

IRM PROCEDURAL UPDATE

DATE: 02/29/2024

NUMBER: wi-03-0224-0311

SUBJECT: Computer Condition Code (CCC) E; Penalty and Interest Code; Form 1120-F Line 5i; Line Reference Corrections for Forms 4136, 1120-REIT, 1120-RIC; Return Processing Code (RPC) 9; Added Graphic Captions

AFFECTED IRM(s)/SUBSECTION(s): 3.11.16

CHANGE(s):

IRM 3.11.16.9.1.5(3) - Added an instruction to edit Computer Condition Code (CCC) E on Form 1120 only.

(3) If the SP ID Theft Liaison says the return is "ID Theft," the tax examiner may (upon request) edit CCC "E" on Form 1120 only.

IRM 3.11.16.10.2(1) - Added an Exception clarifying the editing location for the Penalty and Interest Code.

(1) Edit "4 - 1" in the left margin near Line 12 when precomputed delinquency penalty and/or interest is shown on a return with a received date # [REDACTED] #.

Exception: The editing location of the Penalty and Interest Code for Form 1120-F and Form 1120-FSC is in the left margin near Line 2. The editing location for Form 1120-ND is in the left margin near Line 5. For all other Form 1120 series returns, edit the Penalty and Interest Code in the left margin near Line 12, as stated in (1).

IRM 3.11.16.11.36.1(2) - Corrected the caption for Figure 3.11.16-22 to "Editing Schedule L, Balance Sheet".

(2) If Schedule L is required and blank or missing, but an attachment is present with significant Schedule L amounts, edit the applicable line entries from the attachment. If necessary insert a blank Schedule L to edit the applicable entries. Then follow the instructions in IRM 3.11.16.11.36.1, Editing a Balance Sheet with Significant Entries.

Text Only Link

DRAFT

Form 1120
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 2023 or tax year beginning , 2023, ending , 20
Go to www.irs.gov/Form1120 for instructions and the latest information.

OMB No. 1545-0123
2023

A Check if:
1a Consolidated return (attach Form 851) ☐
b Life/nonlife consolidated return ☐
2 Personal holding co. (attach Sch. H) ☐
3 Personal service corp. (see instructions) ☐
4 Schedule M-3 attached ☐

TYPE OR PRINT
Name **Elm Investments Inc.**
Number, street, and room or suite no. If a P.O. box, see instructions.
1234 Cedar St.
City or town, state or province, country, and ZIP or foreign postal code
Santa Fe, NM 87501

B Employer identification number
00-6658320

C Date incorporated
1-3-85

D Total assets (see instructions)
\$ **0**

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Gross receipts or sales	1a	290,000	
	b	Returns and allowances	1b		
	c	Balance. Subtract line 1b from line 1a	1c		290,000
	2	Cost of goods sold (attach Form 1125-A)	2		
	3	Gross profit. Subtract line 2 from line 1c	3		290,000
	4	Dividends and inclusions (Schedule C, line 23)	4		
	5	Interest	5		
	6	Gross rents	6		
	7	Gross royalties	7		
	8	Capital gain net income (attach Schedule D (Form 1120))	8		
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9		
10	Other income (see instructions—attach statement)	10			
11	Total income. Add lines 3 through 10	11		290,000	

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Form 1120 (2023)
Schedule K Other Information (see instructions)

1 Check accounting method: a ☒ Cash b ☐ Accrual c ☐ Other (specify) _____ Yes No

2 See the instructions and enter the:
a Business activity code no. _____

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) _____

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here (see instructions) ☐
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction reported on page 1, line 29a) \$ _____

Form 1120 (2023)

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Form 1120 (2023)
Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach statement)				
15 Total assets				
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other liabilities (attach statement)				

Edit "1" to Schedule L, line 15, column (d)

Figure 3.11.16-22
Editing Schedule L, Balance Sheet.

IRM 3.11.16.19(1) - Corrected the line references for Form 4136, Credit for Federal Tax Paid on Fuels.

(1) If Form 4136 is missing and a significant entry is present on any of the lines below, correspond for the missing Form 4136.

- Form 1120 - Schedule J, Part II, Line 20b (Part III, Line 20b for 2022 - 2018) (Part II, Line 19b for 2017 - 2011)
- Form 1120-C - Line 30g (Line 29f for 2017 and prior)

Any line marked with a # is for Official Use Only

- Form 1120-F - Page 1, Line 5g
- Form 1120-FSC - Page 1, Line 2f
- Form 1120-H - Page 1, Line 23e (Line 23f for 2022 and prior)
- Form 1120-L - Page 1 Line 27g (Line 28g for 2022 - 2018) (Line 27g for 2017 and prior)
- Form 1120-PC - N/A
- Form 1120-REIT - Page 2, Line 25g (Line 25f for 2022 - 2018) (Line 24f for 2017 and prior)
- Form 1120-RIC - Page 2, Line 28g (Line 29g for 2022-2018) (Line 28g for 2017 and prior)

IRM 3.11.16.27(4) - Added a caption for Figure 3.11.16-26, Example of editing Form 8936, Schedule A Indicator.

(4) If there is an amount of # [REDACTED] # on Schedule J, Line 5c for the Clean Vehicle credit (Form 3800, Part III, Lines 1y or 1aa) correspond for a Form 8936 or Form 8936, Schedule A if either is missing.

Text Only Link

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SCHEDULE A
(Form 8936)

Department of the Treasury
Internal Revenue Service

Attach to your tax return.
Go to www.irs.gov/Form8936 for instructions and the latest information.

OMB No. 1545-2137
2023
Attachment Sequence No. **69A**

Identifying number

DRAFT

Schedule A (Form 8936) 2023 Page **2**

Part IV Credit Amount for Previously Owned Clean Vehicle

13a Is the sales price of the vehicle more than \$25,000?

DRAFT

SCHEDULE A
(Form 8936)

Department of the Treasury
Internal Revenue Service

Attach to your tax return.
Go to www.irs.gov/Form8936 for instructions and the latest information.

OMB No. 1545-2137
2023
Attachment Sequence No. **69A**

Identifying number

DRAFT

Schedule A (Form 8936) 2023 Page **2**

Part IV Credit Amount for Previously Owned Clean Vehicle

13a Is the sales price of the vehicle more than \$25,000?

DRAFT

SCHEDULE A
(Form 8936)

Department of the Treasury
Internal Revenue Service

Attach to your tax return.
Go to www.irs.gov/Form8936 for instructions and the latest information.

OMB No. 1545-2137
2023
Attachment Sequence No. **69A**

Identifying number

Poplar & Pine

Part I Vehicle Details

1a Year **2023**

b Make **Chevrolet**

c Model **Bolt EV**

2 Vehicle identification number (VIN) (see instructions) **00000000000000000000000000000000**

3 Enter date vehicle was placed in service (MM/DD/YYYY) **04/08/2023**

4 Was the vehicle used primarily outside the United States? Answer "No" if it was but an exception applies. See instructions.
☐ Yes. **Stop here.** You can't claim a credit amount for a vehicle used primarily outside the United States.
☒ No.

5 Does the VIN entered on line 2 belong to a **new clean vehicle** placed in service during the tax year? See instructions for definitions.
☒ Yes. Go to Part II.
☐ No. Go to line 6.

6 Does the VIN entered on line 2 belong to a **previously owned clean vehicle** acquired after 2022 and placed in service during the tax year? See instructions for definitions.
☐ Yes. Go to Part IV.
☐ No. Go to line 7.

7 Does the VIN entered on line 2 belong to a **qualified commercial clean vehicle** acquired after 2022 and placed in service during the tax year? See instructions for definitions.
☐ Yes. Go to Part IV.
☐ No. Go to line 7.

19

20

21

22

23 Enter the smaller of line 2 or line 3 **2,100**

24 Enter the smaller of line 2 or line 3 **2,100**

25 Max 14,000

26 Enter the smaller of line 2 or line 3 of Form 8936 **2,100**

26 **2,100**
Schedule A (Form 8936) 2023

1

If more than two Form 8936, Schedules A are attached, edit an indicator of "1" on page 2 of the second Schedule A.

Figure 3.11.16-26
Example of editing Form 8936, Schedule A Indicator.

IRM 3.11.16.33.16(5) - Added a Note regarding misplaced entries reported on Form 1120-F, Line 5i - U.S. Income Tax Paid or Withheld at Source.

(5) Line 5z (Line 5jj, for 2022 and prior) - Total Payments - "X" any entry identified by the taxpayer as "Backup Withholding" and edit it to Line 5f.

Any line marked with a # is for Official Use Only

Note: Ensure there is no misplaced entry by the taxpayer before editing backup withholding to Line 5f. Review attachments to determine if the amount claimed **is** backup withholding and does not belong on another line.

IRM 3.11.16.33.16(6) - Added a Note regarding misplaced entries reported on Form 1120-F, Line 5i - U.S. Income Tax Paid or Withheld at Source.

(6) If the taxpayer has claimed backup withholding # [REDACTED] # and Form 1099 is not attached, correspond using Letter 118C, Corporate Return Incomplete for Processing: Form 1120, Form 1120 Series, Form 1120-S.

Note: Ensure there is no misplaced entry by the taxpayer before corresponding for backup withholding. Review attachments to determine if the amount claimed **is** backup withholding and does not belong on another line.

IRM 3.11.16.39.15(11)a - Corrected the Form 1120-REIT (202301 and later revisions) Line 25i reference for total payments and credits.

IRM 3.11.16.39.15(11)b - Corrected the Form 1120-REIT (2022 - 2018 revisions) Line 25i reference for total payments and credits.

IRM 3.11.16.39.15(11)c - Corrected the Form 1120-REIT (2017 and prior revisions) Line 24h reference for total payments and credits.

(11) Lines 27 and 28 (Lines 26 and 27 for 2017 and prior) - Tax Due/Overpayment. Edit as positive only. If the taxpayer enters a negative amount, do not bracket. Edit the proper entry to Line 27 or 28 (Line 26 or 27 for 2017 and prior) if **both** are blank. Do both of the following:

- a. For 202301 and later, add lines 24 and 26 minus Line 25i.
- b. For 2022 - 2018, Add Lines 23 and 26 minus Line 25i.
- c. For 2017 and prior, Add Lines 23 and 25 minus Line 24h.
- d. Edit the positive result on Line 27 (Line 26 for 2017 and prior) **or** the negative result (do not bracket) on Line 28 (Line 27 for 2017 and prior).

IRM 3.11.16.39.18(8) - Corrected the Form 1120-REIT Schedule J, Lines 2b through 2g - Taxes, line references.

(8) Line 2h (Line 2g for 2022 - 2018) (Line 2h for 2017 and prior) - Income tax. If blank, add significant amounts from Lines 2a through 2g (Line 2f for 2022 - 2018) (Line 2g for 2017 and prior) and enter on Line 2h (Line 2g for 2022 - 2018) (Line 2h for 2017 and prior). If the taxpayer has included backup withholding # [REDACTED]

■ # on Line 2h (Line 2g for 2022 - 2018) (Line 2h for 2017 and prior) and Form 1099 is not attached, correspond using Letter 118C, Corporate Return Incomplete for Processing: Form 1120, Form 1120 Series, Form 1120-S.

IRM 3.11.16.39.21(1) - Corrected the Form 1120-REIT Schedule J, Line 3c - General Business Credit, line reference.

(1) If Schedule J, Line 2h (Line 2g for 2022 - 2018) (Line 2h for 2017 and prior) shows no tax and there is a significant entry on Line 3c, "X" out the credits.

IRM 3.11.16.40.16(8) - Corrected the Form 1120-RIC Line 28h reference for Elective Payment Election.

(8) Line 28h - Elective Payment Election.

IRM 3.11.16.40.21(1) - Corrected the Form 1120-RIC Schedule J, Line 3c - General Business Credit, line references.

(1) If Schedule J, Line 2e shows no tax and there is a significant entry on Line 3c, "X" the credits.
(Line 2d for 2022 - 2018) (Line 2e for 2012-2017).

IRM 3.11.16.40.41(3) - Added editing instruction for Return Processing Code (RPC) "9" when Form 8997 is attached.

(3) No editing is required except for the indicator in Part III and Return Processing Code (RPC) "9" if Form 8997 is attached. See IRM 3.11.16.40.8, Return Processing Code (RPC), for more information.