



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

3.49.5

JANUARY 5, 2024

EFFECTIVE DATE

(01-05-2024)

PURPOSE

- (1) This transmits revised IRM 3.49.5, *Statistics of Income Processing, Statistical Editing of Individual Income Tax Returns*

MATERIAL CHANGES

- (1) This section of the Internal Revenue Manual (IRM) is revised due to changes in the program procedures and requirements in the Statistics of Income 2022 Program.
- (2) Editorial changes were also made throughout this document.
- (3) IRM 3.49.5.1 - Updated 2021 to 2022 and 2022 to 2023 under Goals.
- (4) IRM 3.49.5.2.1 - Change editing guidelines to current tax year processing.
- (5) IRM 3.49.5.2.1.1(2) Added information on editing paper versus electronically filed returns.
- (6) RM 3.49.5.2.1.1(3) - This information was previously in paragraph (2).
- (7) IRM 3.49.5.2.1.1(13) - Updated exhibit numbers.
- (8) IRM 3.49.5.3.2.1(c) - Removed this as RESERVED and added information on how it works.
- (9) IRM 3.49.5.3.2.1(f) - Updated Exhibit number to 109 for return profile and added reference to SOCA.
- (10) IRM 3.49.5.3.2.1(2) - Updated Exhibit number to 106 for the calculator.
- (11) IRM 3.49.5.3.2.1(5)(a) - Updated Exhibit number to 104 for Prism Reports Menu. Updated Exhibit number to 105 for Descriptions and instructions for the Prism Reports.
- (12) IRM 3.49.5.3.2.1(8) - Updated Exhibit number to 111 for Return Comment screen.
- (13) IRM 3.49.5.3.3(1) - Updated Exhibit number to 98 for Function Keys.
- (14) IRM 3.49.5.3.3(2) - Deleted information about the Schedule D
- (15) IRM 3.49.5.3.5(1) - Updated Exhibit number to 99.
- (16) IRM 3.49.5.3.7(1) - Updated Exhibit number to 107 for SOI Individual Main Menu.
- (17) IRM 3.49.5.3.7.1(1)(a) - Updated Exhibit number to 108 for the PRISM Form 1040 Selection Menu.
- (18) IRM 3.49.5.3.7.1(1)(b) - Updated Exhibit number to 100 for the form sequence number. Updated Exhibit number to 101 for the PRISM Form Status Indicator (FSI).
- (19) IRM 3.49.5.3.7.1(1)(e) - Updated Exhibit number to 99 for the editing sequence.
- (20) IRM 3.49.5.3.7.1(4) - Removed this as RESERVED and added information on how this option works.
- (21) IRM 3.49.5.3.7.1(5) - Removed this as RESERVED and added information on how this option works.
- (22) IRM 3.49.5.3.7.1(6) - Updated Exhibit number to 110 for Browse Form Selection Menu.

- (23) IRM 3.49.5.3.7.1(8) - Updated Exhibit number to 103 for the Reject Code values. Updated Exhibit number to 102 for the PRISM Return Status Indicator (RSI)
- (24) IRM 3.49.5.3.7.1(11) - Added information on accessing SOCA quality.
- (25) IRM 3.49.5.3.11(1) - Updated RSI code for electronic returns that are not yet available from M to E.

EFFECT ON OTHER DOCUMENTS

IRM 3.49.5, dated 11/02/2022 is superseded.

AUDIENCE

Intended audience is SOI tax examiners at the Austin, Kansas City, and Ogden Submission Processing Centers

Barry Johnson
Deputy Chief Data and Analytics Officer &
Director, Statistics of Income

3.49.5

Statistical Editing of Individual Income Tax Returns

Table of Contents

3.49.5.1 Program Scope and Objectives

3.49.5.1.1 Roles

3.49.5.1.2 Terms and Acronyms

3.49.5.1.3 Related Resources

3.49.5.2 Editing of Individual Tax Returns for SOI

3.49.5.2.1 Editing Guidelines

3.49.5.2.1.1 General Editing Guidelines

3.49.5.2.1.2 Processing High Income Nontaxable Returns

3.49.5.2.1.3 Problem Referrals to National Office

3.49.5.2.1.4 Problem Referrals to Adjustments

3.49.5.2.1.5 Work Reporting

3.49.5.3 PRISM User's Guide

3.49.5.3.1 General Editing Information

3.49.5.3.2 GUI Menu Bar

3.49.5.3.2.1 Options

3.49.5.3.3 Function Keys

3.49.5.3.4 Consistency Tests Overview

3.49.5.3.5 Return Processing (RP) Amounts

3.49.5.3.6 Multiple Forms and Schedules

3.49.5.3.7 The SOI Individual Main Menu

3.49.5.3.7.1 SOI Individual Main Menu Options

3.49.5.3.8 Closing a Return Record

3.49.5.3.9 Backend PRISM Process

3.49.5.3.10 Locking a Return Record

3.49.5.3.11 Electronically Filed Returns

3.49.5.1
(01-05-2024)
Program Scope and Objectives

- (1) **Purpose.** This IRM section provides instructions on editing Individual Income Tax returns for the Statistics of Income (SOI) Program.
- (2) **Audience.** This information is for IRS employees in the SOI edit units at the Austin, Kansas City, and Ogden Submission Processing Centers. These include employees that are:
 - SOI edit unit manager
 - SOI lead tax examiners
 - SOI tax examiners
- (3) **Goals.** The purpose of this IRM is to provides instructions for the correction and additional editing of data from Individual Income Tax returns for use in the 2022 Statistics of Income Program (Processing Year 2023).
- (4) **Owner.** Director, Statistics of Income Division.

3.49.5.1.1
(10-07-2019)
Roles

- (1) SOI's chain of command includes:
 - Chief, Research and Analytics Officer(RAAS)
 - Director, Statistics of Income

3.49.5.1.2
(11-02-2022)
Terms and Acronyms

- (1) **SOI** - Statistics of Income Division.
- (2) **MeF** - Modernized e-File.
- (3) **HINT** - High income non-taxable.
- (4) **PRISM** - The on-line system for editing individual tax returns for SOI.
- (5) **MCC** - Martinsburg Computing Center
- (6) **Individual Systematic Improvement (ISI)**The system used for conducting quality review on returns edited for the Individual SOI program.
- (7) **RSI** - Return status indicator.
- (8) **FSI** - Form status indicator.
- (9) **RP** - Revenue Processing.

3.49.5.1.3
(10-05-2017)
Related Resources

- (1) IRMs that are associated with editing of individual tax returns for SOI:
 - a. IRM 1.13, Statistics of Income

3.49.5.2
(10-05-2017)
Editing of Individual Tax Returns for SOI

- (1) The data produced by the Individual SOI Program are based on a sample of returns and these statistics are used in producing aggregate tax estimates. Although most of the data processed by SOI are subjected to regular Revenue Processing functions, some of the data may require additional careful review of the entire return to verify and reconcile specific entries. In many cases, the consistency test routines will identify sources of error. In other cases, certain errors can only be identified indirectly through failure of tests on related fields. The editing instructions provide uniform explanations of error resolution procedures. Nevertheless, there will be some processing issues that will require the interpretation of a Lead Tax Examiner or National Office Staff. As the SOI

Division identifies these processing issues as common to several submission processing centers, appropriate instructions are incorporated into an edit update.

3.49.5.2.1
(01-05-2024)
Editing Guidelines

- (1) This subsection along with the error resolution instructions in Exhibits 1 through 87 that can be found at https://soi.web.irs.gov/documents/2022_Editmanual_Exhibits.pdf serve as the primary processing instructions for the correction and additional editing of data from Individual Income Tax returns for use in the 2022 Statistics of Income Program (Processing Year 2023). Additional information is provided in Exhibits 88 through 113 that can also be found at https://soi.web.irs.gov/documents/2022_Editmanual_Exhibits.pdf

3.49.5.2.1.1
(01-05-2024)
General Editing Guidelines

- (1) Editors receive batches of work containing returns and associated Forms 4251 grouped under Shipment Control sheets. Editors should verify that the "Primary SSN", "Service Center", "Cycle" and "Page/Line Count" that display on the bottom of the SOI Individual Main Menu screen when entering a return agree with the information on the Return Charge-Out to confirm that the correct return record is being accessed for processing.
- (2) Screens have been developed for each form for the editing of data on-line. The screens follow the format of tax returns but include only lines used in SOI processing. For paper returns, enter data from the return into the screen lines where data from SCRS is not present and verify the SCRS data that has been pre-loaded. For electronically filed returns, the electronic data will be pre-loaded if the return is not older than 3 years. It is important to review this data against the image of the tax return to ensure the data were loaded correctly. If the return is older than 3 years, edit the data into the screen lines using the image of the tax return.
- (3) On-line consistency tests are run screen by screen. Messages (i.e., error, help, and information) that are triggered by running consistency tests will display at the top of the screen. The consistency tests are explained in Exhibits 1 through 87(https://soi.web.irs.gov/documents/2022_Editmanual_Exhibits.pdf) and show the nature of the error and the lines that are involved. There is no need for the editor to perform the computation since the computer has already done so.
- (4) There are a series of HELP MESSAGES that are not numbered. There are no instructions contained within the editing or error resolution instructions for these messages. This is because no further description is needed other than what is stated in the HELP MESSAGE. If an unnumbered HELP MESSAGE appears, follow the instructions as they appear in the message. Error Resolution instructions are provided and should be used for each numbered HELP MESSAGE .
- (5) Validity Tests and ranges of acceptable values have also been incorporated into the on-line system. For instance, if the values in a field should be 0, 1, or 2, a message will indicate this and will not allow further editing until an acceptable value is input. Also, the positive and negative characteristics of a field have been programmed so that if, for example, a field can be positive or negative, the system will accept both types of numbers. In general, fields can be changed or skipped over if no data are present, but in certain instances, entries are required before the cursor will advance to the next field.

- (6) Enter all money amounts in **rounded dollars** (GT 49¢ round up, LT 50¢ round down). In addition, the program will round results of computations within the consistency tests.
- (7) If an Amended Return is attached to an Original, process as one return. Use original and amended data as appropriate.
- (8) The only mark allowed on paper returns or attachments is "E" (using a red erasable pen) to show that it has been edited.
- (9) Throughout the editing and error resolution instructions, references to a line from the taxpayer's form or schedule itself will take the form (form or schedule number or letter):(line number). Examples would be 1040:36, SE:4a. References to a line from the PRISM screen have the line number following the word "line." Examples would be Form 1040 line 36, or Schedule SE line 4a. It is important to keep this distinction in mind throughout the editing process.
- (10) Editing of Prior Year forms will require the editor to compare the prior year line descriptions with current year line descriptions. Equivalent line numbers for prior year forms have not been included in each section due to the volume of changes over the past several years.
- (11) Most forms processed through the form editing sequence utilize a zero-balanced approach. This means that consistency tests are performed to make certain that the data exactly balance. However, on certain forms consistency tests are written to compare the sum of the detail to a total and, if the absolute value of the difference is less than or equal to \$10, the cursor will then move to the largest field. Once the editor has verified amounts, a function key can be pressed to adjust the largest field by the difference (DIFF) shown in the message. Other routines that are more specific to a form are described in the appropriate editing instructions. Examples include having the system adjust the largest Schedule C or Schedule F Net Profit/Loss, Income, and Expenses when the absolute value of DIFF between the Schedule C or Schedule F sum and the Form 1040 amount is less than or equal to \$10. The edit system will also identify the largest Income or Loss amount on a Rental or Royalty Worksheet to balance to "Total Rent and Royalty Income".
- (12) The error resolution instructions for each form address how Revenue Processing and taxpayer figures are to be reconciled. The general approach is to accept Revenue Processing changes as long as they are correct, and the data are internally consistent. If Revenue Processing figures appear to be incorrect, you should generally go back to taxpayer figures. If taxpayer and Revenue Processing figures are incorrect, perform computations to arrive at the correct figures. Error resolution instructions for each form are generally the same for a paper return as for an electronically filed return. However, in cases where the error resolution instructions are different then the instructions will specifically reference either 'electronically filed returns' or MeF returns. The two terms both mean the same thing.
- (13) When examining the tax return as directed by the error correction instructions in Exhibits 1 through 87(https://soi.web.irs.gov/documents/2022_Editmanual_Exhibits.pdf), editors must be alert to non-official forms and schedules.
- (14) "Substitute for Returns" (SFR'S), will be 'Rejected' if they have no money amounts. Refer the return to the lead editor to be rejected.

- (15) If a return appears to be frivolous, refer the return to the lead to be logged into National Office or rejected. A frivolous return often has only a few fields filled out and amounts that are very high. Those amounts may be repeated several times on both the front and back of Form 1040. And/or there may be an internal Form 4227 attached with wording like "Frivolous" or "Fraudulent."
- (16) It is necessary to make comparisons between the return and the screen to assist in determining the source of error. Be aware that many amounts on screens are generated in the load program or come from SCRS. Generally, once a value is changed, the original amount is lost. If you need to see what a value was before it was changed (and the value originally came from SCRS), come out of the return and browse R/P data using option 6 with edit number 3 from the Main Menu. In addition, certain fields will display the original SCRS value at the bottom of the screen when the cursor is positioned on one of the identified lines.
- (17) A significant number of Revenue Processing errors may be identified on returns with "no tax consequence" (i.e., Tentative Tax equals zero). You should be particularly aware of Revenue Processing and taxpayer errors on these returns. Verify the data between the return and the screen in each case and make corrections using the instructions in this manual. National Office should be contacted if further guidelines are needed.
- (18) After a paper return has been completely edited, enter an "E" in the top right corner on the front of the return.
- (19) Generally, amounts may be moved among lines of data not affecting a form's bottom line when it is clear to the editor that taxpayer wording on the form or attachment is a close enough match to the wording on the form's line to justify moving the amount.

3.49.5.2.1.2
(10-07-2019)

**Processing High Income
Nontaxable Returns**

- (1) Any return that becomes a High Income Nontaxable (HINT), or goes from HINT to non-HINT status, or has tax-exempt interest being a high proportion of expanded income, because of editing, will be identified via a consistency test and will be listed on Report H, PRISM Photocopy Report, the day after it is completely edited. A HINT return is characterized as follows:
 - a. Adjusted Gross Income or Expanded Income greater than \$199,999
 - b. Income Tax After Credits is blank;
 - c. Net Investment Tax is blank;
 - d. Identified as a HINT return in consistency tests.
 A return that goes from HINT to non-HINT status will have a sample code GT 100 and LT 131 but not meet the conditions in (a) through (c) above.
- (2) Photocopying and shipment of HINT returns are described in IRM 1.13.3, Document Management.

3.49.5.2.1.3
(08-29-2018)

**Problem Referrals to
National Office**

- (1) To refer problem returns or questions in editing to National Office, managers and lead tax examiners can use the Communication Log. The log helps provide timely feedback on editing issues and ensures that all Processing Centers have the same information at the same time. Further processing instructions from National Office and responses from National Office to those problem cases or questions will also be handled via this log. All Processing Service Centers will have access to logs from other Service Centers and the responses given by National Office.

3.49.5.2.1.4
(08-09-2021)
**Problem Referrals to
Adjustments**

- (1) Any returns forwarded to Adjustments within the Processing Center due to Revenue Processing errors detected during SOI processing are to be accompanied by Form 3465, "Adjustment Request". An example of a referral would be an erroneous refund or a case in which the balance due has been incorrectly increased. Photocopy the return and complete all SOI processing for the return. Forwarding of the return should be done in accordance with 'iSTARTS' procedures and utilize Form 2275, "Records Request, Charge, and Recharge," if necessary.

3.49.5.2.1.5
(08-29-2018)
Work Reporting

- (1) Direct time expended on this study by Document Perfection Branch personnel should be charged to Function 220 and Program 25000. Control time expended on this study by Document Perfection Branch personnel should be charged to Function 550 and Program 25000. Control time expended by the Files Branch for this study should be charged to Function 550 and Program 25000.

3.49.5.3
(08-29-2018)
PRISM User's Guide

- (1) This subsection contains general instructions, for tax examiners, on utilizing the PRISM system.

3.49.5.3.1
(08-09-2021)
**General Editing
Information**

- (1) The numeric keypad is operational to ease data input. Money amounts are entered in whole dollars only (rounded, .50+ round up, and .49- round down); fields accommodate up to 13 digits. Certain fields require an entry from the tax examiner before advancing to the next field, while others are unchangeable.
- (2) Each return record has a unique REC_ID that is used to link taxpayers' information within PRISM and iSTARTS. iSTARTS displays the REC_ID for each return record on the charge-out.
- (3) Tax examiners access return records from option 1 on the Individual SOI Main Menu. This requires the input of the record identification number (REC_ID), and the Social Security Number (SSN) of the return record and then performing taxpayer verification by reviewing that the correct Service Center (SC), Cycle, and Page Number Line Count (PNLC) display for the return record. Lead tax examiners will access return records from Option 2 on the Individual SOI Main Menu by entering the REC ID only. In addition, they will verify the SSN, SC, CYCLE, and PNLC before advancing to the next screen.
- (4) Identification fields are displayed at the top of every screen. These fields are the REC ID, SSN, Cycle, Service Center (SC), Page Number/Line Count, and the return type. Displaying these fields on each screen allows the tax examiner to verify that they are editing the correct return.
- (5) Navigation throughout the PRISM system can be performed by use of the keyboard or the mouse. The selection of menu options, GUI Menu bar options, and various buttons can also be performed by use of the keyboard or the mouse.

3.49.5.3.2
(10-07-2019)
GUI Menu Bar

- (1) The GUI MENU BAR is displayed at the top of all screens, and is operational from all screens. The available GUI Menu Bar options are Editor, Calculator, Browse PY, Help, Reports, IDRS Tool, View Attachment, and Comments. Options are available based on the users's edit type. Options that are unavailable are displayed in gray and are therefore non-functional. The available GUI Menu Bar options can be accessed by using the mouse.

3.49.5.3.2.1
(01-05-2024)
Options

- (1) EDITOR: Press ALT+E, or the mouse to access
 - a. Color: Press ALT+O, or the mouse to access. Change background color of the screen.
 - b. Editor Counts: Press ALT+E, or the mouse to access. Choose this option to view your production numbers for the current or the previous week as a tax examiner or to view the production for any or all tax examiners in your service center as a manager or lead tax examiner.
 - c. SOCA Editor Counts: Press ALT+S, or the mouse to access. Choose this option to view your production numbers for the current or previous week as a tax examiner or to view the production for any or all tax examiners in your service center as a manager or lead tax examiner.
 - d. Notice Codes: Press ALT+N, or the mouse to access. Displays taxpayer notice codes for a return.
 - e. Place Edit Window: Press ALT+P, or the mouse to access. Allows the editing system to be displayed on either the right or left side of the computer screen.
 - f. Return Profile: Use the mouse to access. Lead tax examiners can view the profile for each return record (EXHIBIT 109). The profile includes essential information from iSTARTS, PRISM, ISI, and SOCA. The information will show the return's life cycle beginning with iSTARTS, and then proceeding with PRISM, ISI, and SOCA. This option will assist lead tax examiners in monitoring the life cycle for each return.
- (2) Calculator: Use the mouse or Press ALT+C to access the calculator (Exhibit 106) https://soi.web.irs.gov/documents/2022_Editmanual_Exhibits.pdf.
- (3) Browse PY Press ALT+B, or the mouse to access. This option gives the user the ability to browse last year's tax return (if it exists on our system) for the same SSN currently being edited. In certain situations, this information could be helpful in editing the current year tax return. When choosing this option, if the last year's return exists then the system will display a browse menu for that return. Choose the form or schedule to be browsed from the browse menu. Use the ESC button to get back to the current return.
- (4) Help: Press ALT+H, or the mouse to access. Used to access various on-line edit manuals.
 - a. Edit Manual: Access the edit manual section related to the PRISM form/schedule currently being edited.
 - b. Edit Manual Menu: Displays a list of all PRISM forms. From this list, the edit manual section for any PRISM form can be accessed.
 - c. NAICS Manual: Access the NAICS Manual.
 - d. REIT/MUTUAL/TICKER: Access the REIT Utility, the SOCA Mutual Fund Utility, and the SOCA Abbreviations and Ticker Symbol Utilities.
- (5) Reports: Press ALT+R, or the mouse to access.
 - a. PRISM: Press ALT+P, or the mouse to access. Takes the operator to the Prism Reports Menu (Exhibit 104). From this menu, the various Prism reports can be generated and either viewed or printed. Descriptions and instructions for the following Prism reports are in Exhibit 105: Number Edited by Editor (E), Open Records PCD1 (F.1), Open Records PCD2 (F.2), Key Field Differences (G), Photocopy (H), NAICS = 999999 (I).
 - b. SOCA: Reserved.

- (6) IDRS Tool: Access is limited to Ogden personnel only.
- (7) View Attachment: Press ALT+V, or the mouse to access. This option displays the PDF attachments associated with a MeF return.
- (8) Comments: Press ALT+O, or the mouse to access. This option displays the Return Comment screen (Exhibit 111). Tax examiners can use this feature to attach a comment to a return and leads and managers can view the comment. If a return has a comment associated with it, 'COMMENT PRESENT' will display in the blue bar at the top of the system when the return is browsed or edited.

3.49.5.3.3 (01-05-2024) **Function Keys**

- (1) Function keys (Exhibit 98) are used to ease the editing of return records. The [F11] key moves the cursor to the last field of a screen where the [ENTER] key can be pressed to run the consistency tests.
- (2) Function keys are used to create Worksheets when editing certain forms and schedules within the return record. Schedule E, Form 4562, Form 4835, and Form 8863 use worksheets to enter taxpayers' amounts for Rents, Royalties, Partnerships and S-corporations, depreciable property, farm rental income and expenses, and education credits, respectively. In addition, tax examiners can create worksheets for editing Schedule C, Schedule F, and Form W2. Function keys are used to create asset coding and balancing transaction worksheets for Form 2439, Form 4797, Form 6252, Form 6781, Form 8283, Form 8824, and the Schedule D. In addition, tax examiners will use function keys to view the Mutual Fund Asset Coding Utility and the Abbreviations and Ticker Symbol Utility for the Schedule D..
- (3) Navigational keys are used to allow the tax examiner to navigate through a screen more efficiently. The [Page Down] and [Page Up] keys are the two main navigational keys. Some screens are divided into two or more parts, as are the actual tax forms. The [Page Down] key moves the tax examiner to the next field designated with a (N). This will allow the tax examiner to skip parts where no editing is required. The [Page Up] key allows the tax examiner to move to the previous field designated with a (N). [Page Up] and [Page Down] can be activated from any field on the screen.

3.49.5.3.4 (08-09-2021) **Consistency Tests Overview**

- (1) Fields are validity tested as the tax examiner enters the data, or through the execution of the consistency test routines. Messages are displayed at the bottom of the screen to indicate all valid entries for code fields. This will assist tax examiners in selecting the correct value for the code.
- (2) Data is consistency tested on a screen by screen basis. The [F11] key is used to move the cursor to the field (generally the last field of a screen) where the consistency tests are executed. After the [Enter] key is pressed to execute the tests, sequential errors are displayed. When a test fails, the cursor will move to the field that may help identify the point of error on the screen. An error message is displayed at the top of the screen. If the tax examiner cannot resolve the error, the tax examiner may refer the return to the lead tax examiner for review.
- (3) Fields are verified and corrected on all forms and schedules for internal consistency. This verification and correction process is also performed between the active form and all supporting forms and schedules, to ensure consistency within the return record (i.e. Form 1040 and Schedule A). Errors are identified

by the consistency tests, or through the tax examiners' examination of all data on the return record. A tax examiner may go back to prior screens to correct data, but is unable to move to the next screen until the consistency tests for that screen have been executed, and are error-free.

3.49.5.3.5
(01-05-2024)

**Return Processing (RP)
Amounts**

- (1) All supporting forms and schedules are edited prior to editing the Form 1040 (EXHIBIT 99). This ensures consistency testing of data between supporting forms and schedules, and the Form 1040. We retain Revenue Processing's (RP) computed amounts from these supporting forms and schedules for comparison with the edited amounts. These RP amounts are located on the Returns Data File (RDF), which is processed at the Martinsburg Computing Center (MCC). The RP amounts and the edited amounts are compared after editing the supporting form or schedule. When the amounts are equal (usually within a \$10 tolerance), the system will move the edited amount to the Form 1040, where it is unchangeable.
- (2) When the edited amount from the supporting form or schedule does not equal the saved amount from RP, a warning message appears. The warning message states that the bottom line amount from the supporting schedule does not equal the amount from RP. The first time this screen appears, the tax examiner is sent back to the first field on the form to verify all line amounts, and make appropriate changes. After the initial re-edit, if the two amounts are still out of balance, the tax examiner has the option to re edit the form again, exit to the main menu, or accept the amount and go to the next form in the return record.
- (3) Edited amounts from some forms/schedules are carried over to supporting forms/schedule after editing. See the Editing Instructions for each form/schedule to see what amounts are carried over from a supporting form or schedule.
- (4) Certain line items that contain original RP amounts are displayed to assist tax examiners in editing. [Shift + F2] can be pressed to display the RP amount. See the Editing Instructions for each form/schedule to see what RP amounts are displayed.

3.49.5.3.6
(10-07-2019)

**Multiple Forms and
Schedules**

- (1) The frequency of the forms and schedules is listed below. In the case of "multiples", except for Form 8606, Form 8889, and Schedule SE, the system assigns a sequence number to each occurrence within the multiple form. For example, sequence = 1 for the first Schedule C, sequence = 2 for the second Schedule C, etc. For the Form 8606, Form 8889, and Schedule SE, an indicator is set to differentiate between the primary and secondary taxpayer.

<u>Form/Schedule</u>	<u>Number of Multiples</u>
Schedule C	3+
Schedule F	2+
Schedule SE	2
Form 2106	2
Form 5329	2
Form 5405	2
Form 8606	2
Form 8814	3
Form 8829	3+
Form 8889	2
Form 8941	2

- (2) The multiples for these forms can be added after editing the first sequence for the form. A “pop-up” window will instruct the tax examiner on how to add another sequence, re-edit the current sequence, or to run consistency tests. If there are more multiples attached than allowed, combine the excess multiples into the last sequence by following the editing instructions.
- (3) Schedule C worksheets are created when editing a Schedule C that contains more than 3 occurrences. Editing instructions for the worksheets can be found in ‘Editing Instructions for Schedule C Profit or Loss from Business’ (EXHIBIT 5).
- (4) Schedule F worksheets are created when editing a Schedule F that contains more than 2 occurrences. Editing instructions for the worksheets can be found in ‘Editing Instructions for Schedule F, Profit or Loss from Farming’ (EXHIBIT 7).

3.49.5.3.7
(01-05-2024)
The SOI Individual Main Menu

- (1) When a tax examiner enters the system, the SOI Individual Main Menu (EXHIBIT 107) displays. The options available on this menu are: edit a PRISM return, lead edit for PRISM return, ISI second edit, edit a SOCA return, lead edit for SOCA return, browse a return, unlock a forced return, set reject code, change filing period, convert SOCA, or quality. Use the mouse to select an option or enter the option number. Certain options may not be available based on edit type and will be non-functional.

3.49.5.3.7.1
(01-05-2024)
SOI Individual Main Menu Options

- (1) Edit A Return
 - a. After selecting ‘PRISM Edit’, the tax examiner must enter the REC_ID and Social Security Number for the return record, or the key entry fields to access the return record. Validation is performed to determine if the return record exists. If the return exists, the PRISM Form 1040 Selection Menu (EXHIBIT 108) appears. If the return is not found, an error message is displayed stating that the return record does not exist. If this happens, tax examiners must notify the lead tax examiner, who must then notify National Office.

- b. The PRISM Form 1040 Selection Menu displays after option 1, 2, or 3, along with record information, is entered on the SOI Individual Main Menu. The menu displays which forms are present according to the form sequence number (EXHIBIT 100). The PRISM Form Status Indicator (FSI) (EXHIBIT 101) is located next to each form.
- c. When a return record is loaded to the database from the RDF, the form is marked present (FSI = "P"). In the case of multiple forms (i.e. Schedule C), only one "P" is required. While the Form 1040 Selection Menu is displayed, the tax examiner must carefully look through the entire return and identify any PRISM forms that are present, but do not have a FSI of "P". This will typically be forms that were not processed by Revenue Processing (RP). The 'option' field on this screen is initially set to an "A" for tax examiners to add forms that were not processed by RP. Enter the form sequence number that is adjacent to the form on the Form 1040 Selection Menu. The system will mark the form present on the menu. However, do not add a form that has Alternative Minimum Tax (AMT) printed at the top of the form. Continue this process until all PRISM forms are added. After all required forms are added, select option "N" to begin editing the first form in the editing sequence.
- d. Tax examiners can add forms, via the Form 1040 Selection Menu, anytime during the editing of a return record. They can delete forms, which are not present from SCRS, anytime during the editing of a return record. In most cases, tax examiners cannot delete forms present from SCRS. If a SCRS form needs to be deleted, and the examiner is unable to delete it, they need to refer the return to the lead tax examiner.
- e. When starting to edit a returns record, the system will access the first form that is present in the editing sequence (FSI = P). The editing sequence (EXHIBIT 99) for a return record differs from the order of forms and schedules, which are displayed on the PRISM Form 1040 Selection Menu. The editing sequence breaks the Form 1040 into multiple parts. The Form 1040 is accessed five different times.
- f. After editing the first occurrence of a multiple form, tax examiners are prompted with the option to create subsequent form(s). For each subsequent form created, editing is completed, and the tax examiner is prompted again until they reach the limit of multiples for that form. If no subsequent form(s) are created, the FSI for the form is set to a "C". Before editing begins on added forms distinguished as primary or secondary, tax examiners are prompted to create either the primary, or the secondary.
- g. When re-entering a return record for further editing, press N and the system searches for the first form in the editing sequence with a FSI of I or P and takes the tax examiner to that form or schedule.
- h. All paper return records require on-line editing, via the SOI Individual Main Menu but the same is not true for electronically filed returns. Only Form 1040 returns that contain certain forms or data items need to be edited through the on-line editing system; charge-outs for these electronic returns will be generated by iSTARTS. The remaining Form 1040 electronic returns will go through a non-interactive batch program that subjects the return record to the consistency tests.
- i. Tax examiners can reopen return records that are closed and have successfully completed the quality process. Rejected and locked returns (see 3.49.5.3.10) cannot be reopened. When the tax examiner reopens a return, a message is displayed informing them that the RSI has been cleared. If the return was selected for ISI, it can only be reopened after

the completion of the ISI process. When a previously closed return is reopened, the FSI for the last screen of the return is set to an I, and the tax examiner must re-edit the screen(s). If the tax examiner chooses to re-edit, add, or delete a specific form or schedule, all subsequent forms, via the form editing sequence, are set to an I. All forms with a FSI equal to I require re-editing

(2) Lead PRISM Edit

- a. After entering the rec_id, or the key entry fields for a return record, the Form 1040 Selection Menu displays. The Form Status Indicators (FSI) are displayed on the menu to show which forms are available for editing, and their status. If a form does not exist in the system for the return record (FSI of the form is "null"), but the form is present, lead tax examiners can add the form to the return. This option is nearly identical to the Prism Edit option, however lead tax examiners should not completely edit a return using the Lead PRISM Edit option, instead option 1 should be used for editing a return from start to finish.
- b. When a form/schedule is selected for adding, editing, or deleting in the lead tax examiner mode, all subsequent forms, via the form editing sequence, are set to an "I" and require re-editing. Editing in this option is also forced to adhere to the form editing sequence. Upon the completion of the editing process, the return record gets closed.
- c. If the RSI is set for a return, and this option is selected, the RSI is set to null. A message is displayed on the screen stating this action.
- d. Form 1040 cannot be added or deleted. All supporting forms and schedules created at MCC can be deleted except Form 1040, Schedules 1 through 6, and the Form 8995-A. All forms that were added, via the Form 1040 Selection Menu, may be deleted. To delete a form, the form number, and the Sequence Number or Prim/Sec Status, when applicable, must be entered.
- e. Lead tax examiners can reopen PRISM returns selected for ISI upon the completion of the ISI process.

(3) ISI Second Edit

This option represents the "double-edit" system, where a sample of edited PRISM returns are selected and edited a second time. The data from the second edit is stored on Quality Review tables that are identical to their Original Entry counterparts. The second edit of a return gets compared to the first edit, and the differences between the two edits are examined by a Quality Reviewer through a "reconciliation" process. Discrepancies found in the reconciliation process must be corrected on the first edit, and a menu driven report system will generate reports from the Individual Systematic Improvement System (ISI).

(4) Edit SOCA Return

Tax examiners use this option to edit additional data for return records identified in the SOCA panel. See the SOCA User's Guide for further instructions.

(5) Lead SOCA Edit

Lead tax examiners use this option to enter the SOCA edit of a return. See the SOCA User's Guide for further instructions.

(6) Browse A Return

Users can browse return records by selecting the browse option. They are given the option of browsing the first or second edit of a return record, or the original Revenue Processing return. The Browse Form Selection Menu, (EXHIBIT 110), allows the user to select the form/schedule they want to browse. Consistency tests are not activated in browse, and the user is not able to change the data. System fields, i.e. FSI, RSI, etc., are not changed while the tax examiner is in browse mode.

(7) **Unlock Forced Return**

Managers and lead tax examiners can unlock a return that had been missing and was “forced” by National Office but has now been found.

(8) Set Reject Code

Managers and lead tax examiners can reject a return by setting the Reject Code to a valid value (EXHIBIT 103), if the reject code and PRISM Return Status Indicator (RSI) (EXHIBIT 102) are null. To reject a return, the manager or lead must input the key entry fields for the return record, and then the system will prompt the entering of an appropriate value for the reject code. The message, “Reject Code Has Been Set” is displayed after the return is rejected. When a return is rejected, the RSI is set to a “7”. Rejected returns are closed and cannot be reopened. In addition, rejected returns are not subjected to the Individual Systematic Improvement System (ISI) or the Backend PRISM Process.

(9) Change Filing Period

When Revenue Processing creates an incorrect filing period, managers and lead tax examiners have the option for Form 1040 returns of changing the filing period. When the filing period is changed, all FSI's for a return record are set to “I”. This necessitates a complete re-editing of the return record.

(10) Convert SOCA

Reserved.

(11) Quality

Access to quality is limited to managers and lead tax examiners. Using the mouse, click the PRISM radial button for PRISM quality, also called ISI, or click on the SOCA radial button for SOCA quality. Options are Review Rates, Perform Review, and Reports. See ISI Users Guide for more information on PRISM quality and Sale of Capital Assets Quality System Users Guide for more information on SOCA quality.

- 3.49.5.3.8
(10-08-2020)
Closing a Return Record
- (1) The SOI Individual system automatically closes a return record after the FSI for all forms and schedules equal "C". A closed PRISM return has a RSI = 5 or 6. Closed returns are subjected to ISI and the Backend PRISM Process (see IRM 3.49.5.3.9). PRISM returns are then exported to National Office for further processing. Setting the reject code also closes a return record. Rejected returns are not subjected to ISI or Backend PRISM Process.
- 3.49.5.3.9
(08-29-2018)
Backend PRISM Process
- (1) The Backend PRISM Process is a batch process that subjects PRISM return records to a series of balancing routines. This process is referred to as 'PERP' processing. Return records that are edited (RSI = 5, 6), missing (RSI = Null), or forced (RSI = Null) are subjected to this process. Return records with imbalance conditions are reviewed by National Office analysts, and are subsequently "locked" (see IRM 3.49.5.3.10). Upon completion of this process, return records are sent to National Office for additional processing and to create the Advanced Data/Final Closeout data files.
- 3.49.5.3.10
(10-08-2020)
Locking a Return Record
- (1) A "locked" PRISM return record has a RSI = 5 or 6, and is currently being processed by either the Backend PRISM Process or the National Office process. Tax examiners are restricted from reopening locked PRISM return records.
- 3.49.5.3.11
(08-09-2021)
Electronically Filed Returns
- (1) Electronically filed returns are not immediately accessible to the tax examiners for editing. Electronically filed returns reside on the Individual SOI database with a RSI of "E", and are not available for editing until data from the Modernized E*File (MeF) system is retrieved.

