

IRM PROCEDURAL UPDATE

DATE: 02/12/2024

NUMBER: wi-03-0224-0250

SUBJECT: Statute Clearing Exception; Computer Condition Code E; Form 1120, Schedule J Line 1, Line 9f, Line 9g & Line 9z; Corrected Naics Code Reference; Updates to Prior Year Conversion Charts & Routing Guide

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

CHANGE(s):

IRM 3.11.16.3.7(3) 6th bullet - 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, including TEGE or TEGE Employee Plan (EP) Exam
- Returns with Transaction Code (TC) TC 59X or "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 showing a previous clearance by Statute Control within the last 90 days
- Return is a 2020 or 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 or 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 3.11.16.9.1.5(1) - Removed reference to edit Computer Condition Code (CCC) "E" on "Form 1120 series" returns. Removed per RICS UWR 980389 which states only Form 1120 is included in RICS BMF IDT pre-refund selection programming.

CCC "E" - Potential Identity Theft Filing (Form 1120)

(1) Effective January 1, 2017, Computer Condition Code "E" may be edited on Form 1120 (any year) by the BMF ID Theft Liaison to identify a potential identity theft filing if the return is claiming a refund of # [REDACTED] #. If CCC "E" has been edited, no action is required by C&E.

Note: CCC "E" may be edited by other functions. C&E will continue to follow procedures in Paragraph (2).

IRM 3.11.16.11.18.6 Title and (1) - Corrected the Title for the subsection and added a Note regarding the form revisions for this line.

Schedule J, Line 9f - IRC 453A(c) Tax (2023 revision)

(1) No editing required.

Note: Form 1120, Schedule J, Line 9f on 2022 - 2020 revisions read "Interest/tax due under section 453A(c) and/or section 453(l)". No editing required.

IRM 3.11.16.11.18.7 - Added a new subsection for Form 1120, Schedule J, Line 9g for 2023 form revision.

Schedule J, Line 9g - IRC 453(l) Tax (2023 revision)

(1) No editing required.

IRM 3.11.16.11.18.9 - Added a new subsection for Form 1120, Schedule J, Line 9z for 2023 form revision.

Schedule J, Line 9z - Other (2023 revision)

(1) No editing required.

IRM 3.11.16.11.19(1) a - Corrected the line reference for Schedule J, Line 1, Total Tax, per SERP Feedback #16936.

(1) **Form 1120, Schedule J, Part I, Line 11** may have "add on" taxes that will be identified by an explanation in the dotted portion to the left of Line 11.

- a. If the only entry on Form 1120, Schedule J, Part I, is Line 11, edit the amount to Schedule J, Line 1.

- b. If any identifiable "add on" taxes are misplaced on Lines 3, 8, or 9, "X" them but be sure that they have been included in Line 31, Total Tax on Page 1 of the Form 1120.

IRM 3.11.16.28.3(4) c - Corrected the missing NAICS Code instruction to use code "999999" per SERP Feedback #16930.

(4) Subsidiaries NAICS Code information:

- a. Six digit codes are located on Page(s) 1, Part II, Lines 2 through 10 on the Form 851.
- b. If more than one Form 851 is present, enter the code in each subsidiaries individual transaction record.
- c. If any NAICS Codes are missing, use code "999999."

Exhibit 3.11.16-3 Form 1120 Prior Year Conversion Chart - Added a line reference for Schedule J, Line 1 per SERP Feedback #16945.

- **2022-2018**

Schedule J
Line through Part III
Change Line 2 to Line 1
Change Line 3 to Line 2

- **2020 - 2018**

Schedule J
Change Line 9f to Line 9g

- **2017 - 2012**

Page 1
Change Line 32 to 33
Change Line 33 to 34
Change Line 34 to 35
Change Line 35 to 36
Change Line 36 to 37

Schedule J
Change Line 2 to Line 1

201811 and prior - Schedule J, Part I

If ...	And ...	Then ...
201811 and prior,	The return is a personal service corporation,	<p>Edit the Personal Service Corporation Code.</p> <p>See IRM 3.11.16.11.11, Schedule J, Page 3 - Controlled Group Code / Personal Service Corporation Code / Tax Computation.</p> <p>Note: The computer will need this code to determine the correct tax (35%) for the prior year.</p>
201811 and prior,	The return is a part of a controlled group,	<p>Edit a Controlled Group Code.</p> <p>See IRM 3.11.16.11.11, Schedule J, Page 3 - Controlled Group Code / Personal Service Corporation Code / Tax Computation.</p> <p>Note: The computer will need this code to determine the correct tax (Schedule O, tax brackets) for the prior year.</p>
201811 and prior,	The return has an entry on Schedule J, Line 3 - Alternative Minimum Tax,	See IRM 3.11.16.11.12, Schedule J, Line 3 - Alternative Minimum Tax or Tax on Base Erosion Payments.

Page 3, Schedule J
Change Part I, Line 9f to Line 9g
Change Part II, Line 12 to Part III, Line 13
Change Part II, Line 13 to Part III, Line 14
Change Part II, Line 14 to Part III, Line 15
Change Part II, Line 15 to Part III, Line 16
Change Part II, Line 16 to Part III, Line 17
Change Part II, Line 17 to Part III, Line 18
Change Part II, Line 18 to Part III, Line 19
Change Part II, Line 19a to Part III, Line 20a
Change Part II, Line 19b to Part III, Line 20b
Change Part II, Line 19c to Part III, Line 20c
Change Part II, Line 19d to Part III, Line 20d
Change Part II, Line 20 to Part III, Line 21
Change Part II, Line 21 to Part III, Line 23

Exhibit 3.11.16-4 Form 1120-C Prior Year Conversion Chart - Added a line reference for Schedule J, Line 1 per SERP Feedback #16946.

- **2022-2018**

Schedule J
Change Line 2 to Line 1
Change Line 3 to Line 2

- **2017 - 2011**

Page 1
Change Line 29a to 30a
Change Line 29b to 30b
Change Line 29c to 30c
Change Line 29d to 30d
Change Line 29e to 30e
Change Line 29f to 30f
Change Line 29g to 30g
Change Line 29h to 30h
Change Line 30 to 31
Change Line 31 to 32
Change Line 32 to 33
Change Line 33 to 34
Schedule J
Change Line 2 to Line 1

If ...	And ...	Then ...
201811 and prior,	The return is a part of a controlled group,	<p>Edit a Controlled Group Code.</p> <p>See IRM 3.11.16.32.20, Schedule J, Line 1 - Controlled Group Code.</p> <p>Note: The computer will need this code to determine the correct tax (Schedule O, tax brackets) for the prior year.</p>
201811 and prior,	The return has an entry on Schedule J, Line 3 - Alternative Minimum Tax,	See IRM 3.11.16.32.21, Schedule J, Lines 2 through 8.

Exhibit 3.11.16-17 Routing Guide for Attachments Table - Added a Note defining the "1120 series" returns and updated the table for Form 7208, Form 8023, and Form 8027 attachments.

Review all attachments to the tax return before the return can be considered processable.

- a. Only detach attachments when specifically instructed.

Note: Consider a return or document an "original" if it has an original signature or has been stamped "Process as Original."

- b. Edit Action Trail(s) (e.g., "2848 DETACHED") in the lower left corner of the return going vertically up the side of the return.

Note: Edit the name and EIN (if not present) on the detached document. Also, edit the return received date (e.g., Rec'd MM/DD/YY) in the lower left margin of the detached document before routing.

Caution: The Attachment Guide is included as an exhibit only for use in assisting in the identification of possible forms or conditions that require action or routing to other functions. The guide should not be used in place of the completed IRM section governing those conditions, since space limitations do not always allow for full instructions in the Attachment Guide.

Follow the general guidelines below for each attachment:

Note: The reference to Form "1120 series" returns include: Form 1120, Form 1120-C, Form 1120-F, Form 1120-FSC, Form 1120-H, Form 1120-L, Form 1120-ND, Form 1120-PC, Form 1120-REIT, Form 1120-RIC, and Form 1120-SF.

Form/Document	Applicable Return	Detach	Descriptions/Actions
Form 7207 , Advanced Manufacturing Production Credit.	1120 1120-C 1120-F 1120-H 1120-L 1120-PC 1120-REIT 1120-RIC	No	See IRM 3.11.16.11.15, Schedule J, Line 5c - General Business Credit.
Form 7208 , Excise Tax on Recapture of Corporate Stock	1120 1120-C 1120-F	No	No Action Required

	1120-H 1120-L 1120-PC 1120-REIT 1120-RIC		
Form 8023, Elections Under Section 338 for Corporations Making Qualified Stock Purchases.	1120 1120-C 1120-F 1120-H 1120-L 1120-PC 1120-REIT 1120-RIC	No	Possible indication of Proof of Entitlement for a Short Period. See IRM 3.11.16.7.4, Short Period - Editing Proof of Entitlement.
Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips Form 8027-T, Transmittal for Form 8027	1120 1120-C 1120-F 1120-H 1120-L 1120-PC 1120-REIT 1120-RIC	Yes	Route to Ogden Submission Processing Center.
Form 8050, Direct Deposit of Corporate Tax Refund	1120	No	Place in page order if entries are present, and continue processing. See IRM 3.11.16.11.1, Sequence - Form 1120. All Others: No action required.