MANUAL TRANSMITTAL

3.24.180

Department of the Treasury
Internal Revenue Service

JANUARY 26, 2022

EFFECTIVE DATE

(01-26-2022)

PURPOSE

(1)   This transmits revised IRM 3.24.180, ISRP System - Allocated Tips.

MATERIAL CHANGES

(1)   IRM 3.24.180.2 (2) Change and updated job title.

(2)   Minor editorial changes have been made throughout this IRM (e.g., spelling, punctuation, formatting, etc.). Other significant changes to this IRM are shown above

EFFECT ON OTHER DOCUMENTS

IRM 3.24.180, *ISRP System - Allocated Tips* dated December 19, 2017 (effective (01-01-2018) is superseded.

AUDIENCE

Wage and Investment (W&I), Submission Processing Employees, Data Conversion Operations

James L. Fish
Director, Submission Processing
Customer Account Services
Wage and Investment

3.24.180
Allocated Tips

Table of Contents

3.24.180.1 (09-29-2021) **Program Scope and Objectives**	(1)	**Purpose:** Daily processing of processable paper filed Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, on the Integrated Submission and Remittance Processing System (ISRP) are covered in this IRM. This processing will convert the taxpayer data reported to electronic data records for further validations to be applied to determine if the employers return is acceptable to fulfill the filing requirement.
	(2)	**Audience:** The users of the IRM are Submission Processing General Clerks; Data Conversion Operation and their support staff which includes but is not limited to the following: clerks, leads and supervisors. These instructions apply to all campuses.
	(3)	**Policy Owner:** The Director of Submission Processing
	(4)	**Program Owner:** Paper Processing Branch, Mail Management/Data Conversion (an Organization within Submission Processing)
	(5)	**Primary Stakeholders:** Affected by these procedures or have input to the procedures which may include a change in work flow, additional duties, change in established time frames, and similar issues are:

- Accounts Management (AM)
- Small Business/Self Employed (SB/SE)
- Large Business and International (LB&I)
- Chief Financial Officer (CFO)
- Tax Payer Advocate (TAS)
- Chief Counsel, Information Technology programmers
- Statistics of Income (SOI)
- Tax Exempt/Government Entities (TEGE)
- Compliance Strategy and Policy and Operations Business Support
- Office of Servicewide Penalties are affected by the completion of these data records to posting.

	(6)	**Program Goals:** This information is used to provide instruction for accurate transcription of data into the ISRP system. The Integrated Submission and Remittance Processing (ISRP) is an application designed to capture, format, and forward information related to tax submissions and remittances in electronically readable formats to downstream IRS systems. Any remittances received with a tax document are forwarded and processed for deposit to the Remittance Processing function.
3.24.180.1.1 (12-19-2017) **Background**	(1)	Employer's Annual Information Return of Tip Income and Allocated Tips are sent to the Service by filers to fulfill their requirement to make annual reports to the IRS on receipts from food or beverage operations and tips reported by employees and provide their taxpayer identification number (TIN). The returns must be converted to an electronic data record for use by the Service. Input of data present and validation of the data records during conversion of these paper returns to electronic data records is required.
3.24.180.1.2 (12-19-2017) **Authority**	(1)	Authority for these procedures is found in Title 26 of the United States Code (USC) or more commonly known as the Internal Revenue Code (IRC). The IRC has been amended by acts, public laws, treasury determinations, rules, and regulations.

(2)   All policy statements for Submission Processing are contained in IRM 1.2.1.4, Servicewide Policies and Authorities, Policy Statements for Submission Processing Activities.

- Code sections which provide the IRS with the authority to issue levies.
- Congressional Acts which outline additional authorities and responsibilities like the Tax Act of 1986.
- Policy Statements that provide authority for the work being done.

3.24.180.1.3
(12-19-2017)
Roles and
Responsibilities

(1)   The Operations manager is responsible for securing, assigning and providing training for the staff needed to perform the task required throughout this instruction.

(2)   The Planning and Analysis Staff is responsible for providing feedback and support to local management to achieve and effectively monitor scheduled goals

(3)   The team manager/lead is responsible for and assigning, monitoring and controlling the work flow to accomplish timely completion of the tasks required throughout this IRM.

(4)   The team employee is responsible for applying the instruction present to the assigned task on the ISRP system to accurately convert paper data to electronic data record for proper posting for use by the Service.

3.24.180.1.4
(12-19-2017)
Program and
Management Review

(1)   **Program Reports:** Below are a list of reports to use to show receipts, production and inventory for the paper return to electronic data conversion process. These reports will be utilized to report and monitor daily and weekly status of the program to completeness.

- PCC 2240, Daily Production Report - Program Sequence
- PCC 6040, SC WP&C Performance and Cost Report
- PCC 6240, SC WP&C Program Analysis Report
- PCB 0440, Daily Workload and Staff hours Schedule
- PCB 0540, Weekly Workload and Staffing Schedule

(2)   **Program Effectiveness:** Goals will be measured utilizing standard managerial reports by documents processed per hour and completion of each function compared to the established schedule for completion each week. Each functionality is expected to retain or exceed schedule prior to the program completion date stated in IRM 3.30.123, Work Planning and Control Processing Timeliness: Cycles, Criteria, and Critical Dates.

(3)   **Annual Review:** Review the processes included in this manual annually to ensure accuracy and promote consistent tax administration. This may be included under responsibilities for a manager.

3.24.180.1.5
(12-19-2017)
Program Controls

(1)   Local reports may be utilized to establish additional information for maintaining daily program control. Local reports do not replace the established official reports and required production reports

3.24.180.1.6
(12-19-2017)
**Terms/Definitions/
Acronyms**

(1)   The following is a list of the acronyms that are used in this IRM section, this IRM uses prompts for data entry and are defined in the charts.

Acronyms	Definition
ABC	Alphanumeric Block Control
BMF	Business Master File
CCC	Computer Condition Code
DLN	Document Locator Number
EIN	Employer Identification Number
EOP	Entry Operator
IRM	Internal Revenue Manual
ISRP	Integrated Submission and Remittance Processing System
KV	Key Verification
OE	Original Entry
PTIN	Preparer Taxpayer Identification Numbers
RPS	Remittance Processing System

3.24.180.1.7
(12-19-2017)
Related Resources

(1)   The following table lists the IRM primary sources of guidance on the processing of paper filed Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips.

IRM	Title	Guidance on
IRM 3.10.5	Campus Mail and Work Control - Batch/Block Tracking System (BBTS)	utilizing BBTS to drop unit production cards for daily incoming receipts and production
IRM 3.10.72	Campus Mail and Work Control - Receiving, Extracting, and Sorting	receiving, extracting, sorting, and routing mail within the Submission Processing campuses
IRM 3.10.73	Campus Mail and Work Control - Batching and Numbering	batching and numbering with a document locator number (DLN) of documents
IRM 3.11.180	Returns and Documents Analysis, Allocated Tips	document perfection to code and edit (perfect) returns and other documents for input to the Master File (MF) through the Integrated Submission and Remittance Processing System (ISRP)

IRM	Title	Guidance on
IRM 3.24.38	BMF General Instructions	workstation functions, workstation keyboard, windows environment and general instruction for entering data for tax returns and related data through ISRP

(2)   Document 7071-A, Name Control Job Aid - For Use Outside of the Entity Area

(3)   The IRS adopted the Taxpayer Bill of Rights in June 2014. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), and the following site for additional information about the *Taxpayer Bill of Rights*.

3.24.180.2
(01-26-2022)
Introduction

(1)   This section provides instructions for entering and verifying data from control documents and source documents that will produce employers annual information return of tip income and allocated tips using the ISRP system. It also provides instructions for entering and verifying corrections to the error register.

(2)   General Clerks will also need to refer to IRM 3.24.38 ,ISRP System - BMF General Instructions , for general procedures.

(3)   IRM deviations must be submitted in writing following instructions from IRM 1.11.2.2, Internal Management Documents System - Internal Revenue Manual (IRM) Process, IRM Standards and elevated through appropriate channels for executive approval.

3.24.180.2.1
(01-01-2015)
Control Document and Source Documents

(1)   Control data will be transcribed from Form 1332, Block and Selection Record.

(2)   Data will be transcribed from Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips. Data will be transcribed from the error register in the case of error correction input. Form 8027 , Employer's Annual Information Return of Tip Income and Allocated Tips and the error register will only be transcribed at the Cincinnati Submission Processing Campus.

3.24.180.2.2
(01-01-2015)
Forms/Program Numbers/Format Codes

(1)   The following table illustrates the forms, program numbers and format codes:

FORMS	PROGRAM NUMBERS	FORMAT CODES
8027	80310	170
8027 Error Register	80319	175

3.24.180.2.3
(01-01-2015)
Required Sections

(1)   Form 8027

    a.   Original Entry—Sections 01, 02, and 03 are always required.
    b.   Key Verification—Sections 01, 02, and 03 are always required.

(2)   Error Register

     a.   Original Entry—Section 01 is always required.
     b.   Key Verification—Section 01 is always required.

3.24.180.3
(01-01-2015)
General Instructions

(1)   **All money amount fields should be entered as whole dollars WITHOUT rounding.** Ignore any amount to the right of the vertical line on the form.

Note: $5,927.85 is entered as 5927 (with no rounding).

(2)   Always use standard street and state abbreviations in accordance with IRM 3.24.38.4.4.14.8 , Street Address and IRM 3.24.38.4.4.14.11 , *State*.

3.24.180.4
(01-01-2015)
Condition Codes

(1)   Condition Code "U" is used when Line 8, Total Number of Directly Tipped Employees at this Establishment During 20XX, is zero or blank. The letter "U" is coded to the right of Line 8.

(2)   Condition Code "4" is used when there is no entry for Lines 7a–c, the Allocation Basis and Line 7 is greater than zero. The number "4" will be coded to the right of Lines 7a, b or c.

3.24.180.5
(01-01-2015)
Action Codes

(1)   Action Code "2" is used to drop the record residing on the error register from further processing.

(2)   Action Code "6" is used to change a field of the record residing on the error register.

(3)   Action Code "7" is used to force a record residing on the error register to the valid file. This is used when all fields have been transcribed correctly even though one or more fields have failed validity or consistency checks.

3.24.180.6
(01-01-2016)
Integrated Submission and Remittance Processing (ISRP) Transcription Operation Sheets

(1)   The following exhibits represent specific data entry procedures.

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Exhibit 3.24.180-1   (06-24-2016)
Block Header Data Entry Form 1332, Block and Selection Record (Program 80310/Format Code 170)

Element Number	Data Element Name	Prompt	Field Term	Instructions
(1)	Service Center (SC) Block Control	ABC	<ENTER>	The screen displays the Alphanumeric Block Control (ABC) that was entered in the Entry Operator (EOP) Dialog Window. It cannot be changed.
(2)	SC Code	FLC/DO	<ENTER>	SC Code "00" should always be generated. No entry is required.
(3)	Format Code	FCODE	<ENTER>	Enter "170".
(4)	Filling Fields		<ENTER>	Press <ENTER> 6 times.
(5)	Source Code	SOURCE	<ENTER>	Enter "4" if the control document is Form 3893.

Exhibit 3.24.180-2 (06-24-2016)
Section 01 Form 8027 (Program 80310/Format Code 170)

Element Number	Data Element Name	Prompt	Field Term	Instructions
(1)	Section Number	SECT:		Section "01" will always be generated. No entry is required.
(2)	Serial Number	SER#	<ENTER>	Enter the last two digits of the 13 digit DLN from the upper portion of the form. If the serial number has been generated by the system, verify that it matches the document being entered.
(3)	Block Document Locator Number (DLN)	DLN	<ENTER>	Enter the 11 digit Block DLN and press <ENTER> for the first record in the block. *Note:* Verify that the DLN is correct before going to the next document. *Reminder:* **For all other records in the block, do not enter the Block DLN.**
(4)	Tax Year	TAXPR	<ENTER>	Enter the tax period in YY format only if edited.
(5)	Special Return Indicator	SPI	<ENTER>	Enter the edited "F", "N" from the immediate left of the "Final Return" box.
(6)	Received Date	DATE	<ENTER>	Enter the date as stamped or edited on the face of the return.
(7)	Amended Document Code	AMEND	<ENTER>	Enter "G" if the "Amended Return" box is checked.
(8)	Establishment Name	EST NAME	<ENTER> ★★★★★★	Enter the establishment name from the "Name of Establishment" line. *Note:* If "Same" is shown or edited, enter the name from the "Employer's Name" line.
(9)	Employer Identification Number (EIN)	EIN	<ENTER>	Enter the EIN from the "Employer Identification Number" box.
(10)	Kind of Establishment	KIND	<ENTER>	Enter the number coded in the "Type of Establishment" box.

Exhibit 3.24.180-2   Internal Revenue Manual   Cat. No. 34713M (01-26-2022)

Exhibit 3.24.180-2 (Cont. 1) (06-24-2016)
Section 01 Form 8027 (Program 80310/Format Code 170)

Element Number	Data Element Name	Prompt	Field Term	Instructions
(11)	Establishment Street Address	ADDR	<ENTER>	Enter the establishment street address.
(12)	Establishment City	CITY	<ENTER>	Enter the establishment city. ***Caution:* DO NOT USE MAJOR CITY CODES.**
(13)	Establishment State	ST	<ENTER>	Enter the establishment state.
(14)	Establishment ZIP Code	ZIP	<ENTER>	Enter the establishment zip code.

Exhibit 3.24.180-3   (06-24-2016)
Section 02 Form 8027 (Program 80310/Format Code 170)

Element Number	Data Element Name	Prompt	Field Term	Instructions
(1)	Section Number	SECT:	<ENTER>	Press <ENTER> if already present on the screen, otherwise enter "02".
(2)	Employer Name	EMP NAME	<ENTER>	Enter the employer name as found on the" Employer's Name" line. ***Note:*** If "Same" is shown or edited on ,the" Employer's Name" line. enter an asterisk (*) and press <ENTER>.
(3)	Establishment Number	EST#	<ENTER>	Enter the establishment number to the right of the employer name.
(4)	Employer Street Address	ADDR	<ENTER>	Enter the employer street address. ***Note:*** If an asterisk (*) was entered for Element Number 2, press <ENTER> for elements 4 through 7.
(5)	Employer City	CITY	<ENTER>	Enter the employer city. ***Note:*** DO NOT use major city codes.
(6)	Employer State	ST	<ENTER>	Enter the employer state.
(7)	Employer ZIP Code	ZIP	<ENTER>	Enter the employer zip code.
(8)	Total Charged Tips	LN1 $	<ENTER> ★★★★★★	Enter the amount from line 1.
(9)	Total Charged Receipts	LN2 $	<ENTER>	Enter the amount from line 2.

Exhibit 3.24.180-3   Internal Revenue Manual   Cat. No. 34713M (01-26-2022)

Exhibit 3.24.180-4   (06-24-2016)

Section 03 Form 8027 (Program 80310/Format Code 170)

Element Number	Data Element Name	Prompt	Field Term	Instructions
(1)	Section Number	SECT:	<ENTER>	Press <ENTER> if already present on the screen, otherwise enter "03".
(2)	Total Service Charges	LN3 $	<ENTER>	Enter the amount from Line 3.
(3)	Total Indirect Tips	LN4A $	<ENTER>	Enter the amount from Line 4a.
(4)	Total Direct Tips	LN4B $	<ENTER>	Enter the amount from Line 4b.
(5)	Total Tips	LN4C $	<ENTER>	Enter the amount from Line 4c.
(6)	Gross Receipts	LN5 $	<ENTER>	Enter the amount from Line 5.
(7)	Allocation Rate	RATE	<ENTER>	Enter the rate from the center portion of Line 6. (a) If the number is less than 8 percent, enter all four digits of the field (7.5 percent would be entered as 0750). (b) If the number is equal to 8 percent (0800), do not enter the number, press <ENTER>.
(8)	Gross Receipts Times Allocation Rate	LN6 $	<ENTER>	Enter the amount or the character from Line 6.
(9)	Allocation of Tips	LN7 $	<ENTER>	Enter the amount from Line 7.
(10)	Allocation Method	7A/B/C	<ENTER>	Enter the edited number (1, 2, 3 or 4) near the check boxes for lines 7a, b, and c.
(11)	Number of Directly Tipped Employees	LN8	<ENTER>	Enter the number or the edited letter "U" from line 8. If line is blank, enter "U".

Exhibit 3.24.180-5   (06-24-2016)
Block Header Data Entry Error Register Block Header Form 1332, Block And Selection Record (Program 80319/Format Code 175)

Element Number	Data Element Name	Prompt	Field Term	Instructions
(1)	SC Block Control	ABC	<ENTER>	Enter the three characters from the upper left corner of the Form 1332 attached to the group of documents.
(2)	Service Center Code	FLC/DO	<ENTER>	Service Center Code "00" should always be generated. No entry is required.
(3)	Format Code	FCODE	<ENTER>	Enter "175".

Exhibit 3.24.180-5   Internal Revenue Manual   Cat. No. 34713M (01-26-2022)

Exhibit 3.24.180-6   (06-24-2016)
Section 01 Error Register (Program 80319/Format Code 175)

Element Number.	Data Element Name	Prompt	Field Term	Instructions
(1)	Section Number	SECT:		Section "01" will always be generated. No entry is required.
(2)	Serial Number	SER#	<ENTER>	Enter the last two digits of the 13 digit DLN from the upper portion of the form. If the serial number has been generated by the system, verify that it matches the document being entered.
(3)	Error Sequence Number	SEQ#	<ENTER>	Enter the 10 digit Error Sequence Number.
(4)	Action Code	ACT CD	<ENTER> ★★★★★★	Enter Action Code. If "2" or "7" was entered, press <F6> to proceed to the next error record.
(5)	Element Number	EL#	<ENTER>	Enter the element number coded to the left of the field to be corrected.
(6)	Correction 1	CORR1	<ENTER>	Enter the corrected data for this element.
(7)	Element Number	EL#	<ENTER>	Enter the element number coded to the left of the field to be corrected.
(8)	Correction 2	CORR2	<ENTER>	Enter the corrected data for this element.
(9)	Element Number	EL#	<ENTER>	Enter the element number coded to the left of the field to be corrected.
(10)	Correction 3	CORR3	<ENTER>	Enter the corrected data for this element.