IRM PROCEDURAL UPDATE

DATE: 01/22/2024

NUMBER: wi-03-0124-0102

SUBJECT: Updates to Processing Excess SST/RRTA

AFFECTED IRM(s)/SUBSECTION(s): 3.22.3

CHANGE(s):

IRM 3.22.3.15.5(2) Added caution to only use Field 01NL2 for long address when the address will not fit completely in Field 01ADD.

(2) Foreign Address - Field 01NL2 **may** be used when the entity is a foreign address. Field 01NL2 is limited to 35 characters.

Caution: Do not use Field 01NL2 for address information if the address will fit completely in Field 01ADD.

Exception: See IRM 3.22.3.116 EC 051.

Note: Field 01NL2 can include other mailing address information if it allows the complete address to be entered. Some mailing address information (states, provinces and territories) **must be abbreviated.** See Exhibit 3.22.3-6 and IMF Foreign Address Job Aid 2513-703**.**

IRM 3.22.3.15.11 Removed instruction to suspend Form 1040-SS/(sp) when SPC "S" is present as programming has been corrected.

(1) A special processing code (SPC) is an alphabetic or numeric character entered by a Code & Edit examiner to alert the computer to a special condition or computation. The number of SPCs in a return may not exceed ten. These codes are used for campus processing and do not post to the Master File. This field was created as an overflow for return processing codes.

(2) The list of Special Processing Codes is in IRM 3.12.2, *Individual Master File Error Resolution General Instructions, Exhibit 3.12.2-4, Special Processing Code.*

- The valid SPC for Form 1040-NR are A, B, C, E, F, G, J, M, N, P, T, U, V, X, 2, 3, and 9.

Note: SPC U is generated by Modernized E-File (MeF) on Form 1040-NR. See instructions in EC 215 at IRM 3.22.3.170.2

- The valid SPC for Form 1040-SS (sp) and Form 1040-SS are B, J, M, T, V, 2, 3, and 9.

IRM 3.22.3.269.4.4(3) Updated instructions for accepting Forms 8805.

(3) Compare the taxpayer's TIN on the Form 1040-NR and the TIN on Form 8805 and follow the instructions in the chart below:

If	Then
TINs are the same, **Caution:** If there is no TIN or a partially masked TIN on Form 8805 verify the names are the same as on the Form 1040-NR and allow the withholding if the names match.	1. Allow withholding. 2. Enter the amount in Field 0325E.
TINs are different, **OR** there is no TIN on the Form 8805,	1. Delete the withholding amount in Field 0325E. 2. Assign TPNC 441. **Exception:** If a valid TIN has been newly assigned or was assigned after the tax year of the return, but is not on Form 8805, verify that the name on Form 8805 is the same as the taxpayer on the return and allow the withholding. (A temporary TIN (IRSN) assigned by the IRS isn't a valid TIN.)

IRM 3.22.3.269.5.2 Updated instructions to use Field 94ESV when correcting taxpayers claim for excess SST/RRTA.

(1) This field is transcribed from line 8, Form 1040-SS (sp)/Form 1040-SS.

(2) Follow the instructions below if there is an error in excess Social Security Tax Withheld.

If the taxpayer	And	Then

Claims excess SST or RRTA,	The taxpayer had **one employer** that withheld more than the maximum amount listed below: • TY 2023 - $9,932.40 • TY 2022 - 9,114.00 • TY 2021 - $8,853.60 • TY 2020 - $8,537.40 • TY 2019 - $8,239.80 • TY 2018 - $7,960.80 • TY 2017 - 7,886.40 • TY 2015 and 2016 $7,347.00 • TY 2014 $7,254.00 • TY 2013 $7,049.40 • TY 2012 $4,624.20 • TY 2011 $4,485.60 • TY 2009 -2010 $6,222.00	1. Delete the SST/RRTA from that employer. 2. Complete Form 3696-A to initiate the 404-C letter using fill-in paragraphs B, D and E. 3. When EC 366 generates, assign TPNC 331 on Form 1040-SS, 361 on Form 1040-SS (sp).
Claims excess SST or RRTA,	The taxpayer had **more than one employer**, and the combined amount exceeds the maximum amount listed below: • TY 2023 - $9,932.40 • TY 2022 - $9,114.00 • TY 2021 - $8,853.60 • TY 2020 - $8,537.40 • TY 2019 - $8,239.80	Enter the amount in Field 94ESV. **Caution:** If married filing jointly, each individual taxpayer must meet all criteria. When computing excess SST withheld, add supporting documentation (Form W-2, Form W-2AS, Form W-2CM, Form W-2GU, Form W-2VI or Form 499R-2/W-2PRs) **for primary and secondary taxpayer separately**.

	• TY 2018 - $7,960.80 • TY 2017 - $7,886.40 • TY 2015 and 2016 $7,347.00 • TY 2014 $7,254.00 • TY 2013 $7,049.40 • TY 2012 $4,624.20 • TY 2011 $4,485.60 • TY 2009 -2010 $6,222.00	
Claims excess SST or RRTA,	No supporting documentation attached (Form W-2, Form W-2AS, Form W-2CM, Form W-2GU, Form W-2VI or Form 499R-2/W-2PRs)	SSPND 215 and correspond using Form 13975. and select paragraph D.
Incorrectly figured the amount of excess SST/RRTA,		1. Enter the correct amount in Field 94ESV. 2. Assign TPNC 331 for Form 1040-SS, TPNC 361 for Form 1040-SS (sp).
Correctly figured the amount of excess SST/RRTA		Enter the amount into Field 94ESV.

Exhibit 3.22.3-10 Corrected no reply process for 1042-S based on SERP Feedback.

Table 2. Form 1040-NR - No Reply Instructions

If	Then Action To Be Taken
Taxpayer didn't reply to request for Form 1040-NR for multiple filers,	1. Delete the second name. 2. GTSEC 03/04 and delete the second person's income as applicable. 3. GTSEC 03/05 and delete the second person's withholding as applicable.

	4. Assign TPNC 334
Taxpayer did not identify foreign country, treaty article number, or the exempt amount for a valid treaty exemption claim,	1. Delete the treaty exemption amount. 2. Enter the amount to the appropriate field(s) in Section 03 and/or Section 04 as income. 3. Assign TPNC 406.
Taxpayer is in the United States more than 183 days and tax treaty not listed,	1. Tax the income at the appropriate rate, 2. Enter the amount in Field 03TNC, and 3. Assign TPNC 428.
EC 018 - Taxpayer has Form SSA/RRB 1042-S attached and did not respond with an SSN (or reply with the same SSN),	1. Enter CCC "**3**" 2. Multiply 85 percent of the social security benefits by 30 percent, 3. GTSEC 46 and enter the 85 percent amount in Field 4613C, 4. GTSEC 05 and enter the 30 percent in Field 03TNC, 5. GTSEC 03 and delete social security benefits wherever reported or included, 6. GTSEC 05 and enter the withholding in Field 0325G, 7. Clear EC 018, 8. Assign TPNC 443.
line 1b and 10c (TY19, lines 12 and 31), Missing Form 1042-S or similar statement and entries are present on lines 1b and 10c (TY19, lines 12 and 31).	Delete amount from line 10c (TY19, line 31) and assign TPNC 415.
line 7 (TY19, line 14), Schedule D for Form 8288-A	1. GTSEC 12 and enter the amount(s) from box 3, Form 8288-A in Field 1207. 2. Assign TPNC 404.
line 7 (TY19, line 14), Schedule D, if other than Form 8288-A,	Refer to IRM 3.12.3 Form 1040 line 7 no reply instructions.
line 8, Schedule 1 missing,	Refer to IRM 3.12.3 Form 1040 line 8 no reply instructions.
line 9 (TY19, line 23), Total Effectively Connected Income,	Refer to IRM 3.12.3 Form 1040 line 9 no reply instructions.
line 10a, Schedule 1 missing,	Refer to IRM 3.12.3 Form 1040 line 10a no reply instructions.
line 10c (TY19, line 31), supporting documents not attached to exclude scholarship/fellowship (EC 229),	Delete the scholarship/fellowship exclusion and assign TPNC 415.

line 10d (TY19, line 35) Adjusted Gross Income,	Refer to IRM 3.12.3 Form 1040 line 10c, Adjusted Gross Income no reply instructions.
line 12 (TY19, line 37), Schedule A Itemized Deduction missing or incomplete,	Assign TPNC 394.
line 16 (TY19, line 42) EC 265 - Article XXV(3) hypothetical statement for calculating married filing jointly tax is missing,	Assign TPNC 396.
line 16b (TY19, line 42b), Form 4972 missing,	Refer to IRM 3.12.3 Form 1040 line 16 no reply instructions.
line 17, Schedule 2 missing,	Refer to IRM 3.12.3 Form 1040 line 17 no reply instructions.
line 19 (TY19, line 49) Schedule 8812 is missing or incomplete,	Enter correct number of qualifying children in Field 94CEV and 946EV then assign TPNC 592.
line 20, Schedule 3 missing,	Refer to IRM 3.12.3 Form 1040 line 20 no reply instructions.
line 23a (TY19, line 54) Schedule NEC is missing or incomplete,	1. Divide the amount in Field 03NEC by .30, 2. GTSEC 46 and enter the result in Field 4613C.
line 23b, Schedule 2 missing	Refer to IRM 3.12.3 Form 1040 line 23 no reply instructions.
line 25d (TY19, line 62a)**EC 366 #** ▮▮▮▮▮▮ **#** Form W-2 or Form 1099, not attached,	1. Delete entry in Field 03WH. 2. Assign TPNC 430. **Exception:** Research CC IRPTR (if appropriate for the tax period) and allow only the withholding displayed on IRPTR for Form W-2 and Form 1099, not to exceed the amount claimed by the taxpayer on line 25d (TY19, line 62a). If the withholding displayed on IRPTR for this amount is for Form 8805, Form 8288-A or Form 1042-S, follow the No Reply instructions for lines 25e, 25f or 25g (TY19, lines 62b, 62c or line 62d). Before reducing the taxpayer's withholding amount, ensure that the amount being reduced does not represent another type of "payment" (e.g., ES Payments). Research IMFOL as appropriate.
line 25e (TY19, line 62b) **EC 366 #** ▮▮▮▮▮▮ **#** Form 8805 not attached (Section 1446),	1. Delete entry in Field 0325E. 2. Assign TPNC 433. **Exception:** Research CC IRPTR (if appropriate for the tax period) and allow only the withholding displayed on IRPTR for Form 8805, not to exceed the amount claimed by the taxpayer on line 25e (TY19, line 62b). If the withholding displayed on IRPTR for this amount is for Form W-2, Form

	1099, Form 8288-A or Form 1042-S, follow the No Reply instructions for lines 25e,25f or 25g (TY19, lines 62b, 62c or line 62d). Before reducing the taxpayer's withholding amount, ensure that the amount being reduced does not represent another type of "payment" (e.g., ES Payments). Research IMFOL as appropriate.
line 25f (TY19, line 62c) **EC 366** Form 8288-A or substantial evidence **Example:** closing documents or settlement statement which shows the amount of tax withheld is not attached,	1. Delete entry in Field 0325F. 2. Assign TPNC 435.
line 25g (TY19, line 62d) **EC 366** Form 1042-S Tax on Income Not Effectively Connected is not attached,	1. Delete entry in Field 0325G. 2. Assign TPNC 432. **Note:** ALL Form 1042-S withholding must be supported by Form(s) 1042-S attached to the tax return.
line 28 (TY19, line 64) Schedule 8812 not attached,	1. Enter the number of qualifying children in Field 94CEV and 946EV. 2. Assign TPNC 592.
line 31, Schedule 3 missing	Refer to IRM 3.12.3 Form 1040 line 31 no reply instructions.

Exhibit 3.22.3-10 Updated instructions on taxpayer no reply to request for documentation to support Field 47SSM.

Table 4. Form 1040-SS and Form 1040-SS (sp) - No Reply Instructions

If	Action To Be Taken
line 3, Part I has an amount and Part V (Schedule SE) is missing or liability cannot be determined,	Refer to IRM 3.12.3 Form 1040 Schedule 2 line 4 no reply instructions to dummy Schedule SE.
Form 8959 is missing,	1. Enter SE income if present from Schedule SE, line 6 (PY22 and prior Part V, line 6 of Form 1040(PR)) or Form 1040-SS in Field 7108. 2. If Field 7118> matches the taxpayer amount on line 5 of Part I of Form 1040-SS (sp) or Form 1040-SS then Clear EC 331. 3. If Field 7118> does not match the taxpayer amount on line 5 of Part I of Form 1040-SS

	(sp) or Form 1040-SS then enter the taxpayer amount in Field 7118V.
Supporting documents for Part V of Form 8959 are missing,	1. GTSEC 71 and delete the amount in Field 7119 that's not supported. Don't change other fields in Section 71. 2. If EC 331 or EC 366 generate, assign TPNC 431.
Schedule H is missing,	1. Delete entry on line 4. 2. When Error Code 334 generates, enter the taxpayer's amount for line 4 plus the computer underprint for line 3 in Field 94TXV. 3. If Error Code 334 re-generates, assign TPNC 329 (Form 1040-SS) or 359 (Form 1040-SS (sp))
Taxpayer did not provide supporting documentation for Excess SST/RRTA,	1. Enter the amount of Excess SST/RRTA that is supported by documentation into Field 94ESV. 2. Assign TPNC 375 (Form 1040-SS (sp)) or TPNC 345 (Form 1040-SS). **Exception:** Research CC IRPTR (if appropriate for the tax period) (for both taxpayers if FSC 2) to determine the correct Excess SST figure. If you can determine the taxpayer's Excess SST, allow the amount.
Taxpayer is claiming additional child tax credit and did not respond with Part II, Form 1040-SS or Form 1040-SS (sp), and/or substantiation for an entry in Field 47SSM,	1. Adjust the amount in Field 47SSM to match the amount that is supported by documentation. 2. Assign TPNC 362 (Form 1040-SS (sp)) or TPNC 332 (Form 1040-SS) as appropriate.
Taxpayer did not respond with supporting documentation for total payments,	Assign TPNC 376 (Form 1040-SS (sp)) or TPNC 346 (Form 1040-SS) as appropriate.