

IRM PROCEDURAL UPDATE

DATE: 03/25/2024

NUMBER: wi-03-0324-0445

SUBJECT: Form 8941, Credit for Small Employer Health Insurance Premiums, Part III, Line 4h References

AFFECTED IRM(s)/SUBSECTION(s): 3.12.251

CHANGE(s):

IRM 3.12.251.29.23.2(3) - Corrected the "Pass-through or transfer credit entity EIN" reference to Form 3800, Part III, Line 4h, Column (d).

(3) If the entire credit being claimed is from a pass-through entity, shown by an EIN entered on Form 3800, Part III, Line 4h, Column (d) (Column (b) for 2022 and prior form revisions), enter a "C" in the Clear Code Field.

IRM 3.12.251.29.23.2(8) - Corrected the "Pass-through or transfer credit entity EIN" reference to Form 3800, Part III, Line 4h, Column (d).

(8) If the entire credit being claimed is from a pass-through entity, shown by an EIN entered on Form 3800, Part III, Line 4h, Column (d) (Column (b) for 2022 and prior form revisions), enter a "C" in the Clear Code Field.

IRM 3.12.251.29.36(3) d. - Corrected the "Form 8941 and Form 3800 Correspondence Table" with the correct reference for Form 3800, Part III, Line 4h TIN/EIN.

(3) Correction Procedures:

- a. Correct coding and transcription errors and misplaced entries in Section 21 and Section 25.
- b. Form 8941 is transcribed as Section 21.
- c. Follow the table below for more corrections:

If	And	Then
Error Code 177 has generated because of the action taken when		Subtract the amount of the 8941 credit from

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III, Line 4h is different,		
Form 8941 has been completed,	There is tax due on the return but the credit was not used,	Allow the credit and assign TPNC 47.
Form 8941 has been completed,	There is no tax due on the return,	Enter the Line 16 amount from the Form 8941 into Fields, 2116V and 2504H. If there is no amount in Field 2116 but there is an amount in 2504H, enter the amount from Field 2504H into Field 2116V.
There is no reply to correspondence or an incomplete response,		Assign TPNC 48.

Note: for more information on Section 21 and the SHOP Checkboxes, see IRM 3.12.251.21, Section 21 Data - 8941, Credit for Small Employer Health Insurance Premiums.

- d. If a taxpayer files Form 3800 and none of the exceptions in the table below are applicable and Form 8941 is not attached, correspond for the Form 8941 or Form 3800, Column (b) information.

Form 8941 and Form 3800 Correspondence

If	And	Then
Form 3800, Part III, Line 4h, Column (d) (2023 form revision) has a source TIN/EIN, Part III, Line 4h, Column (b) (2022 and prior form revisions).	An amount is in Column (c),	GTSEC 21 and enter the credit from Line 4h into Field 2116 and Field 2116V.
Form 3800, Part III, Line 4h, Column (d) (2023 form revision) has a source TIN/EIN and an amount is in Column (f), Part III, Line 4h, Column (b) has a source TIN/EIN and an amount in Column (c) (2022 and prior form revisions).	Form 8941 is attached with Lines 15 and 16 only completed and those lines are equal,	GTSEC 21 and enter the credit from Line 4h into Field 2116V and Field 2116 if not already entered.
Form 3800, Part III, Line 4h, Column (f) (2023 form revision) is completed,	Form 8941 is attached. (Line 15 may or may not be completed),	GTSEC 21 and enter the credit from Line 4h into Field 2116 and Field

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Part III, Line 4h, Column (f) (2022 and prior form revisions).		2116V.
Form 3800, Part III, Boxes C, D or G are checked (2022 and prior form revisions),		GTSEC 21 and enter the credit from Line 4h into Field 2116 and Field 2116V. If EC 124 displays, enter a "C" in the clear field.

e. Valid TPNCs for Error Code 177 are:

TPNC	Explanation
47	We changed the amount you claimed as Credit for Small Employer Health Insurance Premiums on Form 3800, General Business Credit. You figured the credit incorrectly on Form 8941, Credit for Small Employer Health Insurance Premiums, line 16, or transferred it incorrectly to Form 3800, Part III, line 4h
48	We didn't allow the Credit for Small Employer Health Insurance Premiums claimed on Form 3800, General Business Credit. The required Form 8941 was incomplete or wasn't attached to your tax return. (Used - No reply to correspondence only.)
49	We adjusted your Form 8941, Credit for Small Employer Health Insurance Premiums. On Form 8941, Line 2 you reported 25 or more full-time equivalent employees for the tax year and figured Line 12 incorrectly.
53	We adjusted your Form 8941, Credit for Small Employer Health Insurance Premiums. On Form 8941, Line 3 you reported average annual wages paid for the tax year over the maximum amount and figured Line 12 incorrectly.
54	We didn't allow the amount you claimed as Credit for Small Employer Health Insurance Premiums on your tax return. Based on your response to Form 8941, Line A and/or Line C, you can't claim the credit because: <ul style="list-style-type: none"> • You didn't participate in a Small Business Health Options Program (SHOP), and/or • You already received the credit for two consecutive years