

## IRM PROCEDURAL UPDATE

**DATE:** 03/25/2024

**NUMBER:** wi-03-0324-0444

**SUBJECT:** Certificate of Dissolution and Corrected Figure 3.11.16-15

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

**CHANGE(s):**

**IRM 3.11.16.9.1.6(1) - Added an example for a dissolved corporation that attaches a "Certificate of Dissolution".**

(1) Edit CCC "F" when the "Final Return" box is checked or there is another indication the corporation is not liable for filing future returns. Notations may include (but are not limited to):

- Final
- Deceased
- Out of Business
- Liquidation
- Exempt under IRC 501(c)(3)
- Dissolved (i.e., **Certificate of Dissolution** attached)

**Note: The presence of Form 966, Corporate Dissolution or Liquidation, is a sign of a possible dissolution. If Form 966 is attached, compare tax periods in Box 7A to the Form 1120 being edited. If the same and the entity section of Form 966 is for the parent corporation, edit CCC "F."**

- Cites IRC 708(b)(1)(B)
- Notates "Filed per Rev. Proc. 2003-84"

**IRM 3.11.16.11.4.8(2) - Corrected Figure 3.11.16-15, Line 9 - Net Gain or Loss from Form 4797.**

(2) Check for taxpayer errors in the transfer of entries from Form 4797 to Page 1, Form 1120. Also check the transfer of data from Line 9, Form 4797 to Line 11, Schedule D.

If...	And...	Then...
Form 1120, Page 1,	There is a positive entry	Arrow Form 1120, Line 9 entry to

Line 8 is blank,	on Form 1120, Page 1, Line 9 and Form 4797, Line 9 has a significant positive entry,	Line 8 and correspond for Schedule D. See Figure 3.11.16-15.
There is a notation on Form 1120, Page 1, Line 9 that Form 4684 is attached,		Do not correspond. Compare Form 1120, Page 1, Line 9 with Form 4684, Line 31 plus 38a. If different, edit Form 4684 amount to Line 9, Form 1120.

<b>DRAFT</b>	
Form <b>4797</b> Department of the Treasury Internal Revenue Service	<div style="text-align: center;"> <b>Sales of Business Property</b>          (Also Involuntary Conversions and Recapture Amounts          Under Sections 179 and 280F(b)(2))       </div> <div style="text-align: right;">         OMB No. 1545-0184  <b>2023</b> </div>
Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.	
8 Nonrecaptured net section 1231 losses from prior years. See instructions.	8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions.	9 <b>3,273</b>
<b>Part II Ordinary Gains and Losses</b> (see instructions)	

  

<b>DRAFT</b>	
Form <b>1120</b> Department of the Treasury Internal Revenue Service	<div style="text-align: center;"> <b>U.S. Corporation Income Tax Return</b>          For calendar year 2023 or tax year beginning _____, 2023, ending _____, 20____       </div> <div style="text-align: right;">         OMB No. 1545-0123  <b>2023</b> </div>
Go to <a href="http://www.irs.gov/Form1120">www.irs.gov/Form1120</a> for instructions and the latest information.	
<b>A Check if:</b> 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <b>TYPE OR PRINT</b>          Name <b>Hickory Textile</b>          Number, street, and room or suite no. If a P.O. box, see instructions.  <b>P.O. Box 1234</b>          City or town, state or province, country, and ZIP or foreign postal code  <b>Pittsburgh, PA 15219</b> </div> <div style="width: 45%;"> <b>B Employer identification number</b>  <b>00-7654321</b>  <b>C Date incorporated</b>  <b>01-03-60</b>  <b>D Total assets (see instructions)</b>  <b>\$ 241,841</b> </div> </div>
<b>E Check if:</b> (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change	
<b>1a</b> Gross receipts or sales <b>1a 200,000</b>	<b>1c 200,000</b>
<b>b</b> Returns and allowances <b>1b</b>	<b>2 200,000</b>
<b>c</b> Balance. Subtract line 1b from line 1a	<b>3 200,000</b>
<b>2</b> Cost of goods sold (attach Form 1125-A)	<b>4</b>
<b>3</b> Gross profit. Subtract line 2 from line 1c	<b>5</b>
<b>4</b> Dividends and inclusions (Schedule C, line 23)	<b>6</b>
<b>5</b> Interest	<b>7</b>
<b>6</b> Gross rents	<b>8</b>
<b>7</b> Gross royalties	<b>9 3,273</b>
<b>8</b> Capital gain net income (attach Schedule D, Form 1120-CD)	<b>10 38,620</b>
<b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	<b>11 241,893</b>
<b>10</b> Other income (see instructions—attach statement)	<b>12</b>
<b>11</b> Total income. Add lines 3 through 10	
<b>12</b> Compensation of officers (see instructions—attach Form 1125-E)	

  

<b>37</b> Enter amount from line 36 you want: <b>Credited to 2024 estimated tax</b>	<b>Refunded 37</b>
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
<b>Sign Here</b> <u>Amber Alder</u> <u>04/08/24</u>	May the IRS discuss this return with the preparer shown below? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Signature of officer Date Title	
<b>Paid Preparer Use Only</b> Print/Type preparer's name <u>Jeremy Mangrove</u> Preparer's signature <u>Jeremy Mangrove</u> Date <u>4/7/24</u>	Check <input type="checkbox"/> if self-employed PTIN
Firm's name <u>Ayden Accounting Services</u> Firm's EIN	Firm's address <u>65 Birch Lane Pittsburgh, PA 15219</u> Phone no.
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form <b>1120</b> (2023)	

Figure 3.11.16-15 Example of editing Line 9 to Line 8 with an arrow.