



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

3.22.110

NOVEMBER 25, 2024

## EFFECTIVE DATE

(01-01-2025)

## PURPOSE

- (1) This transmits revised IRM 3.22.110, International Error Resolution - Processing Form 1042 Withholding Returns.

## MATERIAL CHANGES

- (1) IRM 3.22.110.1
  - (2) - Changed Wage and Investment (W&I) to Taxpayer Services (TS). IPU 24U0629 issued 05-10-2024.
  - (4) - Changed Paper Processing Branch to Return Processing Branch.
- (2) IRM 3.22.110.3(2) - Changed Paper Processing Branch to Return Processing Branch.
- (3) IRM 3.22.110.4(1) - Updated IRM Deviation Procedures Link. IPU 24U0629 issued 05-10-2024.
- (4) IRM 3.22.110.6
  - (1) - Updated Taxpayer Advocate Service (TAS) with the latest approved standardized language.
  - (2) - Changed Wage and Investment (W&I) to Taxpayer Services (TS). IPU 24U0629 issued 05-10-2024.
  - (3) - Added "See IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines."
- (5) IRM 3.22.110.6.1(1) -
  - Changed Wage and Investment (W&I) to Taxpayer Services (TS). IPU 24U0629 issued 05-10-2024.
  - Updated Appeals to Independent Office of Appeals.
- (6) IRM 3.22.110.14(1) - Added file location codes for MeF returns. IPU 24U0629 issued 05-10-2024.
- (7) IRM 3.22.110.21.5.14
  - (1) - Revised instruction when editing CCC 4.
  - (2) - Added IRM reference for more information.
  - (3) - Deleted incorrect instruction.
- (8) IRM 3.22.110.21.15(5) - Added instruction when Chapter 3 status code is blank.
- (9) IRM 3.22.110.21.16(5) - Added instruction when Chapter 4 status code is blank.
- (10) IRM 3.22.110.24.23
  - (5) - Revised instruction to define the acceptable requirements for claiming an entry on Lines 67a and 67b.
  - (6)a - Added a Note for Form 1042 filed for calendar years beginning on or after January 1, 2025.
  - (6)b - Revised instructions when matching the Recipient name on Form 1042-S with the filers name on Form 1042.
  - (7) - Added a Note for Forms 1042 filed for calendar years beginning on or after January 1, 2025.

- (11) IRM 3.22.110.27 - Updated Section 4 title to “Payments by a Qualified Derivatives Dealer (QDD)”.
- (12) IRM 3.22.110.28.1
  - (3) b. - Updated Statute clearing exception from 2019 to 2020. IPU 24U0228 issued 02-07-2024.
  - (3) c. - Updated Statute clearing exception from 2019 to 2020. IPU 24U0228 issued 02-07-2024.
- (13) Exhibit 3.22.110-1 Updated tax year.
- (14) Exhibit 3.22.110-2 Extended QSL years to 2025 and 2026 per Notice 2010-46.
- (15) Revised the Internal Revenue Manual (IRM), where necessary for the following types of editorial changes:
  - Plain language and editorial updates to improve readability.
  - Spelling, grammar, punctuation and formatting.
  - Updated tax periods to reflect current processing.
  - Updated Titles to match text on Form 1042.
  - Updated Form 1042 Glossary.

#### **EFFECT ON OTHER DOCUMENTS**

IRM 3.22.110, dated November 07, 2023 (effective January 1, 2024), is superseded. The IRM incorporates the following IRM Procedural Updates (IPUs): 24U0228 issued 02-07-2024 and 24U0629 issued 05-10-2024.

#### **AUDIENCE**

Taxpayer Services, Error Resolution Tax Examiners at the Ogden Submission Processing Center (OSPC)  
Only

James L. Fish  
Director, Submission Processing  
Taxpayer Services (TS)

3.22.110

Processing Form 1042 Withholding Returns

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Exhibits

- 3.22.110-1 Form 1042 Field Designators
- 3.22.110-2 Form 1042 Glossary

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- 3.22.110-3 Relevant IRS Publications
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  - 3.22.110-10 ♦ Potential Frivolous Arguments for Examination Review ♦



3.22.110.1  
(05-10-2024)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM section provides instructions for resolving errors made by taxpayers and those made during campus processing of Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.
- (2) **Audience:**
  - Tax Examiners in the Error Resolution Department of the Ogden Submission Processing Center
  - Taxpayer Services Division (TS)
- (3) **Policy Owner:** The Director of Submission Processing is responsible for the policies in this IRM.
- (4) **Program Owner:** The Code and Edit/ERS IMF Section of the Return Processing Branch of Submission Processing is responsible for the procedures and all updates related to this IRM.
- (5) **Primary Stakeholders:**
  - Submission Processing (SP)
  - Modernized E-file (MeF)
  - Large Business and International (LB&I)
- (6) **Program Goals:** To correct all errors identified with Form 1042 returns by the Error Resolution System.

3.22.110.1.1  
(11-05-2021)  
**Background**

- (1) The purpose of Error Resolution is to resolve validity errors, field errors, consistency errors, and math errors on returns and other documents for posting to the Master File. Records fall out in Error Resolution System (ERS) due to the Generalized mainline Framework (GMF). The entries from transcription are transferred to the ERS fields. The GMF programming causes a record to fall out to ERS if it fails to meet certain criteria, including:
  - Invalid characters in a field (e.g., numeric instead of alpha)
  - Invalid length of field (e.g., EIN with 8 digits instead of 9)
  - Invalid codes in field (valid Action Codes, Audit Codes, etc. are programmed in GMF)
  - Consistency errors - Any valid field used in any computation where the result is inconsistent with (or contradictory to) any other valid field
  - Math errors - computer does math computation and it differs from the taxpayer's amount
  - Invalid Tax Periods and eligibility for certain credits
- (2) Employees use ERS to correct these conditions and when necessary use Integrated Data Retrieval System (IDRS) to research.

3.22.110.1.2  
(01-01-2024)  
**Authority**

- (1) Authority for these procedures is found in the following sections of the Internal Revenue Code (IRC) and their corresponding Treasury regulations.
  - IRC 6201(a)
  - IRC 6213(b)
  - IRC 6402(a)
  - IRC 6511
  - IRC 1441
  - IRC 1442
  - IRC 1443

- IRC 1446
- IRC 1461
- IRC 1462
- IRC 1463
- IRC 1464
- IRC 1471
- IRC 1472
- IRC 1473
- IRC 1474

3.22.110.1.3  
(11-17-2017)  
**Responsibilities**

- (1) The Director, SP Office is responsible for monitoring operational performance for the Submission Processing campus.
- (2) The Operations Manager is responsible for monitoring operational performance for their operation.
- (3) The team manager/lead is responsible for performance monitoring and ensuring employees have the tools to perform their duties.
- (4) The team employees are responsible for following the instructions contained in this IRM and maintaining updated IRM procedures.

3.22.110.1.4  
(11-05-2021)  
**Program Management and Review**

- (1) **Program Reports:** The Monitoring Section under Submission Processing Program Management/Process Assurance monitors the ERS reports. Daily, weekly, and periodic reports are available to management through Control-D Web Access to manage inventory and capture data for program planning and review. Refer to IRM 3.12.38, Error Resolution, BMF General Instructions, for a listing and description of ERS reports.
- (2) **Program Effectiveness:** The program goals are measured by the following reviews:
  - Embedded Quality Submission Processing (EQSP) IRM 3.30.30, Embedded Quality for Submission Processing
  - Computer Assisted Review of Error Resolution (CARE)
  - Balanced Measures
  - Managerial Reviews
- (3) **Annual Review:** This IRM is updated and reviewed annually to ensure accuracy and promote consistent tax administration. Review and concurrence are performed by affected offices according to the clearance process established in IRM 1.11.9, Internal Management Documents, Clearing and Approving Internal Management Documents (IMD), prior to publishing.

3.22.110.1.5  
(11-05-2021)  
**Program Controls**

- (1) All tax examiners need manager approved access to the Error Resolution System.
- (2) Tax returns in ERS are worked on a First in First Out (FIFO) basis as they are received from input systems through the General Mainline Framework (GMF).
- (3) Quality Review is conducted following the Embedded Quality Submission Processing (EQSP) procedures found in IRM 3.30.30. The EQSP system provides a method to monitor, measure, and improve the quality of the work throughout Submission Processing. Review data is used to identify trends, problem areas, training needs, and opportunities for improvement.

- (4) Control clerks are responsible for the control of error documents. Inventory Control procedures are described in IRM 3.12.38, Error Resolution, BMF General Instructions.

3.22.110.1.6  
(11-17-2017)

**Terms and Acronyms**

- (1) See Exhibit 3.22.110-2 for a glossary of terms and Exhibit 3.22.110-4 for abbreviations used in this IRM.

3.22.110.1.7  
(01-01-2022)

**Related Resources**

- (1) ERS TEs use the following resources in conjunction with this IRM:
- IRM 3.12.38, BMF General Instructions
  - Job Aid 2543-701; ERS Chapter Three Withholding (CTW) Form 1042
  - Job Aid 2513-703; International Submission Processing IMF Foreign Address Job Aid
  - Integrated Data Retrieval System (IDRS)
  - Servicewide Electronic Research Program (SERP)
  - Related IRS publications listed in Exhibit 3.22.110-3
  - Instructions for Form 1042

3.22.110.2  
(11-18-2019)

**General Information**

- (1) This IRM cannot address every possibility that occurs while correcting returns or documents. Take taxpayer intent into consideration. Refer issues not addressed in this IRM to the subject matter expert (SME), lead, and/or manager to determine the corrective action.

3.22.110.3  
(11-25-2024)

**◆ Business Master File (BMF) Consistency ◆**

- (1) The purpose of this initiative is to achieve consistency in the Business Master File (BMF) Error Resolution System (ERS) processing IRMs.
- (2) Ogden, Kansas City, and Return Processing Branch, BMF Code and Edit and Error Resolution System (ERS) identified and developed topics for BMF Consistency.
- (3) A ◆ (diamond) before and after titles identifies BMF Consistency subsections.
- (4) Text in normal print is the common process for BMF returns. The text in **BOLD** print is form specific and applies to this IRM only.

3.22.110.4  
(05-10-2024)

**◆ IRM Deviation Procedures ◆**

- (1) Submit IRM deviations in writing, following instructions from IRM 1.11.2.2.3, When Procedures Deviate from the IRM, and elevate through proper channels for executive approval.

3.22.110.5  
(11-19-2020)

**◆ IRS Employee Contacts ◆**

- (1) The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98) Section 3705(a) gives identification requirements for all IRS employees working tax-related matters.
- (2) All IRS employees who communicate by telephone, face-to-face, or any other method of correspondence with taxpayers or their personal representatives on tax-related matters must give (at a minimum) the following information:
- a. Telephone Contact - Their title (e.g., Mr., Mrs., Ms., Miss), last name, and badge identification (ID Card) number. Toll-Free employees may also give their location for identification purposes. Treat faxes to taxpayers on tax-related matters as correspondence and include the required information.

- b. Face-to-Face Contact - Their title (e.g., Mr., Mrs., Ms., Miss), give as appropriate during the conversation, their last name, and badge identification (ID Card) number.
  - c. Correspondence (sent to taxpayer and authorized representatives) - A telephone number taxpayers can call for answers to questions. In addition, manually generated correspondence must have the employee's title (e.g., Mr., Mrs., Ms., Miss), last name, Integrated Data Retrieval System (IDRS) number, and letter system number, which are systemically generated by IDRS. Treat faxes to taxpayer on tax-related matters as correspondence and include the required information.
  - d. Correspondence letters - Specific employee name and telephone number if the employee initiating the correspondence is in the best position to respond to any questions the taxpayer may have or if the taxpayer is being asked to give more case-related information. If the taxpayer does not need to contact a specific employee, the correspondence needs only an IRS telephone number and standard signature.
- (3) When a taxpayer requests to speak with a specific employee who previously worked their inquiry or request, or complains about the level of service previously given, make every attempt to resolve the taxpayer's inquiry. If unable to resolve the issue, refer the inquiry using established procedures to the manager.
  - (4) Secretaries, receptionists, or other people who answer the telephone in functional offices need to identify themselves. They must give their badge identification (ID Card) number only if they are answering telephones which are routinely used to give tax or account information.
  - (5) It is not necessary to repeat the badge identification (ID Card) number on a subsequent contact, when the nature of an employee's work involves multiple contacts with the same taxpayer and the employee has given the taxpayer (either by telephone or in-person) their badge identification (ID Card) number on the first contact.

3.22.110.6  
(11-25-2024)

**◆Taxpayer Advocate Service (TAS)◆**

- (1) The Taxpayer Advocate Service is an independent organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate, that helps taxpayers and protects taxpayer rights. TAS offers free help to taxpayers when a tax problem is causing a financial difficulty, when they've tried and been unable to resolve their issue with the IRS, or when they believe an IRS system, process, or procedure just isn't working as it should. TAS strives to ensure that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico.
- (2) TAS uses Form 12412, Operations Assistance Request (OAR), to start the OAR process of referring a case to the Taxpayer Services (TS) Division, to effect the resolution of the taxpayer's problem. For more information, refer to IRM 13.1.19, Taxpayer Advocate Service, Taxpayer Advocate Case Procedures, Advocating With Operations Assistance Requests (OARs).
- (3) Refer taxpayers to TAS when the contact meets TAS criteria or when Form 911, Request for Taxpayer Advocate Service Assistance (and Application for

Taxpayer Assistance Order), is attached and steps cannot be taken to resolve the taxpayer's issue the same day. See IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.

- (4) The definition of "same day resolution" is within 24 hours. The following two situations meet the definition of "same day resolution:"
  - The issue can be resolved within 24 hours.
  - The IRS takes steps within 24 hours to resolve the taxpayer's issue.
- (5) When making a TAS referral, use Form 911, and forward to TAS following your local procedures.
- (6) For more information, see IRM 13.1.7 , Taxpayer Advocate Service (TAS) Case Criteria, and IRM 13.1.7.4 , Exceptions to Taxpayer Advocate Service Criteria, for information on cases that TAS will no longer accept.

3.22.110.6.1  
(11-25-2024)  
◆ **Taxpayer Advocate Service (TAS) Service Level Agreements (SLA)◆**

- (1) The National Taxpayer Advocate reached agreements with the Commissioners of the Taxpayer Services (TS) Division, Small Business/ Self-Employed (SB/ SE) Division, Tax Exempt Government Entities (TEGE), Criminal Investigation (CI), Independent Office of Appeals, and Large Business and International (LB&I) that outline the procedures and responsibilities for the processing of Taxpayer Advocate Service (TAS) casework when either the statutory or delegated authority to complete case transactions rests outside of TAS. These agreements are known as Service Level Agreements (SLAs).
- (2) The SLAs are found at <https://irs.gov.sharepoint.com/sites/TAS/SitePages/SLA.aspx>.

3.22.110.7  
(01-01-2024)  
◆ **Business Master File (BMF) Identity (ID) Theft◆**

- (1) BMF ID Theft is increasing. If a case is found with attachments or correspondence showing the taxpayer is a victim of "ID Theft":
  1. SSPND with Action Code "**360**" to route the return to Planning and Analysis (P&A).
  2. Attach Form 4227, Intra-SC Reject or Routing Slip, (or other proper routing slip) with the notation "ID THEFT."
  3. Give the entire case to the manager/lead.

The manager/lead will expedite the case to the P&A staff for referral to one of the Submission Processing (SP) BMF ID Theft liaisons. The taxpayer must show they are a victim of "ID Theft"; do **not** send cases that are subject to Criminal Investigation (CI), Examination (Exam), or Fraud review.

3.22.110.8  
(01-01-2023)  
◆ **Use of Fax for Taxpayer Submissions◆**

- (1) Taxpayers may send tax return information via fax as part of return perfection even when submitting a signature. In circumstances where contact with the taxpayer was made and documented, **faxed signatures are acceptable**.
- (2) Contact with the taxpayer may be by telephone or correspondence. Follow local procedures to decide which method of contact to use.
- (3) Indicate the fax paragraph on **Letter 1791C**, to inform the taxpayer of the fax options.
- (4) Use the following resources to make sure you are speaking with the taxpayer or authorized representative before disclosing any tax information:

- IRM 21.1.3.2.3, Required Taxpayer Authentication
- IRM 21.1.3.2.4, Additional Taxpayer Authentication

(5) Before leaving any messages on a taxpayer's answering machine, review:

- IRM 10.5.1.6.7.2, Answering Machine or Voice Mail
- IRM 10.8.1, Information Technology (IT) Security, Policy and Guidance

3.22.110.9  
(01-03-2023)

◆ **Correspondence  
Imaging Inventory (CII)  
Returns** ◆

(1) Correspondence Imaging Inventory (CII) is an inventory system for scanning Accounts Management (AM) receipts into digital images and working the cases from those images.

**Note:** Correspondence Imaging System (CIS) changed to Correspondence Imaging Inventory (CII).

(2) "CII" returns are shown with "CII Image - Do not correspond for signature" stamped below the signature line or "CII" annotated on the front of the return.

(3) Follow the correspondence instructions below for CII returns:

If	And	Then
The "CII" return has a Form 13596, Reprocessing Returns, attached,	The return is incomplete (e.g., missing signature, schedules, or forms),	<ol style="list-style-type: none"> <li>1. Do not correspond.</li> <li>2. Remove the return from the batch and SSPND with Action Code "640" to have the DLN voided.</li> <li>3. Attach Form 4227, Intra-SC Reject or Routing Slip, (or other proper routing slip) to the return and route to AM to secure missing information.</li> <li>4. If the return comes back from AM with incomplete information, send the return to AM again to secure all the missing information. Indicate "More information needed to process incomplete CII return," or similar language on Form 4227 (or other proper routing slip).</li> </ol>
The "CII" return has a Form 13596, Reprocessing Returns, attached and the return is incomplete (e.g., missing signature, schedules, or forms),	The return shows correspondence was sent (e.g., CCC "3" is edited on the return),	Do not route the return to AM. Continue processing the return.



If	And	Then
The "CII" return does not have a Form 13596, Reprocessing Returns attached,	The return is incomplete (e.g., missing signature, schedules, or forms),	<p>Research for prior posting (TC 150 posted)</p> <p>a. If TC 150 is present and the information is the same, cancel the DLN and treat as classified waste.</p> <p><b>Note:</b> Classified waste is documentation containing taxpayer entity or account information that is not part of the case and is not needed for audit trail purposes. Refer to IRM 21.5.1, General Adjustments for guidance on handling classified waste to prevent inadvertent/unlawful destruction of records.</p> <p>b. If TC 150 is not present, follow normal correspondence procedures.</p>

3.22.110.10  
(07-27-2020)

◆ **Customer Account Data Engine (CADE) 2** ◆

- (1) The Customer Account Data Engine (CADE) 2 Program Office in Headquarters is charged with the primary goal of implementing a single, modernized programming solution that gives daily processing of taxpayer accounts.
- (2) The CADE 2 solution is comprised of several components, to modernize the IRS to a daily processing environment with several Transition States.
- (3) The Business Master File (BMF) campus cycles are:
  - a. Campus Cycle: Thursday - Wednesday
  - b. Master File Processing: Friday - Thursday
  - c. Notice Review: Saturday: Monday (8+ days)
  - d. Unpostables: New available Tuesday; Closing Tuesday
- (4) BMF transaction posting time frames are:
  - a. Transactions are viewable using Corporate Files Online (CFOL) command codes on Saturday following the weekly Master File processing run on Thursday.
  - b. Transactions are viewable as posted transactions using Integrated Data Retrieval System (IDRS) command codes on Monday, following the weekly Master File processing run on Thursday.

**Note:** Implementation of CADE 2 accelerated weekly IDRS analysis. Previously, transactions such as this would be pending on IDRS and not shown in the CFOL command code displays.
- (5) Transaction posting dates show a format of YYYYCCDD. YYYY is the year. CC is the posting cycle. Individual Master File (IMF) transactions values for DD are:
  - 01 = Friday
  - 02 = Monday
  - 03 = Tuesday
  - 04 = Wednesday

- 05 = Thursday

**Note:** BMF cycle posting dates on BMFOL will continue to show YYYYCC. YYYY is the year. CC is the posting cycle. BMF posting cycles in TXMOD show a format of YYYYCCDD. The DD value is 08.

3.22.110.11  
(02-27-2023)

◆ **Working Trail** ◆

- (1) It is important to leave a legible “Working Trail” (or “Action Trail”) using blue ink for those who may work with the return later.
- (2) Write all taxpayer notice codes (TPNCs) 90 on the front of the return in the upper left corner (or use Form 12648, Error Correction 90 TPNC). See IRM 3.22.110.21.17, Taxpayer Notice Codes, for more information.
- (3) If corresponding with a non-suspense letter, “X” and write the corrected money amounts to the left of each original point(s) of error. Write money amounts in dollars only or dollars and cents, as applicable. Arrowing is allowed for money amounts when there are **no intervening entries** between the arrow and the line to which the money is entered.
- (4) Leave a working trail on the return when changes are made to the following items:
  - Employer Identification Number (EIN) or Social Security Number (SSN)
  - Tax Period
  - Received Date
  - Computer Condition Code (CCC)
  - Correspondence Received Date (CRD)

**Reminder:** Circle out incorrect Employer Identification Numbers (EINs), Social Security Numbers (SSNs), Tax Periods, and Received Dates.

- (5) When working Reject re-inputs, circle out any previous Action Codes shown on the front of the return, if no longer applicable.
- (6) When working Rejects, write “Voided” with the date above the DLN, when voiding a return.

3.22.110.12  
(11-17-2017)

◆ **General Disclosure Guidelines** ◆

- (1) IRC 6103 establishes the taxpayer’s (T/P’s) right to privacy of tax information. You must be sure to provide correct information to the correct T/P or authorized representative. Check CFINK for Power of Attorney (POA).
- (2) Taxpayer returns and return information must remain confidential as provided for in IRC 6103, Confidentiality and disclosure of returns and return information. IRC 7431 provides civil damages for unauthorized disclosure of returns and return information. IRC 7213 and IRC 7213A provide criminal penalties for unauthorized disclosure or unauthorized inspection of returns and return information. These IRCs also require employees be discharged from duty if charged and convicted of these offenses.
- (3) For more information on General Disclosure Guidelines refer to IRM 21.1.3, Operational Guidelines Overview and for full discussions refer to IRM 11.3.1 through IRM 11.3.40, Disclosure of Official Information.



3.22.110.13  
(11-17-2017)  
**Purpose of Error  
Resolution**

- (1) This subsection of the IRM provides procedures for correcting and processing Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.
  - (2) This IRM is designed to be used by the Error Correction (ERS) TEs at the OSPC.
- Note:** Form 1042 is **only** filed at the OSPC. Returns sent to other locations are routed to the OSPC.
- (3) While this IRM is your primary source of information, you must also be familiar with:
    - IRM 3.21.110, Processing Form 1042 Withholding Returns (Document Analysis/Code and Edit)
    - IRM 3.12.38, Business Master File (BMF) General Instructions
  - (4) In addition, it may be necessary to research information or procedures in IRMs:
    - IRM 3.37.110, ISRP - Chapter 3 Withholding Returns
    - IRM 3.10.72, Receiving, Extracting, and Sorting
    - IRM 3.10.73, Batching and Numbering
    - IRM 3.12.279, Business Master File (BMF)/Combined Annual Wage Reporting (CAWR)/Payor Master File (PMF) Unpostable Resolution
    - IRM 3.13.222, BMF Entity Unpostable Correction Procedures
    - IRM 3.30.123, Processing Timeliness: Cycles, Criteria and Critical Dates
    - IRM 2.3.2, Introduction to Integrated Data Retrieval System (IDRS) Terminal Responses
  - (5) The telephone may be used, at the discretion of management, to resolve questions pertaining to returns on the Error Resolution System in lieu of suspending those returns for subsequent correspondence action.
  - (6) ERS and Reject TEs are not expected to redo the work of Code and Edit (C&E) TEs. While a complete review of the return is not required, if an omission or error made by C&E is noticed while working Form 1042, enter the correct information on the return.

**Note:** You must review all IDRS Correspondence Action Sheets (CAS) prepared by C&E to ensure all required missing data and clarification is requested.

3.22.110.14  
(05-10-2024)  
**General Processing  
Instructions**

- (1) Form 1042 is processed under:
  - Program Code: 1250X
  - File Source: Business Master File (BMF)
  - File Location Codes:
    - Modernized e-file (MeF) - 60 (Foreign address), 78 (U.S. Possession address), 88 (Foreign address) and 92/93 (Domestic address)
    - Paper - 29 (domestic address), 60 (Foreign address), and 78 (U.S. Possession address)
  - Tax Class: 1
  - Master File Tax (MFT): 12
  - Document Code: 25
  - Blocking Series: 501-999

- Return Due Date: March 15, XXXX
- (2) Withholding Agents may request an extension of time to file or request relief from electronic filing (to the extent applicable) using Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns. No request for extension can exceed a six-month period. The due date is extended 6 months from the due date of the return, September 15th. For exceptions, see instructions for Form 7004, lines 2 and 3.
- (3) The following conditions apply to Form 1042 processing:
- No edit sheet
  - Attached schedules
  - Audit codes are not used
  - Calendar Year only filing, no fiscal or short year returns allowed
- (4) This chart lists the related Forms and Documents referred to in this IRM:

Form or Letter	Title	Purpose
Letter 319C	Return Covers Other Than 12-month Accounting Period	IDRS computer-generated letter used to correspond with the taxpayer about tax period errors.
Form 1042-S	Foreign Persons U.S. Source Income Subject to Withholding	Information return used by withholding agent to report certain U.S. income paid to foreign persons.
Form 1042-T	Annual Summary and Transmittal of Form 1042-S	Used to transmit Paper Form 1042-S, Foreign Persons U.S. Source Income Subject to Withholding, to the IRS.
Form 1099	Various	Used to report certain types of non-employee compensation such as payment for professional services, royalties, interest, and awards or prizes paid to other businesses and to individuals who aren't full-time employees of the company.
Letter 1791C	U.S. Annual Return of Income Paid at Source Incomplete for Processing: Form 1042 and 1042S	IDRS computer-generated letter used to send correspondence to the taxpayer.
Form 3177	Notice of Action for Entry on Master File	Prepared by Campus and Area Office personnel for input via DIS or IDRS of miscellaneous transaction codes to the taxpayer's tax modules(s).
Form 3244	Payment Posting Voucher	Used primarily by service center Receipt and Control Branch personnel to post (via DIS or IDRS) a subsequent payment to a taxpayer's account. It is not used as an official receipt for proof of payment.

Form or Letter	Title	Purpose
Form 3465	Adjustment Request	Used by IRS personnel when requesting a change to a tax module. The completed form is routed to the service center Adjustments Branch for proper action by the tax examiner.
Letter 3875C	Missing or Incorrect EIN on Return	Non-suspense letter sent to the taxpayer when the EIN is changed.
Form 3893	Re-Entry Document Control	Control document used to identify a block or a partial block of documents which require reprocessing.
Form 4227	Intra-SC Reject or Routing Slip	Used by all functions to route returns and other controlled documents between service center functions.
Form 13133	Expedite Processing Cycle	Used by Collection functions. All boxes checked on the form must be edited to the return to ensure accurate processing.
Form 1042 Schedule Q	<b>Tax Liability of Qualified Derivatives Dealer (QDD)</b>	Completed by taxpayer if the taxpayer or any branch of the taxpayer was a qualified derivatives dealer (QDD) during the tax year.

**Caution:** If you identify a potential **Erroneous Refund Return**, SSPND “332” and forward the return to Exam for further review (refer to IRM 21.4.5, Erroneous Refunds, for more information). You must contact your manager, as you may be advised to place the return into a designated basket for Exam review, per local procedures.

3.22.110.15  
(11-17-2017)

#### Definitions

(1) These terms deal with the correction of error screens.

Term	Definition
Field	A specific entry from a document. See the sections following for complete field information.
Look-See Condition	The computer wants you to <b>look and see</b> if data entered into a particular field is correct. Correct all misplaced entries, coding and transcription errors.
Section	A group of related fields indicated by a two-digit section number (01, 02, 03, etc.)

3.22.110.15.1  
(11-17-2017)

#### Inventory/Reports

(1) Records are placed into the Error Inventory or the Workable Suspense Inventory for correction. Once the ERS TE accesses the record and it is displayed on the screen, it must be:

- a. Corrected in full by correcting errors in editing or transcription and/or correcting math errors.
- b. Placed in suspense for more information.

- c. Rejected from pipeline processing.

(2) Each day the Error Inventory Report is furnished showing:

- a. Blocks, by the block control number, and block Document Locator Number (DLN) in DLN order.
- b. Each batch is on a separate page.
- c. Blocks received from Block out of Balance (BOB) Correction is listed separately.
- d. A copy of the report must be on the carts of documents and used as a charge-out to determine when a cart is completed.
- e. The first line of the Error Inventory Report will show the number of working days the records on that page have been in the Error Inventory. This will enable work left from a previous day to have priority.

3.22.110.15.2

(01-01-2015)

**Workable Suspense Inventory Report**

- (1) Each day the Workable Suspense Inventory Report is furnished showing the records by program in DLN order for various status situations. Separate pages for each program, with totals, is provided.
- (2) The first line of the report shows the number of working days the records have been in the Workable Suspense Inventory. This will allow priority to be given to the older work.

3.22.110.15.3

(11-17-2017)

**Error Displays and Corrections**

- (1) All Form 1042, Error Screen Displays as follows:
  - Each field is identified by an Alpha/Numeric Field Designator (AFD) displayed before the field.
  - Fields are displayed with no breaker.
  - Negative values are indicated by a minus (–) sign following the amount.
  - Decimal points are displayed beginning in the left position.
  - Leading zeros in amount fields are suppressed and the significant digits are displayed beginning in the left position.
  - If more than one amount field of a record is to be shown, the corresponding place values are aligned beneath one another.
  - Sufficient leading blanks are displayed preceding the shorter amounts. So, the place values of these amounts are directly in line with the place values of the longest amount.
  - The cents digits are not displayed for “dollars only” fields. So, the place values will remain in line with the other fields of the section. Two asterisks (\*\*) are displayed in the cents position of the “dollars only” field.
- (2) Corrections are entered starting with the left-most position of the field. Blank-out unused positions.
  - If fewer than the maximum number of positions is required, the program automatically moves to the right of the digits.
  - It is not necessary to enter the decimal point. If the decimal point is entered, it is ignored.
  - A minus sign (–) must be entered as the last numeric if the amount is negative.

- (3) Do not enter more than the number of positions allowed for a particular field. If more data is entered, the overflow characters display on the screen but are dropped when the field is added to the record. This is especially important for the TIN, name and address.
- (4) Corrections can be made to a displayed field by overlaying only the digits in error and not re-entering the entire field. It is not necessary to eliminate the decimal point when correcting in this manner.
- (5) To add a missing section:
  - 1. Transmit with Command Code GTSEC, followed by the desired Section Number.
  - 2. When the empty section format is displayed, enter the missing data in the proper fields and transmit with Command Code CRECT.
- (6) To see a field or section of the record other than shown in the display:
  - 1. Enter Command Code GTSEC, followed by the desired Section Number.
  - 2. If a correction is **not** made to the section, drop to the bottom of the screen, and transmit.
  - 3. Any error display **not** showing all fields necessary for resolution must be reported to the National Office.

**Reminder:** When transmitting corrections to a screen display, move the cursor below the last field containing data before transmitting.
- (7) To delete a section of the record, enter Command Code DLSEC, followed by the desired Section Number.
- (8) If, during the course of correcting a Priority II, III or IV Error, more information or research is necessary to resolve the error (or if the error is rejected), enter the correct Action Code with either Command Code SSPND or RJECT.

3.22.110.15.4  
(11-17-2017)  
**Command Codes**

- (1) The Command Codes needed for correcting the Error Inventory and the Workable Suspense Inventory are briefly described below. Any Command Code in the Employees Security Profile is available:

Command Code (CC)	Description
ACTVT	Used to transfer unworkable suspense records to workable suspense inventory.
CRECT	<ul style="list-style-type: none"> <li>Used to enter a correction.</li> <li>Valid only after an error has been displayed in response to GTREC.</li> </ul>
DLSEC	Used to delete a section within the record in progress.
ENMOD	Used to research a name control.
ERINV	Used to research a DLN or TIN on the ERS Control File.
ERVOL	<ul style="list-style-type: none"> <li>Used with a Status Code to display the number of ERS records in the current Workable Inventory.</li> <li>Used to obtain the actual count of records to be worked.</li> <li>Printed reports for ERS are updated nightly.</li> </ul>
FRM49	Used to input a fact of filing when an unnumbered return is withdrawn from normal processing, i.e., correspondence.
GTREC	<ul style="list-style-type: none"> <li>Used to access the first error record in an ERS error block.</li> <li>Used to access a specific record in the Workable Suspense Inventory.</li> </ul>
GTRECQ	Used to access a worked record held for Quality Review.
GTRECW	<ul style="list-style-type: none"> <li>Used to recover an ERS data record already worked.</li> <li>Can be used at any time on the same processing day.</li> </ul> <p><b>Note:</b> Errors discovered on subsequent days must be corrected by using Notice Review and Adjustment procedures.</p>
GTSEC	<ul style="list-style-type: none"> <li>Used to obtain the display of any data section within the record in progress.</li> <li>Response is the display of all correctable fields of the requested section, including blank fields.</li> <li>Computer generated fields and error indicators will not be shown.</li> <li>If no data is present in the specified section, the empty format of the requested section is displayed.</li> </ul>
INOLE	Used to access the National Account Profile (NAP) which has selected entity information for all Master File accounts.
MFTRA	Used to request a hard copy transcript for a specific TIN.
NAMEE	<ul style="list-style-type: none"> <li>Used to research a missing or incomplete EIN/TIN.</li> <li>Name and address data are input to search the Key Index File.</li> </ul>
NWDLN	Used to assign a renumbered DLN on an ERS record.
RJECT	Used to delete a record from ERS.

Command Code (CC)	Description
SINOF	<ul style="list-style-type: none"> <li>Used to sign off the computer.</li> <li>SINOF is used by all terminal users, including ERS, GUF and IDRS.</li> <li>SINOF is displayed but must be keyed onto the screen when signing off.</li> <li>Response is "Request Completed."</li> </ul>
SINON	<ul style="list-style-type: none"> <li>Used to sign on to the computer.</li> <li>SINON is displayed but must be keyed onto the screen when signing on.</li> <li>Password is entered but does not appear on the screen.</li> </ul>
SSPND	<ul style="list-style-type: none"> <li>Used with an ERS Action Code to place a record into Suspense status.</li> <li>SSPND is valid for ERS and Rejects.</li> </ul>
TRDBV	<p>Tax Return Data Base</p> <ul style="list-style-type: none"> <li>Used to access 100 percent of return data as well as all subsequent corrections entered via ERS and GUF.</li> <li>Used to verify specific line items (including any correction activity), resolve taxpayer inquiries, identify refund issues, and verify filing and return status.</li> </ul>

3.22.110.16  
(11-17-2017)  
**Foreign Currency**

- (1) All entries must be in U.S. dollars and cents. If the entries are in a foreign currency, SSPND "21X" with literal:  
Please complete Lines 1-71 using U.S. dollars and cents.
- (2) The presence of symbols for foreign currency on lines of the return are an indication of foreign money.

3.22.110.17  
(11-17-2017)  
**Correspondence**

- (1) When it is necessary to contact the taxpayer to obtain missing information or clarification, ERS will:
  1. Complete Letter 1791C, unless otherwise instructed.
  2. Attach it to the return.
  3. SSPND "21X" to automatically suspend for a predetermined number of days or until the taxpayer replies, whichever is earlier. See IRM 3.22.110.19, Action Codes, for which correspondence Action Code to use.
- (2) Rejects reviews the form to ensure:
  - Current revision is used,
  - completeness, and
  - easy for taxpayer to understand.
- (3) Rejects either prepares Form 3177, Notice of Action for Entry on Master File, to input Transaction Code (TC) 599 and Closing Code (CC) 17, or input the two codes using Command Code FRM49.



**Note:** It is not necessary to input the two codes if the return was originally processed through Residual Remittance Processing System (RRPS). The Transaction Code (TC) 610 input by RRPS serves as the satisfying transaction for the normal delinquency check.

- (4) Any time a correspondence letter is prepared, ERS and Rejects review the return to ensure all missing information is requested at the same time.

**Caution:** Correspondence must be sent only once. It is imperative you review the return for all correspondence conditions.

- (5) If C&E has already corresponded (look for attachments or action trail on left

#

- (6) Rejects never sends a return back to a taxpayer. If sending a photocopy of the return to the taxpayer, notate the word “copy” on the photocopy and black out the DLN and edit marks.

- (7) Enter a Correspondence Received Date (CRD) into Field 01CRD when correspondence is received. Enter Field 01CRD in (YYYYMMDD Format) except when:

- The reply from the taxpayer was received before the due date of the return and/or
- The correspondence was requested due to an IRS processing error.

- (8) If a reply to correspondence is not received within the allotted time, 30 days for domestic mail and 45 days for international, enter CCC “3” into Field 01CCC.

3.22.110.17.1  
(01-01-2023)

#### Missing or Illegible Data

- (1) Correspond for missing information when any part of the entity area cannot be found by using all applicable research (e.g., CCs NAMEB, NAMEE, INOLE, ENMOD, etc.).
- (2) If the taxpayer has not entered data onto the correct lines of the return but instead puts “see attached,” Rejects corresponds for the return to be properly completed unless instructed otherwise in this IRM.
- (3) Rejects corresponds for clarification when the date entered on the return cannot be read accurately.
- (4) If the signature is missing, Rejects will correspond. If you are corresponding for **ONLY** a missing signature, use Action Code “225” or “226” and continue to process the return.

**Note:** If Form 1042 is mailed between August 28, 2020, through October 31, 2023, accept a digital signature.

- (5) If the taxpayer does not provide a copy of Form 1042-S, Copy B or a Form 1099 to support the entry on Line 67a/67b, SSPND “21X” for Form 1042-S, Copy B.

**Exception:** See IRM 3.22.110.24.23, Field 0767A - Credit for Amounts Withheld by Other Agents (other than substitute dividends) if taxpayer attached a statement or letter to support Line 67a/67b.



3.22.110.17.2  
(11-18-2019)

### Manual Refunds

- (1) Information on the preparation of Manual Refund Forms (Form 5792, Request for IDRS Generated Refund, or Form 3753, Manual Refund Posting Voucher) and other relevant information can be found in IRMs:
  - a. IRM 3.12.38 (BMF General Instructions)
  - b. IRM 3.17.79 (Account Refund Transactions)
  - c. IRM 21.4.4 (Manual Refunds)
  - d. IRM 2.4.20 (Command Codes RFUND and REFAP)
  - e. IRM 3.12.14.7.11 (Refund Returns 45 Day Jeopardy and \$100 Million or more Refunds)
- (2) Document Perfection (Code and Edit - C&E) is responsible for identifying refunds and for initiating requests for manual refunds. C&E will edit to show a Manual Refund must be prepared because the refund is in interest jeopardy or conditions, ERS must follow the instructions in the If/Then chart below:

**Note:** Expeditious processing of refund returns is critical if the credit interest period of 180 days is about to expire.

If	Then
<ul style="list-style-type: none"> <li>The processing date is more than 155 days after Received Date (whichever is later), and</li> <li>The 180-day interest free period is in jeopardy, and</li> </ul>	SSPND "341" and route to Accounting for manual refund.
	SSPND "341" and route to Accounting for manual refund.

3.22.110.17.3  
(05-21-2018)

### ◆ Re-Entry Document Procedures ◆

- (1) A return posted (or attempting to post) to the wrong account or module must be reprocessed to post to the proper account or module.
- (2) Some re-entry returns may have originally been filed electronically (e-File) or via Modernized e-file (MeF). These returns may be identified by the presence of Mod e-file printouts in lieu of an actual return. Do not correspond for missing signatures on these documents.
- (3) Each re-entry return must have Form 3893, Re-Entry Document Control, or Form 13596, Reprocessing Returns, attached. See below for the correct form to use.
  - Form 3893 is used to re-input documents that have not posted to an account or module.
  - Form 13596 is used to reprocess documents to the correct account or module, that previously posted to the wrong account or module.
- (4) Always leave Form 3893 or Form 13596 on the front of the return. It must remain as a permanent part of the document.
- (5) Examine Form 3893 or Form 13596 to determine the action needed to re-input the return.

**Note:** If the IRS Received Date is two years and nine months or more after the Return Due Date, do not use Form 3893 or Form 13596 reprocessing procedures. Route return to the Statute Control Unit following statute procedures. See IRM 3.22.110.18.8.

If	Then
Form 3893 is missing	<ul style="list-style-type: none"> <li>• Enter Action Code “640”</li> <li>• Route to Receipt and Control using Form 4227,</li> <li>• Leave the return in the batch.</li> </ul>
Form 13596 is missing	<ul style="list-style-type: none"> <li>• Enter Action Code “640”</li> <li>• Route to Accounting using Form 4227,</li> <li>• Leave the return in the batch.</li> </ul>
Form 3893 or Form 13596 are attached	Determine if the return is edited according to current processing instructions.

**Exception:** If more than one return is in the batch and only the top Form 3893, has an entry in Box 1 (Alpha/Numeric block control no.), edit all returns using current processing instructions and keep all returns clipped together.

3.22.110.17.4  
(05-21-2018)

◆ **Form 3893 Re-Entry Document** ◆

- (1) Form 3893, Re-Entry Document Control, is used to re-input a return that has not posted to an account or module.
- (2) If more than one return is in the batch and only the top Form 3893, has an entry in Box 1 (Alpha/Numeric block control no.), edit all returns using current processing instructions and keep all returns clipped together.
- (3) If the return is not edited according to current processing instruction, circle out any action codes, CCCs and any other edit marks no longer applicable. Re-edit according to current processing instructions.
- (4) If the return is edited according to current processing instruction, ensure the information from Form 3893, is edited to the return.

Form 3893	Action Taken
Box 14 (Remarks)	Ensure the information is edited to the return.
Box 15 (Process as)	<ul style="list-style-type: none"> <li>• Circle out edit marks that may indicate a receipt of remittance</li> <li>• Do not change any tax due amounts.</li> </ul>

- (5) Examine returns that have any color other than red editing in the tax data section. Determine if the corrections are the result of incorrect perfection or taxpayer error.

If	Then
Improper perfection	Edit the same correction in red to the correct area. Enter in correct Fields.
Taxpayer error	Leave the entries as shown on the document.

- (6) A Received Date must be present on all Re-entry returns:

If	Then
Received Date is not present	Edit an IRS Received Date to the middle of the return. Enter date in Field 01RCD.
Multiple Received Dates are present	Circle out all but the earliest date. <b>Exception:</b> Do not use a Received Date in Field 01RCD prior to the end of the tax period.

- (7) When more information is still needed to make the return processable, prepare Letter 1791C, (or other approved Correspondence Action Sheet) or Form 4227, Intra-SC Reject or Routing Slip, for the proper action (e.g., correspondence, research, etc.).
- (8) When perfection is not possible, enter Action Code 640 on the return and attach Form 4227, noting "perfection not possible" and return to initiator.

3.22.110.17.5  
(05-21-2018)

◆ **Form 13596**

**Reprocessing Returns** ◆

- (1) Form 13596, Reprocessing Returns, is used to reprocess a return to the correct account or module that had previously posted to the wrong account or module.
- (2) If the return is not edited according to current processing instruction, circle out any action codes, CCCs and edit marks no longer applicable. Re-edit according to current processing instructions.
- (3) If the return is edited according to current processing instruction, ensure the information from Form 13596, is edited to the return.

Form 13596	Action Taken
TIN correction	Enter correct TIN on return.
Tax period correction	Enter correct tax period ended on return.
Reasonable cause	Enter correct CCC.

- (4) Examine returns that have any color other than red editing in the tax data section. If the corrections are the result of:

If	Then
Improper perfection	Edit the same correction in red to the correct area. Enter in correct fields.
Taxpayer error	Leave the entries as shown on the document.

(5) A Received Date must be present on all reprocessed returns:

If	Then
Received Date is not present	Edit an IRS Received Date to the middle of the return. Enter in Field 01RCD.
Multiple Received Dates present	Circle out all but the earliest date. <b>Exception:</b> Do not use a Received Date in Field 01RCD prior to the end of the tax period.

3.22.110.18  
(11-17-2017)  
**Special Returns**

(1) Use the following instructions when processing Special Form 1042, Returns.

3.22.110.18.1  
(05-21-2018)  
◆ **Compliance Secured/Prepared Returns** ◆

- (1) Compliance functions (Collections and Examination) secure returns from the taxpayer and prepare returns if the taxpayer does not provide them.
- Prepared tax returns are notated with "6020(b)" or "SFR" (Substitute for Return).
  - Secured tax returns are notated with "TC 59X" or "ICS" (Integrated Collection System) or notated with "Process as Original" with an attached Form 13133, Expedite Processing Request. The "Delinquent Return" box on Form 13133 should be checked.

**Note:** If **RD** (Return Delinquency) is notated on the front of the return **and not circled**, remove from the batch and route to Collections.

- (2) When **Form 13133** is attached to a return, ensure all applicable boxes checked (i.e., CCC codes) are edited to the return and entered.

3.22.110.18.2  
(11-17-2017)  
◆ **Collection Secured** ◆

- (1) These returns are identified by the notations: "TC 59X" or "ICS."
- Do Not** enter CCC "G" on these returns.
  - Correspond for conditions that cannot be processed (e.g., missing signatures, missing schedules, etc.). Use Letter 1791C, and return a copy of the letter back to the withholding agent.
  - Enter CCC "**W**" if the Received Date is more than two years and nine months after the Return Due Date. Do Not send the return to Statute Control. **SSPND with Action Code "310."**

- d. If the return is incomplete or no reply is received to the correspondence, and the return is not a statute imminent return, then prepare Form 4227, Intra-SC Reject or Routing Slip, and send to Rejects, and SSPND with Action Code "640."

- (2) Upon receipt, Rejects deletes the DLN and route the document to collections on Form 3210, Document Transmittal.

3.22.110.18.3  
(01-01-2019)

◆Delinquent Returns◆

#

IRM 3.10.72, Extracting, Sorting, and Numbering.

- (2) Accept a return as timely if:
  - a. The return was mailed in time to reach the IRS through normal handling within the legal period.
  - b. Through no fault of the taxpayer, it was not delivered.
- (3) Consider a return timely:
  - a. If it appears the Post Office might have sent it to another government agency in error (i.e., SSA).
  - b. If the original envelope bears a timely postmark or a timely date stamp by that agency.
  - c. However, if the return was erroneously addressed to another agency, it is date stamped with the current date when the IRS receives it.
- (4) Consider a return timely if it is received or mailed on the next workday when the last day for filing falls on a Saturday, Sunday, or legal holiday.
- (5) If a return is delivered to the IRS after the date prescribed for filing, consider:
  - The postmark date stamped on the envelope as the date of delivery
  - The document as timely if the postmark date falls on or before the prescribed date for filing the return
- (6) If the return is truly delinquent, check the return and attachments for an explanation of late filing, unless a pre-computed delinquency penalty is shown. If reasonable cause for late filing is found, enter the correct CCC "J" or "R."

3.22.110.18.4  
(05-21-2018)

◆Internal Revenue Code  
(IRC) 6020(b) - Prepared  
by Collection◆

- (1) When the taxpayer does not file a required return, IRC 6020(b) is the authority for the IRS to prepare the return.
- (2) These returns are identified by the notation: "Prepared and signed under the authority of IRC regulation 6020(b) of the Internal Revenue Code" which is located in the center bottom of Page 1 of the return.
  - a. IRC 6020(b) returns must have a Received Date. If no Received Date is present per the Compliance Function, edit the Received Date using IRM 3.22.110.21.6(5), Field 01RCD - Received Date
  - b. IRC 6020(b) returns must be signed by Compliance Function representative. If not signed, route to Compliance using Form 4227, Intra-SC Reject or Routing Slip.

**Note:** Starting July 1, 2013, the revenue officer's (RO) electronic or typed signature is accepted as a valid signature on the return.

- c. Enter CCC "4".

**Note:** CCC "R" must not be used with CCC "4".

- d. **Do Not** correspond with the taxpayer for unprocessable conditions on 6020(b) returns. If the return is completely unprocessable, enter CCC "3" and continue processing.
- e. Enter CCC "W" if the Received Date is more than two years and nine months after the Return Due Date. Do Not send the return to Statute Control.

3.22.110.18.5  
(11-17-2017)

◆ Examination  
Prepared ◆

- (1) These returns are identified by the notation: "SFR" or "substitute for return" on Page 1.
  - a. "SFR" returns must have an IRS Received Date. If no IRS Received Date is present, edit/enter the Received Date using IRM 3.22.110.21.6(5), Field 01RCD - Received Date.
  - b. **Do Not** correspond with the taxpayer for unprocessable conditions. If the return is completely unprocessable, use No Reply procedures and enter CCC "3" and continue processing. Enter CCC "X" if the return shows an overpayment.
  - c. If Form 13133, Expedite Processing Cycle, is attached, enter the CCCs that are checked on the form.

**Note:** CCC "R" must not be used with a CCC "4".

- d. Enter CCC "W" if the Received Date is more than two years and nine months after the Return Due Date. **Do Not** send the return to Statute Control.

3.22.110.18.6  
(05-21-2018)

◆ Examination Secured ◆

- (1) These returns are identified by the notation: "Process as Original" on Page 1 of the return and a Form 13133, Expedite Processing Request, attached with the "Delinquent Return" box checked.
  - a. Use approved Correspondence Action Sheet (CAS) to correspond for conditions that cannot be processed (e.g., missing signatures, missing schedules, etc.).
  - b. Enter the CCCs that are checked on Form 13133.
  - c. Enter CCC "W" if the IRS Received Date is more than two years nine months after the Return Due Date. **Do Not** send to Statute Control function.

3.22.110.18.7  
(01-01-2023)

◆ Frivolous Arguments ◆

- (1) Businesses use frivolous arguments for expressing dissatisfaction with the substance, form or administration of the tax laws by trying to illegally avoid or reduce tax liabilities. See IRM 25.25.10, Frivolous Return Program, and Exhibit 3.22.110-10, Potential Frivolous Arguments for Examination Review, for a list of recognized frivolous arguments made by businesses.
- (2) Review the return to decide whether it appears to be a frivolous return.

**Frivolous Return Criteria**

<b>If</b>	<b>Then</b>
The return meets any of the conditions shown as a frivolous return. See Exhibit 3.22.110-10, Potential Frivolous Arguments for Examination Review. <b>Exception:</b> If the return shows Action Code 331 and has a Form 4227, Intra-SC Reject or Routing Slip, attached with the remarks, "Refer to Exam FRP for audit after processing," continue to next procedure.	Remove return from the batch and place the return in the locally designated basket for Examination, Frivolous Return Program (FRP) for review.
Examination has selected the return as frivolous, shown by an Action Code 331, and a Form 4227, Intra-SC Reject or Routing Slip, with the remarks, "Refer to Exam FRP for audit after processing", but send the return for processing,	Continue processing the return using procedures in IRM 3.22.110.18.7.2. However, do not circle or void the Action Code showing a frivolous return.

- (3) Do not consider the following returns as frivolous, unless there is other evidence of a frivolous argument:

- Returns that have only zeros, blanks, or no entries.
- Returns showing "None", "Not Liable", etc.

3.22.110.18.7.1  
(11-19-2020)

◆ **Criminal Investigation (CI) Referral** ◆

- (1) Criminal Investigation (CI) investigates potential criminal violations of the Internal Revenue Code (IRC) and related financial crimes. Criminal violations of the IRC include willful efforts to evade or defeat the income tax. Criminal tax violations also include the willful failure to collect or pay over tax and false claims for refunds based on bogus return information.
- (2) If CI has stamped the return, do not send for further CI action.

#

**Caution:** If there is no sign Code and Edit (C&E) made a copy and sent to CI Referral, then see below.

<b>Refund Claim</b>	<b>Ogden, and Kansas City</b>
	<ol style="list-style-type: none"> <li>1. Make a copy of the first two pages of the tax return along with any page of the return that appears suspicious.</li> <li>2. Attach Form 4227, Intra-SC Reject or Routing Slip, to the copy.</li> <li>3. Route the copy to Ogden, Mail Stop 9001, Criminal Investigation (CI).</li> <li>4. Edit an action trail "Copy to CI," or "CI Referral," or similar language in the lower left corner going vertically up the side of the return.</li> <li>5. Continue processing the return.</li> </ol>

#



- (4) Because of the repetitive nature of the ERS/Rejects function, ERS/Rejects Tax Examining Technicians often recognize income tax return data which is outside of the norm for data found on similar returns for each income tax return type. If ERS finds return characteristics not meeting Audit Code or Exam referral criteria it considers suspicious, CI is available to review the referral.
- (5) If a suspicious return is found, and there is no sign Code and Edit (C&E) made a copy and sent to CI Referral, then do the following:
  1. Make a copy of the first two pages of the tax return along with any page of the return appearing suspicious.
  2. Attach Form 4227, Intra-SC Reject or Routing Slip, to the copy.
  3. Route the copy as shown in the table below.

Ogden	Kansas City
Mail Stop 9001, Criminal Investigation (CI)	Mail Stop S2 9000, Criminal Investigation (CI)

4. Edit an action trail "Copy to CI," "CI Referral," or similar language in the lower left corner going vertically up the side of the return.
5. Continue processing the return.
- (6) If the return fits other criteria (e.g., Frivolous Argument), take proper action.

3.22.110.18.7.2  
(11-17-2017)  
♦ **Examination (Exam)**  
**Funny Box ♦**

- (1) The primary goal in identifying tax returns for examination is to promote the highest degree of voluntary compliance. Examination gives support and helps Submission Processing (SP) with any questionable return found during processing. Exam has a vast multitude of programs and tolerance criteria already found in several IRM sections. SP can refer any questionable return to Exam, unless prohibited by instructions currently found in several IRMs.

3.22.110.18.8  
(01-01-2024)  
**Statute of Limitations**

- (1) A period of limitation is a time established by law to review, analyze, and resolve taxpayer and/or IRS related issues.
- (2) The Internal Revenue Code (IRC) states the IRS will assess, refund credit, and collect taxes within specific time limits. These limits are known as Statute of Limitations. When they expire, we can no longer assess more tax, allow a claim for refund by the taxpayer, nor take collection action. There are different periods of limitations for Assessment, Refund, and Collection Statutes. The expiration of these periods is tracked separately.
- (3) The different periods of limitations expiration dates tracked are:
  - Assessment Statute Expiration Date (ASED): The statute of limitations associated with Form 1042 is generally three years from the date the return is filed. If a withholding agent files Form 1042 before April 15 of the following calendar year, the Form 1042 is considered filed on April 15 for the purposes of the statute of limitations. If a return is not filed, the IRS may assess the tax at anytime.  
IRC 6501(a)  
IRC 6501(b)(2)  
IRM 6501(c)(3)
  - Refund Statute Expiration Date (RSED): Within 3 years from the time the return was filed or 2 years from the time the tax was paid,



whichever of such periods expires the later, or if no return was filed by the taxpayer, within 2 years from the time the tax was paid.

IRC 6511(a)

IRC 6211(b)2(A)

- Collection Statute Expiration Date (CSED) is 10 years from the 23C date or 10 years from the date of the TC 29X or 30X adjustment. IRC 6502(a).

**Note:** Exceptions may apply to change the periods of limitations.

- (4) Several conditions may change the general **Assessment Statute Expiration Date (ASED)**. They include:

- IRC 6501 (c) (1) - False Return
- IRC 6501 (c) (4) - Extensions by Agreement
- IRC 6501 (d) - Is request for Prompt Assessments, which shortens the Assessment Period
- IRC 6501 (e) - Substantial (in excess of 25 percent) Omission of Income provides for a 6-year period of limitations.
- IRC 6503 (a) - Issuance of Statutory Notice of Deficiency (90-day Letter, which suspends the running of the period of limitations.)
- IRC 6901 (c) - Fiduciaries and Transferees
- IRC 6503 (h) - Bankruptcy
- IRC 6229 (a) through (h) - Partnership Items (Effective for tax years beginning before December 31, 2017)
- IRC 6501 (b) (3) - Substitute for Return by Authority of IRC 6020(b)

**Caution:** IRC 6020(b) is not a tax return that triggers the period of limitations on assessment under IRC 6501(a). If the taxpayer subsequently files a return reporting more liability, that return constitutes an original tax return allowing for the assessment of any additional amount not already assessed under the Substitute for Return program and triggering the running of the period of limitations on assessment for the tax year.

- IRC 6051(b) and Treas. Reg. 301.6501(b)-1(b) - A Form 1042 is considered timely filed on or before March 15th of the calendar year following the year the payment of income was made and the tax was required to be withheld. However, the statute of limitations on assessment of tax for timely filed Forms 1042 does not begin until April 15th as a return timely filed on or before March 15th is deemed to have been filed on April 15th.

- (5) Statute Control must clear Form 1042 before coding and editing. If not, SSPND 310, and Rejects sends the return to Statute Control with the required BMFOLT research attached for clearance.

- (6) Enter CCC "W" and continue processing the return if:

- a. TC 59X or Section 6020(b) is notated on the face of the return, or
- b. Exam prepared a return with no money amounts.

**Note:** A "cleared by statute" stamp is not required on these returns.

- (7) If the statute has already expired or will expire within 60 days of the current processing date, hand-carry to the Statute Control function.

- (8) Enter CCC "W" on statute returns cleared by Statute Control. "Cleared by statute" is stamped on the left-hand side of the Form 1042 return.

3.22.110.18.8.1  
(11-17-2017)

◆ **Protective Claims** ◆

- (1) Returns marked as
- Protective Claim
  - Protective Refund
  - Protective Claim for Refund

Remove from batch and rout to Accounts Management if unnumbered. Notate "Protective Claim" in the remarks box of Form 4227.

**Exception:** If the return is amended, do not remove from batch. Enter CCC "G" and SSPND with Action Code "650."

3.22.110.19  
(11-17-2017)  
**Action Codes**

- (1) The ERS Action Code shows specific information is missing or the record is to be rejected from processing. The code will have sufficient detail to indicate if correspondence is to be sent to the taxpayer or if specific in-house research or action(s) is required.
- (2) For a listing of valid ERS Action Codes, see Exhibit 3.22.110-7.
- (3) C&E TEs assign a three-digit Action Code to numbered returns when the document is unprocessable in its present form either by needing more information or because some manual intervention is required. This code is entered in the bottom left margin of the return.
- (4) Correspondence Action Sheet (CAS) 1791C CAS (or other approved Correspondence Action Sheet) is used for initiating correspondence. This form is attached by C&E, ERS, and Rejects. When routing within the campus (in-house research), an explanation concerning the missing information is attached to the return using Form 4227, Intra-SC Reject or Routing Slip.
- (5) The Action Code assigned by C&E is transcribed into the record of the Form 1042.
- (6) An ERS TE may:
- a. Enter an Action Code on a record.
  - b. Delete or correct an invalid code.
  - c. Overlay the present Action Code with another to either resuspend or reject from ERS. This is done by entering a valid Action Code with SSPND, RJECT or NWDLN. See IRM 3.12.38, Error Resolution System (ERS), General Instructions for more information.
  - d. Enter a valid Action Code with the SSPND to clear the record from the screen and place the record in either Workable Suspense or Unworkable Suspense.
  - e. Enter a valid Action Code with RJECT to reject the record from ERS. Generally, SCCF is automatically updated for the rejected records.
- (7) The presence of a valid Action Code other than 001 places the record in the Suspense Inventory, either Workable or Unworkable.
- (8) If the Action Code assigned by C&E is invalid or incomplete, the record is assigned to the Error Inventory for correction or deletion of the code.

- (9) Only one Action Code may be assigned at one time to a record. The priority of the Action Codes is 320, 4XX, 6XX, 3XX, 2XX.

3.22.110.20  
(11-17-2017)

**Types of Errors**

- (1) This subsection provides a description of the types of errors generated during Form 1042, processing.
- (2) The Error Resolution System (ERS) identifies errors according to type and priority. This will show in the record heading.
- Action Code Error (Priority I)
  - Section Error (Priority II) – includes terminus error and ISRP problem code.
  - Validity Error (Priority III)
  - Math/Consistency Error (Error Codes) (Priority IV)
- (3) There may be records where the TE finds programming has not furnished a section or a field needed to solve an error. In this event, the TE can use GTSEC. This must be reported to Headquarters for correction of the display.

3.22.110.20.1  
(11-17-2017)

**Priority I Errors - Action Code/Unpostable Code Errors**

- (1) **Description:**
- All records with an invalid Action Code assigned by C&E are placed in the Error Inventory and is displayed as a Priority I Error.
  - All records with a valid Action Code are assigned to a Suspense Inventory and is displayed as a Priority I Error.
- (2) **Display** – The Action Code for the record with the literal description of the action or unpostable condition is shown.
- (3) **Correction Procedures** – Process Priority I errors as follows:

If	Then
Suspense action is required	Enter SSPND with the correct Action Code.
Suspense action is <b>not</b> required	Enter “000” in the Clear field (CL) field.

**Note:** Except for priority statute and manual refund cases, do **not** remove the document from the block.

- (4) **See IRM 3.12.38, BMF General Instructions** procedures for correcting Priority I Action Code errors in Suspense and Unpostable Code Correction.

3.22.110.20.2  
(11-17-2017)

**Priority II Errors - Section Errors**

- (1) Most edit, missing section and terminus errors are eliminated by the Integrated Submission and Remittance Processing (ISRP) system. However, edit errors and/or terminus errors may be present if normal ISRP validity checks have been bypassed.
- (2) **Edit Error** – A section with an error detected by ISRP. Edit errors are coded as follows:
- **Code 1** – Split screen transmission, key verifier changed 4 or more digits of TIN, or the original entry operator indicated a required section is missing.

- **Code 2 – CATCH-ALL ISRP ERROR:** Any error attributed to ISRP not described below, such as invalid characters in a field, or a combination of errors listed below.
- **Code 3 – Invalid Section ending point.**
- **Code 4 – Invalid field length.**
- **Code 5 – Questionable section -** the ISRP operator input the same section more than once. The computer program drops all duplicate sections and display on the error screen the first one encountered.

**Note:** When displayed, this type of error displays all input fields, except for the Remittance in Section 01 of the section in error. Transcribed data will be present. Computer generated data will not be present.

(3) **Correction Procedures:**

- Check all fields of the section when this condition exists verifying fields are entered as coded.
- If no correction is needed, or once the section is correct, transmit from the bottom of the screen.
- If the section needs to be deleted, enter DLSEC with the section number.

(4) **Terminus Error:** This error is caused by a section with variable length input fields containing an erroneous size field.

- When displayed, this type of error shows all input fields of the terminus section. Transcribed data will be present. Computer generated fields or Remittance Field for Section 01 will not be present.
- All fields present for the section must be examined and the necessary correction(s) made to all the fields.

(5) **Correction Procedures:**

- Command Code CRECT is displayed. If the section needs to be deleted, use DLSEC to delete the section.
- If no corrections are needed, transmit from the bottom of the screen.

3.22.110.20.3  
(11-17-2017)

**Priority III - Field Errors**

(1) **Definition –** Any field that does not meet the requirement(s) for that field is shown as a Priority III error. Consistency and or relationships with other fields will not be a factor.

(2) Some reasons for this type of error are:

- Non-numeric character in a numeric field.
- Non-alphabetical character in an alpha field.
- Blank space in a numeric field.
- Blank in the first position of an alpha field if followed by significant data.

(3) **Display –** Every field displayed is in error (see Exception below).

- All fields with a Priority III error is displayed in columnar format in the order encountered in the record.
- An overflow field is identified by all question marks for a money field or a single pound sign in the last position of a name line.

(4) **Correction Procedures:**

- a. Correct every error field displayed using the specific instructions within each section for the field in error.
- b. Check the information on the source document to see if each displayed field is correctly coded and transcribed.
- c. Enter the correct data for each field displayed.
- d. If no data is to be in a displayed field, blank the field.
- e. Transmit.

3.22.110.20.4

(01-01-2015)

**Priority IV Errors -  
Consistency/Math Errors**

- (1) **Definition** – Any valid field used in any computation in which the result is inconsistent with (or contrary to) any other valid field will have Error Code 001-999 assigned and is shown as a Priority IV Error.
- (2) **Display** – These errors are displayed with the Error Code assigned to them for the specific error in ascending numerical order. The screen display shows the error code assigned and the fields needed to make the necessary correction.
  - a. The blank field “CL” is displayed for the entry of a Clear Code on records where the possibility exists that a change or correction may **not** be needed.
  - b. All errors must be resolved by either eliminating the error or entering a Clear Code.
- (3) **Correction Procedures:**
  - Correct all coding and transcription errors.
  - If the data in the field is correct, enter a “C” in the Clear Code field.

3.22.110.21

(01-09-2015)

**Section 01 - Form 1042**

- (1) Listed below are the fields contained in Section 01 of Form 1042.
- (2) The field designator, field length (maximum length for variable fields), the title and the location where the data is obtained on the return is shown below:

Field	Field Length	Title	Location on Form 1042
ERS Action Code	3	ERS Action Code	
RMIT	11	Remittance Amount	
01NC	4	Name Control	Form 1042, First name line
01EIN	9	Employer Identification Number	Form 1042, EIN Box
01TXP	6	Tax Period	Form 1042, between Form Title and OMB Number
01RCD	8	Received Date	Form 1042, Tax Liability Area
01CCC	10	Computer Condition Code	Form 1042, Box under Tax Year
01CRD	8	Correspondence Received Date	Form 1042,
01PIC	1	Penalty and Interest Code	Form 1042,
01SIC	1	Special Income Code	Form 1042, Box under Tax Year
01QIN>	1	Qualified Intermediary Indicator	Computer Generated
01CBI	1	Designee Checkbox Indicator	Form 1042, Box below Line 62D
01CBT	10	Designee Phone Number	Form 1042, Below Line 62D
01CBP	5	Designee Personal Identification Number (PIN)	Form 1042, below Line 62D
01PSN	9	Preparer PTIN	Page 1, lower right, below the Signature Line
01PEN	9	Preparer EIN	Page 1, lower right, below the Signature Line
01PTN	10	Preparer Phone Number	Page 1, lower right, below Signature Line
01CH3	2	Chapter 3 Status Code	Under name line
01CH4	2	Chapter 4 Status Code	Under EIN

3.22.110.21.1  
(11-17-2017)

**Field RMIT - Remittance**

- (1) Field RMIT is a 11-position non-correctable field that may or may not be present.
- (2) Valid characters are numeric (0 thru 9) and blank.
- (3) The computer generates the amount of remittance in Field RMIT into Field 07B/D (balance due) if Field 07B/D is blank.
- (4) **Invalid Condition:** Field RMIT is invalid when:

- There is an amount present and Total Net Tax Liability (Field 0764E) is blank.

(5) **Correction Procedures:**

- Perfect Field 0764E from the return, if possible.
- Add or correct Sections 03-06, as proper.
- If there is no tax to enter in Field 0764E, but the reason for the remittance is notated on the return (such as penalty or interest), enter a "1" into Field 0764E.
- If there is no tax due and no explanation of the remittance is found, SSPND 351 for research and/or correspondence. Notate the Form 4227, No tax but entry on Field RMIT.
- Compare the form to the field and if the remittance amount in Field RMIT is incorrect, SSPND 630 the return to be re-input. Notate the Form 4227, Remittance in error.

**Note:** Never try to correct Field RMIT.

(6) **Rejects Correction Procedures:**

- Rejects researches IDRS. For instance, research using BMFOLI to determine if the remittance should be applied to a different tax year or to a different return.
- If research does not provide an answer, SSPND 21X with literal:  
**Does the remittance sent with your \_\_\_\_ Form 1042 belong to this EIN, and if so, to which tax return and tax period should it be applied?**

**Note:** Insert the tax year of the Form 1042 for which you are corresponding into the literal.

- If the taxpayer replies the money belongs somewhere else, enter Field 01CRD and CCC "X" into Field 01CCC. Prepare Form 3465, and send to the Philadelphia Accounts Management Campus (PAMC) International Business Master File (BMF) unit to transfer remittance to correct account; Unless Ogden Rejects Unit is willing to process the Credit Transfer.

**Reminder:** Circle out the remittance in RED on the Form 1042 and re-input the return as a non-remittance return.

- If the taxpayer replies the money is not their transfer the money to Unidentified Remittance. Refer to IRM 3.12.38.5.19.3 Transfer to Unidentified for instructions.
- If there is NO REPLY to the correspondence, enter CCCs "3" and "X" into Field 01CCC and enter a "1" into Field 0764E.

**Note:** When there is an entry in Field RMIT, there will be an entry in Field 0764E, but the tax and remittance amounts do not have to be the same.

- If the Form 1042 must be re-input to change the amount in Field RMIT, ERS will SSPND 630 the return and Rejects re-inputs the return on Form 3893.

3.22.110.21.2  
(11-17-2017)

**Field 01NC - Name Control**

- (1) Field 01NC is a 4-position field that must be present.
- (2) Valid characters are alpha (A thru Z), numeric (0 thru 9), ampersand (&), hyphen/dash (-) or blank.
- (3) The person or organization required to withhold tax is the Withholding Agent.
- (4) The Withholding Agent can be either domestic (U.S.) or foreign.
- (5) The Withholding Agent can be any of the following:
  - An individual
  - A trust
  - An estate
  - A partnership
  - A corporation
  - A government agency
  - An association
  - A foundation
- (6) **Invalid Conditions:**
  - a. The first space in the Field 01NC cannot be blank if the name control is present.
  - b. Field 01NC is invalid if any character other than those mentioned in (2) above is present.
- (7) **Correction Procedures:**
  - a. Change a slash "/" or period "." in the name control to a hyphen/dash "-".

Name Control on Return	Change to
Re/Max	RE-M
98.6	98-6

- b. If the name control was transcribed incorrectly, enter the correct name control.
  - c. If the name control is invalid or missing, research using Document 7071-A Name Control Job Aid - For Use Outside of the Entry Area
  - d. If found, enter the correct name control in Field 01NC.
  - e. If unable to determine the name control, SSPND 320 to Rejects.
- (8) **Rejects Correction Procedures:**
  - a. Rejects will re-research the name and EIN.

If	Then
Information is found,	Correct Field 01NC.
Information is not found,	SSPND 320 to route the return to Entity Control for additional research. Attach Form 4227, notating why the return is being suspended.



If	Then
A name change is required,	<ol style="list-style-type: none"> <li>1. SSPND 320 to route to Entity Control.</li> <li>2. Attach Form 4227, Intra-SC Reject or Routing Slip, with the notation "Request name change (TC 013)."</li> </ol>

3.22.110.21.3  
(01-01-2024)

**Field 01EIN -  
Withholding Agent  
Employer Identification  
Number**

- (1) Field 01EIN is a 9-position field that must be present.
- (2) A Social Security Number (SSN) is never permitted in this field.
- (3) Only numeric characters (0 thru 9) are valid.
- (4) **Invalid Conditions:**
  - Field 01EIN has all zeros or all nines.
  - The field is blank.
  - The field is less than 9 digits.
  - Any character other than a number is present.
  - The first two digits are: 00, 07, 08, 09, 17, 18, 19, 28, 29, 49, 69, 70, 78, 79, or 89.
- (5) **Correction Procedures:**
  - a. Correct all misplaced entries, coding and transcription errors.
  - b. Review Form 1042 and all attachments for a valid EIN. Enter EIN if found.
  - c. Research using INOLE, ENMOD, NAMEB, and NAMEE. Enter EIN on the screen and return if found.
  - d. If less than 3 digits of the EIN are transposed, different, or missing, do not send 3875C Letter.

**Note:** See Exhibit 3.22.110-2 for the EIN range applicable to QI taxpayers.
- (6) SSPND 320 to Entity if:
  - No valid EIN is found.
  - More than one EIN appears on research. Notate on the Form 4227, Multiple EINs.
  - There is more than one EIN on the return and INOLE shows both EINs show the same name. Notate on the Form 4227, MULTIPLE EINs.
  - The EIN on a pre-printed label was changed by the taxpayer. Notate on the Form 4227, "EIN changed on pre-print label."

**Note:** It is imperative NAMEE and NAMEB are researched for a valid EIN.
- (7) **Rejects Procedures -**
  - a. Re-research return using NAMEE before sending the return to Entity.
  - b. If a valid EIN is found, follow the procedures noted above.
  - c. If no valid EIN is found, or more than one EIN is found, leave Form 4227 attached with the error condition noted.

**Note:** No other correction can be made to the ERS Screen when sending a document to another area. Do not enter any Action Code until the return comes back with the new EIN on it. Enter the new EIN into Field 01EIN.

- d. Rejects never corresponds for an EIN. If the return cannot be perfected through research, it must go directly to Entity.

3.22.110.21.4  
(11-17-2017)

**Field 01TXP - Tax Period**

- (1) Field 01TXP is a 6-position field that must be present.

- (2) Only numeric characters in YYYYMM format are valid.

- (3) **Invalid Conditions:**

- a. Field 01TXP has any non-numeric character.
- b. The field is blank or has less than 6 numbers.
- c. The year is later than current year processing.
- d. The tax period is earlier than 198512.
- e. If the month-ending in the tax period is other than 12.

**Reminder:** All Form 1042 are calendar year only and must end in 12. The field does **not** underprint, as do most other returns.

- (4) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If the tax period is prior to 198512, SSPND 620. Attach Form 4227, and notate "Renumber to NMF" (Non-Master File).
- c. If the return shows a fiscal year, then:
  - 1) Change the year to the current calendar year.
  - 2) SSPND 21X. Form 1042 may only be a calendar year return. If attachments to the return show money for both years, request a separate return for each year. Use literal:  
**We received your Form 1042 for tax period beginning \_\_\_\_\_ and ending \_\_\_\_\_. We cannot process it because Form 1042 must cover a calendar year. Please submit a new Form 1042 covering the appropriate calendar year. If your Form 1042 reflected monies paid during two calendar years, please submit a Form 1042 for each year.**
- d. If the tax period is later than the Received Date (early filer), then:
  - 1) Verify the tax period is edited and transcribed correctly.
  - 2) If the tax period is within the first 8 months of the year and is **not** a Final return, correspond using Letter 319C, requesting an explanation with paragraphs B and D for an introduction and use either P, T, Y or 3 based on the situation on the return and then close with b, e, and g.
  - 3) If the tax period is in the last six months of the year, SSPND 480 the return to be input after the year is over.

- (5) **Rejects Correction Procedures:**

- a. If the tax period is prior to 198512, send to NMF using IRM 3.12.38.5.15, Non Master File Items.
- b. **Reply Procedures:** If the taxpayer replies it is a Final return, enter CCC "F". Process according to IRM 3.22.110.21.4.1, Processing Early-Filed Form 1042.

**Note:** Do not enter a Correspondence Received Date as the CRD will not be valid the following January when the return is processed.

c. **No Reply Procedures:**

If	Then
The return is a fiscal year return with money amounts in both years,	Enter CCC "3". Enter CCC "X" if the return shows an overpayment. Follow early-filer procedures, if necessary.
If the return has a remittance amount that does not appear to belong to the return (such as if the balance due is zero and there is a remittance amount of \$500.00),	1) Send the remittance amount to the Accounting Department <b>Unidentified Remittance</b> group on a Form 3465, (see instructions in IRM 3.12.38). 2) Enter CCC "3". 3) Continue processing the return as a non-remittance. 4) Enter CCC "X" if the return shows an overpayment.

**Reminder:** If entering CCC "F" (Final return) or CCC "3" (no reply), edit either code in **red** onto the document.

3.22.110.21.4.1  
(11-17-2017)  
**Processing Early-Filed  
Form 1042**

- (1) An early-filed Form 1042 is received before the end of its tax year. A Form 1042 cannot be processed as a short-period return. Processing must be delayed until after the end of its tax year. These are usually Final returns.

**Example:** Tax period is 202412 with a Received Date of 20241027; the return cannot be processed until January 2025.

- (2) Early filed return procedures for Form 1042 **(without remittance):**

- Prepare Form 4227, Intra-SC Reject or Routing Slip, and notate in the remarks "Early Filer."
- SSPND 480.
- Forward to Rejects. Rejects will hold the early filed return for processing until January of the following year.

- (3) Rejects Procedures for Form 1042 **(with remittance):**

- Do NOT void (because of the remittance present).
- Prepare Form 3244 to put remittance into the module.

**Note:** A revenue receipt (Form 3244) can take a future tax period.

- Photocopy the return and staple it to the back of the Form 3244.
- Photocopy the Form 3244 and staple it to the back of the return.
- Circle the remittance or the green rocker in "red" on the return.
- SSPND 480 and put the return into the Early-filer folder.
- Notate "Renumber payment to 60117 for OSPC" on Form 4227 and staple it to Form 3244 and send Form 3244 to Accounts Management.

3.22.110.21.5

(11-17-2017)

**Field 01CCC - Computer Condition Codes (CCC)**

- (1) Field 01CCC is a 10-position field that may or may not be present.
- (2) Valid characters are: A, D, E, F, G, J, O, R, S, T, U, W, X, 3, 4, 7, and blank.
- (3) The CCC is transcribed from the CC line in the "For IRS Use Only box" in the upper-right-hand corner of the return.
- (4) The table provides a brief description of the valid codes. Specific instructions for each Computer Condition Code follow.

Computer Condition Code	Definition	Validity Check
A	Qualified Derivatives Dealer (QDD) box checked in Section 4	Must be present if Page 2, Section 4 box is checked. <b>Note:</b> Schedule Q (Form 1042) must be attached.
D	Reasonable cause for failure to make timely payments	1. Cannot have precomputed penalty. 2. Must have a Received Date.
E	Credit elect	1. Must have an overpayment. 2. Cannot be used with CCC "F" or "G".
F	Final return	Cannot be used with CCC "E" or "G".
G	Amended return	1. Only code valid with CCC "W" or "3". 2. Must have a Received Date.
J	QDD reasonable cause for failure to make timely payments.	TY17 Only: Amount present on Line 62b(1).
O	Module freeze	Manual Refund
R	Reasonable cause for delinquency	Must have a Received Date.
S	Refund/overpayment due	1. Must have check in box on Line 71 of Form 1042. 2. Overpayment must be \$1.00 or more.
T	Return secured due to TDI.	
W	Cleared by Statute	
X	Refund/Credit Freeze	No reply to correspondence.
3	No reply to correspondence.	Cannot have Correspondence Received Date present.
4	Return prepared by the IRS under IRC 6020(b)	Notated: IRC 6020(b) and signature of revenue agent.
7	Reasonable cause statement denied	

- (5) Computer Condition Code priority:

- a. If C&E has edited an Action Code in the bottom left margin of the tax return, ensure all other required CCCs, such as "F" or "4," are entered before making any other correction.
- b. If CCC "G" is present, the only other CCCs that can be present in Field 01CCC at the same time are "W" and "3".
- c. CCC "7" and "R" can be used together.
- d. CCC "7" and "D" can be used together.

**(6) Invalid Conditions:**

- a. Any code is present with CCC "G" except "W" or "3".
- b. CCC "E" and "F" are used together.
- c. CCC "D" and "R" are used together.

**(7) Correction Procedures:**

- a. If a previously reinput return is received in ERS, ensure all CCCs are entered in Field 01CCC before making any other correction.
- b. If CCC "G" is present, then: Delete any other CCC in Field 01CCC (except "W" and "3" if needed). If there is any question the return is amended, research BMFOLT for a TC 150. If present, delete the CCC "G" and enter any necessary data.

**Note:** If the majority of the lines in the ROFTL (Lines 1-60) have an entry, SSPND 351 for Rejects to input the missing data.

- c. If there is an overpayment amount on Line 70a/70b, there must be a CCC "E" **or** "S" in Field 01CCC. CCC "X" may also be necessary.

If	Then
The credit box on Line 71 is checked,	Enter CCC "E".
The refund box on Line 71 is checked,	Enter CCC "S".
Both boxes on Line 71 are checked,	SSPND 351 to Rejects for research.
Neither box on Line 71 is checked, and you are corresponding for another reason	SSPND 21X and use literal: <b>Please explain whether you want your overpayment applied as a Credit or as a Refund.</b>
Neither box on Line 71 is checked, and there is no other need for correspondence,	Enter CCC "E". (Do not correspond for ONLY this condition.)
The amount is correctly changed from negative to positive,	Delete CCC "E" and CCC "S" (if present).

- d. If CCC "E" and CCC "F" are both present, determine which is correct. If the return is a Final return and there is an overpayment, change CCC "E" to CCC "S".
- e. If CCC "D" and CCC "R" are both present, determine which is correct and delete the incorrect CCC.
- f. Look under the specific individual instructions for each code for other possible corrections.

**(8) Rejects Correction Procedures:**

- a. If a return from C&E with an ERS Action Code 650 is received, ensure all CCCs are entered in Field 01CCC before making any other correction.

- b. If CCC "X" is required because of a NO REPLY condition and there is an overpayment, CCC "E" or CCC "S" must still be present in Field 01CCC along with CCC "X" and CCC "3".
- c. If a return is received from the Statute Unit with instructions to process the return, ensure all necessary CCCs are entered.
- d. If an erroneous short-year or fiscal-year return was sent to be cleared by Statutes, delete CCC "W" (if present).
- e. If correcting the tax period to a non-Statute tax period, do not enter CCC "W" because the corrected tax period no longer makes it Statute criteria.

3.22.110.21.5.1  
(11-18-2019)  
**CCC A - Qualified  
Derivatives Dealer (QDD)  
Statement Attached**

- (1) The presence of CCC "A" shows the taxpayer checked the QDD checkbox in Section 4, Form 1042 and Schedule Q (Form 1042) is attached.

3.22.110.21.5.2  
(01-01-2024)  
**CCC D - Reasonable  
Cause for Waiver of  
Failure to Pay Penalty**

- (1) CCC "D" instructs the computer not to assess a late payment penalty.
- (2) Do not use CCC "D" if there is no IRS Received Date present.
- (3) CCC "D" is NOT to be used if there is a pre-computed penalty in Field TPNC or CCC "7" is present.
- (4) While CCC "D" is entered by C&E, ERS will enter CCC "D" if necessary.
- (5) If the taxpayer attaches correspondence with a reasonable cause explanation for failure to timely pay or file their Form 1042 return:
  - 1. Detach the reasonable cause explanation correspondence from the return.
  - 2. Complete **Form 3499**, "Informational Transmittal," and forward to Philadelphia Accounts Management Campus (PAMC), BMF INT'L unit, BLN 3-L08.154. In the remarks area write "Process attached Reasonable Cause Correspondence. TC 150 to post in 4 weeks."
  - 3. Prepare correspondence action sheet for Letter 1382C, (use paragraphs "A, N and V") and assign it to a clerk for input to IDRS or follow local procedures. It may or may not include the Rejects function.  
  
**Note:** Do not edit CCC "D, U, R, or 7" on the return. PAMC will address the taxpayers reasonable cause letter.
  - 4. Continue processing Form 1042. Do not attach the correspondence action sheet 1382C, Penalty Removal Request Incomplete, to the return.
- (6) Enter CCC "D" when **ALL** the following applies:
  - Withholding Agent's Chapter 3 status code is equal to "08" or "09."
  - There is an entry on 65b, Total paid during subsequent year.
- (7) Enter CCC "D" to turn off penalty for tax years 2017-2024 if the filer notated "Dividend Equivalent- Partnership" anywhere on the return or attachments.

3.22.110.21.5.3  
(11-17-2017)  
**CCC E - Credit Elect**

Credit box on Line 71 is checked.

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neither the Credit nor Refund box on Line 71 is checked.

**Reminder:** If you are corresponding for another reason and neither or both check-boxes on line 71 are checked, SSPND 21X and add literal:

**Please explain whether you want your overpayment applied as a Credit or as a Refund.**

(Enter CCC "E" if you have no other reason to correspond unless the return is truly a Final, then enter CCC "S".)

(3) Enter CCC "E" (Delete CCC "F") on a "FINAL" return if the taxpayer:

- a. Elected to have the overpayment credited to next year's return AND does not give a date when the last income was paid. (Refer to the line under the **"For IRS Use Only box"**) or,
- b. The return shows a date applicable to next year.

**Reminder:** If the return is marked Final, and the Credit block on Line 71 is checked, but there is no date for when the final income was paid, do not enter CCC "F", instead enter CCC "E".

3.22.110.21.5.4

(11-17-2017)

#### CCC F - Final Return

(1) Enter CCC "F" if there is a clear indication on the return or on an attachment that returns will not be required to be filed for future years.

**Example:** The block below the city line will usually be checked, but the taxpayer may also notate final, out of business, no longer liable, no longer paying income to Non-Resident Aliens (NRAs), etc.

**Note:** If the taxpayer puts "not liable" but does not indicate "final," do not enter CCC "F" as this may refer only to the current year, not necessarily to future years.

- (2) CCC "F" deletes the 1042 filing requirements from the BMF.
- (3) Refer to IRM 3.22.110.21.5.3, CCC "E" - Credit Elect, when the taxpayer shows Final but also shows credit elect on Line 71.
- (4) SSPND 21X for the date the final income was paid if unclear, with literal: **Please provide the date final income was paid.**
- (5) If the taxpayer shows Final but the date final income paid is for the year following the tax period, **Do NOT** enter CCC "F" (delete if present).

3.22.110.21.5.5

(11-18-2019)

#### CCC G - Amended Return

(1) The Amended Return checkbox is located in the upper right-hand corner of the return under the pre-printed tax year.

(2) CCC "G" is entered onto all Form 1042 notated:

- Amended
- Superseding
- Duplicate
- Replacement
- Any other word or phrase indicating this is not the original return that is being filed for this tax period.



- (3) The return appears to be a duplicate and IDRS research shows a Transaction Code (TC) 150.
- (4) CCC "W" and CCC "3" are the only other CCCs that can be used with CCC "G".
- (5) When a return is amended, delete all fields and sections except for:

Field	Description
RMIT	Remittance
01NC	Name Control
01EIN	EIN
01TXP	Tax Period
01CCC	Computer Condition Code
01RCD	Received Date
01CRD	Correspondence Received Date
01CH3	ONLY VALID ENTRY for Chapter Three Status Code is "00"
01CH4	ONLY VALID ENTRY for Chapter Four Status Code is "00"

- (6) When a return is **not** amended, delete CCC "G" and enter all data in Sections 01-08, as proper.

**Note:** If the ROFTL (Line 1-60) has entries on all or most of the lines, SSPND 351. Rejects inputs the missing data. Circle-out (delete) CCC "G".

3.22.110.21.5.6  
(01-01-2024)

**CCC J - Reasonable Cause for Failure to Make Timely and Sufficient Payments**

- (1) CCC "J" is entered when the withholding agent provides reasonable cause for failure to make timely EFTPS payments.

**Note:** Do not enter CCC "J" if CCC "7" is already present.

- (2) Enter CCC J when a notation of **3121 Agreement** or VCP is on the return. Also enter a Schedule Indicator Code (SIC) of 2.
- (3) If there is an explanation attached to the return, see IRM 3.22.110.21.5.2(5), Reasonable Cause for Waiver of failure to Pay Penalty, for corrective action to take.
- (4) For **TY 2017**, enter CCC "J" if:
  - There is an amount present or entered in Field 07SSD (Line 062b(1) of Form 1042)
  - "Notice 2016-76" is notated on the top of form.
- (5) For **TY 2017-2024** enter CCC "J" if:
  - There is an entry on Line 65b, tax paid in subsequent year **and**
  - "Dividend Equivalent Partnership" is written on the Form 1042.

**Reminder:** Enter CCC “D” for tax years 2017-2024 ONLY, if the filer notated “Dividend Equivalent- Partnership” anywhere on the return or attachments.

(6) For **TY 2018**, enter CCC “J” when all the following applies:

- Withholding Agent’s Chapter 3 status code is equal to “08” or “09.”
- There is an entry on Line 65b, Total paid during subsequent year.

**Note:** **TY 2019** and later; CCC “J” is computer generated when there is an entry on line 65b and the Chapter 3 status code is equal to “08” or “09”.

3.22.110.21.5.7  
(11-17-2017)

**CCC O - Manual Refund  
Issued**

(1) If CCC “O” is already present on the return when received in ERS, then a manual refund was previously issued.

- a. ERS will SSPND 341 and notate “Manual Refund” on Form 4227.
- b. If there is any doubt about whether a manual refund was issued, research BMFOLT or TXMODA for the TC 840 or any notation the refund was sent (e.g., TC 840 input).
- c. If a copy of a completed Form 5792 or Form 3753 is attached to the return, research TXMODA for TC 840 before entering a CCC “O”.
- d. Rejects uses IRM 3.12.38.5.5.3, Form 1042 - Manual Refunds (Ogden Only) to complete this process.

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3.22.110.21.5.8  
(01-01-2024)

**CCC R - Reasonable  
Cause for Late Filing of  
Return**

(1) CCC “R” is entered onto a return when the taxpayer provides a reasonable cause explanation for late filing of the return.

**Note:** See IRM 3.22.110.21.5.2, CCC “D”, if the taxpayer attaches a reasonable cause explanation to the return.

(2) All returns with CCC “R” must have a Received Date. If missing, follow IRM 3.22.110.21.6(5), Field 01RCD.

(3) CCC “R” is not valid with CCC “D” but is valid with CCC “7.”

(4) If required and missing, ERS enters CCC “R.”

3.22.110.21.5.9  
(11-17-2017)

**CCC S - Refund Return**

(1) Enter CCC “S” when the taxpayer checked the refund block on Line 71 or has another indication the overpayment is to be refunded. Enter a “1” into Field 0771.

**Note:** If neither or both checkboxes are checked and you are corresponding for another reason, SSPND 21X and use literal:

**Please explain whether you want your overpayment applied as a Credit or as a Refund.**

**Note:** Enter CCC “E” if you have no other reason to correspond unless the return is truly a Final, then enter CCC “S”.

(2) If CCC “S” is correct, ensure there is a “1” in Field 0771 (refund indicator).

3.22.110.21.5.10  
(11-17-2017)

**CCC T - Return Secured  
as a Result of a  
Taxpayer Delinquency  
Investigation (TDI)**

- (1) The CCC "T" is entered when the return is identified as having been secured as the result of an IRS Taxpayer Delinquency Investigation (TDI).
- (2) Enter CCC "T" in Field 01CCC if a **TC 59X** is edited in the left margin of the return.

3.22.110.21.5.11  
(11-17-2017)

**CCC W - Return Cleared  
by Statutes**

- (1) The CCC "W" will bypass the validity check on returns filed two years and ten months (or more) after the due date if the Statutes Unit has cleared the return.
- (2) ERS will SSPND 310 any statute criteria return not stamped "cleared by statutes" in the left margin of the return.

**Exception:** Enter CCC "W" and continue processing if:

- TC 59X** in the left margin.
- Section 6020(b)** is notated (or stamped) on the front of the return.
- Exam prepared** a return with no money amounts.

- (3) Rejects will attach a BMFOLT print for the tax period to the back of the return and send it to Statutes for clearance.

3.22.110.21.5.12  
(11-17-2017)

**CCC X - Refund/Credit  
Freeze**

- (1) The CCC "X" prevents the release of credits or refunds from the module.
- (2) Rejects enters CCC "X" when there is No Reply to correspondence and there is an overpayment on the return.

**Note:** If a no reply and there is a refund desired, CCC "S" must be in Field 01CCC along with the CCC "X".

- (3) ERS will SSPND 351 when the taxpayer shows part or all the overpayment is to be transferred to another tax period, return (MFT) or taxpayer.
  - a. Rejects will either input the credit transfer or prepare a Form 3465, to request Adjustments input the transfer (if Rejects cannot do the credit transfer).
 

**Note:** Look for an indication (in red) on the return that C&E has already prepared and sent Form 3465.
  - b. If the entire overpayment is to be transferred, enter CCC "X."
  - c. If part of the overpayment is to be transferred, reduce the available credit (Lines 64-66) by the amount to be transferred. Do not enter CCC "X."
- (4) If there is an amount in Field RMIT that is not for tax (but for penalty and/or interest), and there is no tax in Section 07, enter CCC "X". Also enter a "1" into Field 0764E.

3.22.110.21.5.13  
(11-17-2017)

**CCC 3 - Failure to Reply  
to Correspondence**

- (1) CCC "3" is entered by Rejects when the taxpayer does not reply to correspondence within the 30 or 45-day time frame.

**Note:** It may also be necessary to enter CCC "X" for a no reply. See IRM 3.22.110.21.5.12, CCC "X".

- (2) If C&E edited CCC "3" for a failure to reply to correspondence, SSPND 351 to Rejects.

(3) Field 01CRD (Correspondence Received Date) can never be entered when CCC "3" is in Field 01CCC.

(4) CCC "3" is valid with CCC "G".

3.22.110.21.5.14  
(11-25-2024)

**CCC 4 - Return Prepared  
by the IRS Under  
Internal Revenue Code  
(IRC) 6020(b)**

(1) Enter CCC "4" on returns prepared by the IRS under IRC **6020(b)**.

- a. The revenue officer/Agent must sign the return on or near the signature line.
- b. The return must clearly be stamped or notated **6020(b)**

(2) See IRM 3.22.110.18.4 for more information.

3.22.110.21.5.15  
(11-17-2017)

**CCC 7 - Reasonable  
Cause Denied**

(1) CCC "7" is entered when the withholding agent provides a reason for late filing or incorrect EFTPS payments, but the reason for late filing or incorrect EFTPS payments is not acceptable. See IRM 3.22.110.21.5.2, CCC "D", IRM 3.22.110.21.5.6, CCC "J", and/or IRM 3.22.110.21.5.8, CCC "R", for more instructions.

(2) CCC "7" is edited by C&E, ERS, and/or Rejects as necessary.

(3) Do not enter CCC "7" if CCC "J" is present.

3.22.110.21.6  
(11-17-2017)

**Field 01RCD - Received  
Date**

(1) Field 01RCD is an 8-position field that must be present.

(2) The valid characters are numeric (0 thru 9) only and must be in YYYYMMDD format.

(3) The Received Date is transcribed from the RD line in the "For IRS Use Only" box in the upper right-hand corner of the return. The date may also be stamped on the front of the return.

(4) **Invalid Conditions:**

- a. The entry is missing or less than 8 numbers in the correct format.
- b. The date is earlier than the last day of the tax year (early-filer).
- c. The day of the month exceeds the number of days for that month, e.g., 20240931 (where September has only 30 days).
- d. The date is later than the current processing date.

(5) **Correction Procedures:**

- a. Correct misplaced entries, coding, and transcription errors.
- b. If there is more than one Received Date present, enter the earliest Received Date.

**Exception:** Do not use a Received Date in Field 01RCD that is prior to the end of the tax period.

- c. Use the following priority when a Received Date is needed, but it is not stamped on the return, or a valid handwritten Received Date is not present.

**Determine the Received Date**

1. Earliest legible postmark (e.g., U.S. Postal Service (USPS) Foreign or Private Delivery Service (PDS)).

**Note:** Receipt and Control function will attach the USPS tracking page if the postmark date is missing from a piece of **certified mail**. Use the "Acceptance" and "Date and Time" as the postmark date.

**Note:** If an envelope is not attached, use the postmark date stamped on the face of the return.

2. Service center Automated Mail Processing System (SCAMPS) digital date.
3. Revenue officer's or other IRS official's signature date.
4. Signature date, if within the current year (unless other information shows signature date is invalid).
5. Julian Date of the Document Locator Number (DLN) minus 10 days.

- d. If the year in the Received Date is either prior or future but other data on the return (tax year, postmark date or signature date) indicate the year should be the current year, enter the current year.
- e. Correct the day of the month:

Month	Maximum Number of Days
01, 03, 05, 07, 08, 10, or 12	31
04, 06, 09, or 11	30
02	28 (29 in a leap year)

- f. If the date is earlier than the last day of the tax year (e.g., the Received Date is 20241027 a 202412 return), ERS examines the return to be certain the tax year and Received Date are correct. ERS will SSPND 480 and notate "early filer" on Form 4227.

- (6) **Rejects Correction Procedures:** Re-examine any return suspended as an Early-filer to verify it is an early filed return.

3.22.110.21.7  
(11-17-2017)

**Field 01CRD -  
Correspondence  
Received Date**

- (1) Field 01CRD is an 8-position field that may or may not be present.
- (2) The valid characters are numeric, 0 thru 9 (in YYYYMMDD format) or blank.
- (3) The date is found on the CR line in the "For IRS Use Only" block in the upper right-hand corner of the Form 1042.

- (4) **Invalid Conditions:**

- a. The date is not later than the due date of the return.
- b. It is the same as or earlier than the Received Date in Field 01RCD.
- c. CCC "3" (No Reply) is present in Field 01CCC.

- (5) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors on Field 01CRD.

**Note:** The Correspondence Received Date (CRD) may be present on the return if:

- 1) C&E corresponded and entered the date OR,
- 2) Entity assigned an EIN and entered the EIN-assignment date on the return.

**Note:** The Entity date may not be entered on the CR line. The Entity Assignment Date is indicated, in the left-hand margin on the front of the return, by a capital E and date assigned in purple.

- b. If CCC "3" and the CRD are both present, determine which is correct and delete the other.

**Note:** Do not enter a date in Field 01CRD if the taxpayer is not at fault and the correspondence was an IRS error.

**(6) Rejects Correction Procedures:**

- a. The date is entered when a reply is received in response to IRS correspondence.
- b. Enter the date onto the return on the CR line in the For IRS Use Only block in the upper right-hand corner of the return.
- c. This reply may be a letter, telephone call or fax.
- d. If the correspondence was sent in error (that is, the taxpayer is not at fault), do not enter a CRD.
- e. Years ago, a No-Reply was indicated by entering eight 9s into this field, if ever seen on an old re-input return, delete and enter CCC "3".

3.22.110.21.8  
(11-17-2017)  
**Field 01PIC - Penalty  
Interest (P/I) Code**

- (1) Field 01PIC is a 1-position field that may or may not be present.
- (2) The valid characters are 1 and blank.
- (3) The code is transcribed from the "I" line in the "For IRS Use Only" block in the upper right-hand corner of the return.
- (4) The 1 is entered when:
  - a. The taxpayer entered an amount for delinquency (FF) penalty and/or interest onto the return (usually near the balance due or refund line) AND

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**(5) Invalid Conditions:**

- a. The entry is other than 1 or blank.

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**(6) Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors on Field 01PIC and Field 01RCD.
- b. If the P/I code is entered and the transcribed Received Date is within the
- c. If you correct Field 01RCD, see if the corrected Received Date affects the P/I code and correct the code.

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- (7) **Rejects Correction Procedures:** If the P/I code "1" should be entered, enter the code on the return and in Field 01PIC.

3.22.110.21.9  
(11-17-2017)  
**Field 01SIC - Schedule  
Indicator Code (SIC)**

- (1) Field 01SIC is a 1-position field that may or may not be present.
- (2) The valid characters are 1, 2 or blank.

(3) The SIC code is transcribed from the SIC line in the “For IRS Use Only” block in the upper right-hand corner of the return.

(4) **SIC code 1** is entered only when the Record of Federal Tax Liability (ROFTL) (Lines 1-60) is completely blank because it is unnecessary (no tax).

(5) **SIC code 2** is entered if any of these conditions exist:

- **CCC “J”** is edited due to a notation of **3121 Agreement** or **VCP** on the return. See IRM 3.22.110.21.5.6, CCC “J”.
- **TY17 only: CCC “J”** is edited for an amount present on Line 62b(1), Field 07SSD.
- **TY10 and prior:** The taxpayer **did not notate** “3121 Agreement on top of” Form 1042 but included a reasonable cause statement. Follow the step list instructions in IRM 3.22.110.18.3, Delinquent Returns.
- **TY10 and prior:** The 90 Percent Rule checkbox is checked (the checkbox is located below the entity part of Form 1042) and any

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weekly tax liability for that month is also present.

- **TY10 and prior:** The taxpayer noted “**3121 Agreement**” on Form 1042
- **TY10 and prior:** Both TY10 and prior conditions exist at the same time.

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(6) **Invalid Conditions:**

- a. Any character other than a 1, 2 or blank appears in Field 01SIC.
- b. Although it does not appear invalid, SIC Code 1 must not appear in Field 01SIC if there are any entries at all in the ROFTL (Lines 1-60), Sections 03-06.

(7) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If there are no entries on Lines 1-60 and Line 64e is zero or blank, enter **1** in Field 01SIC.
- c. If there are any correct entries on Lines 1 thru 60, and a **1** is present in Field 01SIC, delete the entry.

**Note:** Determine if SIC code 2 must be entered in its place.

- d. **TY10 and prior:** If C&E has corresponded for missing amounts in the ROFTL, look at the reply and determine if SIC 2 must be entered.

(8) **Rejects Correction Procedures:**

If	Then
Reply is received for missing ROFTL entries,	1) Delete SIC code 1, if present, when entering Sections 03 thru 06 after a REPLY is received for missing ROFTL entries. 2) Enter the amounts into the proper lines of the return and into the proper fields (and the CRD, if required).



If	Then
TY10 and prior Reply is received for missing ROFTL entries,	1) Determine if SIC 2 must be entered. 2) Enter the amounts into the proper lines of the return and into the proper fields (and the CRD, if required).
TY10 and prior Reply is received for missing ROFTL entries,	1) Enter SIC 2 if the taxpayer replies with the missing weekly amounts and the total for the  2) Enter the amounts into the proper lines of the return and into the proper fields (and the CRD, if required).
TY10 and prior only: NO Reply,	1) Enter CCC "3". 2) Enter SIC 2. 3) Enter the four weekly amounts by dividing the monthly total by 4. 4) Enter CCC "X" if the return shows an overpayment.

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3.22.110.21.10  
(11-17-2017)

**Field 01QIN -  
Qualified/Non-Qualified  
Intermediary (QI/NQI)  
Indicator**

- (1) Field 01QIN is a 1-position field that may or may not be present.
- (2) The valid character is "1" or "2."
  - "1" shows a valid Qualified Intermediary (QI), Withholding Partnership (WP), or Withholding Trust (WT) EIN is present (referred collectively throughout the rest of the IRM as QI).
  - "2" shows a valid QI/WP/WT EIN is not present (NQI).
- (3) The QI checkbox was removed from Form 1042 in TY14 and is no longer a transcribed field. The computer automatically determines if the EIN is in the QI or NQI range and sets the indicator as correct.

3.22.110.21.11  
(11-17-2017)

**Field 01CBI - Designee  
Checkbox Indicator**

- (1) **Description:** The designee checkbox indicator is transcribed from the bottom of Form 1042. The checkbox is used to indicate whether the filer has elected to allow a third-party designee to answer questions about the return as it is processed. Data may or may not be present in Field 01CBI.
- (2) **Valid Condition:** Valid entries are "1" and blank.
- (3) **Invalid Condition:** Field 01CBI generates as an error when the Designee Checkbox Indicator is other than "1" or blank.
- (4) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Enter a "1" in Field 01CBI on the screen if the "Yes" box is checked.
  - c. Delete Field 01CBI if "No" box or both boxes are checked.
  - d. If invalid, delete the entry in Field 01CBI.

3.22.110.21.12

(11-17-2017)

**Field 01CBT - Paid Preparer Telephone Number**

- (1) **Description:** The paid preparer telephone number is transcribed from the bottom of page 1 of Form 1042, below the paid preparer EIN. Data may or may not be present in Field 01CBT.
- (2) **Valid Condition:** Field 01CBT must be alpha or numeric or a combination of alpha and numeric characters, not to exceed 10 characters or blank.
- (3) **Invalid Condition:** Field 01CBT generates as an error when the Paid Preparer Telephone Number is other than 10 alpha/numeric.
- (4) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. If a telephone number is invalid, delete the entry in Field 01CBT.

3.22.110.21.13

(11-17-2017)

**Field 01PSN - Paid Preparer Tax Identification Number (PTIN)**

- (1) Field 01PSN is a 9-position field that may be present. It is located at the bottom of page 1 of Form 1042 and to the right of the Preparer's Signature.

**Note:** If the Paid Preparer information is present, either field 01PSN or 01PEN must have an entry. Only one of these fields is required.

- (2) **Valid conditions:**
  - Entry is blank
  - "P" for the first character followed by eight numeric characters
- (3) **Invalid conditions:**
  - Field 01PSN is other than a "P" followed by eight digits,
  - Contains all zeros,
  - Contains all nines, or
  - Contains all numeric characters.
- (4) Correct Field 01PSN as follows:

If	Then
A valid PTIN is present on the return, but incorrectly transcribed,	Enter the correct valid PTIN in Field 01PSN.
An SSN is present in Field 01PSN,	Delete the SSN in Field 01PSN.
An entry appears in both Field 01PSN and 01PEN,	Delete Field 01PEN.
A valid PTIN is present <b>and</b> an SSN is also present	Enter the PTIN in Field 01PSN and delete the SSN.
A valid PTIN <b>cannot</b> be found	Delete the entry in Field 01PSN.

3.22.110.21.14

(11-17-2017)

**Field 01PEN - Paid Preparer Firm's Employer Identification Number (EIN)**

- (1) Field 01PEN is a 9-position field that may be present.

**Note:** The Paid Preparer's EIN is located at the bottom, lower right-hand side of the return, below the PTIN.

(2) **Valid conditions:**

- Entry is blank
- All numeric

(3) **Invalid conditions:**

- Field 01PEN is other than nine numeric digits,
- Contains all zeros,
- Contains all nines, or
- The first two digits are invalid for Field 01EIN. See IRM 3.22.110.21.3, Field 01EIN.

## (4) Correct Field 01PEN as follows:

If	Then
Only a valid EIN is present,	Enter the EIN in Field 01PEN.
A valid PTIN is present <b>and</b> an EIN is also present,	Enter the PTIN in Field 01PSN and delete the entry in Field 01PEN.
<b>Both</b> an EIN and SSN are present,	Delete the SSN in Field 01PSN and enter the EIN in Field 01PEN. Make sure the EIN is a valid EIN.
The EIN is invalid on the return and a valid EIN <b>cannot</b> be found,	Delete the entry in Field 01PEN.

3.22.110.21.15  
(11-25-2024)

**Field 01CH3 - Chapter 3  
Status Code**

- (1) This field has the Chapter Three Status Code.
- (2) This is a two-position numeric field and valid entries are 00-99.
- (3) It is entered by the taxpayer from their Form 1042-S, Box 12b.
- (4) Blank is not valid.

(5) **Correction Procedures:**

- a. The only valid entry on G Coded returns is "00."
- b. The only valid entry on a zero return is "00."
- c. If blank, and taxpayer has an entry on the return, enter the status code from the return unless it is a zero return then enter "00."
- d. If blank and unable to determine from attachments, enter "00."

**Note:** For TY18, if Status Code is "08" or "09" and, there is an amount greater than zero in Field 0765B, enter CCC "J" and CCC "R," if not already present.

3.22.110.21.16  
(11-25-2024)

**Field 01CH4 - Chapter 4  
Status Code**

- (1) This field has the Chapter Four Status Code.
- (2) This is a two-position numeric field and valid entries are 00-99.
- (3) It is entered by the taxpayer from their Form 1042-S Box 12c.
- (4) Blank is not valid.

(5) **Correction Procedures:**

- a. The only valid entry on G Coded returns is “00.”
- b. The only valid entry on a zero return is “00.”
- c. If blank, and taxpayer has an entry on the return, enter the status code from the return unless it is a zero return then enter “00.”
- d. If blank and unable to determine from attachments, enter “00.”

3.22.110.21.17  
(11-17-2017)  
**Field TPNC - Taxpayer  
Notice Code (TPNC)**

- (1) Field TPNC is a 6-position field.
- (2) The valid characters are 01, 02, 26, 90 or blank.
- (3) This field is never entered or corrected by ERS or Rejects.
- (4) This field is where the TPNCs appear after the return has posted.
- (5) The list of available Taxpayer Notice Codes is as follows:

TPNC	Notice Text
01	The balance due, or the amount you overpaid, was not correct.
02	An error was made when the total tax you owe for the year was figured.
26	The amount reported as Total Federal Tax Deposits for the year was not correct.
90	Fill-in narrative. TPNC 90 is used when there is a taxpayer error not explained by the above codes (e.g., Negative amounts are not allowed on Lines 1-60, an error was made in totaling the credit amounts on Line 68, an error was made in adding or subtracting the adjustment amount on Line 64a, etc.)

- (6) Do not use any other TPNC when sending TPNC 90. If TPNC 01 or 02 is also needed, add the wording from that TPNC to the wording for the error requiring the TPNC 90.
- (7) Do not send a TPNC if:

- c. Correct Field 07B/D using the taxpayer’s original amounts.

(8) **Correction/Rejects Correction Procedures:**

- a. Never correct, add or delete anything in this field.
- b. Do not send a TPNC if there is no underprint in the balance due/refund field (07B/D). If there are underprints in the tax fields (0763A and 0763C) but not in Field 07B/D, look carefully for transcription errors. A taxpayer notice code on the Form 1042 will not be released by the computer if there is no underprint in field 07B/D.

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3.22.110.21.18  
(01-01-2022)

**Field 01CBP - Third  
Party Personal  
Identification Number  
(PIN)**

(1) Field 01CBP is a 9-position field that may or may not have an entry.

**Note:** There should be only five digits entered by the designee on the return. The field has nine positions, so it is possible to enter as many as nine numbers and letters.

(2) This field is located at the right side of the Third-Party Designee Line (under Line 71).

(3) The designee is instructed to pick any five numbers and insert them into the blocks as a means of identification when the IRS calls the designee.

(4) The valid characters are numeric (0 thru 9) and blank.

(5) This number cannot be researched using CFOL.

(6) **Correction Procedures:**

- a. If the designee enters any invalid or illegible characters, blank the field.
- b. Correct any transcription errors, if possible. If in doubt about what a digit may be, do not guess; blank the field.

3.22.110.22  
(11-17-2017)

**Section 02 - Form 1042**

(1) Section 02 Alpha Field Designators (AFD), maximum field lengths, titles and the location on the return follows:

***Domestic or U.S. Possession Address Format***

Alpha Designator	Field Length	Title	Location on Return
02CON	35	In-Care-of Name	Street Address Line
02FAD	35	Foreign Address	Street Address Line
02ADD	35	Street Address/Post Office Box	Street Address Line
02CTY	22	City	City/State/ZIP Line
02ST	2	State Code	City/State/ZIP Line
02ZIP	12	ZIP Code	City/State/ZIP Line

***Foreign Address Format***

Alpha Designator	Field Length	Title	Location on Return
02CON	35	In-Care-of Name	Street Address Line
02FAD	35	Foreign Address	Street Address Line
02ADD	35	Street Address/Post Office Box	Street Address Line
02CTY	22	City and Foreign Country	City/State/ZIP Line
02ST	2	Period (.) in first position	City/State/ZIP Line (entered by C&E)
02ZIP	12	Always blank	

- (2) The valid characters are alpha (A thru Z), numeric (0 thru 9), dash/hyphen (-), slash (/), period (.) and blank. (See instructions for each field for requirements and limitations.)
- (3) All fields are variable (positive only). No field in Section 02 will accept a negative.
- (4) There are two different formats used for Section 02: one for U.S. and U.S. possessions addresses and one for foreign addresses.

3.22.110.22.1  
(11-17-2017)

◆ **Field 02CON -  
In-Care-of Name** ◆

- (1) Field 02CON is in the entity section of the return.
- (2) Field 02CON is a 35-position field that may or may not be present.
- (3) Valid characters are alpha (A thru Z), numeric (0 thru 9), ampersand (&), dash/hyphen (-), percent (%), slash (/) or blank.

**Note:** A percent (%) is valid in the first position followed by a blank.

(4) **Invalid Conditions:**

- a. The first position of the field is blank unless the entire field is blank.
- b. The first position is a percent (%) and second position is not blank.
- c. An entry other than the valid characters is present.
- d. There are two consecutive blanks between significant characters.

(5) **Correction Procedures:**

- a. Delete any invalid characters.
- b. If the entry exceeds 35 characters, abbreviate where possible.
- c. If it is not possible to determine the in-care-of name, delete the field.

If	Then
A % (percent) is in the first position,	<ol style="list-style-type: none"> <li>1. Verify there is a blank in the second position.</li> <li>2. If not blank, enter a blank followed by the "in-care-of" name beginning with an alpha or numeric in Field <b>02CON</b>.</li> </ol>
A blank is in the first position,	<ol style="list-style-type: none"> <li>1. Delete blank.</li> <li>2. Enter the "in-care-of" name beginning with an alpha or numeric in Field <b>02CON</b>.</li> </ol>
The first character of the "in-care-of" name is not alpha or numeric,	<ol style="list-style-type: none"> <li>1. Verify "in-care-of" name on the return.</li> <li>2. Enter the "in-care-of" name beginning with an alpha or numeric in Field <b>02CON</b>.</li> </ol>
Two consecutive blanks are present between significant characters,	Delete unnecessary blanks in Field <b>02CON</b> .

3.22.110.22.2  
(11-19-2020)

◆Field 02FAD - Foreign Address (35 positions) (Ogden Submission Processing Center (OSPC) Only)◆

- (1) **Description:** Field 02FAD is in the entity section of the return.
- This field will have an entry when there is a foreign address present on the return.
  - Field 02FAD must not be present on "G" coded short length records.
- (2) **Valid Condition:** Valid characters are alpha, numeric and special characters.
- (3) **Invalid Conditions:** Field 02FAD generates as an error when any of the following conditions are present:
- The first position is blank
  - Any character follows two consecutive blanks
  - There are more than 35 characters present in the field

**Note:** ISRP inputs a pound sign (#) as the 35th character if there are more than 35 characters present for this field on the return. If the foreign address is longer than 35 characters, continue the address in Field 02ADD.

(4) **Correction Procedures:**

- a. Correct all coding and transcription errors.

If	Then
Field 02FAD is present,	<ol style="list-style-type: none"> <li>GTSEC 02.</li> <li>Ensure Field 02CTY has a foreign country code and Field 02ST has a ". (period/space)." See Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.</li> </ol> <p><b>Exception:</b> Use the country code based on the province in Field 02CTY if the foreign address is from Canada and the address has a province name or abbreviation. See IRM 3.22.110.22.4 (5) for Province/Country Codes - Canada.</p>
A province abbreviation is not present for Australia, Brazil, Canada, Cuba, Italy, Mexico or The Netherlands but a province name is present,	Enter the province abbreviation in the proper position in Field 02FAD. See Exhibit 3.22.110-6, ◆Province, Foreign State, and Territory Abbreviations◆
A foreign address is not present on the return,	<ol style="list-style-type: none"> <li>SSPND with Action Code 610.</li> <li>Renumber return with domestic DLN.</li> </ol>

- b. If Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached to the return, compare the name and address information on the Form 8822/Form 8822-B to the return.

**Note:** A business may have two addresses. One is the mailing address and the other is the location address or physical location of the business.



If	And	Then
Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached,	All the following applies: <ul style="list-style-type: none"> <li>• Mailing address information is the same,</li> <li>• No location address is on Form 8822 or Form 8822-B, Line 7,</li> <li>• No entry on Form 8822-B, Lines 8 or 9,</li> </ul>	Take no action and continue processing.
Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party - Business, is attached,	Any of the following applies: <ul style="list-style-type: none"> <li>• Mailing address information is different,</li> <li>• Location address is on Form 8822 or Form 8822-B, Line 7,</li> <li>• An entry is on Form 8822-B, Lines 8 or 9,</li> </ul>	<ol style="list-style-type: none"> <li>1. Enter address shown on Form 8822 or Form 8822-B in Field 02FAD.</li> <li>2. Notate "Form 8822 or Form 8822-B detached" on tax return.</li> <li>3. Detach Form 8822 or Form 8822-B and route to Entity Control using Form 4227, Intra-SC Reject or Routing Slip, or follow local procedures.</li> <li>4. Notate on Form 4227, "Change of address per Form 8822 or FORM 8822-B."</li> </ol>

**Note:** The lead TE must batch all Forms 8822 or Forms 8822-B daily and hand carry to Entity Control for expedite processing.

3.22.110.22.3  
(11-17-2017)

**Field 02ADD - Street Address**

- (1) Field 02ADD is a 35-position field that may or may not be present.
- (2) Valid characters are alpha (A thru Z), numeric (0 thru 9), dash/hyphen (-), slash (/) and blank.
- (3) **Invalid Conditions:**
  - a. An entry other than the valid characters is present.

**Note:** A pound sign (#) is transcribed at the end of 35 spaces if the entry has more than 35 characters.
  - b. The first position of the field is blank unless the entire field is blank.
- (4) **Correction Procedures:**
  - a. Delete any invalid character.
  - b. If the entry exceeds 35 characters, abbreviate where possible.
  - c. If unable to correct, delete Section 02.

**Note:** This is common for foreign addresses.
  - d. If the first position is blank, delete the blank.

3.22.110.22.4

(11-17-2017)

**Field 02CTY - City Field**(1) **Description:** Field 02CTY is in the entity section of the return.

(2) Valid characters are alpha (a-z) and blank.

(3) **Invalid Conditions:** Field 02CTY generates as a field error when:

- The first position is blank,
- Any character other than blank or alpha is present,
- Any character follows two consecutive blanks,
- The Major City Code (MCC) does **not** match any of the valid codes in the Major City Code Table, and/or
- The Foreign Country Code (FCC) does not match any of the valid codes in Document 7475.

(4) **Correction Procedures:**

a. Correct all misplaced entries, coding errors, and transcription errors.

**Note:** For a listing of Major City Codes (MCC) (listed by state) and valid Foreign Country Codes (FCC) see Document 7475, State and Address Abbreviations, Major City Codes (MCCs), ZIP Codes and Countries.

b. If/Then:

If	Then
An MCC is used,	Field 02CTY must be present.
Field 02CTY has an error,	Check if the MCC is correct.
Field 02CTY is not valid and a MCC cannot be determined,	Input the entire city name.
A MCC is not used and Field 02CTY is present,	Field 02ST (State) must be present.
A foreign address is shown on the return,	Enter the correct FCC in Field 02CTY. See Document 7475.
Field 02CTY has an incorrect country code or "XX,"	Enter correct FCC in Field 02CTY. If there is no valid FCC, input the entire country name. See Document 7475.

(5) **Special Considerations -**

a. APO/FPO/DPO Address Format:

***APO/FPO/DPO addresses use the following format***

Line Name	EXAMPLE:	Applicable Field
Payee Name	PVT. Willard J. Doe	02ADD
Mailing Address	Company F. PSC Box 100 167 Infantry REGT	
Payee City	APO, FPO or DPO	02CTY
Payee State	AE, AA, or AP*	02ST

Line Name	EXAMPLE:	Applicable Field
Payee ZIP Code	09801	02ZIP

**Note:** \*AE is the designation for ZIPs beginning with 090-098, AA for ZIP 340, and AP for ZIPs 962-966

b. Canadian Province/Country Codes:

Canadian Province	Province Abbreviation	Postal Code Beginning <i>Note: If the Canadian Postal Code begins with one of the following, use the corresponding Country Code abbreviation in the right most column.</i>	Country Code Field 02CTY
Alberta	AB	T	XA
British Columbia	BC	V	XB
Manitoba	MB	R	XM
New Brunswick	NB	E	XN
Newfoundland and Labrador	NL	A	XL
Northwest Territories	NT	X	XT
Nova Scotia	NS	B	XS
Nunavut	NU	X	XV
Ontario	ON	K, L, M, N, or P	XO
Prince Edward Island	PE	C	XP
Quebec	QC	G, H, or I	XQ
Saskatchewan	SK	S	XW
Yukon	YT	Y	XY

3.22.110.22.5  
(11-18-2019)

**Field 02ST - State Code**

- (1) Field 02ST is a 2-position field that may or may not be present.
- (2) If Section 02 is present, this field must have an entry unless there is a MCC in Field 02ST.
- (3) Valid characters are alpha (A thru Z), period (.) and blank.
- (4) For domestic addresses, the entry must be one of the state codes shown in the list below.
- (5) U.S. Possessions are indicated on the following list, as are their respective state codes. These are entered in the same way as in a domestic address.

(6) For foreign addresses, there is a period "." in the first position of the field (the second position must be blank). If not send case to Rejects for correction to DLN.

(7) The list of valid state codes (including U.S. Possessions) is as follows:

State	Code	ZIP Code Range (First 3 Digits)
APO/FPO/DPO Miami, FL	AA	340
APO/FPO/DPO Europe	AE	090-098
APO/FPO/DPO Pacific	AP	962-966
Alaska	AK	995-999
Alabama	AL	350-369
American Samoa *	AS	967
Arizona	AZ	850-865
Arkansas	AR	716-729
California	CA	900-928, 930-961
Colorado	CO	800-816
Connecticut	CT	060-069
Delaware	DE	197-199
District of Columbia	DC	200, 202-205
Federated State of Micronesia*	FM	969
Florida	FL	320-339, 341-342, 346, 347, 349
Georgia	GA	300-319, 399
Guam *	GU	969
Hawaii	HI	967-968
Idaho	ID	832-838
Illinois	IL	600-629
Indiana	IN	460-479
Iowa	IA	500-528
Kansas	KS	660-679
Kentucky	KY	400-427
Louisiana	LA	700-714
Maine	ME	039-049
Mariana Islands *	MP	969
Marshall Islands *	MH	969

State	Code	ZIP Code Range (First 3 Digits)
Maryland	MD	206–219
Massachusetts	MA	010–027, 055
Michigan	MI	480–499
Minnesota	MN	550–567
Mississippi	MS	386–397
Missouri	MO	630–658
Montana	MT	590–599
Nebraska	NE	680–693
Nevada	NV	889–898
New Hampshire	NH	030–038
New Jersey	NJ	070–089
New Mexico	NM	870–884
New York	NY	005, 100–149
North Carolina	NC	270–289
North Dakota	ND	580–588
Ohio	OH	430–459
Oklahoma	OK	730–731, 734–741, 743–749
Oregon	OR	970–979
Palau *	PW	969
Pennsylvania	PA	150–196
Puerto Rico *	PR	006–007, 009
Rhode Island	RI	028–029
South Carolina	SC	290–299
South Dakota	SD	570–577
Tennessee	TN	370–385
Texas	TX	733, 750–799
Utah	UT	840–847
Vermont	VT	050–054, 056–059
Virginia	VA	220–246
Virgin Islands *	VI	008
Washington	WA	980–986, 988–994
West Virginia	WV	247–268

State	Code	ZIP Code Range (First 3 Digits)
Wisconsin	WI	530-549
Wyoming	WY	820-831

**Note:** Those states marked with an asterisk (\*) are U.S. Possessions.

**(8) Invalid Conditions:**

- There is a non-alpha (except for period) character present.
- The entry is not on the list of valid codes.
- The field is blank (unless there is a MCC in Field 02CTY).
- The period is in the second position (with foreign address).
- There is an entry in Field 02ST and a period in Field 02CTY.
- The DLN begins with "60" and Field 02ST is other than a period (.) or blank.

**(9) Correction/Rejects Correction Procedures:**

- Verify the state code is transcribed correctly.
- Correct any invalid entry.
- If the state is missing from the line on the return, search attachments. Research the state from the ZIP Code if present.
- If the state and ZIP Code are both missing and it is impossible to determine them, delete Section 02.
- If the DLN begins with "60" and Field 02ST has a valid state code, SSPND 610 to Rejects to be renumbered.

3.22.110.22.6

(11-17-2017)

**Field 02ZIP - ZIP Code**

- Field 02ZIP is a 12-position field which may or may not be present.
- Valid characters are numeric (0 thru 9) and blank.
- There must be a minimum of five (5) numbers present.
- If there is a state code in Field 02ST there must be a ZIP Code present in Field 02ZIP.
- If there is a MCC in Field 02CTY, there must be a ZIP Code present in Field 02ZIP.
- This field must be blank if there is a period in Field 02ADD.
- The ZIP Codes of U.S. Possessions are considered U.S. ZIP Codes and are entered in this field.
- Invalid Conditions:**
  - The field is blank and there is a state code in Field 02ST or a MCC in Field 02CTY.
  - There is a non-numeric entry in the field.
  - There are less than five digits in the field.
  - There is an entry in the field but there is a period in Field 02ST.

**Note:** A foreign (Non-U.S. Possession) ZIP/Postal Code is never entered in this field. The state code and ZIP Code for U.S. possessions follow the same format as for domestic addresses.

- e. There is a valid ZIP Code in the field but the first position of the field is blank.
- f. There is a discrepancy between the digits of the ZIP Code and the state code. (Each state has a certain range of applicable ZIP Codes).
- g. The ZIP Code is not on the list of valid ZIP Codes of the U.S. Post Office.

(9) **Correction/Rejects Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. Perfect any non-numeric characters.
- c. Delete any ZIP/Postal Code belonging to a foreign country, except U.S. Possessions. (Foreign ZIP Codes are sometimes referred to as Postal Codes).
- d. Research any missing or incomplete ZIP Code using the ZIP Code Directory. Also, look on any attachments, especially an envelope.
- e. If the first position of the field is blank, but there is a valid code in the field, re-enter the entire field.
- f. If the ZIP Code is invalid, ensure the state code in Field 02ST is correct, per IRM 3.22.110.22.5, Field 02ST.

**Example:** Alaska is AK, not AS or AA. These are valid state codes, but they would not match the applicable ZIP Code.

3.22.110.23  
(11-17-2017)

**Sections 03-06 - Form  
1042 - Record of Federal  
Tax Liability (ROFTL)**

(1) **Fields Displayed and General Information:**

- (2) Sections 03-06 Alpha Field Designators (AFD), applicable month and location on the return.

Alpha Field Designator	Month	Lines on Return
03A07	January Week 1	1
03A15	January Week 2	2
03A22	January Week 3	3
03A31	January Week 4	4
03ADJ>		Computer Underprint of Monthly Total
03B07	February Week 1	6
03B15	February Week 2	7
03B22	February Week 3	8
03B28	February Week 4	9
03BDJ>		Computer Underprint of Monthly Total
03C07	March Week 1	11
03C15	March Week 2	12



Alpha Field Designator	Month	Lines on Return
03C22	March Week 3	13
03C31	March Week 4	14
03CDJ>		Computer Underprint of Monthly Total
03QR1>	1st Quarter Total	Computer Generated (Lines 5, 10, 15) Underprint of 1st Quarter Total Liability

Alpha Field Designator	Month	Lines on Return
04D07	April Week 1	16
04D15	April Week 2	17
04D22	April Week 3	18
04D30	April Week 4	19
04DDJ>		Computer Underprint of Monthly Total
04E07	May Week 1	21
04E15	May Week 2	22
04E22	May Week 3	23
04E31	May Week 4	24
04EDJ>		Computer Underprint of Monthly Total
04F07	June Week 1	26
04F15	June Week 2	27
04F22	June Week 3	28
04F30	June Week 4	29
04FDJ>		Computer Underprint of Monthly Total
04QR2>	2nd Quarter Total	Computer Generated (Lines 20, 25, 30) Underprint of 2nd Quarter Total Liability

Alpha Field Designator	Month	Lines on Return
05G07	July Week 1	31
05G15	July Week 2	32
05G22	July Week 3	33
05G31	July Week 4	34
05GDJ>		Computer Underprint of Monthly Total
05H07	August Week 1	36
05H15	August Week 2	37
05H22	August Week 3	38

Alpha Field Designator	Month	Lines on Return
05H31	August Week 4	39
05HDJ>		Computer Underprint of Monthly Total
05I07	September Week 1	41
05I15	September Week 2	42
05I22	September Week 3	43
05I30	September Week 4	44
05IDJ>		Computer Underprint of Monthly Total
05QR3>	3rd Quarter Total	Computer Generated (Lines 35, 40, 45) Underprint of 3rd Quarter Total Liability

Alpha Field Designator	Month	Lines on Return
06J07	October Week 1	46
06J15	October Week 2	47
06J22	October Week 3	48
06J31	October Week 4	49
06JDJ>		Computer Underprint of Monthly Total
06K07	November Week 1	51
06K15	November Week 2	52
06K22	November Week 3	53
06K30	November Week 4	54
06KDJ>		Computer Underprint of Monthly Total
06L07	December Week 1	56
06L15	December Week 2	57
06L22	December Week 3	58
06L31	December Week 4	59
06LDJ>		Computer Underprint of Monthly Total
06QR4>	4th Quarter Total	Computer Generated (Lines 50, 55, 60) Underprint of 4th Quarter Total Liability

- (3) The computer generates its own **Monthly Total Liability** underprint amounts to appear in Section 03, 04, 05 and 06 since the monthly total liability lines are not transcribed. The fields are:

Field Designator	Field Name
03ADJ>	January Computer Generated Total Tax Liability

Field Designator	Field Name
03BDJ>	February Computer Generated Total Tax Liability
03CDJ>	March Computer Generated Total Tax Liability
04DDJ>	April Computer Generated Total Tax Liability
04EDJ>	May Computer Generated Total Tax Liability
04FDJ>	June Computer Generated Total Tax Liability
05GDJ>	July Computer Generated Total Tax Liability
05HDJ>	August Computer Generated Total Tax Liability
05IDJ>	September Computer Generated Total Tax Liability I
06JDJ>	October Computer Generated Total
06KDJ>	November Computer Generated Total Tax Liability
06LDJ>	December Computer Generated Total Tax Liability

- (4) The computer generates **Quarterly Total Liability** underprint amounts only, to assist the ERS TE with several error code corrections. In addition, a total quarterly liability amount is computer generated summarizing all four quarters. The screen displays are:

- Screen Display 1042 #S03 (Section 03)
- Screen Display 1042 #S04 (Section 04)
- Screen Display 1042 #S05 (Section 05)
- Screen Display 1042 #S06 (Section 06)
- Screen Display 1042 #S07 (Section 07)
- Screen Display 1042 #706 (Consistency Error 706)
- Screen Display 1042 #716 (Math error 716)
- Screen Display 1042 #720 (Math error 720)

Field Designator	Field Name
03QR1>	Computer Generated (Lines 5, 10, 15) Underprint of 1st Quarter Total Liability
04QR2>	Computer Generated (Lines 20, 25, 30) Underprint of 2nd Quarter Total Liability
05QR3>	Computer Generated (Lines 35, 40, 45) Underprint of 3rd Quarter Total Liability
06QR4>	Computer Generated (Lines 50, 55, 60) Underprint of 4th Quarter Total Liability
07TQA>	Total Quarterly Liability Amount Computed

- (5) The valid characters are numeric (0 thru 9) and blank.

- (6) Each section (03-06) is made up of 15 fields.

- Section 03 contains weekly and monthly entries from January through March.
- Section 04 contains weekly and monthly entries from April through June.
- Section 05 contains weekly and monthly entries from July through September.
- Section 06 contains weekly and monthly entries from October through December.

(7) Each field has 15 positions.

(8) All fields are dollars and cents.

**Note:** You may sometimes see entries where the comma and decimal point is reversed. This is sometimes seen on returns from Europe.  
e.g., 3.146,02 (European) = 3,146.02 (U.S.)  
The amount is usually correct (unless you can see it is in foreign currency), but the format is reversed.

(9) All four sections will not necessarily appear on all the error screens.

(10) Section 03-06 make up the Record of Federal Tax Liability (ROFTL).

(11) All fields are **positive** only. If the data entry clerk tries to enter a negative, it will appear as positive on the ERS screen.

(12) There must be at least one entry on the weekly tax lines in the ROFTL (Lines 1-60) whenever there is a tax amount on Line 64e.

(13) The Total Tax Liability is the total of the entries in section 03 through 06, which include any two percent excise tax reflected on Line 64d.

(14) Section 03 thru 06 cannot appear on the error system with CCC "G" (Amended) in Field 01CCC.

(15) **Invalid Condition:** A non-numeric entry is present in the field.

(16) **Special Error Conditions:**

- a. If there are two entries on one line, neither will be transcribed. There will not be an invalid condition, but the total tax will underprint.
- b. The entries on Lines 1 thru 60 must be in United States dollars and cents. Foreign currency cannot be processed. (See IRM 3.22.110.16, Foreign Currency.)
- c. If CCC "G" is present but the return is an original return and not amended (this may be seen on an attached Form 3893, Re-Entry Document Control, a Statute transmittal or from research), then: Circle-out CCC "G". If all or nearly all the lines of the ROFTL (section 03 thru 06) have entries, SSPND 351. Rejects inputs the missing data.

3.22.110.23.1  
(01-01-2023)

#### Section 03-06 Correction Procedures

- (1) If there are two entries on one line, add them together and enter in the correct field.
- (2) If there are negative amounts in Lines 1-60:

If	Then
If C&E “X’d” out negative amounts,	Send TPNC 90 #301 with literal: <b>Negative amounts are not allowed on Form 1042, Record of Federal Tax liability section unless you are applying the reimbursement or setoff procedures to adjust over withholding. Amounts are increased to zero and the total tax liability recomputed.</b>
If there are two entries on one line, and one of the amounts is negative,	1. “X” it on the return and enter only the positive amount into the field. 2. Send TPNC 90 #301.
If C&E did not “X” negative amounts,	1. Delete the negative amounts on Lines 1- 60. 2. Send TPNC 90 #301.

(3) If only monthly totals are entered,

And	Then	
	Enter the amount onto the last weekly line for that month on the return and into the corresponding field. <b>Example:</b> If the total is on Line 5, move the amount to Line 4 and into Field 03A31.	#
	SSPND 21X for the missing weekly tax liability amounts on Lines 1-60.	#

(4) If only Line 59 has an entry:

And	Then
Field 01QIN has a 1,	Enter the amount in Field 06L31.
Field 01QIN has a 2,	SSPND 21X with literal: <b>Because you did not provide a valid QI, WP, or WT EIN, Lines 1-60 of Form 1042 must be completed, as applicable.</b>

(5) If Lines 1 thru 59 are blank and:

If	And	Then	
Line 64e (Field 0764E) has an	An entry appears in Line 60,	Enter the amount from Line 60 in Field 06L31 and Line 59.	#
	There is no entry in line 60,	Enter the Line 64e amount into Field 06L31 and Line 59.	#

If	And	Then	
For TY 13 and Prior - Line 64e	<b>None</b> is notated on Line 61a, and a <b>0</b> is entered in Field 0761A,	Enter the amount into Field 06L31 and Line 59. <b>Note:</b> This may indicate a <b>Procurement only</b> return and will only be seen on TY13 and prior.	#
		SSPND 21X for the weekly tax liabilities information on Lines 1 thru 60.	#

3.22.110.23.2  
(11-17-2017)

(1) When ERS corresponded for Lines 1-60:

Section 03-06 Rejects  
Correction Procedures

And	Then	
If the REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields (and the CRD, if required).	
If the REPLY cites a specific section of the IRC or a specific Revenue Ruling or Procedure or stating Consent Dividend,	Enter the amount from Line 64e to Line 59 and into Field 07B/D (and the CRD, if required).	
If the REPLY shows the balance due will be paid on March 15th with the return,	Enter the amount onto Line 59 of the return and into Field 06L31 (and the CRD, if required).	
If there is NO REPLY or an insufficient reply, and Line 60 is empty,		# # # # # #
If there is NO REPLY or an insufficient reply, and only Line 60 had an entry,		# # # # # #

(2) When ERS corresponded because only monthly totals are entered:

And	Then
If the REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields (and the CRD, if required).
If there is NO REPLY or an insufficient reply,	

#  
#  
#  
#  
#  
#  
#

- (3) If ERS corresponded because multiple entries in the ROFTL (Lines 1-60) are income, not tax:

And	Then
If the REPLY is sufficient,	“X” the amounts of income in the ROFTL and enter the TAX amounts to the left of the line. Also enter the CRD, if required, onto the return and into Field 01CRD.
If there is NO REPLY or an insufficient reply,	<p>3. Add up the calculated amounts of tax to ensure the total equals the amount on Line</p> <p>4. Enter the calculated amounts of tax onto the correct lines of the ROFTL and into the fields on the ERS system.</p> <p>5. Enter CCC “3”.</p> <p>6. Enter CCC “X” if the return shows an overpayment.</p>

#  
#  
#  
#  
#  
#

3.22.110.24  
(11-17-2017)  
**Section 07 - Total Tax,  
Credits, Balance  
Due/Refund**

- (1) Section 07 must always be present, unless CCC “G” is present. If there are no entries in Section 07 of the return, GTSEC to retrieve Section 07 and add a 1 in Field 0761A. Do this even if Sections 03-07 have no entries on the return.
- (2) All fields are positive only except for Field 0764A, 0770A, 0770B, and Field 07B/D, which may be positive or negative. Field 07B/D is always positive for TY14 Form 1042.
- (3) All amounts are entered in Dollars and Cents.



- (4) Section 07 field designators, maximum field lengths, titles and locations are listed below:

Designator	Field Length	Title	Location on Return
0761A	6	Number Filed on Paper (Form 1042-S)	Line 61a
0761B	6	Number Filed Electronically (Form 1042-S)	Line 61b
0762A	15	Total FDAP US Income	Line 62a
07SSD	15	Total US Dividend Payment	Line 62b(1)
07SSP	15	Total US Other Payment	Line 62b(2)
0762C	15	Gross Income Reported	Line 62c
07TQA>	15	Computed Total Quarterly Amount	Computer Underprint
0762D	15	Gross Income Paid	Line 62d
0763A	15	Taxes Withheld by Agent	Line 63a
07POD	15	Taxes Withheld Other than Substitute Dividend	Line 63b(1)
07SD	15	Taxes Withheld Substitute Dividend	Line 63b(2)
076AO	15	Adjustment to Overwithholding	Line 63c(1)
076AU	15	Adjustment to Underwithholding	Line 63c(2)
0763D	15	Taxes Paid by Withholding Agent	Line 63d
0763E	15	Taxes Withheld or Paid	Line 63e
0764A	15	Adjustment	Line 64a
0764B	15	Net Tax Liability Chapter 3	Line 64b
0764C	15	Net Tax Liability Chapter 4	Line 64c
0764D	15	Form 1042 Excise Tax	Line 64d
0764E	15	Total Liability	Line 64e
0765A	15	Total EFT Paid During Calendar Year	Line 65a
0765B	15	Total EFT Paid During Subsequent Year	Line 65b
0766	15	Overpayment Applied as Credit	Line 66
0767A	15	Other (than Substitute Dividend) Payment	Line 67a
0767B	15	Substitute Dividend Payment	Line 67b
0768	15	Total Payment	Line 68
07B/D	15	Balance Due/Overpayment Taxpayer	Line 69
0770A	15	Overpayment U.S. Source Income Foreign Persons	Line 70a

Designator	Field Length	Title	Location on Return
0770B	15	Overpayment Excise Tax	Line 70b
0771	1	Applied Refund Indicator	Line 71

- (5) You may see entries where the comma and decimal point are reversed. This is sometimes seen on returns from Europe.

**Example:** 3.146,02 (European) = 3,146.02 (U.S.)

- (6) The amount is usually correct (unless you can see it is in foreign currency) but the format is reversed.

3.22.110.24.1  
(11-17-2017)

**Field 0761A - Number of Form 1042-S Filed on Paper (1042 Line 61a)**

- (1) Field 0761A is a 6-position field which may or may not be present.

- (2) Only numeric characters (0 thru 9) are valid.

- (3) Field 0761A is Line 61a on Form 1042.

- (4) **Invalid Conditions:**

- A non-numeric character in the field.
- The field is blank (if Field 0761B is also blank)

- (5) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If there are no entries on Line 61, do not correspond for the number of Form 1042-S.

**Note:** If the return is all zeros and/or Line 64e is blank or the taxpayer notates "No Taxable Income," do not correspond for Line 61a and 61b, Enter 000001 in Field 0761A. Fields 0761A and 0761B are 6 position fields.

3.22.110.24.2  
(11-17-2017)

**Field 0761B - Number of Form 1042-S Filed Electronically (1042 Line 61b)**

- (1) Field 0761B is a 6-position field which may or may not be present.

- (2) Only numeric characters (0 thru 9) are valid.

- (3) Field 0761B is Line 61b on Form 1042.

- (4) **Invalid Conditions:**

- a. A non-numeric character in the field.
- b. The field is blank (if Field 0761A is also blank).

- (5) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If there are no entries on Line 61, do not correspond for the number of Form 1042-S.

**Note:** If the return is all zeros and/or Line 64e is blank or the taxpayer notates "No Taxable Income," do not correspond for Line 61a and 61b, Enter 000001 in Field 0761A. Fields 0761A and 0761B are 6 position fields.

3.22.110.24.3  
(11-17-2017)

**Field 0762A - Total U.S. Source Fixed, Determinable, Annual, Periodical (FDAP) Income**

- (1) Field 0762A is a 15-position field that may or may not be present.
- (2) The field is found on Line 62a.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in Dollars and Cents.
- (5) **Invalid Conditions:**
  - a. A negative amount in the field.
  - b. Non-numeric character in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.4  
(11-17-2017)

**Field 0762SSD - Total U.S. Substitute Dividends Reported**

- (1) Field 0762SSD is a 15-position field that may or may not be present.
- (2) This field will generally contain an amount (other than 0) if the withholding agent's chapter 3 status code is "Qualified Securities Lender" (QSL) or "Qualified Derivatives Dealer (QDD)."
- (3) The field is found on Line 62b(1).
- (4) If an amount is present in this field, CCC "J" will be present in Field 01CCC and a 2 in Field 01SIC.
- (5) The valid characters are numeric (0 thru 9) and blank.
- (6) The amount must be positive and in dollars and cents.
- (7) **Invalid Conditions:**
  - a. A negative amount in the field.
  - b. Non-numeric character in the field.
- (8) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.
  - c. If an amount is present in Field 0762SSD, ensure CCC "J" and SIC 2 are present.

3.22.110.24.5  
(11-17-2017)

**Field 0762SSP - Other Substitute Payments Reported**

- (1) Field 0762SSP is a 15-position field that may or may not be present.
- (2) The field is found on Line 62b(2).
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in dollars and cents.
- (5) **Invalid Conditions:**
  - a. A negative amount in the field.
  - b. Non-numeric character in the field.
- (6) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. Delete negative entries.

3.22.110.24.6  
(11-17-2017)

**Field 0762C - Gross  
Income Reported**

- (1) Field 0762C is a 15-position field that may or may not be present.
- (2) The field is found on Line 62c.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in dollars and cents.
- (5) **Invalid Conditions:**
  - a. A negative entry in the field.
  - b. A non-numeric character in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.7  
(11-17-2017)

**Field 0762D - Gross  
Income Paid**

- (1) Field 0762D is a 15-position field that may or may not be present. This field must be filled out unless withholding agent's status code is a QI, WP, or WT.
- (2) The field is found on Line 62d.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in Dollars and Cents.
- (5) The word income refers to all types of income: wages, interest, capital gains, dividends, etc., from which tax may or may not have been withheld.
- (6) This field must have an entry if there is a difference in gross income reported (Line 62c).
- (7) There can be an amount of income in Field 0762D without a tax being present on Line 64e (for example, the tax is zero because of applicable treaty provisions).
- (8) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative entry in the field.
- (9) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.8  
(11-17-2017)

**Field 0763A - Taxes  
Withheld by Withholding  
Agent**

- (1) Field 0763A is a 15-position field that may or may not be present.
- (2) The field is found on Line 63a
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in Dollars and Cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative number in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.9  
(11-17-2017)

**Field 07POD - Taxes  
Withheld by Other  
Withholding Agents, For  
Payments Other than  
Substitute Dividend**

- (1) Field 07POD is a 15-position field that may or may not be present.
- (2) The field is found on Line 63b(1)
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in Dollars and Cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative number in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.10  
(11-17-2017)

**Field 07SD - Taxes  
Withheld by Other  
Withholding Agents, For  
Substitute Dividends**

- (1) Field 07SD is a 15-position field that may or may not be present.
- (2) The field is found on Line 63b(2)
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in Dollars and Cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative number in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.11  
(11-17-2017)  
**Field 076AO -  
Adjustments To  
Overwithholding**

- (1) Field 076AO is a 15-position field that may or may not be present.
- (2) The field is found on Line 63c(1).
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be negative and in Dollars and Cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.

3.22.110.24.12  
(11-17-2017)  
**Field 076AU -  
Adjustments To  
Underwithholding**

- (1) Field 076AU is a 15-position field that may or may not be present.
- (2) The field is found on Line 63c(2).
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative entry in the field.
- (5) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.13  
(11-17-2017)  
**Field 0763D - Taxes Paid  
by Withholding Agent**

- (1) Field 0763D is a 15-position field that may or may not be present.
- (2) The field is found on Line 63d.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive and in Dollars and Cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative number in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.
  - c. If it appears Field 0763D is being used as subtotal line, delete entry. (i.e., 0763A=0763D=0763E)

3.22.110.24.14  
(11-17-2017)  
**Field 0763E - Total Tax  
Reported as Withheld or  
Paid**

- (1) Field 0763E is a 15-position field that may or may not be present.
- (2) This amount is found on Line 63e.
- (3) Valid characters are numeric (0 thru 9).

- (4) The amount must be positive and in dollars and cents.
- (5) **Invalid Conditions:**
  - a. There is a non-numeric character in the field.
  - b. Fields 0763A, 07POD, 07SD, 076AO, 076AU, and 0763D are all blank.

**Note:** If Field 0763E is invalid, then 0763A thru 0763D will also be invalid, whether these fields have entries or not.
- (6) **Correction/Rejects Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. If there is no amount on Line 63e, make no entry on the line or in Field 0763E.

3.22.110.24.15  
(11-17-2017)

**Field 0764A -  
Adjustments to Total Net  
Tax Liability**

- (1) Field 0764A is a 15-position field that may or may not be present.
- (2) The valid characters are numeric (0 thru 9) and blank.
- (3) The field is entered in dollars and cents and can be positive or negative.
- (4) **Invalid Conditions:** Non-numeric character in the field.
- (5) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. TY15 and prior: There must be a statement substantiating any negative adjustment amount. If statement is not attached, SSPND 21X with literal:  
**Please provide the required substantiating statement showing the computation of the negative adjustment.**
- (6) **Rejects Correction Procedures:**
  - a. TY15 and prior: SSPND 21X with literal:  
**Please provide the required substantiating statement showing the computation of the negative adjustment.**
  - b. If the REPLY is sufficient, allow the adjustment (and enter Field 01CRD, if required).
  - c. If there is NO REPLY, **X** the amount and blank the field. Enter CCC "3". Enter CCC "X" if the return shows an overpayment. Send TPNC 90 #302 with literal:  
**The amount of your adjustment of under withheld tax on corporate distributions on Form 1042 was denied because you did not reply to our request for the required statement substantiating the adjustment.**

**Note:** If C&E corresponded for a statement for a positive adjustment amount (tax increase), do not delete the adjustment if there is no reply.

3.22.110.24.16  
(11-17-2017)

**Field 0764B - Net Tax  
Liability Chapter 3**

- (1) Field 0764B is a 15-position field that may or may not be present.
- (2) The field is located on Line 64b.
- (3) The valid characters are numeric (0 thru 9) and blank.



- (4) The amount must be positive only and in dollars and cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative amount in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.
  - c. If Field 0764B is blank **and** Fields 0764A, 0764C, and 0764D are blank **and** an amount is present in Field 0764E, enter the Field 0764E amount into Field 0764B.

3.22.110.24.17  
(11-17-2017)  
**Field 0764C - Net Tax  
Liability Chapter 4**

- (1) Field 0764C is a 15-position field that may or may not be present.
- (2) The field is located on Line 64c.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive only and in dollars and cents.
- (5) **Invalid Conditions:**
  - a. A non-numeric character in the field.
  - b. A negative amount in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete negative entries.

3.22.110.24.18  
(11-17-2017)  
**Field 0764D - Form 1042  
Excise Tax Amount**

- (1) Field 0764D is a 15-position field that may or may not be present.
- (2) This amount is found on Line 64d.
- (3) Valid characters are numeric 0 thru 9.
- (4) The amount must be positive and in dollars and cents.
- (5) The 2 percent excise tax paid on specified federal procurement payments reported on line 64d is already included in the ROFTL.

**Note:** Only federal agencies (Employment Code **F** present in ENMOD) making federal procurement payments to a foreign person or foreign entity are required to pay this excise tax to the IRS via EFTPS.

- (6) **Invalid Conditions:**
  - a. There is a non-numeric character in the field.
  - b. Field 0764D is a negative amount.
  - c. An entry is present in Field 0764D, but Field 0764E is blank.
  - d. Employment Code **F** is not present in the ENMOD.
- (7) **Error/Rejects Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.

- b. Compare the entry on the return to Field 0764D. If different, input the correct amount.
- c. If an amount is present in Field 0764D and ENMOD Employment Code is NOT F, delete the entry.
- d. If the amount in Field 0764D (Line 64d) is negative, delete the entry in Field 0764D.
- e. TY14 and subsequent - SSPND 21X for Sections 03-06 and Fields 0762D and 0763E when an amount is present in Field 0764D (Line 64D), but there is no entry in Fields 0762D, 0763E, and/or Field 0764E and the ROFTL (Sections 03-06) is blank.

(8) **No-Reply Procedures:**

- a. Enter CCC "3."
- b. Divide the amount in Field 0764D by two percent (.02) and enter the result in Field 0762D.
- c. Enter the amount from Field 0764D in Fields 0763E, 06L31, and 0764E.
- d. Do **not** enter **000001** in Field 0761A.
- e. Send TPNC 90 #305 with literal:  
**You did not correctly complete Form 1042 to report the two percent excise tax on federal procurement payments to a foreign person or foreign entity.**

3.22.110.24.19  
(11-17-2017)

**Field 0764E - Total Net  
Tax Liability**

- (1) Field 0764E is a 15-position field that may or may not be present.
- (2) The field is located on Line 64e.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount must be positive only and in dollars and cents.
- (5) The amount is determined by computing Fields 0764A, 0764B, 0764C and 0764D.

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(7) **Invalid Conditions:**

- a. There is a non-numeric character in the field.
- b. Field 0764E is invalid if Field 0762D (income) is either blank or has an amount that is less than Field 07TQA, even if Field 0764E is entered correctly.
- c. Field 0764E invalid AND underprint zeros if the entry is greater than zero but sections 03-06 are all missing from the error screens.

(8) **Special Error Conditions:**

- a. Field 0764E can never have a negative amount. The computer will not accept a negative (-). (If the amount in Field 0764A (adjustments) exceeds field 07TQA, see (10)b2 below).
- b. If there is a positive amount on Lines 1-60, there must be an amount in Field 0764E, unless a negative amount in Field 0764A reduces Field 0764E to zero.
- c. If the total of entries on Lines 1-60 (sections 03-06) differs from the total  
invalid.

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- d. If Field 0764E underprints but Field 0764A does not, there is probably a transcription error in Field 0764A. (If Field 0764A is negative, the field must be negative.)

(9) **Correction Procedures:**

- a. Correct all misplaced entries, coding and transcription errors.
- b. If Field 0764E is invalid, verify that Field 0762D (income) is entered correctly. If not, see IRM 3.22.110.24.7, Field 0762D.
- c. Field 0764E must be present if there is an entry in Field 07TQA unless reduced by a negative amount on Line 64a and will underprint if blank or not entered correctly.
- d. The field will underprint if the computer's computation (combining all allowable amounts on Lines 1-60 and Line 64a) differs from the taxpayer-

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(10) **Correction Procedure for Line 64e Underprint:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If the taxpayer has computed Line 64e to a negative amount:
  - 1) And it is caused by a negative amount on Lines 1-60, assign TPNC 90 #301.
  - 2) If caused by a negative amount on Line 64a being larger than Field 07TQA, then reduce the adjustment amount on Line 64a so that it is equal to the amount in Field 07TQA (even if zero). Assign TPNC 90 #303, with literal:  
**The negative adjustment amount for your adjustment of under-withheld tax on corporate distribution on Form 1042 cannot be larger than the total tax liability reported. We have reduced the amount accordingly.**
- c. Assign TPNC 02.

3.22.110.24.20  
(11-17-2017)

**Field 0765A - Total Paid  
by Electronic Federal  
Tax Payment System  
(EFTPS) During  
Calendar Year**

- (1) Field 0765A is a 15-position field that may or may not be present.
- (2) The amount must be positive and in dollars and cents.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The amount on this line can be substantiated by researching BMFOLT for the applicable credit transaction codes and amounts. (e.g., TC 650, 660, 670, etc.)
- (5) This entry reflects the amounts paid during the tax year by the taxpayer by Electronic Filing.
- (6) **Invalid Conditions:** There is a non-numeric character in the field.
- (7) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Do not change the taxpayer's amount unless instructed.

**Note:** If the taxpayer enters the same amount on Lines 65b, 66, 67a and 67b, SSPND 351 so Rejects can research whether Line 65a, 65b, 67a or 67b applies.

(8) **Rejects Correction Procedures:**

- a. Change this amount if directed by Unpostables (the amount may not equal the amount on BMFOLT).

**Note:** If the difference is substantial, it may be necessary to SSPND 21X for clarification (such as prior to issuing a manual refund), depending upon service center procedure.

- b. If the same amounts are on Lines 65a and 67a and 67b, look at the EIN

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belongs. See the instructions under IRM 3.22.110.24.23, Field 0767A, and IRM 3.22.110.24.24, Field 0767B.

- (9) If Field 0765A is blank, add monthly total lines from the ROFTL area to come up with the correct figure.

3.22.110.24.21  
(11-17-2017)

**Field 0765B - Total Paid  
by Electronic Federal  
Tax Payment System  
(EFTPS) During  
Subsequent Year**

- (1) Field 0765B is a 15-position field that may or may not be present.
- (2) The amount must be positive and in dollars and cents.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) This entry reflects the amounts paid during the subsequent tax year via Electronic Filing.
- (5) **Invalid Conditions:** There is a non-numeric character in the field.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Do not change the taxpayer's amount unless instructed to do so.

**Note:** If the same amounts are on Lines 65b, 66, 67a, and 67b, SSPND 351 so Rejects can research whether Line 65a, 65b, 67a, or 67b applies.

3.22.110.24.22  
(11-17-2017)

**Field 0766 -  
Overpayment Applied**

- (1) Field 0766 is a 15-position field that may or may not be present.
- (2) If is found on Line 66 of the Form 1042.
- (3) The amounts must be positive only and in dollars and cents.
- (4) The valid characters are numeric (0 thru 9) and blank.
- (5) The entry reflects the amount of (overpayment) credit elect from the previous year. It can be seen on the current year BMFOLT usually as a TC 716 or on the previous year BMFOLT as a TC 836 (this amount may be smaller than the taxpayer's amount due to the imposition of penalties and interest).
- (6) **Invalid Conditions:** There is a non-numeric character in the field.
- (7) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Do not change this amount unless instructed to do so.
- (8) **Rejects Correction Procedures:**

- a. Change this amount if directed to do so by Unpostables or if another condition warrants a change, such as the issuance of a manual refund.
- b. Before changing the amount or corresponding with the taxpayer (if the difference is substantial), research the previous year's BMFOLT if the amount was reduced by the computer because of penalties and/or interest being assessed, or if any of the amount was refunded or applied to a different module.

3.22.110.24.23  
(11-25-2024)

**Field 0767A - Credit for Amounts Withheld by Other Agents (other than substitute dividends)**

- (1) Field 0767A is a 15-position field which may or may not be present.
- (2) It is found on Form 1042, Line 67a.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The entry must be positive and in dollars and cents.
- (5) Line 67a can only contain data if the taxpayer is an intermediary (QI or NQI), a Withholding or Nonwithholding Foreign Partnership, or Withholding or Nonwithholding Foreign Trust. Line 67b can only contain data if the taxpayer is a withholding agent listed in the previous sentence or a Qualified Derivatives Dealer or Qualified Securities Lender. Field 01QIN must be a "1" or a "2."
- (6) All withholding agents must substantiate entries on Lines 67a and Line 67b by attaching a copy of Form 1042-S Copy B (C, D, and/or E) or they may attach a Form 1099. Review Form 1042 for supporting Form 1042-S or 1099. Do not detach Form 1042-S Copy B (C, D, and/or E) or other supporting documentation.

**Note:** If Form 1042-S Copy "A" is attached along with a Form 1042-T and the withholding agent name is that of the filer on the Form 1042, detach and route to Batching.

- a. The recipient's name on the Form 1042-S must be the same as the filer name on the Form 1042 **and** the Recipient Chapter 3 Status Code (Box 13f) must be 09, 11, 12, 13, 14 or 35

**Note:** Chapter 3 status codes 13, 14, and 35 cannot be used for Forms 1042 filed for calendar years beginning on or after January 1, 2025.

**OR**

- b. If the **Recipient's name** on the attached recipient's copy of Form 1042-S (box 13a) is **unknown recipient** (or some variation of **unknown recipient**), then the **Intermediary or Flow-through entity's name** on the recipient's copy of Form 1042-S (box 15d), must match the **filer's name** on Form 1042; and the **chapter 3 status code** on Form 1042-S (box 15b) must be 08, 10, 25, or 39.
- c. If neither a) or b) above apply, delete the amount claimed on Line 67a or 67b unless (7) or (8) applies.

**Caution:** If Form 1042-S is attached and the taxpayer is a QI **BUT** the supporting Form 1042-S documentation for the entry on lines 67a/67b is **not** a different withholding agent (e.g., it is the same withholding agent/recipient), then SSPND 21X for the correct Form 1042-S document that does not list the taxpayer as both the withholding agent and recipient.

- d. If a Form 1099 is attached, the recipient’s name on the Form 1099 must be the same as the filer name on the Form 1042. If not, delete the amount claimed on Line 67a or Line 67b unless (7) or (8) apply.

e. The sum of the tax withheld reported on all the attached Forms 1042-S (Box 10, total withholding credit), Forms 1099 (federal tax withheld box), and any amount reported in a statement or U.S. Competent Authority amount reported on Line 67a and Line 67b. If not, then SSPND 21X for the missing Form 1042-S or 1099 to support the amount of the credit claimed.
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- (7) If the Form 1042-S is missing and a credit is claimed on Line 67b paid from a withholding agent that has **not** issued a Form 1042-S, the filer may attach a statement to Form 1042 to support the amount on Line 67b with all the following info:
- The withholding agent’s name, address, and EIN (if known).

• The amount of U.S. source substitute dividends received from the withholding agent.

• The amount of credit forward included in connection with these substitute dividends.
- Note:** Not applicable for Forms 1042 filed for calendar years beginning on or after January 1, 2025.
- (8) If the taxpayer attached a letter signed by a “U.S. Competent Authority” instead of Form 1042–S Copy B, accept the withholding amounts claimed.
- (9) **Invalid Conditions:**
- a. There is a non-numeric character in the field.

b. Form 1042 Lines 67a/67b are valid for TY 2001 and subsequent. (Line 66 for TY13 and prior and Lines 67a/67b for TY14 and subsequent.)
- (10) **Correction Procedures:**
- a. Correct misplaced entries, coding and transcription errors. Also, verify the taxpayer did not use Lines 67a/b as total lines for Lines 65 and 66. If so, move entry to Field 0768 and Line 68.

b. Do not change this amount unless instructed to do so.

c. When there is an amount on Lines 67a/67b, search the return for attached copies of Form 1042-S (Copy B).

d. Check withholding agent chapter 3 status code for status of the withholding agent.

e. If Form 1042-S Copy B or other documentation are **not** present to sub-
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And	Then
The withholding amount claimed in this field is	Do not correspond. Allow the credit.
The withholding amount claimed in this field is	SSPND 21X for the missing Form 1042-S.

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And	Then
The filer included a supporting statement, per (7),	<ol style="list-style-type: none"> <li>1. If all info is present, allow the credit.</li> <li>2. If any info is missing, SSPND 21X for the missing Form 1042-S.</li> </ol>
The filer included a letter signed by a Competent Authority, per (8),	Allow the credit.
<b>TY14 and prior:</b> The withholding agent designates itself as a QI, but the EIN is <b>NOT</b> within the valid QI range (Field 01QIN is 2),	<ol style="list-style-type: none"> <li>1. Do not correspond.</li> <li>2. Delete the entries in Fields 0767A and 0767B.</li> <li>3. Send TPNC 90 #298 with literal: <b>The credit or refund on Form 1042 was denied because the Employer Identification Number on your Form 1042 does not identify you as a Qualified Intermediary entitled to claim an overpayment attributable to withholding by others.</b></li> </ol>

(11) **Rejects Correction Procedures:**

- When a REPLY is received, attach the copies of Form 1042-S, and enter the CRD (if required).
- If the REPLY says Form 1042-S were attached to the return, research IRPTR to locate the withholding document. If found, substantiate the credit by attaching a print of the collaborating information to the tax return. Do not enter a CRD as the Form 1042-S were removed by the IRS and the error is not the taxpayer's. If not found, then disallow the credit and send TPNC 90 #299, with literal:  
**You did not provide substantiation (i.e., Forms 1042-S) to support your Form 1042 entry for the amounts withheld by other withholding agents.**
- If there is NO REPLY, delete the credit, enter CCC "3" and send TPNC 90 #299. Enter CCC "X" if the return shows an overpayment.
- TY 2000 and prior:**

If	Then
The taxpayer uses a current revision of Form 1042 for a tax year prior to 2001, and there is an entry on Line 67a/67b,	Research BMFOLT to see if the credit must be on a different line on the return.
The amount does not appear on BMFOLT,	SSPND 21X with literal: <b>Please explain the entry on Line 67A/B on Form 1042 and provide official substantiation of the credit.</b>
The REPLY is acceptable,	Process the return. Also enter the CRD (if required). <b>Note:</b> If the reply shows the amount is a QI credit see IRM 3.22.110.21.10, Field 01QIN.



If	Then
There is NO REPLY or the reply is insufficient,	1) Delete the credit. 2) Enter CCC "3". 3) Send TPNC 90, #300, with literal: <b>There was either no reply to our request for substantiation to support your entry for the amount withheld by other withholding agents, or the reply was insufficient, so the credit was not allowed.</b> 4) Enter CCC "X" if the return shows an overpayment.

3.22.110.24.24  
(11-17-2017)

**Field 0767B - Credit for Amounts Withheld by Other Agents (for substitute dividends)**

- (1) Field 0767B is a 15-position field that may or may not be present.
- (2) The field is located on Line 67b.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The entry must be positive and in dollars and cents.
- (5) See IRM 3.22.110.24.23, Field 0767A, for invalid conditions and correction procedures.

3.22.110.24.25  
(11-17-2017)

**Field 0768 - Total Payments**

- (1) Field 0768 is a 15-position field that may or may not be present.
- (2) The field is located on Line 68.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (4) The entry must be positive and in dollars and cents.
- (5) **Invalid Conditions:**
  - a. There is a non-numeric character in the field.
  - b. The field will underprint if blank or incorrect and there is at least one entry on Lines 65-67b.
- (6) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. If the field underprints, ensure Fields 0765, 0766, 0767A and 0767B are entered correctly before perfecting Field 0768.
  - c. Before correcting Field 0768, if there is an entry on Line 67a/b, review IRM 3.22.110.24.23, Field 0767A, and IRM 3.22.110.24.24, Field 0767B.
  - d. If there is an entry on Line 68 but lines 65-67b are blank, SSPND 351 for Rejects to research BMFOLT.
  - e. If the amount on Line 68 is negative (i.e., the amount is added to the balance due or subtracted from the refund) and no explanation can be found on the return, SSPND 21X. Use literal:  
**Please provide an explanation why your Form 1042 Line 68 is negative.**
- (7) **Rejects Correction Procedures:**



If	Then
Lines 65-67b are blank and there is an amount on Line 68,	Research BMFOLT to see if the credits belong on Line 65a/b (TC 660 or TC 670) or 66 (TC 716). <b>Note:</b> Review the research procedures under IRM 3.22.110.24.23, Field 0767A, to determine if there must be a Line 67A entry, if the previous step does not resolve the underprint.
The placement of the amounts cannot be resolved through research,	SSPND 21X for entries on Lines 65-67b. If there is a REPLY, enter the amounts if allowable. Also enter the CRD (if required).
The taxpayer is using an unallowable credit,	Delete the credit and send a TPNC 90 explaining why the credit is denied.
There is NO REPLY,	Delete the amount and send TPNC 90 #300. Enter CCC "X" if the return shows an overpayment.
There is NO REPLY for an explanation of a negative credit on Line 68,	Enter CCC "3" and move the negative credit amount to Line 64a (as a POSITIVE amount) and adjust the remaining fields. Enter CCC "X" if the return shows an overpayment. <b>Note:</b> The balance due or refund will agree with the taxpayer's amount.

3.22.110.24.26  
(11-17-2017)  
**Field 07B/D - Balance Due**

- (1) Field 07B/D is a 15-position field that may or may not be present.
- (2) The field is located on Line 69.
- (3) The valid characters are numeric (0 thru 9) and blank.
- (5) The amount in the field is the positive difference between Field 0764E (net tax liability) and Field 0768 (payments).
- (6) **Invalid Conditions:**
  - a. There is a non-numeric character in the field.
  - b. Interest or penalty is included as part of the balance due.
- (7) **Correction Procedures:**
  - a. Correct misplaced entries, coding and transcription errors.
  - b. Delete any interest or penalty from the balance due.  
**Note:** Deleting penalty or interest will decrease a balance due amount.
  - c. If it cannot be determined how the taxpayer computed the balance due, SSPND 351 for research by Rejects.

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- d. Do not send a TPNC if the BAL-DUE-OVERPAYMENT-TXPYR amount (Field 07B/D) and the BAL-DUE-OVERPAYMENT-CMPTR amount (Field
- e. If Field 07B/D does not match the underprint, ensure the tax and payments total are entered correctly and no penalty or interest is included. Assign TPNC 01.

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(8) **Rejects Correction Procedures:**

- a. If researching the credits to determine how the taxpayer computed the balance due does not provide an answer:

If	Then
	SSPND 21X with literal: <b>Please explain how you computed the credits and balance due on your ____ Form 1042.</b> <b>Note:</b> Insert the tax year of the Form 1042 for which you are corresponding.
	Send TPNC 01.
The REPLY is received,	Adjust the return and fields. Also enter the CRD (if required).
NO REPLY is received,	1) Enter CCC "3". 2) Adjust the amounts by using the underprint amount if it is more than the Field 07B/D amount. 3) Assign TPNC 01. 4) Enter CCC "X" if the return shows an overpayment.

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3.22.110.24.27  
(01-01-2023)

**Field 0770A -  
Overpayment U.S.  
Source Income of  
Foreign Persons**

- (1) Field 0770A is a 15-position numeric field.
- (2) This field is located on Line 70a.
- (3) The amount must be in dollars and cents.
- (4) The amount in the field is the negative difference between Field 0764E (net tax liability) and Field 0768 (payments).
- (5) If the overpayment is a refund, CCC "S" must appear in Field 01CCC and there must be a 2 in Field 0771. The exceptions are:

Do not enter CCC "S" when	Instead
A refund is claimed, and the NQI does not show a chapter 4 status code as a PFFI or Reporting Model 1 FFI (codes 5-7),	Enter CCC "E". <b>Note:</b> Refunds are not allowed in this case.

Do not enter CCC "S" when	Instead
<p>A refund is claimed, and the Withholding Agent does not show any of the following chapter 3 status codes:</p> <ul style="list-style-type: none"> <li>• 09 - Withholding Foreign Partnership</li> <li>• 11 - Withholding Foreign Trust</li> <li>• 12 - Qualified Intermediary</li> <li>• 13 - Qualified Securities Lender – Qualified Intermediary</li> <li>• 35 - Qualified Derivatives Dealer</li> </ul>	<p>Enter CCC "E".</p> <p><b>Note:</b> Refunds are not allowed in this case.</p>

- (6) If the overpayment is a **credit elect** or both Line 71 checkboxes are empty, CCC "E" must be in Field 01CCC and Field 0771 must be blank. The exceptions are:

Do NOT enter CCC "E" when	Instead
	Remove CCC "E" if present.
The taxpayer shows the overpayment is to be applied to a different tax period or return,	SSPND 351 and notate "Transfer Overpayment" on Form 4227. Do not make any corrections to the return.
There is no overpayment on Line 70a or 70b (either originally or removed due to a math error),	Remove CCC "S" and CCC "E" if present.
Neither or both checkboxes on Line 71 are checked and there is an overpayment and you are corresponding for another condition,	<p>SSPND 21X and use literal:</p> <p><b>Please explain whether you want your overpayment applied as a Credit or as a Refund.</b></p> <p>(Enter CCC "E" if you have no other reason to correspond unless the return is truly a Final, then enter CCC "S".)</p>

(7) **Invalid Conditions:**

- There is a non-numeric character in the field.
  - The field will underprint if the computer's amount differs from the taxpayer's amount.
  - Interest or penalty is included as part of the refund computation.
  - A refund that is in Interest Jeopardy must be processed as a Manual Refund if the amount meets the service center criteria. See IRM 3.22.110.21.5.7, CCC "O", for more information.
- Reminder:** The interest free period for a Chapter Three Withholding Credit on Form 1042 is 180 days.
- An overpayment on Form 1042 can be either a refund or credit elect to the following year, but not both. If the taxpayer shows part of the overpayment is to be refunded and part is carried forward to the following year, SSPND 351 to Rejects. Annotate on Form 4227, "Refund Credit Elect."

- (8) **Remittance Correction:** If there is a remittance amount with the return causing an overpayment.

- a. Look at Lines 65-67b to see if the remittance amount is equal to one of these credits. If so, delete the credit entry on the line and from the field.
- b. If it is not equal to Lines 65-67b, research BMFOLI to see if the remittance should be transferred to another tax period or return. If so, SSPND 351 to Rejects and notate "Transfer Remittance" on Form 4227.
- c. If research yields no results, SSPND 21X with literal:  
**Does the remittance sent with your \_\_\_\_ Form 1042 belong to this EIN, and if so, to which tax return, tax year and quarter should it be applied?**

**Note:** Insert the tax year of the Form 1042 for which you are corresponding.

- d. Rejects follows the Reply/No Reply instructions under IRM 3.22.110.21.4, Field 01TXP, to process the return and remittance.

(9) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If Field 0770A is blank but is under-printing an overpayment, check if Lines 67a and/or 67b (Fields 0767A/0767B) were erroneously used as a total line for Lines 65 and 66. If so, move the data to the correct line and field.
- c. If the overpayment or balance due is on the wrong line of the return, so

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If	Then
You change the plus to a minus,	1. Enter CCC "E" or "S" into Field 01CCC (as correct) and 2. Enter a 1 into Field 0771 if the overpayment is a refund.
You change the minus to a plus,	1. Delete CCC "E" or "S" from Field 01CCC and 2. Delete the 1 from 0771, if present.

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- e. SSPND 351 to Rejects:

If
• It cannot be determined how the taxpayer computed the balance due.
• Line 63c(1) has an entry, and the refund claimed includes that amount, Notate on Form 4227, Line 63c(1) "Refund Credit Elect" The amount on Line 63c(1) is only allowed as a credit.
• The taxpayer wants all or part of the refund transferred to a different tax period or return. Notate Form 4227 "Refund Transfer."

- f. Do not send a TPNC if there is no underprint in Field 07B/D. If there are underprints in Field 0764E, but NOT in 07B/D, verify all money fields in

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this case, bring up the underprint in Field 0764E. Do NOT send a TPNC in this case.

- g. If there is an underprint, ensure the tax and payments total are entered correctly and there is no penalty or interest included. Assign TPNC 01.

(10) **Rejects Correction Procedures:**

- a. If researching the credits to determine how the taxpayer computed the refund does not provide an answer:

If	Then
	SSPND 21X with literal: <b>Please explain how you computed the credits and refund on your ____ Form 1042.</b> <b>Note:</b> Insert the tax year of the Form 1042 for which you are corresponding.
	Send TPNC 01.
The REPLY is received,	Adjust the return and fields. Also enter the CRD (if required).
NO REPLY is received,	Enter CCC "3" and "X". Adjust the amounts by using the underprint amount if it is less than the Field 0770A amount.

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- b. Follow service center procedures concerning Manual Refunds, whether the Manual Refund Forms (5792 and 3753) are completed in Rejects or in Accounting. If in Rejects, see IRM 3.12.38.5.5.3, Form 1042 - Manual Refunds (Ogden Only).

**Note:** Regardless of where the forms are prepared, Rejects must enter the CCC "O" into Field 01CCC (and on the return, in brown pencil). If there is an error affecting the refund amount, send the proper TPNC.

If	Then
The taxpayer wants all or part of the overpayment transferred to a different return, tax year, EIN, etc., or shows part of the overpayment is to be refunded and part credit elect to the following year: <b>Note:</b> In this case the taxpayer may check both boxes on Line 71.	Do not prepare a Form 3465, if there is a notation in the margin of the return indicating C&E already prepared and sent this form.
The credit transfer can be done in the Rejects Unit,	The Form 3465, is unnecessary.
All of the overpayment is to be transferred,	Enter CCC "X".

If	Then
Only part of the overpayment is to be transferred (credit elect) and the rest refunded:	<p>1. Reduce a credit amount (Lines 65-67b) by the amount to be transferred.</p> <p>2. Reduce the credit amount, total and overpayment on the return and ERS system to reflect only the amount to be actually refunded. This is true for both computer-generated and manual refunds.</p> <p><b>Note:</b> Even though it is part of the overpayment the taxpayer wants carried over to the following year, you are not transferring part of the REFUND, but part of the CREDIT amount leading up to the refund.</p> <p>3. The above is to be done whether the Form 3465, was prepared or the credit transfer was done in the Rejects unit.</p> <p>4. Because what now shows on ERS is the refund amount, CCC "S" will be in Field 01CCC and on the return.</p> <p><b>Note:</b> Do not enter a CCC "X" (to hold the credit to be transferred in the module) if any part of the overpayment is to be refunded as this prevents the refund from being released.</p>

3.22.110.24.28  
(01-01-2023)

**Field 0770B -  
Overpayment Excise Tax  
Amount**

- (1) Field 0770B is a 15-position numeric field.
  - (2) The field is located on Line 70b.
  - (3) The amount must be in dollars and cents.
  - (4) Entries in this field are only valid if there is a valid entry in Field 0764D showing liability for Excise Tax. Employment Code **F** must be present on ENMOD.
  - (5) The amount in the field is the negative difference between Field 0764E (net tax liability) and Field 0768 (payments).
- Note:** If there is an overpayment (line 68 is greater than Line 64e), and the only liability reported is on line 64d (i.e., lines 64a-64c are blank and only line 64d includes an amount and that amount is equal to the total net tax liability on line 64e if completed), then the overpayment must be entered on line 70b.
- (6) If the overpayment is a refund, CCC "**S**" must appear in Field 01CCC and there must be a **2** in Field 0771. The exceptions are:

Do not enter CCC "S" when	Instead
A refund is claimed, and the chapter 4 status code are not codes 5-7,	Enter CCC "E". <b>Note:</b> Refunds are not allowed in this case.
A refund is claimed, and the QI does not show any of the following chapter 3 status codes: <ul style="list-style-type: none"> <li>• 09 - Withholding Foreign Partnership</li> <li>• 11 - Withholding Foreign Trust</li> <li>• 12 - Qualified Intermediary</li> <li>• 13 - Qualified Securities Lender – Qualified Intermediary</li> <li>• 35 - Qualified Derivatives Dealer</li> </ul>	Enter CCC "E". <b>Note:</b> Refunds are not allowed in this case.

- (7) If the overpayment is a credit elect or both Line 71 checkboxes are empty, CCC "E" must be in Field 01CCC and Field 0771 must be blank. The exceptions are:

Do NOT enter CCC "E" when	Instead
	Remove CCC "E" if present.
The taxpayer shows the overpayment is to be applied to a different tax period or return,	SSPND 351 and notate "Transfer Overpayment" on the Form 4227. Do not make any corrections to the return.
There is no overpayment on Line 70a or 70b (either originally or removed due to a math error),	Remove CCC "S" and CCC "E" if present.
Neither or both checkboxes on Line 71 are checked and there is an overpayment and you are corresponding for another condition,	SSPND 21X for all other info needed and add literal: <b>Please explain whether you want your overpayment applied as a Credit or as a Refund.</b> (Enter CCC "E" if you have no other reason to correspond unless the return is truly a Final, then enter CCC "S".)

(8) **Invalid Conditions:**

- a. There is a non-numeric character in the field.
  - b. The field will underprint if the computer's amount differs from the taxpayer's amount.
  - c. Interest or penalty is included as part of the refund computation.
  - e. A refund that is in Interest Jeopardy must be processed as a Manual Refund if the amount meets the service center criteria. See IRM 3.22.110.21.5.7, CCC "O", for more information.
- Reminder:** The interest free period for a Chapter Three Withholding Credit on Form 1042 is 180 days.
- f. An overpayment on Form 1042 can be either a refund or credit elect to the following year, but not both. If the taxpayer shows part of the overpay-

ment is to be refunded and part is carried forward to the following year, SSPND 351 to Rejects. Annotate on Form 4227 "Refund Credit Elect."

- (9) **Remittance Correction:** If there is a remittance amount with the return causing an overpayment.
- a. Look at Lines 65-67b to see if the remittance amount is equal to one of these credits. If so, delete the credit entry on the line and from the field.

b. If it is not equal to Lines 65-67b, research BMFOLI to see if the remittance should be transferred to another tax period or return. If so, SSPND 351 to Rejects and notate "Transfer Remittance "on Form 4227.

c. If research yields no results, SSPND 21X with literal:  
**Does the remittance sent with your \_\_\_\_ Form 1042 belong to this EIN, and if so, to which tax return, tax year and quarter should it be applied?**

**Note:** Insert the tax year of the Form 1042 for which you are corresponding.

- d. Rejects follows the Reply/No Reply instructions under IRM 3.22.110.21.4, Field 01TXP, to process the return and remittance.
- (10) **Correction Procedures:**
- a. Correct misplaced entries, coding and transcription errors.

b. If Field 0770B has an entry but Field 0764D is blank, move the data to the correct line and field (Field 0770A, Line 70a).

c. If the overpayment or balance due is on the wrong line of the return, so

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If	Then
You change the plus to a minus,	1. Enter CCC "E" or "S" into Field 01CCC (as correct) and 2. Enter a 1 into Field 0771 if the overpayment is a refund.
You change the minus to a plus,	1. Delete CCC "E" or "S" from Field 01CCC and 2. Delete the 1 from 0771, if present.

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- e. SSPND 351 to Rejects:

If
• It cannot be determined how the taxpayer computed the balance due.
• Line 63c(1) has an entry, and the refund claimed includes that amount, Notate Form 4227, Line 63c(1) "Refund Credit Elect." The amount on Line 63c(1) is only allowed as a credit.
• The taxpayer wants all or part of the refund transferred to a different tax period or return. Notate Form 4227 "Refund Transfer."

- f. Do not send a TPNC if there is no underprint in the balance due/refund field (07B/D). If there are underprints in Field 0764E, but NOT in 07B/D, then verify all money fields in Section 07 are entered correctly. Remember

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bring up the underprints in Field 0764E. Do NOT send a TPNC in this case.

- g. If there is an underprint, ensure the tax and payments total are entered correctly and there is no penalty or interest included. Assign TPNC 01.

(11) **Rejects Correction Procedures:**

- a. If researching the credits to determine how the taxpayer computed the refund does not provide an answer:

If	Then
	SSPND 21X with literal: <b>Please explain how you computed the credits and refund on your ____ Form 1042.</b> <b>Note:</b> Insert the tax year of the Form 1042 for which you are corresponding.
	Send TPNC 01.
The REPLY is received,	Adjust the return and fields. Also enter the CRD (if required).
NO REPLY is received,	Enter CCC "3" and "X". Adjust the amounts by using the underprint amount if it is less than the Field 0770B amount.

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- b. Follow service center procedures concerning Manual Refunds, whether the Manual Refund Forms (5792 and 3753) are completed in Rejects or in Accounting. If in Rejects, see IRM 3.12.38.5.5.3, Form 1042 - Manual Refunds (Ogden Only).

**Note:** Regardless of where the forms are prepared, Rejects must enter the CCC "O" into Field 01CCC (and on the return, in brown pencil). If there is an error affecting the refund amount, send the correct TPNC.

If	Then
The taxpayer wants all or part of the overpayment transferred to a different return, tax year, EIN, etc., or shows part of the overpayment is to be refunded and part credit elect to the following year, <b>Note:</b> In this case the taxpayer may check both boxes on Line 71.	Do not prepare a Form 3465, if there is a notation in the margin of the return indicating C&E already prepared and sent this form.
The credit transfer can be done in the Rejects Unit,	The Form 3465, is unnecessary.
All of the overpayment is to be transferred,	Enter CCC "X".

If	Then
Only part of the overpayment is to be transferred (credit elect) and the rest refunded:	<p>1. Reduce a credit amount (Lines 65-67b) by the amount to be transferred.</p> <p>2. Reduce the credit amount, total and overpayment on the return and ERS system to reflect only the amount to be actually refunded. This is true for both computer-generated and manual refunds.</p> <p><b>Note:</b> Even though it is part of the overpayment the taxpayer wants carried over to the following year, you are not transferring part of the REFUND, but part of the CREDIT amount leading up to the refund.</p> <p>3. The above is to be done whether the Form 3465, was prepared, or the credit transfer was done in the Rejects unit.</p> <p>4. Because what now shows on ERS is the refund amount, CCC "S" will be in Field 01CCC and on the return.</p> <p><b>Note:</b> Do not enter a CCC "X" (to hold the credit to be transferred in the module) if any part of the overpayment is to be refunded as this prevents the refund from being released.</p>

3.22.110.24.29  
(11-17-2017)

**Field 0771 - Refund Indicator**

- (1) Field 0771 is a 1-position field that may or may not be present.
- (2) The valid characters are 2 and blank.
- (3) This field will contain a 2 if the Refund box on Line 71 is checked by the taxpayer.
- (4) This field must be blank if the overpayment is to be credited to the following year or if there is a balance due on Line 69.
- (5) This refund indicator is used in addition to the CCC "S"; it does not replace it.
- (6) **Invalid Conditions:**
  - a. Any character other than 2 or blank is present in the field.
- (7) **Correction/Rejects Corrections:**
  - a. If the field is invalid, look at Lines 70a/b to see if there is an overpayment.
  - b. If there is a balance due, delete the entry in Field 0771.
  - c. If there is an overpayment, look at which box is checked on Line 71.

If	Then
The refund box is checked,	Enter a 2 into Field 0771.
The credit elect box is checked,	"Blank" Field 0771.
Neither box is checked,	Follow IRM 3.22.110.24.27(7), Field 0770A.

3.22.110.25  
(11-17-2017)

**Section 08 -  
Reconciliation of  
Payments of U.S. Source  
Fixed, Determinable,  
Annual, Periodical  
(FDAP) Income Form  
1042, Page 2 Section 2**

- (1) For TY14 this Section was Optional, it is now required to be completed by the Withholding Agent for TY15 and subsequent.
- (2) However, if return is for **TY15** and subsequent and Section 08 is blank take no action.
- (3) Section 2 field designators, maximum field lengths, titles and locations are listed below:

Field Designator	Field Length	Title	Location on Return
0801	15	Total US Source FDAP Income required to be withheld under Chapter 4	Section 2, Line 1
0802A	15	Amt. Paid to Recipients with no Chapter 4 withholding requirements	Section 2, Line 2a
0802B	15	Amt of Excluded Nonfinancial Payments	Section 2, Line 2b
0802C	15	Amt. of Income Paid for Grandfathered Obligations	Section 2, Line 2c
0802D	15	Amt. of Income connected with Conduct of Trade in the US.	Section 2, Line 2d
0802E	15	TOTAL US FDAP Income Reported but not withheld under Chapter 4	Section 2, Line 2e
0802E>	15	Computer Amount	
0803	15	Total US Source FDAP Income Reportable Under Chapter 4	Section 2, Line 3
0803>	15	Computer Amount	
0804	15	Total US Source FDAP Income Report on all Forms 1042-S	Section 2, Line 4
0805	15	Total Variance	Section 2, Line 5
0805>	15	Computer Amount	
0806	1	Variance Explanation Indicator	Section 2, Line 6

3.22.110.25.1 (11-17-2017) <b>Line 1 - Total U.S.            Source Fixed,            Determinable, Annual,            Periodical (FDAP)            Income Required to be            Withheld Under Chapter            4</b>	(1) Field 0801 is a 15-position numeric field that may or may not be present. (2) Entries are made in dollars and cents. (3) Valid entries are numeric or blank. (4) <b>Invalid Condition:</b> Entry other than numeric. (5) <b>Correction Procedures:</b> Correct misplaced entries, coding and transcription errors.
3.22.110.25.2 (11-17-2017) <b>Line 2a - Amount of            Income Paid to            Recipients With No            Chapter 4 Withholding            Requirements</b>	(1) Field 0802A is a 15-position numeric field that may or may not be present. (2) Entries are made in dollars and cents. (3) Valid entries are numeric or blank. (4) <b>Invalid Condition:</b> Entry other than numeric. (5) <b>Correction Procedures:</b> Correct misplaced entries, coding and transcription errors.
3.22.110.25.3 (11-17-2017) <b>Line 2b - Amount of            Excluded Non-Financial            Payments</b>	(1) Field 0802B is a 15-position numeric field that may or may not be present. (2) Entries are made in dollars and cents. (3) Valid entries are numeric or blank. (4) <b>Invalid Condition:</b> Entry other than numeric. (5) <b>Correction Procedures:</b> Correct misplaced entries, coding and transcription errors.
3.22.110.25.4 (11-17-2017) <b>Line 2c - Amount of            Income Paid With            Respect to            Grandfathered            Obligations</b>	(1) Field 0802C is a 15-position numeric field that may or may not be present. (2) Entries are made in dollars and cents. (3) Valid entries are numeric or blank. (4) <b>Invalid Condition:</b> Entry other than numeric. (5) <b>Correction Procedures:</b> Correct misplaced entries, coding and transcription errors.
3.22.110.25.5 (11-17-2017) <b>Line 2d - Amount of            Income Connected With            a Trade or Business in            the U.S.</b>	(1) Field 0802D is a 15-position numeric field that may or may not be present. (2) Entries are made in dollars and cents. (3) Valid entries are numeric or blank. (4) <b>Invalid Condition:</b> Entry other than numeric. (5) <b>Correction Procedures:</b> Correct misplaced entries, coding and transcription errors.

3.22.110.25.6

(11-17-2017)

**Line 2e - Total U.S.****Source Fixed,  
Determinable, Annual,  
Periodical (FDAP)  
Income Required to be  
Reported Under Chapter  
4 But Not Withheld**

- (1) Field 0802E is a 15-position numeric field that may or may not be present.
- (2) Entries are made in dollars and cents.
- (3) Valid entries are numeric or blank.
- (4) **Invalid Condition:**
  - a. Entries other than numeric.
  - b. Field is blank and there are entries in any Fields 0802A–0802D.

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(5) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If Section 2 Line 2e is blank and there are entries leading to a total, compute by adding Lines 2a-2d and enter the total in Field 0802E.

3.22.110.25.7

(11-17-2017)

**Line 3 - Total U.S.****Source Fixed,  
Determinable, Annual,  
Periodical (FDAP)  
Income Reportable  
Under Chapter 4**

- (1) Field 0803 is a 15-position field.
- (2) Entries are made in dollars and cents.
- (3) Valid entries are numeric or blank.
- (4) **Invalid Conditions:**
  - a. Field 0803 is blank and there are entries in Field 0801 and Field 0802F.
  - b. Field 0803 has an entry and Field 0801 and Field 0802F are blank.

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(5) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. Correct math errors on the form.
- c. If Field 0803 is blank and there are entries leading to a total, compute by adding Line 1 and Line 2e, and enter the total in Field 0803.

3.22.110.25.8

(11-17-2017)

**Line 4 - Total U.S.****Source Fixed,  
Determinable, Annual,  
Periodical (FDAP)  
Income Reported on All  
Forms 1042–S**

- (1) Field 0804 is a 15-position field.
- (2) Entries are made in dollars and cents.
- (3) Valid entries are numeric or blank.
- (4) **Invalid Conditions:**
  - a. Blank and there are entries in Fields 0762A, 07SSD and 07SSP.

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- (5) **Correction Procedures:** Correct misplaced entries, coding and transcription errors.

- 3.22.110.25.9  
(11-17-2017)  
**Line 5 - Total Variance, Subtract Line 3 From Line 4, If Amount Other Than Zero Provide Explanation on Line 6**
- (1) Field 0805 is a 15-position field that may be positive or negative.
  - (2) Entries are made in dollars and cents.
  - (3) Valid entries are numeric or blank.
  - (4) **Invalid Conditions:**
    - a. If Field 0805 is other than zero ("0,") and there is no explanation on Line 6 and Field 0806 has an indicator of "0."
    - b. Field 0805 is zero (0) and the Field 0806 has an indicator of "1."
  - (5) **Correction Procedures:**
    - a. Correct misplaced entries, coding and transcription errors.
    - b. If Field 0805 is zero (0) and Field 0806 has a "1," delete the "1" and enter a "0."
- 3.22.110.25.10  
(11-17-2017)  
**Line 6 - Explanation for Other Than Zero on Line 5**
- (1) Field 0806 is a 1 position numeric field. The valid characters are 0 or 1.
  - (2) Entry of "1" shows there is an explanation for any variance in the reconciliation of U.S. Source income. (Line 5 other than zero (0).)
  - (3) Entry of "0" shows Line 5 is zero (0) and there is no entry on Line 6.
  - (4) **Invalid Conditions:**
    - a. Field 0806 entry is required if Field 0805 has an entry other than zero (0).
    - b. Field 0805 is other than zero (0) and there is a "0" in Field 0806.
    - c. Field 0805 is zero (0) and Field 0806 has a "1."
  - (5) **Correction Procedures:**
    - a. Correct misplaced entries, coding and transcription errors.
    - b. If Field 0805 is zero (0), then 0806 must be "0," correct as needed.
    - c. If Field 0805 is other than zero (0) and there is an entry on Line 6, enter a "1" in Field 0806.
- 3.22.110.26  
(11-17-2017)  
**Section 3 - Potential Section 871(m) Transactions**
- (1) Field 08CON is a 1 position checkbox field.
  - (2) Valid entries are "blank" and "1."
  - (3) **Invalid Condition:** A "1" is entered in Field 08CON and the box on Page 2 Section 3 has is not checked.
  - (4) **Correction Procedures:** Delete the entry. If the box on Page 2 Section 3 is checked enter a "1" in Field 08CON, otherwise the field must be blank.
- 3.22.110.27  
(11-25-2024)  
**Section 4 - Payments by a Qualified Derivatives Dealer (QDD)**
- (1) If Form 1042 section 4 box is checked then Schedule Q must be attached. If Schedule Q is not attached, leave blank.
  - (2) Field 08QDD is a one position field; valid characters are 1 and blank.
  - (3) Field 08QDN is a 9-position field. Only numeric characters (0 thru 9) are valid or the field can be blank.

(4) **Invalid Conditions:** 08QDN generates a field error

- If it has less than 9 digits for tax period 201812 and subsequent or
- If the field is not blank for tax periods prior to 201812.

(5) **Correction Procedures:**

- Correct misplaced entries, coding and transcription errors.
- If the tax period is 201812 or later and Field 08QDN is less than nine-digits, delete the entry from Field 08QDN.
- If the tax period is prior to 201812 and an entry is present in Field 08QDN, delete the entry.

3.22.110.28

(01-01-2015)

**Priority IV Errors - Error Codes 001 through 999**

- This subsection provides detailed error correction procedures for Error Codes 001 through 999. These errors display with the error code assigned to them for the specific error in ascending numerical order. The screen display shows the error code assigned and the fields needed to make the necessary correction.

3.22.110.28.1

(02-07-2024)

**◆Error Code 001 - Tax Year - Invalid Entry◆**

- Fields Displayed:** Error Code 001 displays as follows:

Field Designator	Field Name	Length
01TXP	Tax Period	6
01RCD	Received Date	8
01CCC	Computer Condition Code	10
01RDD	Return Due Date	8

(2) **Invalid Conditions:** Error Code 001 generates when:

- CCC “G” is Not Present** – The processing date is equal to or more than two years and 10 months after the Return Due Date or the Received Date (whichever is later) **and** CCC “W” is **not** present,
- CCC “G” is Present** – The processing date is equal to or more than two years and nine months after the Return Due Date **and** CCC “W” is **not** present, or
- “G” Coded and Non- “G” Coded Returns** – The processing date is less than two years after the Return Due Date and CCC “W” is present.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Do not send the returns listed in the following table to Statute Control for clearance. Instead, do the following:

**Statute Control**

<b>If</b>	<b>Then</b>
<ul style="list-style-type: none"> <li>Return is prepared by Compliance (e.g., IRC 6020(b)),</li> <li>Return is secured by Examination/Collections, secured by TEGE, secured by TEGE Employee Plan (EP) Exam,</li> <li>Return has a Transaction Code (TC) 59X,</li> <li>Return has "ICS" (Integrated Collection System) notated on the face of the return,</li> <li>Return is a Substitute for Return prepared by Examination ("SFR" in the margin) with Form 13133, Expedite Processing Cycle, attached,</li> <li>Return has a stamp indicating a previous clearance by Statute Control within the last 90 days,</li> <li>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 and 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.</li> </ul>	Enter "W" in Field 01CCC and on the return and continue processing.

- c. Compare the displayed fields with the return and attachments. If incorrect, overlay the screen with the correct information.

<b>If</b>	<b>Then</b>
Field 01RCD is blank,	<p>a. Enter the Received Date in Field 01RCD. Use the earliest date if multiple Received Dates are present.</p> <p><b>Exception:</b> Do not use a Received Date in Field 01RCD that is prior to the end of the tax period.</p> <p>b. See IRM 3.22.110.21.6(5), Field 01RCD, to determine the Received Date.</p>
CCC "W" is entered incorrectly,	Delete CCC "W" from Field 01CCC.
The return has a stamp that shows a previous clearance by Statute Control within the last 90 days,	Enter CCC "W" in Field 01CCC and on the return.



If	Then
The return is not stamped by Statute Control within the last 90 days and the Received Date is equal to or more than two years nine months after the RDD,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 310.</li> <li>2. Prepare Form 4227, Intra-SC Reject or Routing Slip to route to Statute Control.</li> </ol> <p><b>Exception:</b> Due to the COVID-19 pandemic and subsequent Submission Processing (SP) and Accounts Management (AM) site closures, SP and AM developed procedures for BMF 2020 and prior year original delinquent returns to bypass AM statute clearance and be processed. In addition, any 2020 and 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.</p>

(4) **Rejects Corrections:**

- a. When Statute Control returns the cleared document, enter W in Field 01CCC and on the return. Continue processing.
- b. If Statute Control requests the record to be voided to them, RJECT with Action Code 640.

3.22.110.28.2  
(11-19-2020)

(1) **Fields Displayed:** - Error Code 002 displays as follows:

◆**Error Code 002 - Name Control Mismatch**◆

Field Designator on Form 1042	Field Name	Length
CL	Clear Code	1
01NC	Name Control	4
>>>>>	Name Control Underprint	4
01EIN	Employer Identification Number	9
01CCC	Computer Condition Code	10
01TXP	Tax Period	6
02CON	"In-Care-of" Name	35
02FAD	Foreign Address	35
02ADD	Street Address	35
02CTY	City	22
02ST	State	2
02ZIP	ZIP Code	12

(2) **Invalid Condition:** Error Code 002 generates when the name control mismatched against the National Account Profile (NAP) or Entity Index File (EIF).

(3) **Correction Procedures:**

- a. Drop the cursor to the bottom of the screen and transmit. If Error Code 002 reappears, continue.
- b. When corrections are made to Field 01NC or Field 01EIN, the computer validates the entries with the NAP and reset the OLE indicators as correct upon transmitting.
- c. Correct all misplaced entries, coding and transcription errors.
- d. Compare the displayed fields with the return and attachments. If incorrect, overlay the screen with the correct information.
- e. **Refer to all the following research instructions in this error code before taking any action.**
- f. If Field 01NC and the name on the return or attachments are the same but differ from the underprint in Field 01NC, research INOLES to determine the correct name.

If	Then
The name on the return or attachment matches the name control on INOLES,	Bring up underprint.
The name control on INOLES is different from the name on the return or attachment,	Research NAMEE for a new EIN.

- g. If a new EIN is found, verify the name control using INOLES.

If	Then
The name control on INOLES matches the name on the return or attachment,	<ol style="list-style-type: none"> <li>1. Ensure the entity information matches the return.</li> <li>2. Overlay Field 01EIN with the new EIN from NAMEB/NAMEE. Enter the new EIN on the return. When the EIN is changed from the one the taxpayer used, issue Letter 3875C, Missing or Incorrect EIN on Return, as a non-suspense letter to the address on the return. Ensure the entity information matches the return.</li> </ol> <p><b>Note:</b> Do not send Letter 3875C, when:</p> <ul style="list-style-type: none"> <li>• Three or less digits of the EIN are transposed, different or missing, or</li> <li>• The EIN is consecutive numbers (e.g., 12-3456789) or repeating numbers (e.g., 11-1111111), or</li> <li>• INOLES shows the account “merged to” or “merged from,” or</li> <li>• The TIN on the return is the taxpayer’s SSN (check INOLEG).</li> </ul>

If	Then
Multiple EINs are found,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to Entity Control.</li> <li>2. Prepare Form 4227, Intra-SC Reject or Routing Slip, with the notation "Multiple EINs."</li> </ol>
INOLES shows a "Merge To" (MT) EIN,	Research the "MT" EIN on INOLES.
The "MT" EIN matches the entity on the return or attachment,	Enter the "MT" EIN in Field 01EIN and on the return. <b>Note:</b> Do not send Letter 3875C, on MT EIN cases.
The "MT" EIN does not match the entity on the return or attachment,	SSPND with Action Code 320 to Entity Control.

- h. If the name on the return or attachment does not agree with the name control on INOLES or there is an indication of a name change on Form 1042, research ENMOD for a new name.

If	Then
The name control on ENMOD matches the name on the return or attachment,	Enter "C" in the Clear Code field.
The name control on ENMOD or INOLES does not match the name on the return or attachment,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to route the return to Entity.</li> <li>2. Attach Form 4227, Intra-SC Reject or Routing Slip with the notation "No Record."</li> </ol>

- i. If the name change has not been made, research ENMOD for a pending TC 013.

If	Then
A pending TC 013 is present,	Enter "C" in the Clear Code field.
A pending TC 013 is not present,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to route to Entity.</li> <li>2. Attach Form 4227, Intra-SC Reject or Routing Slip with the notation "REQUEST NAME CHANGE (TC 013)."</li> </ol>

**Rejects:** If there is an indication Entity Control has assigned an EIN to the return, determine the Entity Assignment Date:

**Note:** The Entity Assignment Date is indicated, in the left-hand margin on the front of the return, by a capital E and date assigned in purple.

If	Then
The Entity Assignment Date is past the Return Due Date and IRS Received Date,	<ol style="list-style-type: none"> <li>1. GTSEC 01.</li> <li>2. Enter the Entity Assignment Date in Field 01CRD.</li> </ol>
The Entity Assignment Date is <b>not</b> past the Return Due Date and IRS Received Date,	Continue processing.

3.22.110.28.3

(11-19-2020)

◆ **Error Code 003 -  
Check Digit Invalid** ◆

(1) **Fields Displayed:** Error Code 003 displays as follows:

Field Designator	Field Name	Length
01NC	Name Control	4
>>>>>	Name Control Underprint	4
01EIN	Employer Identification Number	9
01CCC	Computer Condition Code	10

**Note:** Check digits require the first two positions of the field be blank and the last positions alphabetic.

(2) **Invalid Conditions:** Error Code 003 generates when:

- A check digit is present but is not valid for the EIN, and/or
- The letters “E,” “G,” or “M” (in check digit only) are present in Field 01NC.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Compare the displayed fields with the return and attachments. If incorrect, overlay the screen with the correct information.

If	Then
The check digit in Field 01NC does not match the return or is <b>not</b> legible,	Enter the name control from the return in Field 01NC.
The EIN on the return is not legible,	Research NAMEB/NAMEE for correct EIN.

- Compare the EIN from NAMEB/NAMEE to the EIN on the return.

If	Then
The EIN on Form 1042 matches the EIN on NAMEB/NAMEE,	Enter name control from NAMEB/NAMEE in Field 01NC.
Research shows a different EIN,	Verify the EIN and name on INOLES.
Name control on INOLES matches the name on the return or attachment,	<ol style="list-style-type: none"> <li>1. Overlay Field 01EIN with the EIN from INOLES. Enter the EIN from CC INOLES on the return.</li> <li>2. Issue Letter 3875C, Missing or Incorrect EIN on Return, as a non-suspense letter to the address on the return.</li> </ol> <p><b>Note:</b> Do not send Letter 3875C, when:</p> <ul style="list-style-type: none"> <li>• Three or less digits of the EIN are transposed, different, or missing, or</li> <li>• The EIN is consecutive numbers (e.g., 12-3456789) or repeating numbers (e.g., 11-111111), or</li> <li>• INOLES shows the account is “merged to” or “merged from”, or</li> <li>• The TIN on the return is the taxpayer’s SSN (check INOLEG).</li> </ul>
Unable to find an EIN or more than one EIN is found,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to Entity.</li> <li>2. Prepare Form 4227, Intra-SC Reject or Routing Slip, with the notation “NO RECORD OF EIN.”</li> </ol>

3.22.110.28.4  
(11-19-2020)

(1) **Fields Displayed:** Error Code 004 displays as follows:

◆**Error Code 004 - Name Control/Employer Identification Number (EIN) Validation**◆

Field Designator	Field Name	Length
CL	Clear Code	1
01NC	Name Control	4
>>>>>	Name Control Underprint	4
01EIN	Employer Identification Number	9
01CCC	Computer Condition Code	10

(2) **Invalid Conditions:** Error Code 004 generates when:

- The EIN is not present on the Master File (MF), and/or

- The Entity Index File (EIF) and the NAP (National Account Profile) were not accessed or not operational, causing a blank underprint in Field 01NC.

**Note:** An underprint of “XXXX” shows there is no account on the Master File, while a blank underprint shows the NAP has not been accessed or was not operational.

(3) **Correction Procedures:**

- Drop the cursor to the bottom of the screen and transmit. If Error Code 004 reappears, continue.
- When corrections are made to Field 01NC or Field 01EIN, the computer validates the entries with the NAP and reset the OLE indicators as correct upon transmitting the ERS screen.
- Correct all misplaced entries, coding and transcription errors.
- Compare the displayed fields with the return. If incorrect, overlay the screen with the correct information.
- Refer to all the following research instructions in this error code before taking any action.
- If Field 01NC and the name on the return or attachments are the same but differ from the underprint in Field 01NC, research INOLES to determine the correct name control:

If	Then
The name on the return or attachment matches the name control on INOLES,	Bring up underprint.
The name control on INOLES is different from the name on the return or attachment,	Research NAMEB/NAMEE for a new EIN.

- If a new EIN is found, verify the name control using INOLES.

If	Then
The name control on INOLES agrees with the name on the return or attachment,	<ol style="list-style-type: none"> <li>1. Ensure the entity information matches the return.</li> <li>2. Overlay Field 01EIN with the new EIN from NAMEB/NAMEE. Enter the new EIN on the return. When the EIN is changed from the one the taxpayer used, issue Letter 3875C, Missing or Incorrect EIN on Return, as a non-suspense letter to the address on the return.</li> </ol> <p><b>Note:</b> Do not send Letter 3875C, when:</p> <ul style="list-style-type: none"> <li>• Three or less digits of the EIN are transposed, different, or missing, or</li> <li>• The EIN is consecutive numbers (e.g., 12-3456789) or repeating numbers (e.g., 11-1111111), or</li> <li>• INOLES shows the account is “merged to” or “merged from”, or</li> <li>• The TIN on the return is the taxpayer’s SSN (check INOLEG).</li> </ul>
Multiple EINs are found,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to Entity Control.</li> <li>2. Prepare Form 4227, Intra-SC Reject or Routing Slip, with the notation “MULTIPLE EINs.”</li> </ol>
INOLES shows a “Merge To” (MT) EIN,	Research the “MT” EIN on INOLES.
The “MT” EIN matches the entity on the return or attachment,	Enter the “MT” EIN in Field 01EIN and on the return.
The “MT” EIN does not match the entity on the return or attachment,	SSPND with Action Code 320 to Entity Control.

**Note:** Rejects never corresponds for an EIN. If the return cannot be perfected through research, it must go directly to Entity.

- h. If the name on the return or attachment does not agree with the name control on INOLES or there is an indication of a name change on Form 1042, research ENMOD for a new name.

If	Then
The name control on ENMOD agrees with the name on the return or attachment,	Enter a “C” in the Clear Code field.
The name control on ENMOD or INOLES does not agree with the name on the return or attachment,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to route the return to Entity.</li> <li>2. Attach Form 4227, Intra-SC Reject or Routing Slip, with the notation “No Record.”</li> </ol>

- i. If the name change has not been made, research ENMOD for a pending TC 013.

If	Then
A pending TC 013 is present,	Enter "C" in the Clear Code field.
A Pending TC 013 is not present,	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 320 to route to Entity.</li> <li>2. Attach Form 4227, Intra-SC Reject or Routing Slip, with the notation "REQUEST NAME CHANGE."</li> </ol>

- (4) **Rejects:** If there is an indication Entity has assigned an EIN to the return, determine the Entity Assignment Date.

**Note:** The Entity Assignment Date is indicated, in the left-hand margin on the front of the return, by a capital E and date assigned in purple.

If	Then
The Entity Assignment Date is past the Return Due Date and IRS Received Date,	<ol style="list-style-type: none"> <li>1. GTSEC 01.</li> <li>2. Enter the Entity Assignment Date in Field 01CRD.</li> </ol>
The Entity Assignment Date is not past the Return Due Date and IRS Received Date,	Continue processing.

3.22.110.28.5  
(01-01-2023)

◆ **Error Code 005 - Invalid Tax Year or Received Date** ◆

- (1) **Fields Displayed:** Error Code 005 displays as follows:

Field Designator	Field Name	Length
CL	Clear Code	1
01TXP	Tax Period	6
01RCD	Received Date	8
01CCC	Computer Condition Code	10

- (2) **Invalid Condition:** Error Code 005 will generate when the year-month of the processing date is later than the Tax Period plus six months and the Received Date is not present.

- (3) **Correction Procedures:**

- Compare the displayed fields with the return and correct all misplaced entries, coding and transcription errors.
- If displayed fields are correct and the return is timely filed, enter a **C** in the Clear Code field.
- A Received Date must be in Field 01RCD if the return is not timely filed.



- d. Use the earliest Received Date in Field 01RCD if there are multiple Received Dates on the return.

**Exception:** Do not use a Received Date in Field 01RCD that is before the beginning of the tax period.

- e. Determine the Received Date using the following priority when one is needed but is not stamped on the return or a valid handwritten Received Date is not present.

- Earliest legible Postmark Date (e.g., U.S. Postal Service (USPS), Foreign or Private Delivery Service (PDS)).

**Note:** Use the postmark date stamped on the face of the return if the envelope is not attached.

- Service Center Automated Mail Processing System (SCAMPS) digital date.
- Revenue officer's or other IRS official's signature date.
- Signature date, if within the current year (unless other information shows signature date is invalid).
- Julian Date of the Document Locator Number (DLN) minus 10 days.
- Current date minus 10 days.

- (4) If a return is faxed to another area of the IRS and then sent to Submission for processing, do not enter the Enterprise Electronic Fax (EEFax) Date as the IRS Received Date. Enter a Received Date according to normal procedures.

**Caution:** Do not use the EEFax Date as the IRS Received Date.

3.22.110.28.6

(11-17-2017)

**Error Code 006 -  
Remittance Without  
Received Date**

- (1) **Fields Displayed:** Error Code 006 displays as follows:

Field Designator	Field Name
RMIT>	Remittance Amount
01TXP	Tax Period
01RCD	Received Date
01CCC	Computer Condition Code

- (2) **Invalid Condition:** Remittance is received with the return but a Received Date is **not** present.

- (3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Compare the displayed fields with the return. If incorrect, overlay the screen with the correct information.
- If the Received Date is missing or illegible, determine the date using IRM 3.22.110.21.6(5), Field 01RCD.

3.22.110.28.7  
(01-01-2023)

◆**Error Code 007 -  
Received Date Earlier  
Than Tax Year**◆

(1) **Fields Displayed:** Error Code 007 displays as follows:

Field Designator	Field Name	Length
01TXP	Tax Period	6
01RCD	Received Date	8
01CCC	Computer Condition Code	10

(2) **Invalid Condition:** Error Code 007 generates when the Received Date is earlier than the last day of the Tax Period/Year by two months or more.

(3) **Correction Procedures:**

- a. Correct all misplaced entries, coding, and transcription errors.
- b. Compare displayed fields with the return. If incorrect, overlay the screen with the correct information.

If	And	Then
The Received Date is invalid and it appears the incorrect year is used (e.g., 20240115 instead of 20250115), and other information (Julian date, postmark date, or signature date) shows the Received Date should be a current year,		Change the Received Date year to the current year in Field 01RCD.
The return is an early filed Final return,		<ol style="list-style-type: none"> <li>1. Change the Tax Period to agree with the month before the Received Date and enter in Field 01TXP.</li> <li>2. Enter CCC "F" in Field 01CCC.</li> </ol>
The return is not an early filed <b>Final</b> return,	The Tax Period ending date is passed,	<ol style="list-style-type: none"> <li>1. Change the Received Date to one day after the tax period ending date. For example, the tax period is 202308, enter 20230801 in Field 01RCD</li> <li>2. See IRM 3.22.110.11 Working Trail, for more information.</li> </ol>
The return is not an early filed Final return,	The Tax Period ending is "less" than four months after the Received Date	<ol style="list-style-type: none"> <li>1. SSPND with Action Code 480.</li> <li>2. Prepare Form 4227, with the notation "Early Filed."</li> </ol>
The return is not an early filed Final return,	The Tax Period ending is "more" than four months after the Received Date	SSPND with Action Code 21X with literal: <b>We received your Form 1042 for tax period beginning _____ and ending _____. We cannot process it because Form 1042 must cover a calendar year. Please submit a new Form 1042 covering the appropriate calendar year. If your Form 1042 reflected monies paid during two calendar years, please submit a Form 1042 for each year.</b>

## (4) Rejects Correction:

If	Then
The taxpayer replies the return is Final,	Enter CCC "F".

If	Then
The taxpayer replies the return is not a final return,	SSPND with Action Code 480 until the end of the tax period given by the taxpayer.
The taxpayer doesn't reply or the reply is not adequate,	<ol style="list-style-type: none"> <li>1. Enter CCC "3."</li> <li>2. SSPND with Action Code 480 until the end of the tax period shown on the return.</li> </ol>

3.22.110.28.8  
(11-19-2020)

(1) **Fields Displayed:** Error Code 010 generates as follows:

◆ **Error Code 010 -  
Amended Return "G"  
Coded** ◆

Field Designator	Field Name	Length
RMIT	Remittance Amount	11
01NC	Name Control	4
01EIN	Employer Identification Number	9
01TXP	Tax Period	6
01RCD	Received Date	8
01CCC	Computer Condition Code	10
01SIC	Special Income Code	1
01CRD	Correspondence Received Date	8
01CH3	Chapter 3 Status Code	2
01CH4	Chapter 4 Status Code	2
01QIN	Qualified Intermediary Indicator	1
01PSN	Preparer PTIN	9
01PEN	Preparer Employer Identification Number	9
01CBI	Paid Preparer Checkbox Indicator	1
01CBT	Paid Preparer Telephone Number	9
01CBP	Designee PIN	9
S02DP	Section Present	
S03DP	Section Present	
S04DP	Section Present	
S05DP	Section Present	
S06DP	Section Present	
S07DP	Section Present	
S08DP	Section Present	

- (2) **Invalid Condition:** Error Code 010 generates when **CCC "G"** is present and fields other than 01NC, 01EIN, 01TXP, 01RCD, 01CCC and 01CRD, 01CH3, 01CH4, 01QIN have entries.
- (3) **Correction Procedures:**
- Correct all misplaced entries, coding and transcription errors.
  - Compare displayed fields with the return. If incorrect, overlay the screen with the correct information.
  - Determine if CCC "G" was input correctly.

If	Then
Return shows amended, revised, supplemental, corrected or superseding,	Research, e.g., BRTVU, BMFOL, SUMRY, and TXMOD to determine if information is the same as a posted return.
All information is not the same,	<ol style="list-style-type: none"> <li>Process the return with CCC "G."</li> <li>DLSEC to delete all sections except Section 01.</li> <li>Delete the invalid entries present in Section 01. GTSEC 01, if necessary. Invalid entries are all except: 01NC, 01EIN, 01TXP, 01RCD, 01CCC, 01CRD.</li> </ol>
All information is the same,	SSPND with Action Code 640 and route to Rejects.
A return is not posted for the tax period and the return is an amended return,	Continue processing as an amended return.
A return is not posted for the tax period and the return is not amended (G coded in error),	<ol style="list-style-type: none"> <li>Circle-out CCC "G".</li> <li>If all or nearly all the lines of the ROFTL (section 03 thru 06) have entries, SSPND with Action code 351. Rejects inputs the missing data.</li> <li>Otherwise, enter all data in Sections <b>XXX</b> as needed.</li> <li>Ensure Section 01 fields are correct.</li> <li>Delete CCC "G."</li> </ol>

**Note:** When deleting **CCC "G"** and the sections required are shown as being present, no further verification of section entries is needed.

- Field 01CH3 and Field 01CH4 **must contain "00."** If Field 01CH3 and/or Field 01CH4 contain any other entry, correct.
- CCC "W" and "3" are the only CCCs that can be used with CCC "G".
- Field 01QIN may or may not contain an entry.

3.22.110.28.9  
(01-01-2023)  
◆ **Error Code 014 -  
Missing Address  
Entries** ◆

(1) **Fields Displayed:**

Field Designator on Form 1042	Field Name	Length
02CON	"In-Care-of" Name	35
02FAD	Foreign Address	35
02ADD	Street Address	35
02CTY	City	22
02ST	State	2
02ZIP	ZIP Code	12

(2) **Invalid Conditions:** Error Code 014 generates when **any** of the following conditions are present:

- A Major City Code is not used, the street address is present, and Field **02CTY** or Field **02ST** is not present.
- A Major City Code is used and Field **02ADD** is not present.
- A Major City Code is used and Field **02ST** is present.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Compare the displayed fields with the return. If incorrect, overlay the screen with the correct information.
- Research the following for valid address information: Document 7475, State and Address Abbreviations, Major City Codes (MCCs), Zip Codes and Countries, or Command Codes INOLES, NAMEE and ENMOD.

If	And	Then
A MCC is present,	A street address is not available,	1. Enter the City Name (spelled out, not in Major City format) in Field <b>02CTY</b> . 2. Enter the State Code in Field <b>02ST</b>
The MCC is correct,	The state is present,	Delete Field <b>02ST</b> .
The ZIP Code or Address can't be corrected from the information on the return, attachments or from research,		DLSEC <b>02</b>

3.22.110.28.10  
(11-19-2020)

◆ **Error Code 015 - Foreign Address/State** ◆

(1) **Fields Displayed:** Error Code 015 displays as follows:

Field Designator on Form 1042	Field Name	Length
02CON	"In-Care-of" Name	35

Field Designator on Form 1042	Field Name	Length
02FAD	Foreign Address	35
02ADD	Street Address	35
02CTY	City	22
02ST	State	2
02ZIP	ZIP Code	12

(2) **Invalid Conditions:** Error Code 015 generates when:

- Field 02ST has an entry other than “.” (period/space) when Field 02FAD is present, and/or
- Field 02ZIP has an entry when Field 02FAD is present.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Compare displayed fields with the return. If incorrect overlay the screen with the correct information.

If	Then
A foreign address is present in Field 02FAD,	1. Field 02ST must have “.” (period/space). 2. Delete any entry in Field 02ZIP.
A foreign address is not present in Field 02FAD,	Check return for foreign address.
A foreign address is present on the return,	1. Enter the foreign address in Field 02FAD. If more space is required, continue entering the address in Field 02ADD. 2. Field 02CTY must contain the correct foreign country code (See Document 7475). <b>Exception:</b> Use the country code based on the province in Field <b>02FAD</b> if the foreign address is from Canada and the address has a province name or abbreviation. (See IRM 3.22.110.22.4(5) for the Province/Country Codes - Canada). 3. Field 02ST must have “.” (period/space). 4. Delete any entry in Field 02ZIP.
A foreign address is not present on the return,	1. Verify the address on the return is not a foreign address. 2. SSPND with Action Code 610 3. Renumber return with domestic DLN.

3.22.110.28.11  
(11-17-2017)

(1) **Fields Displayed:** Error Code 016 displays as follows:

◆**Error Code 016 - ZIP  
Code/State Mismatch**◆

Field Designator on Form 1042	Field Name	Length
02CON	"In-Care-of" Name	35
02FAD	Foreign Address	35
02ADD	Street Address	35
02CTY	City	22
02ST	State	2
02ZIP	ZIP Code	12

(2) **Invalid Condition:** Error Code 016 generates when the ZIP Code is inconsistent with the MCC or State Code.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Compare displayed fields with the return. If incorrect, overlay the screen with the correct information.
- Research Document 7475, State and Address Abbreviations, Major City Codes (MCCs), Zip Codes and Countries, or Command Codes INOLES, NAMEB/NAMEE or ENMOD for valid ZIP Code information:

If	And	Then
Unable to determine a valid ZIP Code from the return or attachment,	A valid ZIP Code is found through research,	Enter the valid ZIP Code found through research in Field <b>02ZIP</b> .
Only the first three digits of the ZIP Code can be determined,		Enter <b>01</b> in the (4th) and (5th) position.
A ZIP Code cannot be determined,		Enter the 3 digits followed by "01" of the first ZIP Code listed for the applicable state found in Document 7475 (e.g., 99501 for Alaska).
The address is in a major city,	A MCC can be determined,	Enter MCC in Field <b>02CTY</b> .
The address is in a major city,	A MCC cannot be determined,	1. Enter the name of the city in Field <b>02CTY</b> . 2. Enter the State Code in Field <b>02ST</b> .
The address is not in a major city,		1. Enter the correct state abbreviation in Field <b>02ST</b> . 2. Enter ZIP Code in Field <b>02ZIP</b> .



- d. **Americas Post Office (APO)/Foreign Post Office (FPO)/Diplomatic Post Office (DPO) Addresses:** An APO or FPO is **not** a foreign address. The U.S. Postal Service established new address requirements for APO//DPO/FPO addresses. If an address appears in the old APO/FPO format, convert to the new State Code abbreviation based on the ZIP Code. For example, if the old address appears as **APO New York, NY 091XX**, convert to read as **APO AE 091XX**. Refer to the APO/DPO/FPO conversion chart below:

Zip Code	State Code
340	AA
090 - 098	AE
962 - 966	AP

3.22.110.28.12  
(11-17-2017)

**Error Code 026 - Tax  
Period Mismatch**

- (1) **Fields Displayed:** Error Code 026 displays as follows:

Field Designator	Field Name
CL X	Clear Code
01EIN	Employer Identification Number
01TXP	Tax Period
>>>>	Tax Period Underprint
01CCC	Computer Condition Code

- (2) **Invalid Conditions:** Error Code 026 generates when:

- The Tax Period underprint does **not** agree with the month on the EIF, and/or
- An "F" is not present in Field 01CCC.

- (3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Verify the coding and transcription for the EIN, Tax Period, and CCC.
- Determine taxpayer information through research (ENMOD, BMFOLE, BMFOLI).
- Resolve Error Code 026. See Exhibit 3.22.110-8, Error Code 026 Resolution, and Exhibit 3.22.110-9, Error Code 026 Reply/No Reply Procedures.

If	Then
ENMOD - FYM Matches,	Clear

If	Then
ENMOD/BMFOLE -PN TC016 and 090 with matching FYM TC XXX within 12 months,	Clear
TC Tax Period Mismatch,	SSPND 320 to Entity
BMFOLI - MFT Not Present,	SSPND 610
MFT Present - No Postings Present,	SSPND 351 - TC016
MFT Present - Postings all Subsequent,	SSPND 351 - TC016
All Prior Posting Agree,	SSPND 351 - TC016
Line 65/ Field 0765 has an entry amount,	SSPND 351 to Rejects
All Prior Posting W/Doc but no Dates,	Change the Tax Period to agree with Underprint
None of the above apply,	SSPND 21X for clarification

3.22.110.28.13  
(11-17-2017)

**Error Code 028 -  
Received Date Missing**

- (1) **Fields Displayed:** Error Code 028 displays as follows:

Field Designator	Field Name
01RCD	Received Date
01CCC	Computer Condition Code

- (2) **Invalid Condition:** Error Code 028 generates when:

- CCC(s) "R, D, or 7," is present, AND
- Received Date is not present.

- (3) **Correction Procedures:**

- Compare the displayed fields with the return. If incorrect, overlay the screen with the correct information.

If	Then
CCC "R, D, or 7," is present,	Enter the Received Date in Field 01RCD.
CCC "R, D, or 7," is <b>not</b> present,	Delete CCC "R, D, or 7."
The return is <b>not</b> "G" coded,	<ol style="list-style-type: none"> <li>1. GTSEC 02 and enter the data in the fields for Section 02 and transmit.</li> <li>2. When Error Code 010 generates, enter correct fields.</li> <li>3. Delete CCC "G."</li> </ol>
The return is correctly "G" coded,	Enter the Received Date in Field 01RCD, determined using IRM 3.22.110.21.6(5), Field 01RCD.

- b. If multiple dates are on the return, use the earliest date as the Received Date.

**Exception:** Do not use a Received Date in Field 01RCD is prior to the end of the tax period.

**Reminder:** A Received Date must always be present. After determining if the CCC is correct, always enter the Received Date as part of your correction.

**Note:** Receipt and Control function will attach the USPS tracking page if the postmark date is missing from a piece of **certified mail**. Use the "Acceptance" and "Date and Time" as the postmark date.

3.22.110.28.14  
(11-17-2017)

**Error Code 030 - Penalty and Interest Code**

- (1) **Fields Displayed:** Error Code 030 displays as follows:

Field Designator	Field Name
01TXP	Tax Period
01RCD	Received Date
01RDD	Return Due Date - Computer
01CCC	Computer Condition Code
01PIC	Penalty and Interest Code

- (2) **Invalid Condition:** Error Code 030 generates when the Penalty and Interest

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- (3) **Correction Procedures:**

- If field 01PIC is correct, then enter the correct Received Date.
- If the correct Received Date is equal to or earlier than the Return Due Date, then delete Code 1 from Field 01PIC.

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- d. If more than one Received Date is present on Form 1042, use the earliest date.

**Exception:** Do not use a Received Date in Field 01RCD that is prior to the end of the tax period.

3.22.110.28.15  
(11-17-2017)  
**Error Code 034 -  
Correspondence  
Received Date Not Valid**

(1) **Fields Displayed:** Error Code 034 displays as follows:

Field Designator	Field Name
01TXP	Tax Period
01RCD	Received Date
01CRD	Correspondence Received Date
01RDD	Return Due Date - Computer

(2) **Invalid Conditions:** Error Code 034 generates when:

- The Correspondence Received Date is later than the processing date, and/or
- Field 01CRD is equal to or earlier than Field 01RCD.

**Note:** An entry in Field 01CRD does not require an entry in Field 01RCD.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- The Received Date is either stamped or edited on the return. If the Received Date is missing or illegible, determine the date using IRM 3.22.110.21.6(5), Field 01RCD.
- The CRD is determined from the date the reply was received at the Campus. Refer to the return for the CRD edited in the entity section of the return. This can be verified by checking the stamped Received Date on the correspondence attached to the return.

If	Then
The CRD is present and later than the processing date	Delete Field 01CRD.
More than one Received Date is present	<div>1. Enter the earliest date. <b>Exception:</b> Do not use a Received Date in Field 01RCD that is prior to the end of the tax period.</div> <div>2. Enter CCC "3."</div>

3.22.110.28.16  
(11-17-2017)

**Error Code 073 - Fields  
01CCC 3 and 01CRD  
Present**

- (1) **Fields Displayed:** Error Code 073 displays as follows:

Field Designator	Field Name
01CCC	Computer Condition Code
01CRD	Correspondence Received Date

- (2) **Invalid Condition:** Error Code 073 generates when a “3” is present in Field 01CCC **and** an entry is present in Field 01CRD.

- (3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- If IRS correspondence is attached, determine if a reply was received.

If	Then
Reply is received	Delete the “3” in Field 01CCC.
No reply received	Delete entry in Field 01CRD.

3.22.110.28.17  
(11-17-2017)

**Error Code 078 -  
Received Date Not  
Present**

- (1) **Fields Displayed:** Error Code 078 displays as follows:

Field Designator	Field Name
01RCD	Received Date
01CRD	Correspondence Received Date

- (2) **Invalid Condition:** Error Code 078 generates when the return was processed through RPS **and** a Received Date is not present.

- (3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.
- Determine the Received Date using IRM 3.22.110.21.6(5), Field 01RCD.

3.22.110.28.18  
(11-17-2017)

**Error Code 704 -  
Employer Identification  
Number (EIN) not  
Consistent with Credit  
Withholding**

- (1) **Fields Displayed:** Error Code 704 displays as follows:

Field Designator	Field Name
0767A	Credit from Other WH Agents for other than substitute dividend payments
0767B	Credit from Other WH Agents for substitute dividend payments
01EIN	EIN

(2) **Invalid Condition:**

Error Code 704 generates when an entry appears in Field 0767A and/or 0767B

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(3) **Correction Procedures:**

- a. Verify Field 01EIN against the EIN on the Form 1042 return. If the EIN is

#

sets Field 01QIN to “1.”

- b. If Field 01QIN is “2,” enter “0.00” in Fields 0767A/0767B to disallow the credit on Lines 67a/b. Also, assign TPNC 90 #298, with literal:

**The credit or refund on Form 1042 was denied because the Employer Identification Number on your Form 1042 does not identify you as a Qualified Intermediary entitled to claim an overpayment attributable to withholding by others.**

**Note:** This error condition applies only to Fields 0767A/B (Lines 67a/b) on Form 1042. It does NOT apply for credits in Fields 0765A/B (Lines 65a/b) or Field 0766 (Line 66). See Error Code 724 for specific directives for those fields.

3.22.110.28.19

(11-17-2017)

**Error Code 706 -  
Discrepancy with  
Record of Federal Tax  
Liability (ROFTL) and  
Total Monthly Liability**

(1) **Fields Displayed:** Error Code 706 displays as follows:

- a. The Fields must be positive and must be numeric (0 thru 9) and blank.  
b. The Fields are found on Lines 1 thru 60 (ROFTL) of Form 1042.

Field Designator	Field Name
03ADJ> 03BDJ> 03CDJ> 03QR1>	January Tax Liability Underprint February Tax Liability Underprint March Tax Liability Underprint 1st Quarter Tax Liability Computed
04DDJ> 04EDJ> 04FDJ> 04QR2>	April Tax Liability Underprint May Tax Liability Underprint June Tax Liability Underprint 2nd Quarter Tax Liability Computed
05GDJ> 05HDJ> 05IDJ> 05QR3>	July Tax Liability Underprint August Tax Liability Underprint September Tax Liability Underprint 3rd Quarter Tax Liability Computed
06JDJ> 06KDJ> 06LDJ> 06QR4>	October Tax Liability Underprint November Tax Liability Underprint December Tax Liability Underprint 4th Quarter Tax Liability Computed
07TQA>	Total Quarterly Liability Amount Computed
0764B	Total Net Tax Liability, Chapter 3 Amount

Field Designator	Field Name
0764C	Total Net Tax Liability, Chapter 4 Amount
0764D	2% Excise Tax Amount
S03NP	Section 03 Not Present
S04NP	Section 04 Not Present
S05NP	Section 05 Not Present
S06NP	Section 06 Not Present
S07NP	Section 07 Not Present

(2) **Invalid Conditions:** Error Code 706 generates when:

- a. An entry appears somewhere in the ROFTL (Sections 03, 04, 05, or 06) but Section 07 Field 0764E is blank.
- b. An entry appears in Section 07 Field 0764E, but the ROFTL (Sections 03, 04, 05, or 06) is blank or all zeros.

(3) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors. Then:

If	Then	
on Form 1042, Line 59,	Enter the amount in Field 06L31.	# #
ROFTL Sections 03 thru 06 (Lines 1 thru 60) are	Enter the amount in Field 06L31.	# #
ROFTL Sections 03 thru 06 (Lines 1 thru 60) are	SSPND 21X for the weekly tax liability (Lines 1 thru 60).	# #
The REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields on the screen. Also enter the CRD (if required).	
tax withheld on Form 1042, Line 59,	Enter the amount in Field 06L31.	# #
There is a NO REPLY or an insufficient reply,	Enter CCC "3". Divide the amount in Field 0764E by 4 and enter the result into Fields 03C31, 04F30, 05I30 and 06L31 as applicable and into the corresponding lines on the return. Enter CCC "X" if the return shows an overpayment.	

3.22.110.28.20

(11-17-2017)

**Error Code 716 - Total Monthly Liability and Computer Amounts Differ**(1) **Fields Displayed:** Error Code 716 displays as follows:**Note:** Error Code 716 should not display on TY13 and prior returns.

Field Designator	Field Name
TPNC	Taxpayer Notice Code 02 or 90
03ADJ> 03BDJ> 03CDJ> 03QR1>	January Monthly Tax Liability Underprint February Monthly Tax Liability Underprint March Monthly Tax Liability Underprint 1st Quarter Tax Liability Computed
04DDJ> 04EDJ> 04FDJ> 04QR2>	April Monthly Tax Liability Underprint May Monthly Tax Liability Underprint June Monthly Tax Liability Underprint 2nd Quarter Tax Liability Computed
05GDJ> 05HDJ> 05IDJ> 05QR3>	July Monthly Tax Liability Underprint August Monthly Tax Liability Underprint September Monthly Tax Liability Underprint 3rd Quarter Tax Liability Computed
06JDJ> 06KDJ> 06LDJ> 06QR4>	October Monthly Tax Liability Underprint November Monthly Tax Liability Underprint December Monthly Tax Liability Underprint 4th Quarter Tax Liability Computed
0764A	Adjustment Amount
0764B	Total Net Tax Liability, Chapter 3 Amount
0764C	Total Net Tax Liability, Chapter 4 Amount
0764D	2% Excise Tax Amount
0764E	Total Net Tax Liability
>>>>>>	Total Net Tax Liability Computer Underprint
07TQA>	Total Quarterly Liability Amount Computed

(2) **Invalid Conditions:** Error Code 716 generates when the transcribed Lines 64b plus Line 64c plus Line 64d on Form 1042 differs from the 07TQA Computer

#

(3) **Correction Procedures:**

- a. Compare the entries on the screen with the entries on the return. (ROFTL) Lines 1 thru 60 on Form 1042.
- b. Correct all misplaced entries, coding, and transcription errors.



If	Then
Any negative amounts are present on Lines 1 thru 60,	Delete the negative amounts and send TPNC 90 #301.
	SSPND 21X to determine total monthly tax liability (Lines 1-60).
	Send TPNC 02.
ALL Fields 0764A, 0764B, 0764C, 0764D, and 0764E are blank,	SSPND 21X for ALL missing information.
Field 0764E has an entry and Fields 0764A, 0764B, 0764C and 0764D are blank,	Enter the Field 0764E amount into Field 0764B.
TY15 and subsequent: Field 0764A equals Field 0764E and Fields 0764B, 0764C and 0764D are blank,	SSPND 21X for missing Line 64b thru 64d information and documentation for Line 64a.

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#  
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## (4) Reply/No Reply procedures:

If	Then
The REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields on the screen. Also enter the CRD (if required).
There is a NO REPLY or an insufficient reply,	<ol style="list-style-type: none"> <li>Enter CCC "3" on all No Reply to Correspondence.</li> <li>Enter the greater amount of Field 0763E or Field 07TQA in Field 0764B and Field 0764E.</li> <li>TY15 and prior: Delete the entry in Field 0764A if it matches Field 0764E and there is no documentation to substantiate the entry.</li> <li>Send TPNC 90 #306 with literal: <b>Because you did not respond to our request for information, we have adjusted your Form 1042. The liability you reported in the Record of Federal Tax Liability Section was used as your Net Tax Liability. Your balance due or refund may have been adjusted based on this information.</b></li> <li>Enter CCC "X" if the return shows an overpayment.</li> </ol>

3.22.110.28.21  
(11-17-2017)**Error Code 718 - Total  
Gross Amounts  
Reported Inconsistency**(1) **Fields Displayed:** Error Code 718 displays as follows:**Note:** Error Code 718 should not display on TY13 and prior returns.

Field Designator	Field Name
CL	Clear Code
06JDJ	October Total Liability
06KDJ	November Total Liability
06LDJ	December Total Liability
06QR4	Quarterly Total (4th Qtr.)
07TQA	Total All Quarters
0762A	Total US Source FDAP
07SSD	Total US Dividend Payment Amount
07SSP	Total US Other Payment Amount
0762C	Total Gross Amount Reported
>>>>>>	Total Gross Amount Reported Underprint
0764E	Total Liability Amount
>>>>>>	Total Liability Computer Amount
S06NP	S06 Not Present
S07NP	S07 Not Present

- (2) **Invalid Conditions:** Error Code 718 generates when the difference between the Total Gross Amount reported (Field 0762C) and the Total Gross Computer

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- a. Field 0762C is blank and Field 0764E has an entry.
- b. Field 0762C is equal to or smaller than Field 0764E.

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- (3) **Correction Procedures:**

- a. Correct all misplaced entries, coding and transcription errors.
- b. If Field 0762A equals 07SSD and/or 07SSP and 0762C, delete 07SSD and/or 07SSP as misplaced entries.
- c. If the taxpayer did not total the amounts on lines 62a, 62(b)1, and 62(b)2, add fields and enter sum in Field 0762C.
- d. SSPND 21X with literal:  
**The amount on your Form 1042 for your total gross amounts reported is smaller than (or equal to) the amount you reported as your total net tax liability. Please explain.**

- (4) Reply/No Reply procedures:

If	Then
The REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields on the screen. Also enter the CRD (if required).

If	Then
There is a NO REPLY or an insufficient reply,	<ol style="list-style-type: none"> <li>Enter CCC "3" on all No Reply to Correspondence.</li> <li>When the amount on Line 62c is the same as the amount on Line 64e: <ol style="list-style-type: none"> <li>Divide the amount of tax on Line 63a by .30.</li> <li>Enter the result on Line 62a and Line 62c and into Field 0762A and Field 0762C.</li> <li>Use the Clear Code field.</li> </ol> </li> <li>Enter CCC "X" if the return shows an overpayment.</li> </ol>

3.22.110.28.22  
(11-17-2017)

**Error Code 719 - Tax  
Reported as Withheld or  
Assumed**

(1) **Fields Displayed:** Error Code 719 displays as follows:

**Note:** Error Code 719 should not display on TY13 and prior returns.

Field Designator	Field Name
TPNC	Taxpayer Notice Code 90
0763A	Taxes Withheld by Withholding Agent
07POD	Payments Other Than Substitute Dividends
07SSD	Payments for Substitute Dividends
076AO	Adjustment to Overwithholding
076AU	Adjustment to Underwithholding
0763D	Tax Assumed by Withholding Agent
0763E	Total Tax Reported as Withheld or Assumed
>>>>>>	Field 0763E Computer Underprint

(2) **Invalid Conditions:** when the Field 0763E differs from the computer amount

#

(3) **Correction Procedures:**

- Correct misplaced entries, coding and transcription errors.
- If it appears Field 0763D was used as a subtotal line, treat as a misplaced entry and delete (i.e., 0763A=0763D=0763E).
- Send TPNC 90 #297 with literal:  
**The amounts you reported on Form 1042 as withheld by a withholding agent, withheld by other withholding agents, reimbursements, and tax paid by a withholding agent, do not equal your total tax reported as withheld or paid on Line 63e.**

3.22.110.28.23  
(11-17-2017)

(1) **Fields Displayed:** Error Code 720 displays as follows:

**Error Code 720 - Total  
Tax Liability and  
Computer Amounts  
Differ**

Field Designator	Field Name
TPNC	Taxpayer Notice Code (02 or 90)
05GDJ> 05HDJ> 05IDJ> 05QR3>	July Monthly Tax Liability Underprint August Monthly Tax Liability Underprint September Monthly Tax Liability Underprint 3rd Quarter Tax Liability Computed
06JDJ> 06KDJ> 06LDJ> 06QR4>	October Monthly Tax Liability Underprint November Monthly Tax Liability Underprint December Monthly Tax Liability Underprint 4th Quarter Tax Liability Computed
07TQA>	Computed Total Quarterly Amount
0764A	Adjustment Amount
0764B	Net Tax Liability Chapter 3 Amount
0764C	Net Tax Liability Chapter 4 Amount
0764D	2% Excise Tax Amount
0764E	Total Net Liability Amount
0764E>	Computer Underprint

(2) **Invalid Condition:** Error Code 720 generates when the transcribed Total Monthly Tax Liability amount (Field 0764E) differs from the Total Monthly Tax

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(3) **Correction Procedures:**

- a. Correct all misplaced entries, coding and transcription errors.
- b. If the error in Total Net Tax Liability (Field 0764E) Line 64e on Form

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fication on the total net tax liability for line 64e.

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TPNC 02.

(4) Reply/No Reply procedures:

If	Then
The REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields on the screen. Also enter the CRD (if required).

If	Then
There is a NO REPLY or an insufficient reply,	a. Enter CCC "3" on all No Reply to Correspondence. b. Enter CCC "X" for <b>all</b> Refund or Credit Elect returns. c. Send TPNC 02.

3.22.110.28.24  
(11-17-2017)

(1) **Fields Displayed:** Error Code 724 displays as follows:

**Error Code 724 - Total  
Payments and Computer  
Amounts Differ**

Field Designator	Field Name
TPNC	Taxpayer Notice Condition Code (26 or 90)
0765A	Total Paid by EFTPS During Calendar Year
0765B	Total Paid by EFTPS during Subsequent Year
0766	Overpayment Credit Amount
0767A	Other Than Substitute Dividend Payment Amount
0767B	Substitute Dividend Payment Amount
0768	Total Payment Amount
>>>>>	Total Payments Underprint

(2) **Invalid Condition:** Error Code 724 generates when the transcribed Total

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**Note:** The Total Payments Amount on Form 1042 (Field 0768, Line 68) is the Total of Fields: Field 0765/ Line 65, Field 0766/ Line 66, Field 0767A/ Line 67a, and Field 0767B/ Line 67b.

(3) **Correction Procedures:**

- Correct all misplaced entries, coding and transcription errors.

If	Then
<p>Fields 0765A/B are identical to Field 0766 or Fields 0767A/B.</p> <p>Refer to IRM 3.22.110.24.23, Field 0767A, for more information.</p>	<p>The Line 68 entry may be in Fields 0766, 0767A and/or 0767B. Delete the entries in Field 0766, 0767A and/or 0767B and enter it in Field 0768. If uncertain, then follow the step list below.</p> <ol style="list-style-type: none"> <li>1. Research BMFOLT for any payments or credits. <ul style="list-style-type: none"> <li>• Enter the total of TC 650 and TC 670 (EFTPS amounts) in Field 0765A/B.</li> </ul> <p><b>Note:</b> Only allow credit for deposits if they match the amount the taxpayer has claimed, or it is</p> </li> <li>• Enter the total of TC 710 and TC 716 (Credit Elect) in Field 0766.</li> <li>2. If the QI Indicator (Field 01QIN) is <b>1</b>, enter the amounts in Fields 0767A/B if Form 1042-S is present. SSPND 21X for Form 1042-S if not present. See IRM 3.22.110.24.23, Field 0767A.</li> <li>3. If the QI Indicator is <b>2</b> delete the entry in Field 0767A/0767B.</li> </ol> <p>lines 65 thru 68.</p> <p><b>Reminder:</b> You may need to ask for Form 1042-S Copy B to verify Fields 0767A/B. See IRM 3.22.110.24.23, Field 0767A and IRM 3.22.110.24.24, Field 0767B.</p>
Field 0768 has an amount and Fields 0765A/B, 0767A and 0767B are blank,	Follow the step list above.
Field 0768 is blank, but there are amounts in Fields 0765A/B thru 0767B,	Enter the verified total of Fields 0765A/B thru 0767B in Field 0768 and on Line 68, if different. See step list above.
<b>No</b> transcription errors are found	Verify entries on Lines 65a and 65b thru 67b are brought forward correctly from attachments and correctly totaled on Line 68.
The taxpayer made a math computation error in adding Lines 65a/b thru 67b resulting in incorrect entry on their Total Payments (Field 0768/Line 68)	Assign TPNC 26.

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(4) Reply/No Reply procedures:

If	Then
The REPLY is sufficient,	Enter the amounts into the proper lines of the return and into the proper fields on the screen. Also enter the CRD (if required).
There is NO REPLY or an insufficient reply,	<p>a. Enter CCC "3" on all No Reply to Correspondence.</p> <p>b. Enter CCC "X" for <b>all</b> Refund or Credit Elect returns.</p> <p>c. Disallow any credit not shown on BMFOLT. Send TPNC 90 #296 with literal:  <b>Because you did not respond to our correspondence, we reduced your total payments to match your tax deposits and have reduced your credit or refund accordingly.</b></p>

3.22.110.28.25  
(11-17-2017)

(1) **Fields Displayed:** Error Code 728 displays as follows:

**Error Code 728 - Tax  
Due/Overpayment and  
Computer Amounts  
Differ**

Field Designator	Field Name
TPNC	Taxpayer Notice Code (01 or 90)
07TQA>	Total Quarterly Liability Amount
0764E	Total Liability Amount
>>>>>>	Total Liability Computer Amount
0765A	Total EFTPS Amount Paid During Calendar Year
0765B	Total EFTPS Amount Paid During Subsequent Year
0766	Overpayment Credit Amount
0767A	Other Payment Amount
0767B	Sub Dividend Payment Amount
0768	Total Payment Amounts
>>>>>>	Total Payments Underprint
07B/D	Balance Due/Overpayment
>>>>>>	Balance Due/Overpayment Underprint
0770A	Overpayment US Income Foreign Amount
0770B	Overpayment Excise Tax Amount

**Note:** Perform a section lookup to find information not appearing in the table

(2) **Invalid Condition:** Error Code 728 generates when the transcribed amount for

#  
#

(3) **Correction Procedures:**

- a. Correct misplaced entries, coding and transcription errors.
- b. If the taxpayer has failed to complete a field specific to this error code or calculated the Tax Due or Overpayment amount incorrectly, assign TPNC 01.

(4) **No Reply Procedures:**

- a. Edit CCC "3" for all no reply to correspondence.
- b. Edit CCC "X" on **all** Refund or Credit Elect returns.
- c. Assign TPNC 01.

3.22.110.28.26

(01-02-2019)

**Error Code 732 - Refund  
\$1 Million or More**

(1) **Fields Displayed:** Error Code 732 displays on Form 1042 as follows:

Field Designator	Field Name
01RDD>	Return Due Date (RDD) - Computer
01CCC	Computer Condition Code
07B/D	Balance Due / Overpayment Amount
0771	Applied Refund Indicator

(2) **Invalid Condition:** Error Code 732 generates when a refund of \$1 Million or more is present in Field 07B/D and CCC "E" or "O" is not present.

(3) **Correction Procedures:**

- a. Correct all misplaced entries, coding and transcription errors.
- b. Determine if a manual refund is present.

If	Then
Field 0771 is "blank" and Field 07B/D (Line 69) has an over-payment amount,	Enter CCC "E" in Field 01CCC.
Field 0771 is a "2," and Field 07B/D (Line 69) has an over-payment amount,	Enter CCC "O" in Field 01CCC.



If	Then
<ol style="list-style-type: none"> <li>Fields 0764E, 0768 and/or 07B/D are transcribed incorrectly, <b>AND/OR</b></li> <li>Lines 64e, 68, and/or 69 are edited incorrectly,</li> </ol>	<p>Enter correct amounts in Fields 0764E, 0768 and/or 07B/D.</p> <p><b>Note:</b> If the amount in Field 07B/D will still have an overpayment of \$1 Million or more, enter CCC "O" in Field 01CCC and a "2" in Field 0771.</p>
<ol style="list-style-type: none"> <li>There are no transcription errors, <b>AND</b></li> <li>The taxpayer has made a calculation error and/or has failed to complete a field specific to this error code,</li> </ol>	<ol style="list-style-type: none"> <li>Enter the underprint amount in Field 07B/D.</li> <li>Edit an "X" next to the taxpayer's figures on the return.</li> <li>Enter the correct figure to the left of the "X."</li> </ol> <p><b>Note:</b> If the amount in Field 07B/D will still have an overpayment of \$1 Million or more, enter CCC "O" in Field 01CCC and a "2" in Field 0771.</p>
	<p>Do <b>not</b> leave the return in the batch. Give the return to the manager for LB&amp;I review.</p> <p><b>Note:</b> If the amount in Field 07B/D will</p> <p>CCC "O" in Field 01CCC and a "2" in Field 0771.</p> <p><b>Note:</b> See IRM 3.12.38.5.5.3, Form 1042 - Manual Refunds (Ogden Only) for further instructions.</p>
No Reply to Correspondence	<p>Enter CCC "3" and CCC "X" to freeze refund.</p> <p><b>Note:</b> If the amount is an overpayment of \$1 Million or more, also enter CCC "O."</p>

#

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#

3.22.110.28.27 (1) RESERVED

(11-14-2016)

**Error Code 734 -  
Chapter 4 Total U.S.  
Source Fixed,  
Determinable, Annual,  
Periodical (FDAP)  
Income**

3.22.110.28.28 (1) RESERVED

(11-14-2016)

**Error Code 736 - U.S.  
Fixed, Determinable,  
Annual, Periodical  
(FDAP) Chapter 4  
Income Amounts Are  
Inconsistent**

3.22.110.28.29 (1) RESERVED

(07-15-2016)

**Error Code 738 - Section  
2 Amounts Form 1042-S  
Are Not Consistent With  
Section 1 Amounts**

3.22.110.28.30 (1) RESERVED

(11-14-2016)

**Error Code 740 - Total  
Variance Amounts  
Inconsistent**

3.22.110.28.31 (1) **Fields Displayed:** Error Code 999 displays as follows:

(11-17-2017)

**Error Code 999 - End of  
Year Reformats**

Field Designator	Field Name
01TXP	Tax Period

- (2) **Invalid Condition:** Error Code 999 generates for all returns that are in error status at the end of the processing year.
- (3) **Correction Procedure:** Since the system re-validates the record and set validity checks based on next processing year's program, the only correction procedure required for Error Code 999 is for the TE to transmit.

**Exhibit 3.22.110-1 (11-25-2024)**  
**Form 1042 Field Designators**

<b>DRAFT</b>		Program code – 12500    MFT – 12	Due Date – Mar 15 <sup>th</sup>					
<b>Form 1042</b> Department of the Treasury Internal Revenue Service		<b>Annual Withholding Tax Return for U.S. Source Income of Foreign Persons</b> Go to <a href="http://www.irs.gov/Form1042">www.irs.gov/Form1042</a> for instructions and the latest information.						
		OMB No. 1545-0096	<b>2024</b>					
If this is an amended return, check here <input type="checkbox"/>								
Name of withholding agent		Employer identification number	For IRS Use Only					
<b>01NC</b>		<b>01EIN</b>						
Ch. 3 Status Code <b>01CH3</b>		Ch. 4 Status Code <b>01CH4</b>	CC <b>01CCC</b> FD					
Number, street, and room or suite no. (If a P.O. box, see instructions.)			RD <b>01RCD</b> FF					
<b>02ADD</b> <b>02FAD</b> <b>02CON</b>			CAF					
City or town, state or province, country, and ZIP or foreign postal code			CR <b>01CRD</b> I <b>01PIC</b>					
<b>02CTY</b> <b>02ST</b> <b>02ZIP</b>			EDC    SIC <b>01SIC</b>					
If you do not expect to file this return in the future, check here <input type="checkbox"/> Enter date final income paid								
<b>Section 1 Record of Federal Tax Liability</b> (do not show federal tax deposits here)								
Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)
1	7	<b>03A07</b>	21	7	<b>04E07</b>	41	7	<b>05I07</b>
2	15	<b>03A15</b>	22	15	<b>04E15</b>	42	15	<b>05I15</b>
3	22	<b>03A22</b>	23	22	<b>04E22</b>	43	22	<b>05I22</b>
4	31	<b>03A31</b>	24	31	<b>04E31</b>	44	30	<b>05I31</b>
5	Jan. total	<b>03ADJ&gt;</b>	25	May total	<b>04EDJ&gt;</b>	45	Sept. total	<b>05IDJ&gt;</b>
6	7	<b>03B07</b>	26	7	<b>04F07</b>	46	7	<b>06J07</b>
7	15	<b>03B15</b>	27	15	<b>04F15</b>	47	15	<b>06J15</b>
8	22	<b>03B22</b>	28	22	<b>04F22</b>	48	22	<b>06J22</b>
9	29	<b>03B28</b>	29	30	<b>04F30</b>	49	31	<b>06J31</b>
10	Feb. total	<b>03BDJ&gt;</b>	30	June total	<b>04FDJ&gt;</b>	50	Oct. total	<b>06JDJ&gt;</b>
11	7	<b>03C07</b>	31	7	<b>05G07</b>	51	7	<b>06K07</b>
12	15	<b>03C15</b>	32	15	<b>05G15</b>	52	15	<b>06K15</b>
13	22	<b>03C22</b>	33	22	<b>05G22</b>	53	22	<b>06K22</b>
14	31	<b>03C31</b>	34	31	<b>05G31</b>	54	30	<b>06K31</b>
15	Mar. total	<b>03CDJ&gt;</b>	35	July total	<b>05GDJ&gt;</b>	55	Nov. total	<b>06KDJ&gt;</b>
16	7	<b>04D07</b>	36	7	<b>05H07</b>	56	7	<b>06L07</b>
17	15	<b>04D15</b>	37	15	<b>05H15</b>	57	15	<b>06L15</b>
18	22	<b>04D22</b>	38	22	<b>05H22</b>	58	22	<b>06L22</b>
19	30	<b>04D30</b>	39	31	<b>05H31</b>	59	31	<b>06L31</b>
20	Apr. total	<b>04DDJ&gt;</b>	40	Aug. total	<b>05HDJ&gt;</b>	60	Dec. total	<b>06LDJ&gt;</b>
Note: The totals from the above table are to be entered on lines 64b through 64d (as indicated in the instructions for those lines).								
<b>61</b>		No. of Forms 1042-S filed: a On paper <b>0761A</b>		b Electronically <b>0761B</b>				
<b>62</b>		Total gross amounts reported on all Forms 1042-S and 1000:						
a		Total U.S. source FDAP income (other than U.S. source substitute payments) reported					<b>62a</b>	<b>0762A</b>
b		Total U.S. source substitute payments reported:						
(1)		Total U.S. source substitute dividend payments reported					<b>62b(1)</b>	<b>07SSD</b>
(2)		Total U.S. source substitute payments reported other than substitute dividend payments					<b>62b(2)</b>	<b>07SSP</b>
c		Total gross amounts reported (add lines 62a–b)					<b>62c</b>	<b>0762C</b>
d		Enter gross amounts actually paid if different from gross amounts reported					<b>62d</b>	<b>0762D</b>
<b>Third Party Designee</b>		Do you want to allow another person to discuss this return with the IRS? See instructions. <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No						
Designee's name		Phone no.		<b>01CBT</b>		Personal identification number (PIN)		<b>01CBP</b>
<b>Sign Here</b>		Your signature		Date		Capacity in which acting		
Print/Type preparer's name		Preparer's signature		Date		Daytime phone number		
<b>Paid Preparer Use Only</b>		Firm's name		Firm's EIN		Check <input type="checkbox"/> if self-employed		<b>01PEN</b>
		Firm's address		Phone no.				<b>01PTN</b>
For Privacy Act and Paperwork Reduction Act Notice, see instructions.				Cat. No. 11384V		Form <b>1042</b> (2024)		

**Exhibit 3.22.110-1 (Cont. 1) (11-25-2024)**  
**Form 1042 Field Designators****DRAFT**

Form 1042 (2024)

Page **2**

<b>63</b>	Total tax reported as withheld or paid by withholding agent on all Forms 1042-S and 1000:		
<b>a</b>	Tax withheld by withholding agent . . . . .	<b>63a</b>	<b>0763A</b>
<b>b</b>	Tax withheld by other withholding agents:		
<b>(1)</b>	For payments other than substitute dividends . . . . .	<b>63b(1)</b>	<b>07POD</b>
<b>(2)</b>	For substitute dividends . . . . .	<b>63b(2)</b>	<b>07SD</b>
<b>c</b>	Adjustments to withholding:		
<b>(1)</b>	Adjustments to overwithholding . . . . .	<b>63c(1)</b>	<b>076AO</b> )
<b>(2)</b>	Adjustments to underwithholding . . . . .	<b>63c(2)</b>	<b>076AU</b>
<b>d</b>	Tax paid by withholding agent . . . . .	<b>63d</b>	<b>0763D</b>
<b>e</b>	<b>Total tax reported as withheld or paid</b> (add lines 63a–d) . . . . .	<b>63e</b>	<b>0763E</b>

**Computation of Tax Due or Overpayment**

<b>64</b>	Total net tax liability		
<b>a</b>	Adjustments to total net tax liability . . . . .	<b>64a</b>	<b>0764A</b>
<b>b</b>	Total net tax liability under chapter 3 . . . . .	<b>64b</b>	<b>0764B</b>
<b>c</b>	Total net tax liability under chapter 4 . . . . .	<b>64c</b>	<b>0764C</b>
<b>d</b>	Excise tax on specified federal procurement payments (total payments made x 2% (0.02)) . . . . .	<b>64d</b>	<b>0764D</b>
<b>e</b>	<b>Total net tax liability</b> (add lines 64a–d) . . . . .	<b>64e</b>	<b>0764E</b>
<b>65</b>	Total paid by electronic funds transfer (or with a request for extension of time to file):		
<b>a</b>	Total paid during calendar year . . . . .	<b>65a</b>	<b>0765A</b>
<b>b</b>	Total paid during subsequent year . . . . .	<b>65b</b>	<b>0765B</b>
<b>66</b>	Enter overpayment applied as credit from 2023 Form 1042 . . . . .	<b>66</b>	<b>0766</b>
<b>67</b>	Credit for amounts withheld by other withholding agents:		
<b>a</b>	For payments other than substitute dividend payments . . . . .	<b>67a</b>	<b>0767A</b>
<b>b</b>	For substitute dividend payments . . . . .	<b>67b</b>	<b>0767B</b>
<b>68</b>	<b>Total payments.</b> Add lines 65 through 67 . . . . .	<b>68</b>	<b>0768</b>
<b>69</b>	If line 64e is larger than line 68, enter balance due here . . . . .	<b>69</b>	<b>07B/D</b>
<b>70a</b>	Enter overpayment attributable to overwithholding on U.S. source income of foreign persons . . . . .	<b>70a</b>	<b>0770A</b>
<b>b</b>	Enter overpayment attributable to excise tax on specified federal procurement payments . . . . .	<b>70b</b>	<b>0770B</b>
<b>71</b>	Apply overpayment (sum of lines 70a and 70b) to (check one):		
	<input type="checkbox"/> Credit on 2025 Form 1042 or <input type="checkbox"/> Refund <b>0771</b>		

**Section 2 Reconciliation of Payments of U.S. Source FDAP Income**

<b>1</b>	Total U.S. source FDAP income required to be withheld upon under chapter 4 . . . . .	<b>1</b>	<b>0801</b>
<b>2</b>	Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 because:		
<b>a</b>	Amount of income paid to recipients whose chapter 4 status established no withholding is required . . . . .	<b>2a</b>	<b>0802A</b>
<b>b</b>	Amount of excluded nonfinancial payments . . . . .	<b>2b</b>	<b>0802B</b>
<b>c</b>	Amount of income paid with respect to grandfathered obligations . . . . .	<b>2c</b>	<b>0802C</b>
<b>d</b>	Amount of income effectively connected with the conduct of a trade or business in the United States . . . . .	<b>2d</b>	<b>0802D</b>
<b>e</b>	Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 (add lines 2a–d) . . . . .	<b>2e</b>	<b>0802E</b>
<b>3</b>	Total U.S. source FDAP income reportable under chapter 4 (add lines 1 and 2e) . . . . .	<b>3</b>	<b>0803</b>
<b>4</b>	Total U.S. source FDAP income reported on all Forms 1042-S (from lines 62a, 62b(1), and 62b(2)) . . . . .	<b>4</b>	<b>0804</b>
<b>5</b>	Total variance, subtract line 3 from line 4; if amount other than zero, provide explanation on line 6 . . . . .	<b>5</b>	<b>0805</b>
<b>6</b>			

**0806****Section 3 Potential Section 871(m) Transactions**

Check here if any payments (including gross proceeds) were made by the withholding agent under a potential section 871(m) transaction, including a notional principal contract or other derivatives contract that references (in whole or in part) a U.S. stock or other underlying security. See instructions . . . . . **08CON** ☐

**Section 4 Payments by a Qualified Derivatives Dealer (QDD)**

Check here if any payments were made by a QDD . . . . . **08QDD** ☐

If the box is checked, you must do the following.

(1) Attach Schedule(s) Q (Form 1042). See instructions.

(2) Enter your EIN (other than your QI-EIN)

Form **1042** (2024)

**Exhibit 3.22.110-2 (11-25-2024)**  
**Form 1042 Glossary**

***Form 1042 Glossary Terms/Definitions***

<b>Term</b>	<b>Definition</b>
Alien	An individual who is not a citizen of the United States. The person can be either a resident or non-resident alien. Resident aliens are taxed just like U.S. citizens. Form 1042 is concerned with non-resident aliens. Complete information on aliens can be found in Pub 519
Back-Up Withholding	Tax withholding from income when a person does not provide a valid TIN to the payor.
Beneficial Owner	Generally, the person who is required under U.S. tax principles to include the payment in gross income on a tax return.
Calendar Year	A year ending December 31st (see Fiscal Year). This is the only type of tax year allowed on Form 1042
Chapter Three Withholding	This refers to tax withheld from income under Title 26, Subtitle A, Chapter 3, Subchapter A, for the following sections in the U.S. Code: <ul style="list-style-type: none"> <li>• 1441-1443</li> <li>• 1445-1446</li> <li>• 1461-1464</li> </ul>
Chapter Four Withholding	This refers to tax withheld on withholdable payments per Title 26, Subtitle A, Chapter 4, Sections 1471-1474 of the U.S. Code (Foreign Account Tax Compliance Act).
Collective Refund	Procedures that allow a QI/WP/WT, PFFI, or a Reporting Model 1 FFI to obtain a refund on behalf of their account holders, partners, owners, or beneficiaries per their respective agreement with the IRS. The collective refund is claimed using a Form 1042 and require the QI/WP/WT to provide more information to support the claim.
CTW	The abbreviation for <b>Chapter Three Withholding</b> .
EDC Line	A line which appears in the For IRS Use Only box in the upper right-hand corner of Form 1042. This line is not in current use.
EIN	<b>Employer Identification Number</b> is a nine-digit number used to identify business taxpayers on the Business Master File. The first two represent the district office code. See also: TIN.

**Exhibit 3.22.110-2 (Cont. 1) (11-25-2024)****Form 1042 Glossary**

<b>Term</b>	<b>Definition</b>
Fiduciary	A fiduciary is any person in a position of confidence acting on behalf of a taxpayer or any other person. A fiduciary assumes the powers, rights, duties, and privileges of the person or entity on whose behalf they are acting.
52/53 Week Filer	Tax year which can begin or end on a day other than the first or last day of a month (with certain restrictions). It is not allowed on Form 1042
Fiscal Year	Tax year (12 months) which ends on the last day of a month other than December, e.g., September 1, 2023 through August 31, 2024. While common on other BMF returns, a fiscal year cannot be used on Form 1042.
Foreign Person	A Nonresident alien individual, a foreign corporation, a foreign partnership, a foreign trust, a foreign estate, and any other person who is not a U.S. person. The term also includes a foreign branch or office of a U.S. financial institution or U.S. clearing organization if the foreign branch is a Qualified Intermediary. Generally, a payment to a U.S. branch of a foreign institution is a payment to a foreign person.
Flow-Through Entity	Entity that does not pay income tax itself, but through which income “flows” to another partner, beneficiary, or owner who does pay the tax. Examples include certain trusts, partnerships, S-corporations, etc.
For IRS Use Only Box	Outlined area in the upper right-hand corner of Form 1042 into which various dates, codes and amounts are entered by the IRS, not taxpayers. It takes the place of a separate Edit Sheet (there is no edit sheet for Form 1042).
Form 1000	Document that is filed with the withholding agent, (not to the IRS) by persons with interest on certain types of bonds. These are kept by the withholding agent but the amounts thereon are summarized on the Form 1042.
Form 1040-NR	Individual Master File (IMF) tax return (similar to Form 1040) filed by a Non-Resident Alien with the recipient’s copy of Form 1042-S attached when applicable to substantiate a credit for withholding. It is used to report income received and tax withheld, and to pay more tax or claim a refund.

**Exhibit 3.22.110-2 (Cont. 2) (11-25-2024)**  
**Form 1042 Glossary**

<b>Term</b>	<b>Definition</b>
Form 1042-S	Form similar in function to a Form W-2 that shows the individual amount of income received by a foreign person, the tax withheld and other information. Each receipt of income by a foreign person is recorded on a separate Form 1042-S. It reports U.S. source amounts paid during the preceding year. The total amount of income reported and tax withheld from a group of Forms 1042-S is reported on Form 1042. A copy of each Form 1042-S is sent to the IRS and another copy is given to the recipient to file with their tax return. See 1042-S instructions for more information.
Form 1042-T	Form used as a transmittal for a group of Form 1042-S, the amounts from which are summarized on the Form 1042-T. The Form 1042-T is filed and processed separately from the Form 1042.
Form W-8BEN	Form an individual provides to a withholding agent to certify its foreign status and to claim a reduced rate of withholding pursuant to a treaty (if applicable).
Form W-8BEN-E	Form an entity provides to a withholding agent to certify its foreign status and its status for purposes of chapters 3 and 4, and to claim a reduced rate of withholding pursuant to a treaty (if applicable).
Form W-8ECI	Form a beneficial owner provides to a withholding agent to certify certain payments that it receives constitute income effectively conducted with a trade or business in the U.S. (and thus is not subject to chapter 3 or 4 withholding).
Form W-8IMY	Form which is filed with the IRS indicating the person is a Qualified or Non-Qualified Intermediary or a foreign flow-through entity.
Hong Kong	Treated as a separate country apart from China for tax purposes (see Pub 515). Treaties which apply to China may not apply to Hong Kong, or vice versa (see Pub 901).
Income, Foreign-Source	Income from sources outside of the United States. Not taxable to foreign persons by the IRS.
Income, U.S.-Source	Income from sources within the United States. Potentially (depending on Treaty provisions) taxable to foreign persons by the IRS.



**Exhibit 3.22.110-2 (Cont. 3) (11-25-2024)**  
**Form 1042 Glossary**

<b>Term</b>	<b>Definition</b>
Intermediary	Custodian, broker, nominee or any person (U.S. or foreign) that acts as an agent for another person. A foreign intermediary is either Qualified or Non-Qualified and indicates which by the EIN used on the return. For TY13 and prior, there was also a checkbox on the intermediary line of Form 1042
ITIN	<b>Individual Taxpayer Identification Number</b> assigned by the IRS Austin Campus due to an accepted Form W-7/Form W-7SP/ application. This is a nine-digit valid permanent number beginning with 9 and fourth and fifth digits being 50 through 65, 70 through 88, 90 through 92, and 94 through 99. Appears on MCC or IDRS transcripts with an asterisk and pound sign differentiating it from temporary SSN which are invalid. See also: TIN.
Jurat	Certification on an affidavit declaring when, where and before whom it was sworn. It remains attached to the tax return.
MeF	Modernized eFile receives and processes e-file returns in an Internet environment. MeF provides for real time processing of acknowledgements, streamlined error detection, standardization of business rules and requirements across form types, capability to attach PDF files, and capability for IRS employees to view MeF return data through the Employee User Portal (EUP) and also the Business Objects Server.
Non-Resident Alien (NRA)	Citizen of a foreign country who has not fulfilled the requirements to be a resident alien. An NRA is subject to tax on U.S.-sourced income or income effectively connected with a U.S. business only. Form 1042 summarizes the amounts of income paid and the taxes withheld from a group of NRAs (or other foreign persons) for whom the withholding agent is responsible. The NRA will file a Form 1040-NR with a copy of their Form 1042-S attached. This is basically the same as a U.S. citizen filing a Form 1040 with a Form W-2 attached.



**Exhibit 3.22.110-2 (Cont. 4) (11-25-2024)**  
**Form 1042 Glossary**

<b>Term</b>	<b>Definition</b>
Participating Foreign Financial Institution (PFFI)	Foreign financial institution that has agreed to follow the requirements of an FFI agreement with the IRS with respect to its chapter 4 withholding obligations. A withholding agent that is a PFFI will use a chapter 4 status code of 05. A PFFI can claim a collective refund using Form 1042 and following the applicable procedures.
Possessions, U.S.	Primarily Guam, U.S. Virgin Islands (NOT the British Virgin Islands), American Samoa and the Commonwealth of the Northern Mariana Islands (CNMI). Puerto Rico is not actually a U.S. possession, but is included in IRS information on possessions (such as Pub 570). The Palau Islands are now (since 1993) an independent country but are treated as a U.S. possession for tax purposes. A complete list of U.S. possessions can be found in Pub 570.
Qualified Derivatives Dealer (QDD)	A QI home office or branch that qualifies and has been approved for QDD status and meets the requirements of a QDD and the other requirements in the QI agreement and Treasury regulations, including assuming primary chapter 3 and 4 withholding responsibilities and primary Form 1099 reporting and backup withholding responsibilities for payments made as a QDD. A QDD acts as a QDD for all payments made as a principal with respect to potential section 871(m) transactions and all payments received as a principal with respect to potential section 871(m) transactions and underlying securities, excluding any payments made or received by the QDD to the extent the payment is treated as effectively connected with the conduct of a trade or business within the United States within the meaning of section 864. A QDD does not act as a QDD for any other payments. A QDD must follow the naming convention specified in the QI agreement.
QI/WP/WT EIN Valid Range.	mediaries (QIs), Withholding Partnerships (WPs, Withholding Trusts (WTs), and Qualified Derivatives Dealers (QDDs) by the IRS in Manhattan (NY). A QI/WP/WT/QDD must use one of these EINs on Form 1042.

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#

**Exhibit 3.22.110-2 (Cont. 5) (11-25-2024)**  
**Form 1042 Glossary**

Term	Definition
Qualified Securities Lender (QSL)	Foreign financial institution that satisfies all the following: 1) It is a bank, custodian, broker-dealer, or clearing organization that is regulated by the government in its home jurisdiction and that regularly borrows and lends the securities of U.S. corporations to unrelated customers, 2) It is subject to audit by the IRS under section 7602 or by an external auditor if it is a QI, 3) It provides to the withholding agent an annual certification of its QSL status, and 4) It meets the requirements to qualify as a QSL provided in <b>Notice 2010-46</b> , for the transition period (currently extended for 2025 and 2026 Per Notice 2024-44) and until more published guidance is issued.
Qualified Intermediary	Foreign intermediary (or a foreign branch of a U.S. intermediary or QDD) which has entered into a QI withholding agreement with the U.S. (see Form W-8IMY). The QI must use an EIN in the QI valid range.
Recipient	Nonresident alien, fiduciary, withholding foreign partnership or withholding foreign trust, foreign corporation, qualified intermediary, or certain U.S. branches of U.S. persons that received payments from a withholding agent. It does not include a non-qualified intermediary or certain qualified intermediaries with respect to payments subject to section 1446 withholding.
Reimbursement Procedures	Procedures that allow a withholding agent to repay a beneficial owner for an overwithheld amount (by the earlier of the date on which Form 1042-S is filed or the due date for filing such form for the year of overwithholding, including extensions.), and then reimburse itself by reducing any subsequent deposits made before the end of the following calendar year. The reduced tax liability is reported on Lines 1-60 of the Form 1042 for the period during which the reimbursement occurred, and the total tax withheld is reported as total deposits.
ROFTL	Record of Federal Tax Liability found in the center of Form 1042 showing a breakdown of tax liability during the applicable quarter-monthly period.

**Exhibit 3.22.110-2 (Cont. 6) (11-25-2024)**  
**Form 1042 Glossary**

<b>Term</b>	<b>Definition</b>
Set-off Procedure	Withholding agent may repay the beneficial owner or payee the amount overwithheld by reducing the amount withheld on later payments made to that person. This must be done before the earlier of: 1) The date you actually file Form 1042-S for the calendar year in which the amount was overwithheld, or 2) The due date for filing Form 1042-S for the calendar year of overwithholding (including extensions).
Special Character	Character used in a field that is NOT a numeric, alpha or blank (such as a slash, hyphen, period, ampersand, etc).
Social Security Number (SSN)	Nine-digit number issued by the Social Security Administration used to identify individual taxpayers on the Individual Master File. See also: TIN.
Taxpayer Identification Number (TIN)	Nine-digit number that identifies a taxpayer and must appear on every IRS form. There are several types of TINs. See also: EIN, ITIN, SSN.
Tax Liability	Foreign persons are subject to U.S. tax at a 30 percent rate on certain fixed or determinable annual or periodical (FDAP) income received from U.S. sources. Income includes interest, dividends, rents, royalties, premiums, capital gains, annuities, compensation, etc. The 30 percent rate can be reduced depending on tax treaty provisions or other provisions under the IRC. Different tax rates apply to distributions by publicly traded partnerships to foreign persons and to amounts realized from sales of interests in these partnerships subject to section 1446(f) withholding.
Tax Treaty	Agreement changing the tax requirements between the United States and another country, such as the reduction of the usual 30 percent tax rate on income. Complete information on tax treaties can be found in Pub 901.
Title 26	Large division or part of a still-larger work. Title 26 is that part of the U.S. Code that is the Internal Revenue Code (IRC).
U.S. Code.	Arrangement (codification) by subject matter of the general and permanent laws of the United States. It is divided by broad subjects into fifty titles (Title 26 is the Internal Revenue Code). It is published every six years, with annual supplements, by an office in the U.S. House of Representatives.

**Exhibit 3.22.110-2 (Cont. 7) (11-25-2024)**  
**Form 1042 Glossary**

Term	Definition
U.S. Person	<ul style="list-style-type: none"> <li>• A citizen or resident of the United States.</li> <li>• A domestic partnership.</li> <li>• A domestic corporation.</li> <li>• Any estate other than a foreign estate.</li> <li>• Any trust if: <ul style="list-style-type: none"> <li>a. A court within the United States is able to exercise primary supervision over the administration of the trust and</li> <li>b. One or more United States persons have the authority to control all substantial decisions of the trust.</li> </ul> </li> <li>• Any other person that is not a foreign person.</li> </ul>
Withholdable Payment	Payment defined in Treas. Reg. section 1.1473-1(a) that is subject to withholding under chapter 4 of the Code. Generally, these are payments of U.S. source fixed determinable annual or periodical income (not effectively connected with a trade or business within the United States).
Withholding Agent	Person who has control, receipt, custody, disposal or payment of any income of a foreign person who is subject to withholding and is responsible for withholding the tax on payments made to the foreign person. The agent may be an individual, corporation, trust, estate, association or partnership
Withholding Partnership/Withholding Trust (WP/WT)	Foreign partnership or trust that has entered into withholding agreement with the IRS in which it agrees to assume primary withholding responsibility for payments made to its partners, beneficiaries or owners for Chapter 3 and 4 purposes. (See Form W-8IMY)
Withholding Rate	The percentage of income that is withheld as tax. The rate can be changed by treaty.

**Exhibit 3.22.110-3 (11-17-2017)****Relevant IRS Publications**

<b>Publication</b>	<b>Title</b>
Pub 515	Withholding of Tax on Nonresident Aliens and Foreign Entities; <b>Note:</b> There is no publication specifically for Form 1042. However, Pub 515 has the most relevant information for Form 1042.
Pub 519	U.S. Tax Guide for Aliens
Pub 570	Tax Guide for Individuals With Income From U.S. Possessions
Pub 901	U.S. Tax Treaties
Pub 966	Electronic Federal Tax Payment System

**Exhibit 3.22.110-4 (11-17-2017)****Abbreviations**

<b>Abbreviation</b>	<b>Description</b>
Amt	Amount
C&E	Code and Edit
CAS	Correspondence Action Sheet
CCC	Computer Condition Code
CI	Criminal Investigations
CRD	Correspondence Received Date
DLN	Document Locator Number
EFTPS	Electronic Funds Transfer Payment System
ERS	Error Resolution System
e.g.,	for example: shows a non-specific example (from Latin “exempli gratia” = for the sake of example)
Exam	Examination unit
i.e.,	that is: shows a specific example or reference (from Latin “id est.” = that is)
MCC	Major City Code
NQI	Non-Qualified Intermediary, and for purposes of this IRM, any EIN outside the QI/ WP/WT EIN Valid Range.
NRA	Non-Resident Alien
Pub	IRS publication
QDD	Qualified Derivatives Dealer
QI	Qualified Intermediary, and for purposes of this IRM, a Qualified Intermediary, Withholding Partnership, or Withholding Trust in the QI/WP/WT EIN Valid Range.
TE	Tax Examiner
TY	Tax Year

**Exhibit 3.22.110-5 (11-17-2017)****U.S. Possessions ZIP Codes**

This chart is a list of U.S. Possessions and their ZIP Codes.

***Puerto Rico (PR)***

<b>City</b>	<b>ZIP Code</b>	<b>City</b>	<b>ZIP Code</b>
Adjuntas	00601	La Plata	00786
Aguada	00602	Lares	00669
Aguadilla	00603	Las Marias	00670
Agnes Buenas	00703	Las Piedras	00771
Aguirre	00704	Levittown	00949
Aibonito	00705	Loiza	00772
Anasco	00610	Loiza Street Station	00936
Angeles	00611	Luquillo	00773
Arecibo	00612	Manati	00674
Arroyo	00714	Maricao	00606
Bajadero	00616	Maunabo	00707
Barceloneta	00617	Mayaguez	00680
Barranquitas	00794	Mercedita	00715
Barrio Obrero Station	00935	Minillas Center	00936
Bayamon	00956	Moca	00676
Boqueron	00622	Morovis	00687
Cabo Rojo	00623	Naguabo	00718
Caguas	00725	Naranjito	00719
Camuy	00627	Orocovis	00720
Canovanas	00729	Palmer	00721
Caparra Heights	00920	Patillas	00723
Carolina	00982	Penuelas	00624
Catano	00962	Ponce	00731
Cayey	00736	Puerta de Tierra	00936
Ceiba	00735	Puerta Real	00740
Cerro Gordon	00754	Punta Santiago	00741
Ciales	00638	Quebradillas	00678
Cidra	00739	Ramey	00603

**Exhibit 3.22.110-5 (Cont. 1) (11-17-2017)**  
**U.S. Possessions ZIP Codes**

City	ZIP Code	City	ZIP Code
Coamo	00769	Rincon	00677
Comerio	00782	Rio Blanco	00744
Condado	00907	Rio Grande	00721
Corozal	00783	Rio Piedras	00927
Coto Laurel	00780	Rosario	00636
Culebra	00775	Sabana Grande	00637
Dorado	00646	Sabana Hoyos	00688
Ensenada	00647	Sabana Seca	00952
Esperanza	00765	Saint Just	00978
Fajardo	00738	Salinas	00751
Fernandez Juncos	00936	San Antonio	00690
Florida	00650	San Francisco	00927
Fort Buchanan	00934	San German	00683
Garrachales	00652	San Juan	00936
Guanica	00653	San Lorenzo	00754
Guayama	00784	San Sebastian	00685
Guayanilla	00656	Santa Isabel	00757
Guaynabo	00965	Santurce	00936
Gurabo	00778	Toa Alta	00953
Hatillo	00659	Toa Boa	00949
Hato Rey	00936	Trujillo Alto	00976
Hormigueros	00660	University	00936
Humacao	00791	Utua	00641
Isabela	00662	Vega Alta	00692
Jayuya	00664	Vega Baja (box 1-9049)	00694
Juana	00795	Vieques	00765
Juncos	00777	Villalba	00766
La Cumbre	00926	Yabucoa	00767
Lajas	00667	Yauco	00698



**Exhibit 3.22.110-5 (Cont. 2) (11-17-2017)****U.S. Possessions ZIP Codes*****American Samoa (AS)***

<b>City</b>	<b>ZIP Code</b>
Faga'itua	96799
Leone	96799
Olosega Manua'	96799
Pago Pago	96799

***Federated States of Micronesia (FM)***

<b>City</b>	<b>ZIP Code</b>
Chuuk	96942
Kosrae	96944
Pohnpei	96941
Yap	96943

***Marshall Islands (MH)***

<b>City</b>	<b>ZIP Code</b>
Ebeye	96970
Majuro	96960

***Palau (PW)***

<b>City</b>	<b>ZIP Code</b>
Ngerulmud	96939
Palau	96940

***Northern Mariana Islands (MP)***

<b>City</b>	<b>ZIP Code</b>
Capitol Hill	96950
Rota	96951
Saipan	96950
Tinian	96952

**Exhibit 3.22.110-5 (Cont. 3) (11-17-2017)**  
**U.S. Possessions ZIP Codes**

***Virgin Islands (VI)***

<b>City</b>	<b>ZIP Code</b>
Charlotte Amalie	00802
Christiansted	00820
Cruz Bay	00830
Downtown	00840
Frederiksted	00840
Kingshill	00850
Saint Croix	00820
Saint John	00830
Saint Thomas	00805
Sunny Isle	00850
Veterans Annex	00820

***Guam (GU)***

<b>City</b>	<b>ZIP Code</b>
Agana	96910/96919
Inarajan	96917
Merizo	96916
Tamuning	96911/96931
Umatac	96915
Yona	96914/96915

**Exhibit 3.22.110-6 (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆*****Australia State***

<b>Australia State</b>	<b>Abbreviation</b>
Australian Capital Territory	ACT
New South Wales	NSW
Northern Territory	NT
Queensland	QLD
South Australia	SA
Tasmania	TAS
Victoria	VIC
Western Australia	WA

***Brazil State***

<b>Brazil State</b>	<b>Abbreviation</b>
Acre	AC
Alagoas	AL
Amapa	AP
Amazonas	AM
Bahia	BA
Ceara	CE
Distrito Federal	DF
Espirito Santo	ES
Goiias	GO
Maranhao	MA
Mato Grasso	MT
Mato Grosso do Sul	MS
Minas Gerais	MG
Para	PA
Paraiba	PB
Parana	PR
Pernambuco	PE
Piaui	PI
Rio de Janeiro	RJ

**Exhibit 3.22.110-6 (Cont. 1) (01-01-2019)****♦ Province, Foreign State, and Territory Abbreviations ♦**

<b>Brazil State</b>	<b>Abbreviation</b>
Rio Grande do Norte	RN
Rio Grande do Sul	RS
Rondonia	RO
Roraima	RR
Santa Catarina	SC
Sao Paulo	SP
Sergipe	SE
Tocantins	TO

***Canada Province/Territory***

<b>Canada Province/Territory</b>	<b>Abbreviation</b>
Alberta	AB
British Columbia	BC
Manitoba	MB
New Brunswick	NB
Newfoundland and Labrador	NL
Northwest Territories	NT
Nova Scotia	NS
Nunavut	NU
Ontario	ON
Prince Edward Island	PE
Quebec	QC
Saskatchewan	SK
Yukon	YT

***Cuba Province***

<b>Cuba Province</b>	<b>Abbreviation</b>
Camaguey	CG
Ciego de Avila	CA
Cienfuegos	CF
Ciudad de La Habana	CH

**Exhibit 3.22.110-6 (Cont. 2) (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆**

<b>Cuba Province</b>	<b>Abbreviation</b>
Granma (Bayamo)	GR
Guantanamo	GT
Holguin	HO
La Habana	HA
Matanzas	MT
Municipio Especial Isla de La Juventud	IJ
Pinar del Rio	PR
Sancti Spiritus	SS
Santiago de Cuba	SC
(Victoria de) Las Tunas	LT
Villa Clara	VC

***Italy Province***

<b>Italy Province</b>	<b>Abbreviation</b>
Agrigento	AG
Alessandria	AL
Ancona	AN
Aosta/Aoste	AO
Arezzo	AR
Ascoli Piceno	AP
Asti	AT
Bari	BA
Belluno	BL
Benevento	BN
Bergamo	BG
Biella	BI
Bologna	BO
Bolzano Bozen	BZ
Brescia	BS
Brindisi	BR
Cagliari	CA

**Exhibit 3.22.110-6 (Cont. 3) (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆**

<b>Italy Province</b>	<b>Abbreviation</b>
Caltanissetta	CL
Campobasso	CB
Caserta	CE
Catania	CT
Catanzaro	CZ
Chieti	CH
Como	CO
Cosenza	CS
Cremona	CZ
Crotone	KR
Cuneo	CN
Enna	EN
Ferrara	FE
Firenze	FI
Foggia	FG
Forli	FO
Frosinone	FR
Genoa	GE
Gorizia	GO
Grosseto	GR
Imperia	IM
Isernia	IS
L'Aquila	AQ
La Spezia	SP
Latina	LT
Lecce	LE
Livorno	LI
Lodi	LO
Lucca	LU
Macerata	MC
Mantova	MN

**Exhibit 3.22.110-6 (Cont. 4) (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆**

<b>Italy Province</b>	<b>Abbreviation</b>
Massa-Carrara	MS
Matera	MT
Messina	ME
Milan	MI
Modena	MO
Napoli	NA
Novara	NO
Nuoro	NU
Oristano	OR
Padova	PD
Palermo	PA
Parma	PR
Pavia	PV
Perugia	PG
Pesaro-Urbino	PS
Pescara	PE
Piacenza	PC
Pisa	PI
Pistoia	PT
Pordenone	PN
Potenza	PZ
Prato	PO
Ragusa	RG
Ravenna	RA
Reggio de Calabria	RC
Reggio nell'Emilia	RE
Rieti	RI
Rimini	RN
Roma	RM
Rovigo	RO
Salerno	SA

**Exhibit 3.22.110-6 (Cont. 5) (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆**

<b>Italy Province</b>	<b>Abbreviation</b>
Sassari	SS
Savona	SV
Siena	SI
Siracusa	SR
Sondrio	SO
Taranto	TA
Teramo	TE
Terni	TR
Torino	TO
Trapani	TP
Trento	TN
Treviso	TV
Trieste	TS
Udine	UD
Varese	VA
Venezia	VE
Verbania	VB
Vercelli	VC
Verona	VR
Vibo Valentia	VV
Vicenza	VI
Viterbo	VT

***Mexico State***

<b>Mexico State</b>	<b>Abbreviation</b>
Aguascalientes	AGS
Baja California Norte	BCN
Baja California Sur	BCS
Campeche	CAM
Chiapas	CHIS
Chihuahua	CHIH



**Exhibit 3.22.110-6 (Cont. 6) (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆**

<b>Mexico State</b>	<b>Abbreviation</b>
Coahuila	COAH
Colima	COL
Distrito Federal	DF
Durango	DGO
Guanajuato	GTO
Guerrero	GRO
Hidalgo	HGO
Jalisco	JAL
Mexico	MEX
Michoacan	MICH
Morelos	MOR
Nayarit	NAY
Nuevo Leon	NL
Oaxaca	OAX
Puebla	PUE
Queretaro	QRO
Quintana Roo	QROO
San Luis Potosi	SLP
Sinaloa	SIN
Sonora	SON
Tabasco	TAB
Tamaulipas	TAMPS
Tlaxcala	TLAX
Veracruz	VER
Yucatan	YUC
Zacatecas	ZAC

***The Netherlands Province***

<b>The Netherlands Province</b>	<b>Abbreviation</b>
Drenthe	DR
Flevoland	FLD

**Exhibit 3.22.110-6 (Cont. 7) (01-01-2019)****◆ Province, Foreign State, and Territory Abbreviations ◆**

<b>The Netherlands Province</b>	<b>Abbreviation</b>
Friesland	FR
Gelderland	GLD
Groningen	GN
Limburg	LB
North Brabant	NB
North Holland	NH
Overijssel	OV
South Holland	ZH
Utrecht	UT
Zeeland	SLD

**Exhibit 3.22.110-7 (11-17-2017)****Error Resolution System (ERS) Action Codes**

<b>Action Code</b>	<b>Description</b>	<b>Workday Suspense Period</b>	<b>Function Used In</b>
001	Input Document	0	Computer Generated
210	Employee Plans Master File (EPMF) Correspondence	60	ERS, Rejects
211	First Taxpayer Correspondence	40	C&E, ERS, Rejects
212	Second Taxpayer Correspondence	25	C&E, ERS, Rejects
213	Correspondence to Other Than Taxpayer	40	C&E, ERS, Rejects
215	International Correspondence Assistant Commissioner International (ACI)	45	C&E, ERS, Rejects
225	Taxpayer Correspondence (Signature Only)	40	C&E, ERS, Rejects
226	International Correspondence (Signature Only)	45	C&E, ERS, Rejects
300	Examination (Fuel Tax Credit)	10	C&E, ERS, Rejects
310	Statute Control	10	C&E, ERS, Rejects
320	Entity Control	10	C&E, ERS, Rejects
331	Frivolous Review	3	C&E, ERS
332	Questionable Refund Detection Team (QRDT) Review	3	C&E, ERS
333	Prompt Audit	10	C&E, ERS, Rejects
334	Joint Committee	10	C&E, ERS, Rejects
335	Frivolous Case	10	C&E, ERS, Rejects
336	QRDT Case	10	C&E, ERS, Rejects
337	Other Criminal Investigation Division (CID)	10	C&E, ERS, Rejects
341	Manual Refund	10	C&E, ERS, Rejects
342	Credit Verification	10	C&E, ERS, Rejects
343	Other Accounting	10	C&E, ERS, Rejects
344	Manual Refund	0	ERS
351	TIN Research	0	ERS, Rejects
352	Name Research	3	C&E, ERS, Rejects
353	Address Research	3	C&E, ERS, Rejects
354	Filing Requirements Research	3	C&E, ERS, Rejects

**Exhibit 3.22.110-7 (Cont. 1) (11-17-2017)**  
**Error Resolution System (ERS) Action Codes**

Action Code	Description	Workday Suspense Period	Function Used In
355	Other MFTRA Research	5	C&E, ERS, Rejects
360	Other In-House Research	10	C&E, ERS, Rejects
370	Examination	10	C&E, ERS, Rejects
410	Help Needed	0	ERS
420	Management Suspense A	5	C&E, ERS, Rejects
460	Management Suspense E	25	C&E, ERS, Rejects
470	Complex Error Codes	0	ERS
480	Early Filed Suspense	150	C&E, ERS, Rejects
490	System Problem	5	C&E, ERS, Rejects
510	Missing Document	0	C&E
511	Missing Document - 1st Suspense	25	ERS, Rejects
512	Missing Document - 2nd Suspense	20	Rejects
513	Missing Document - 3rd Suspense	20	Rejects
515	Missing Document - Short Term	5	ERS, Rejects
550	Magnetic Tape Return - Check for Attachments	0	C&E
551	Magnetic Tape - Inconsistent Data	0	C&E
610	Renumber - Non-Remit	0	C&E, ERS
611	Renumber - Remit	0	C&E, ERS
620	Non-Master File (NMF) / Automatic Data Processing (ADP)	0	C&E, ERS, Rejects
630	Reinput	0	ERS, Rejects
640	Void	0	C&E, ERS, Rejects
650	International (ACI)	0	C&E, ERS, Rejects
660	Data Control Delete, Tape Edit Processor (TEP) Delete	0	Rejects
670	Rejected Missing Document	0	Rejects
700	Duplicate Block DLN	0	Computer Generated
711	Duplicate Document DLN from C&E	0	Computer Generated
712	Duplicate Document DLN from ERS	0	Computer Generated
713	Duplicate Document DLN from Unpostables	0	Computer Generated

**Exhibit 3.22.110-7 (Cont. 2) (11-17-2017)**  
**Error Resolution System (ERS) Action Codes**

<b>Action Code</b>	<b>Description</b>	<b>Workday Suspense Period</b>	<b>Function Used In</b>
714	Duplicate Document DLN from Unworkable Suspense	0	Computer Generated
715	Duplicate Document DLN from Workable Suspense	0	Computer Generated
800	NAP Linkage Problem	2	ERS, Rejects
900	Unpostable Record	0	Computer Generated

**Exhibit 3.22.110-8 (01-01-2015)****Error Code 026 Correction**

**Error Code 026  
Correction Procedures**

**Always drop the cursor to the bottom of the screen and transmit before proceeding.**

**Note:** If prepaid credits are present, see Error Code 026 for instructions.

1. Is the Tax Period edited correctly?

**Note:** Search the return and attachments for the correct Tax Period if there is no pre-printed label and/or no written date(s) on the top of Page 1

**NO**

Change the document and the screen.

**Note:** Be aware of special situations such as 52-53-week filers before changing the Tax Period.

**YES**

2. Is the Tax Period transcribed correctly?

**NO**

Change Field 01TXP (Tax Period)

**YES**

3. Is the EIN transcribed correctly?

**NO**

Change Field 01EIN and research INOLES on the new EIN to ensure the FYM agrees with the document.

**YES**

4. Is CCC "Y" or "G" present?

**YES**

Enter "C" in the Clear Code field.

**NO**

5. Is the return Final?

**YES**

Enter an "F" in Field 01CCC.

**NO**

6. Is the return for a Short Period (not Initial or Final) with an acceptable reason attached? (See Error Code 026 for definition.)

**YES**

Enter a "Y" in Field 01CCC.

**NO**

**Research INOLES ENMOD (or BMFOLE)**

7. Does the FYM agree with the FYM on the document, or Is there a **PENDING** (PN) TC 016 or 090 with the correct FYM shown on ENMOD?

**YES**

Enter "C" in the Clear Code field.

**NO**

8. Is TC 052, 053, 054, 055, 057, 058, 059, 090, 091, 092, 093, 094, 095, or 096 present, and is the date of the transaction within 12 months of the Tax Period on the document? (See Error Code 026 for definition of TC's)  
**Caution:** If TC053 or 054 is NOT present or pending and there is a Form 1128 attached to the return, then SSPND 320 to Entity. Attach Form 4227 with an explanation.

**YES**

- If the transaction code Tax Period matches the return enter "C" in the Clear Field.
- If TC 053, 054 or 055 is present, enter a "Y" in Field 01CCC.
- If TC 059 is present, SSPND 351 to Rejects to correspond for return with correct tax period.
- If there is a Tax Period mismatch SSPND 320 to Entity and attach Form 4227 with an explanation.

**NO**

(Continued on next page)

## Exhibit 3.22.110-8 (Cont. 1) (01-01-2015)

## Error Code 026 Correction

## Research BMFOL "I"

9. Is MFT 02 present?

NO

Enter "C" in the Clear Code field.

YES

10. Are there returns posted for MFT 02?  
(A "Y" in the "posted Return" column indicates a return is posted.)

NO

SSPND 351 and attach Form 4227 for input of TC 016.

YES

11. Are all of the posted returns for MFT 02 later than the Tax Period of the return?

YES

SSPND 351 and attach Form 4227 for input of TC 016.  
**NOTE:** If extensions, payments, or credits need to be moved, prepare Form 3465. Enter CCC "X" to prevent a refund going out.

NO

12. Are all the postings for the same fiscal year and there are no dates on the top of page 1?

YES

Change Field 01TXP and the FYM of the document to the fiscal year.

NO

13. Do the postings prior to the tax period of the return agree with the FYM of the document?

YES

SSPND 351 and attach Form 4227 for input of TC 016.

NO

14. Can you clearly determine from BMFOL "I" research that the return should post as filed? (See example below)

YES

SSPND 351 and attach Form 4227 for input of TC 016.

NO

15. Correspond using Letter 0319C

**EXAMPLE: The return is filed for FYM 201911****INOLES shows: FYM 06****BMFOL "I" shows:**201511  
201611  
201711  
201811  
201911  
202006  
202106**Tax Period**Y  
Y  
Y  
Y  
N  
Y  
N**Posted Return****The tax return for 201911 still needs to post. In this example, SSPND 351 for input of TC016.**

## Exhibit 3.22.110-9 (01-01-2015)

## Error Code 026 Reply/No Reply Procedures

## Reply Procedures

1. Does the tax period agree with the FYM?

YES

Change Field 01TXP to agree with the correct tax period. On the next screen, enter a "C" in the Clear Code Field.

NO

2. Does the tax period Disagree with the FYM?

YES

Change Field 01TXP to agree with the correct tax period and input a TC 016.

## No Reply Procedures

### Short Period

1. Is the return for a Short Period?

YES

Enter a "Y" in Field 01CCC

NO

### Full Period

2. Is the last tax period with a TC 150 12 months or **more** prior to the return?

YES

1. Input TC 016 on ENMOD with CC BNCHG.  
2. Input TC 474 on REQ77 (using 1 cycle delay) for the year and month prior to the beginning month of the tax period of the return being processed.  
3. When PN 016 generates on ENMOD, clear Error Code 026.

NO

3. Is the last TC 150 **less than** 12 months prior to the return tax period?

YES

Enter a "Y" in Field 01CCC



## Exhibit 3.22.110-10 (01-02-2019)

## ◆ Potential Frivolous Arguments for Examination Review ◆

*Potential Frivolous Arguments for Examination Review*

Potential Frivolous Arguments	Description
Alleged Churches/First Amendment	Income from non-religious sources and may claim a vow of poverty.
Altered Form	Altering any or all line items with the intent of facilitating non-compliance with the tax laws.
Altered Jurat/UCC (Uniform Commercial Code) 1-207 or UCC 1-308	Return has income and deductions but the jurat was altered or stricken. May include reference to UCC 1-207/UCC 1-308 or a statement the return was not signed under penalties of perjury.
Amended Returns/Form 843, Claim for Refund and Request for Abatement.	Amended return or a Form 843, Claim for Refund and Request for Abatement, filed to obtain a total refund of all taxes paid in prior years, based on a tax avoidance argument.
C-Filings	<p>This frivolous position includes the following four categories:</p> <ul style="list-style-type: none"> <li>a. Files a return claiming several types of deductions, credits, or overpayments/refunds that have no relation to reality and because of their outrageous character, qualify as frivolous returns.</li> <li>b. Files a return containing the filers identifying information but does not request a refund, often lacking sufficient information to determine a tax liability.</li> <li>c. Files a return with several types of rambling dialogue or r confusing arguments that no one could reasonably view as a good faith effort to follow the law.</li> <li>d. Files a return that tries to send some type of message or protest to the IRS, does not include sufficient identifying information for the IRS to either determine the identity of the taxpayer or correspondent or return address.</li> </ul>
Challenges to Authority/Due Process	Questions several administrative authorities such as delegation orders, summons authority, Privacy Act, etc. Argues that they must be afforded a hearing or a trial before taxes can be assessed or before property can be seized.
Challenges to Authority/Title 26 or law in Other Documents	Argues Title 26 of the United States Code is not law because it was never enacted as named.

**Exhibit 3.22.110-10 (Cont. 1) (01-02-2019)****◆ Potential Frivolous Arguments for Examination Review ◆**

Potential Frivolous Arguments	Description
Collection Issues	Files frivolous documents contending several collections issues are invalid (e.g., Offers in Compromise, Collection Due Process Requests, Installment Agreements, Appeals Requests, etc.) because they are not filed and signed by someone with delegated authority. They may have no certificate of assessment attached, do not comply in form or content with a State or Local law, are not in a certain format or lack a valid OMB (Office of Management and Budget) number or other frivolous positions.
Disclaimer	Submits a disclaimer stating, disclaims the liability for the tax due, making the liability on the return zero.
Fifth Amendment	Assertion of the Fifth Amendment right against self-incrimination as a basis for not providing any financial information.
Foreign Income	Argues that United States citizens and residents are not subject to tax on their wages or other income derived from sources within the United States, as only foreign-based income or income received by nonresident aliens and foreign S Corporations from sources within the United States is taxable.
Form 1099-OID (Original Issue Discount)	An individual or business files a return reporting false amounts of income (Other or Miscellaneous income) and claim a false amount of income tax withholding approximately equal to the amount of falsely reported income. Although the returns report income, they do not calculate any tax due. Some of the returns have Form 1099-OID (Original Issue Discount) attached and some have Form 1096. Other false financial instruments may be filed in the place of or in addition to the Form 1099-OID such as Form 2439, promissory notes, bonds, sight drafts, etc.

**Exhibit 3.22.110-10 (Cont. 2) (01-02-2019)****◆ Potential Frivolous Arguments for Examination Review ◆**

<b>Potential Frivolous Arguments</b>	<b>Description</b>
IRC 861 Business Employment Tax (BMF 861)	Argument targets employers and advises them wages are exempt from withholding. These taxpayers rely on Sections 861 through 865 of the Code and the regulations (in particular, Treasury Regulation 1.861-8), promoters of this scheme advise employers to stop withholding and paying payroll taxes on their employee's wages. In addition, some employers file amended payroll tax returns and request refunds of previously paid payroll taxes.
IRS is a Private Organization/Collects Tribute, Not Taxes	Argues the IRS is an entity named the Internal Revenue and Tax Service, Inc., which was incorporated in Delaware in 1933, it is a collection agency for the Federal Reserve Bank, or is part of the United Nations and is clandestinely leading the tax-paying public into a "new world order."
Not a Person	Argues a taxpayer is not a "person" within the meaning of IRC 7701(a)(14).
Obscene, Vulgar, Harassing	Submits documents or other materials indicating non-filing is due to dissatisfaction with tax policies or taxation in general. Often, this argument is expressed with obscene, vulgar, or crude language and characters in an extremely demeaning manner.
Protest Against Government Action/Inaction	Argues that refusal to file or pay is justified because they disagree with government policies or spending plans.
Sixteenth Amendment	Argues the Sixteenth Amendment was not properly ratified and therefore the federal government does not have the legal authority to collect an income tax without apportionment.
Straw Men	Argues the government has created an entity separate and distinct from the taxpayer - a "straw man" and any tax obligations are exclusively those of the "straw man."
Taxes are Voluntary/Law Does Not Require	Submits a return, amended return or correspondence that argues income taxes are voluntary.
U.S. vs. Long	Submits a return with zero money amounts. To explain the zeros inserted on the form the individual references U.S. vs. Long.
Unsigned Returns	The individual completes a return but does not sign, a statement indicating disagreement with the tax system is attached or added to the return.

**Exhibit 3.22.110-10 (Cont. 3) (01-02-2019)****◆ Potential Frivolous Arguments for Examination Review ◆**

Potential Frivolous Arguments	Description
Valuation	Income is not taxable because of the declining fair market value of the dollar, because the dollar is not backed by gold/silver, because the value of services is offset by the value of the labor (barter income), etc.
Zero Returns (ZERO)	<p>Submits a return with zero money amounts on all or most line items on the form (e.g., IRC 861, Form 2439, OID and other BMF filings that claim no income and request refunds). See Rev. Rul. 2004-34. A statement is attached claiming there is no section of the Internal Revenue Code that established an income tax liability. The statement may also have arguments about the definition of income. There are several variations on this type of filing such as those bearing the words “nunc pro tunc” and “not liable.”</p> <p><b>Note:</b> Returns with only zeros, no entries, are blank, or show “None,” “Not Liable,” etc. with no evidence of a frivolous argument are not to be considered as frivolous returns.</p>
Other	<p>All others including those in <b>Notice 2010-33</b> or any subsequent superseding notice. See also <a href="http://www.irs.gov/Tax-Professionals/The-Truth-About-Frivolous-Tax-Arguments-Introduction">http://www.irs.gov/Tax-Professionals/The-Truth-About-Frivolous-Tax-Arguments-Introduction</a> on IRS.gov. This category includes non-filer accounts resulting from initial compliance check such as cross-reference TINs.</p> <p><b>Note:</b> Frivolous arguments citing “Collection Due Process” (CDP) must be reviewed by Collections for possible referral to Appeals. Refer to IRM 5.19.8, Collection Appeal Rights, for more information.</p>

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