change line 24 to 25</li> <li>• Change line 25 to 26</li> <li>• Change line 26 to 27</li> <li>• Change line 27 to 28</li> </ul> |

**Prior Year Conversion 2020 - 2018**

| <b>Form/Schedule</b> | <b>Action</b>   |
|----------------------|---|
| Form 1120-S          | <ul style="list-style-type: none"> <li>• Change Line 19 to Line 20</li> <li>• Change Line 20 to Line 21</li> <li>• Change Line 21 to Line 22</li> <li>• Change Line 22b to 23b</li> <li>• Change Line 23c to Line 24c</li> <li>• Change Line 23e to Line 24z</li> <li>• Change Line 24 to Line 25</li> <li>• Change Line 25 to Line 26</li> </ul> |

|           |   |
|-----------|---|
|           | <ul style="list-style-type: none"> <li>• Change Line 26 to Line 27</li> </ul>   |
| Form 8996 | <p>2020</p> <ul style="list-style-type: none"> <li>• Change Line 6 to Line 7</li> <li>• Change Line 7 to Line 8</li> <li>• Change line 9 to Line 10</li> <li>• Change Line 10 to Line 11</li> <li>• Change Line 13 to Line 14</li> <li>• Change Line 14 to Line 15</li> </ul> <p>2019 and 2018</p> <ul style="list-style-type: none"> <li>• Change Line 5 to Line 7</li> <li>• Change Line 6 to Line 8</li> <li>• Change Line 8 to Line 10</li> <li>• Change Line 9 to Line 11</li> <li>• Change Line 12 to Line 14</li> <li>• Change Line 13 to Line 15</li> </ul> |

#### Prior Year Conversion 2017

| Form/Schedule   | Action   |
|---|--|
| <p>Form 1120-S</p> <p><b>Note:</b> 2017 and Prior</p> | <ul style="list-style-type: none"> <li>• Line 19 to Line 20</li> <li>• Line 20 to Line 21</li> <li>• Line 21 to Line 22</li> <li>• Line 22b to Line 23b</li> <li>• Line 23c to line 24c</li> <li>• Line 23d to Line 24z</li> <li>• Line 24 to Line 25</li> <li>• Line 25 to Line 26</li> <li>• Line 26 to Line 27</li> </ul> |
| Form 8996   | <p>2017</p> <ul style="list-style-type: none"> <li>• Change Line 5 to Line 7</li> <li>• Change Line 6 to Line 8</li> <li>• Change Line 8 to Line 10</li> <li>• Change Line 9 to Line 11</li> <li>• Change Line 12 to Line 14</li> <li>• Change Line 13 to Line 15</li> </ul>   |

**Prior Year Conversion - 2013**

| <b>Form/Schedule</b> | <b>Action</b>   |
|----------------------|---|
| Form 8941            | <ul style="list-style-type: none"><li>• Change Line 1a to Line 1</li><li>• Change Line 1b to Line B (EIN)</li></ul> |

**Prior Year Conversion - 2012**

| <b>Form/Schedule</b>  | <b>Action</b>   |
|---|---|
| Schedule D, (Form 1120-S)<br>Capital Gains and Losses and<br>Built-in Gains, Page 1, Part I | <ul style="list-style-type: none"><li>• Change Line 1 to Line 1b</li></ul>                                    |
| Schedule D (Form 1120-S),<br>Page 1, Part II  | <ul style="list-style-type: none"><li>• Change Line 8 to Line 8b</li></ul>                                    |
| Form 8941   | <ul style="list-style-type: none"><li>• Change Line 1a to Line 1</li><li>• Change Line 1b to Line B</li></ul> |