

IRM PROCEDURAL UPDATE

DATE: 10/18/2022

NUMBER: wi-21-1022-1027

SUBJECT: Negative TC 150 Processing Change

AFFECTED IRM(s)/SUBSECTION(s): 21.7.2.4.7.4

IRM 21.7.2.4.7.4 Added new paragraph with information regarding a programming change which prevents the posting of negative TC 150 employment tax returns.

1. For errors discovered prior to January 1, 2009, taxpayers were instructed to adjust a prior period on a current period's return. Therefore, taxpayers could submit a tax return reporting a credit that reduced the net tax liability below zero. This would result in the current period's tax liability being recorded as a negative amount (i.e., the TC 150 posted with a negative figure).
2. Current programming allows for a tax adjustment to be input to reduce an existing liability below zero. However, if the tax liability is being reduced to a negative amount, any FTD penalty must be manually adjusted. See IRM 20.1.4.23, *Manual Adjustments*.

CAUTION: Do not reduce net module tax (sum of TC 150 and all TC 29X/30X transactions) to a negative amount on any tax period beginning on or after January 1, 2009.

3. The programming which allowed the posting of negative TC 150 amounts for employment tax accounts continued to be supported until June 28, 2021. Beginning June 28, 2021, programming was altered to set the TC 150 tax settlement to zero (i.e., \$0.00) if an employment tax return attempts to post reflecting a negative tax liability; all other transcribed tax data on the return is generally recorded as filed. Accordingly, this may lead to account situations wherein the tax recorded (i.e., zero) does not match the corresponding tax data reference fields. This generally occurs when an employer claims excessive nonrefundable COVID credits or excessive nonrefundable QSB Research Credit. When adjusting these accounts, it will generally be necessary to correct reference lines to match tax (i.e., zero) before completing any other tax adjustment. See IRM 21.7.2.4.1.4, *IRNs Do Not Equal TC 150*, for more information.

CAUTION: Prior to the programming change discussed above, some employers filed incorrect tax returns reporting excessive nonrefundable credits which were processed as filed and posted as negative TC 150 transactions. Careful consideration must be given when adjusting accounts

reflecting a negative TC 150. Contact the IRM author through the campus P&A Staff for guidance if you are unable to determine correct actions to resolve a negative TC 150 case encountered in AM work.