

IRM PROCEDURAL UPDATE

DATE: 04/10/2024

NUMBER: wi-03-0424-0502

SUBJECT: Updated IRM Reference for IRM Deviation Procedures; Updated Valid Audit Codes

AFFECTED IRM(s)/SUBSECTION(s): 3.12.15

CHANGE(s):

IRM 3.12.15.2.2(1) - Updated IRM reference for IRM Deviation Procedures.

(1) Submit IRM deviations in writing following instructions from IRM 1.11.2.2.3, When Procedures Deviate from the IRM, and elevate through proper channels for executive approval.

IRM 3.12.15.4.17 - Added Audit Code "C" as a valid character for Field 01ADC.

(1) **Description - Field 01ADC** is a numeric or alpha field edited in the left margin next to Line 9 of Form 1065. Identified by "1" - followed by the appropriate audit code(s). Audit codes are used to identify specific conditions requested by Examination.

(2) **Valid Condition:**

- Numeric or alpha "C" (maximum of fifteen codes).
- Must be "1", "2", "3", "4", "5", "6", "7", "8", "9" "C" or blank.
- Field 01ADC may be present on short length records.

(3) **Invalid Condition:**

- Not numeric, alpha "C", or blank.
- More than fifteen Audit Codes used at one time.
- A digit or character appears after the first blank.

(4) **Correction Procedures:**

If	Then
Field 01ADC was transcribed incorrectly,	Enter the correct code from the left margin next to Line 9.
The Audit Code was coded	Complete one of the following:

incorrectly,	<ul style="list-style-type: none"> a. Delete any invalid digits or characters. b. Delete any duplicate digits or characters. c. Delete any blanks between valid digits. d. Re-edit following the instructions below.
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Audit Code	Enter when any of the following conditions exist
1	<ul style="list-style-type: none"> • Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR), is attached. • Form 8275 or Form 8275-R, Disclosure Statement, is attached or statement referring specifically to IRC 6662 (Disclosure) or IRC 707 (Disguised Sale). • Form 8886, Reportable Transaction Disclosure Statement, is attached. • Section 761(a) election that is "Selected" by Examination. • Form 1065 has the notation "Disregarded Entity" in the header or entity portion of the return (on page 1, Form 1065).
2	<ul style="list-style-type: none"> • Form 1065, Schedule B, Box 1(e), Foreign Partnership is checked. • Form 1065, Schedule B, Line 9 (Foreign Trust), is answered "Yes". • Form 1065, Schedule B, Line 13 (Field 06DRE) has an entry # [REDACTED] # • Form 1065, Schedule B, Line 14 (Field 06FPI) has an entry # [REDACTED] # or Field 06FPC is answered "Yes". • Form 1065, Schedule B, Line 15 (Field 06IRI) has an entry # [REDACTED] #. • Form 1065, Schedule K, Line 16p (Total Foreign Taxes) has an entry # [REDACTED] #. • Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, is attached. • Form 5472, Information Return of a 25% Foreign Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business, is attached. • Form 5713, International Boycott Report, is attached and both questions in 7(f) are answered "Yes". • Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, is attached and Part V, Lines 15a - 16f, has an entry # [REDACTED] # (For Tax Year 2011 and before, refer to Part IV, Lines 10a - 11f). • Form 8804, Annual Return for Partnership Withholding Tax (Section 1446), is attached. • Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, is attached. • Form 8813, Partnership Withholding Tax Payment Voucher (Section 1446), is attached.

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	<ul style="list-style-type: none"> • Form 8832, Entity Classification Election, is attached and either box 6(d), (e) or (f) is checked. • Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), is attached. • Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), is attached. • Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, is attached.
3	Form 1065, Schedule K, Lines 19a or 19b # [REDACTED] #
4	<ul style="list-style-type: none"> • Form 1065, Schedule K, Line 9c # [REDACTED] # and Form 1065, page 4, Schedule K, Line 10 # [REDACTED] # . • Form 1065, Schedule B, Question 2 (Dual Partner Code) is present and the Yes box is checked (for Tax Periods 201811 and before on prior year revisions).
6	Form 3115, Application for Change in Accounting Method, is attached.
7	<ul style="list-style-type: none"> • Form 1065, Schedule B, Question 10a (Field 0610a) is answered Yes. • Form 1065, page 4, Line 16p, Total Foreign Taxes, # [REDACTED] # . • Form 5713, International Boycott Report, is attached and either one or both questions in 7(f) is not answered "Yes". • Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, is attached and Part V, Lines 15a - 16f has an entry # [REDACTED] # . (For Tax Year 2011 and before, refer to Part IV, Lines 10a - 11f.)
8	<p>Schedule M-3, Net Income (Loss) Reconciliation for Certain Partnerships, is attached.</p> <p>Caution: All returns with a Schedule M-3 attached must be sent to Ogden for processing.</p>
9	Schedule M-2, Line 6b (Property Distribution), # [REDACTED] # .
C	Form 8283, Box 2b is checked, Box 2b1 is checked or Line 3, column (h) has an entry.

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