MANUAL TRANSMITTAL

4.1.27

Department of the Treasury
Internal Revenue Service

JULY 1, 2024

EFFECTIVE DATE

(07-01-2024)

PURPOSE

(1) This transmits the revised Internal Revenue Manual 4.1.27, Planning and Special Programs, Document Matching, Analysis & Case Selection.

MATERIAL CHANGES

(1) Significant changes to this IRM are listed below.

- 4.1.27.2(3) Added IRM reference.
- 4.1.27.5.4(1) Added wording for clarification.
- 4.1.27.5.4(6) Changed wording for clarification.
- 4.1.27.5.5 Added Time Based Review.
- 4.1.27.5.6 Added and updated wording for clarification.
- Exhibit 4.1.27.13 Updated to reflect changes.
- Exhibit 4.1.27.14 Added ACA Non-Filer Selection Status Codes.

(2) Editorial changes have been made throughout this IRM.

EFFECT ON OTHER DOCUMENTS

This revision supersedes IRM 4.1.27 dated July 14, 2023.

AUDIENCE

SB/SE, Exam Case Selection, Document Matching, Analysis & Case Selection (DMACS).

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4.1.27
Document Matching, Analysis & Case Selection

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4.1.27.1
(07-14-2023)
Program Scope and Objectives

(1) **Purpose**: This Internal Revenue Manual (IRM) contains specific information on the workload identification method that is in use by the IRS to identify and select tax returns for Automated Underreporter (AUR), Business Underreporter (BUR), Affordable Care Act (ACA), which includes both Employer Shared Responsibility Payment (ESRP) and ACA Non-filer, and Backup Withholding (BWH).

(2) **Audience**: These procedures apply to employees working in SB/SE, Exam Case Selection, Document Matching, Analysis & Case Selection (DMACS).

(3) **Policy Owner**: SB/SE Director, Exam Headquarters is the policy owner.

(4) **Program Owner**: SB/SE, Exam Case Selection, is the program owner responsible for the administration, procedures and updates related to DMACS.

(5) **SB/SE Program Level Objective**: Ensure examinations are initiated based on indicators of non-compliance or on other criteria (such as selection for the National Research Program), identified in the Internal Revenue Manual. In addition, ensure a review of the decisions to survey a return (i.e., not initiate an examination) are based upon factors outlined in the Internal Revenue Manual and approved by an appropriate level of management.

Note: While AUR, BUR, ACA, and BWH notices are not audits, but are considered taxpayer contacts per Rev. Proc. 2005-32, the overall selection principles addressed in the language above apply.

(6) **DMACS Program Objective**: The objective of DMACS is to identify, select and deliver inventory for the AUR, BUR, ACA, and BWH document matching programs within the campuses.

4.1.27.1.1
(07-13-2022)
Background For AUR and BUR

(1) Underreporter cases are built from two primary sources:

- The Master File (MF) contains information reported to the IRS by taxpayers. This includes current entity information, tax account, and filed tax returns.
- The Information Return Master File (IRMF) contains information submitted by payers.

(2) The IMF file contains information reported on:

- Form 1040, U.S. Individual Income Tax Return
- Form 1040NR, U.S. Nonresident Alien Income Tax Return
- Form 1040SR, U.S. Income Tax Return for Seniors
- For TY 2017 and prior, Form 1040A, U.S. Individual Income Tax Return
- For TY 2017 and prior, Form 1040EZ, Income Tax Return for Single or Joint Filers with No Dependents

(3) The BMF file contains information reported on:

- Form 1120, U.S. Corporation Income Tax Return
- Form 1041, U.S. Income Tax Return for Estates and Trusts
- Form 1065, U.S. Return of Partnership Income
- Form 1120S, U.S. Income Tax Return for an S Corporation

(4) The IRMF information is matched with the IMF and BMF tax returns to verify certain income, deductions and credits, that can be supported by information

returns, are properly reported on the tax return. An AUR or BUR case is identified when a discrepancy is detected between the two data sources. Examples (not all inclusive) of the information returns in the IRMF are:

- Form W-2, Wage and Tax Statement
- Form 1099-MISC, Miscellaneous Income
- Form 1099-PATR, Taxable Distribution Received From Cooperatives
- Schedule K-1, Shareholder's Share of Income, Deductions, Credits, etc.
- Form 1099-INT, Interest income
- Form 1099-K, Payment Card and Third Party Network Transactions

4.1.27.1.2
(07-13-2022)
Background For ACA

(1) ESRP and ACA Non-Filer cases are built from 3 primary sources:

- The Master File (MF) contains information reported to the IRS by taxpayers. This includes current entity information, tax account, and filed tax returns.
- The Information Return Master File (IRMF) contains information submitted by payers.
- Health Insurance Marketplace (Marketplace), also called the Exchange.

(2) Forms filed by Applicable Large Employers (ALEs) are:

- Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns
- Form 1095-C, Employer-Provided Health Insurance Offer and Coverage Information Returns

(3) The IMF file contains information reported on:

- Form 1040, U.S. Individual Income Tax Return
- Form 8962, Premium Tax Credit

(4) The IRMF information is used to calculate Full Time Equivalents in determining if an employer is an Applicable Large Employer (ALE). The information return used from IRMF is:

- Form W-2, Wage and Tax Statement

(5) The Marketplace data is used to determine if an employee purchased health care coverage through the exchange.

4.1.27.1.3
(07-14-2023)
Background For BWH

(1) BWH cases are built with information obtained from Compliance Data Warehouse (CDW).

4.1.27.1.4
(07-01-2024)
Authority

(1) For AUR and BUR the following authority applies:

- IRC 61 states that "except as otherwise provided in this subtitle gross income means all income from whatever source derived." Discovering all income received by a taxpayer is the starting point for determining which items of income are includable in gross income and subject to Federal income tax.
- IRC 6031-6060, and regulations thereunder, contain the requirements for the filing of information returns for reporting purposes.

- Rev. Proc. 2005-32 states taxpayer contacts initiated to verify a discrepancy between the taxpayer's tax return and an information return, are "contacts and other actions not considered an examination, inspection or reopening".

(2) For ACA the following authority applies:

- IRC 36B, Refundable Credit for coverage under a qualified health plan.
- IRC 4980H, Employer Shared Responsibility Payment (ESRP).
- IRC 6055 and IRC Section 6056, which provide filing requirements for Form 1094-C and Form 1095-C, used to administer the provisions of IRC 4980H.

(3) For BWH the following authority applies:

- IRC 3406, Backup Withholding.
- IRC 3402, Income Tax Collected at Source.

4.1.27.1.5
(07-14-2023)
Roles and Responsibilities

(1) The Director of Exam Case Selection (ECS) is responsible for providing policy guidance on the selection of cases and delivery of inventory for SB/SE Examination, including AUR, BUR, ACA, and BWH.

(2) The DMACS Program Manager is responsible for:

a. Establishing internal controls relating to each program or process.
b. Ensuring that instructions are communicated and carried out by the assigned employees.
c. Sets policy, establishes procedures and guidelines, and ensures they are applied consistently.
d. Revises policies as required and redesigns processes as necessary resulting from legislative changes.
e. Performs managerial reviews of selection decisions during each phase of the selection and delivery process.
f. Reviews and approves the business requirements written for case selection and Uniform Work Requests (UWRs) annually.
g. Provides input into the AUR, BUR, ACA, and BWH work plans.
h. Provides input to the SB/SE Division Strategic Plan.

(3) DMACS analysts are responsible for:

a. Selection and delivery of AUR, BUR, ACA, and BWH inventory multiple times per year.
b. Monitor results and perform analytics to improve selection.
c. Provide campus support and guidance on workload selection and delivery-related issues.
d. Work collaboratively with Performance Planning & Analysis (PPA) to develop annual workload plans.

4.1.27.1.6
(07-13-2022)
Program Management and Review

(1) The Director of ECS (or designee) ensures that the DMACS Program Manager reviews adhere to case selection policy.

(2) Managerial reviews of selection decisions occur during each phase of the selection and delivery process.

4.1.27.1.7
(07-23-2021)
Terms/Definitions/ Acronyms

(1) See Exhibit 4.1.27-1, Glossary and Acronyms below.

(2) See IRM Exhibit 4.19.3-1, Abbreviations, and IRM Exhibit 4.19.3-2, Glossary, for a list of abbreviations and definitions used in AUR processing.

(3) See IRM Exhibit 4.119.4-1, Acronyms, and IRM Exhibit 4.119.4-2, Glossary, for a list of abbreviations and definitions used in BUR processing.

(4) See IRM 25.21.4.1.5, Acronyms and IRM 25.21.4.1.6, Terms - Defined for use in ACA processing.

4.1.27.1.8
(07-14-2023)
Related Resources

(1) The following IRMs are used by the AUR campuses.

- IRM 1.4.19, Automated Underreporter Technical and Clerical Managers and Coordinators Guide.
- IRM 4.19.2, IMF Automated Underreporter (AUR) Control.
- IRM 4.19.3, IMF Automated Underreporter Program.
- IRM 4.19.7, IMF Automated Underreporter (AUR) Technical System Procedures.

(2) The following IRMs are used by the BUR campus.

- IRM 4.119.1, BMF Underreporter (BUR) Control.
- IRM 4.119.3, BMF Underreporter (BUR) Manager and Coordinator Handbook.
- IRM 4.119.4, BMF Underreporter (BUR) Program.

(3) The ACA campus uses IRM 25.21.4, Affordable Care Act - IRC 6056 Non-Filer and IRC 4980H Compliance Process.

(4) The following IRMs are used by the BWH campus.

- IRM 4.19.26, Campus Backup Withholding Compliance Program Procedures.
- IRM 1.4.29, SB/SE Campus Exam/AUR, and W&I Exam Operations.

4.1.27.2
(07-01-2024)
Selection Principles for Document Matching

(1) Planning and Performance Analysis (PPA) determines the workplan volumes by program and location.

(2) To achieve the workplan volumes, DMACS analysts consider the following factors during the case selection process:

- Issue coverage.
- Revenue protection.
- Taxpayer burden.
- Influence taxpayer behavior (repeaters).
- Prior document matching case results (including “agreed” and “no change” rates).
- Fairness and integrity.
- Available resources.
- Level of automation.
- Reliability of data sources.
- Taxpayer Bill of Rights.
- Legislative changes.
- Fraud Criteria.

(3) SB/SE supports administration of tax law by selecting returns to audit. The primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of taxpayers while making the most efficient use of finite examination staffing and other resources. Employees must exercise their professional judgment, not personal opinions, when making return selection decisions. As explained in Policy Statement 1-236, IRS employees are expected to carry out their duties with integrity and fairness. See IRM 1.2.1.2.36 Policy Statement 1-236, Fairness and Integrity in Enforcement Selection.

- To ensure fairness to the taxpaying public, the Examination Workplan provides a balanced approach for return delivery and allocation of resources to address areas of the Tax Gap by taking into account factors such as income levels, geographic locations, and return types.
- To ensure an equitable process for all taxpayers, return selection decisions are made utilizing available experience and/or statistics indicating the probability of substantial error. No one individual can control the examination selection decision- making process. Involvement is limited to only those employees whose duties require them to be included.
- To ensure fairness to each taxpayer whose return is selected, individual return selection decisions are based on the information contained on the taxpayer's return and/or the underlying relevant tax law. Managerial as well as quality reviews of selection decisions occur during each phase of the selection and assignment process.

Note: While AUR, BUR, ACA, and BWH notices are not audits, they are considered taxpayer contacts per Rev. Proc. 2005-32, and the overall selection principles addressed in the language above apply.

4.1.27.3
(07-13-2022)
Workload Identification

(1) PPA determines the number of cases that need to be selected for each program. DMACS analysts use the following to fill those numbers.

4.1.27.3.1
(07-13-2022)
AUR and BUR Workload Identification

(1) Case selection for AUR and BUR begins with a set of business requirements that are used to define when a case is brought into correlation for potential selection. These business requirements define aspects of the tax returns to be matched to the respective information returns received. When discrepancies arise, the case is created for potential selection.

- Requirements for correlation are reviewed by the program analysts on an annual basis to ensure effectiveness and relevance.
- New tax forms, legislation and line changes are identified and updated to reflect the specific tax year.
- Drop criteria, data elements of specific entity, tax returns, and information returns, are incorporated in the correlation requirements and are reviewed annually to determine if modifications are needed.
- Requirements are reviewed and Uniform Work Requests (UWRs) are approved by the Program Manager of DMACS annually.

Note: Although the DMACS analysts are responsible for providing requirements, the actual correlation process is done by the corresponding Information Technologies (IT) functions.

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4.1.27.3.2
(07-13-2022)
ACA Workload Identification

(1) Case selection for ESRP begins with a set of business requirements that are used to define when a case is brought into correlation for potential selection. These business requirements define aspects of the tax returns to be matched to the respective information returns received. When a potential payment arise, the case is created for potential selection.

- Requirements for correlation are reviewed by the program analysts on an annual basis to ensure effectiveness and relevance.
- New tax forms, legislation and line changes are identified and updated to reflect the specific tax year.
- Drop criteria, data elements of specific entity, tax returns, and information returns, are incorporated in the correlation requirements and are reviewed annually to determine if modifications are needed.

Note: Although the Employment Tax Policy analysts are responsible for providing requirements, the actual correlation process is done by the corresponding Information Technologies (IT) functions.

(2) The workload identification for ACA Non-Filer begins with taxpayers that appear to have Form 1094-C filing requirement and no associated return.

- Requirements for correlation are reviewed by the program analysts on an annual basis to ensure effectiveness and relevance.
- New tax forms, legislation and line changes are identified and updated to reflect the specific tax year.
- Drop criteria, data elements of specific entity, tax returns, and information returns, are incorporated in the correlation requirements and are reviewed annually to determine if modifications are needed.

(3) DMACS analysts obtain a raw list of potential non-filers from Compliance Data Warehouse (CDW). Potential non-filers consist of identifying Applicable Large Employers (ALE) who have not filed the required Forms 1094-C.

- Employers with 50 or more full-time employees (including full-time equivalent employees) in the previous year.
- Research is done based on the preceding year W-2s.

4.1.27.4
(07-23-2021)
Case Segmentation

(1) Each AUR and BUR case is stratified based on the main underreported issue and identifying traits. To segment the population, cases are assigned the following three definers:

- **Category:** This is a two-digit numeric code that describes the primary discrepant issue on the taxpayer's return. The code is set based on established criteria such as the percentage of the discrepancy that must be achieved in order for the case to be designated in a particular category. Each case is assigned one category code. See Exhibit 4.1.27-2 and Exhibit 4.1.27-6 for a list of AUR and BUR categories.
- **Subfile:** This is a one-character alphanumeric code that describes reporting attributes of a case or taxpayer. The subfile designation is typically a compliance attribute. Examples include information types, specific return attributes, or compliance behavior such as a repeater. The code is assigned in a priority order, so each case is only assigned one subfile code. See Exhibit 4.1.27-3 and Exhibit 4.1.27-7 for a list of AUR and BUR subfiles.
- **Subcategory:** A one-character alpha code that describes the range of the potential tax change attributed to the discrepancy. If the tax change falls within a specified range, then the subcategory is set. The code is determined based on a discrete range, so each case is only assigned one subcategory code. See Exhibit 4.1.27-4 and Exhibit 4.1.27-8 for a list of AUR and BUR subcategories.

(2) Each ACA ESRP and Non-Filer case is stratified based on the identifying traits. To segment the population, cases are assigned Categories. See Exhibit 4.1.27-12 for a list of ESRP Categories and Exhibit 4.1.27-13 for a list of ACA Non-filer Categories.

4.1.27.5
(07-14-2023)
Information Return Document Matching Systems

(1) Implementation of the Information Return Document Matching (IRDM) Program encompasses multiple systems:

1. **Data Assimilation:** Assimilation identifies the link between tax forms and information returns filed for the same taxpayer.
2. **Data Correlation:** Correlation compares tax return to information return data and applies business rules to identify potential underreporter cases. After case selection, data correlation builds a complete case record to be worked by a tax examiner.

Note: Data Assimilation and Data Correlation are IT functions.

3. Two analytic systems provide DMACS analysts with the ability to define and execute logic for the intelligent selection of inventory to ensure effective case selection. **Case Identification, Selection and Analysis (CISA)** is used by AUR and **Business Master File Analytics (BMFA)** is used by BUR.

(2) Implementation of the Affordable Care Act encompasses multiple systems. For ESRP:

1. **Data Assimilation**- Assimilation identifies the link between tax forms for applicable large employers (ALE's) and employees that have claimed a premium tax credit (PTC).
2. **Data Correlation**- Correlation compares tax return data for an ALE and employee return data and applies business rules to identify potential ESRP cases.

Note: Data Assimilation and Data Correlation are IT Functions.

(3) For ACA Non-filer:

1. **Data Assimilation**- Assimilation identifies potential non-filer cases for applicable large employers (ALE's).
2. **Data Correlation**- Correlation compares a potential ALE employee and applies business rules to identify potential non-filer cases.

Note: Data Assimilation and Data Correlation are manual and completed by DMACS analysts.

4.1.27.5.1
(07-14-2023)
Case Identification, Selection and Analysis (CISA)

(1) DMACS uses the Information Return Document Matching Case Inventory Selection and Analysis (IRDMCISA) tool to select cases for AUR to work. The tool's web-based user interface provides easy access to features and functionality and requires no technical programming knowledge to operate from the interface. The tool includes many user-requested features and capabilities, and it allows users to import, score, analyze, and select cases to work.

(2) CISA provides DMACS analysts with the ability to define and execute logic for the intelligent selection of individual taxpayer case inventory. By comparing cases in the current correlation to similar cases from past correlations, the tool's capabilities include the following:

1. Assign each case an Estimated Potential Assessment (EPA) score.

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(3) DMACS analysts conduct case selection by selecting the optimal mix of underreporting cases to pursue. An optimal mix of cases includes cases that address the following. See IRM 4.1.27.2 for the full list.

- Revenue protection.
- Influence taxpayer behavior (repeaters).
- Ensure fair coverage of all taxpayer segments.

(4) The selection of cases is limited to three times per year. These periods of intense selection activities are known as correlation cycles and are based on tax reporting deadlines.

(5) DMACS staff analyzes results, performs program reviews, and monitors rule-based applications used to select inventory. The results are used to make data-driven decisions to improve program quality, improve case selection, and ensure the integrity of the selection methods.

(6) Selection is the process of identifying the optimal mix of cases to be worked in the AUR Program. The process occurs in eight phases described below:

1. **Data Import**: Importing the data into the CISA Tool.
2. **Data Checks**: Methods for ensuring the data was received and calculated correctly, including volume, calculation of data quality, and field population checks.

Note: The Data Integrity Failure Report is located in the Miscellaneous Reporting section of the tool.

3. **Scoring**: The tool scores the cases by assigning an EPA and a repeater code to each case. Users update the assessment rate table before the first correlation to ensure that the scoring is as accurate as possible.
4. **Business Rules**: The user builds business rules, runs the selection tool and reviews the selected inventory. After business rules are complete, cases are generally selected by the highest EPA amount. Rules apply treatment codes to individual cases. See Exhibit 4.1.27-5 Treatment Code for selection and non-selection of cases. The treatment also identifies if the case will be available in subsequent correlations for selection consideration.
5. **Optimization**: The cases are optimized by subfile using one of three methods: No Moving, Balance by BOD, and Corporate Balance. The optimization function allows the workload to be balanced among campuses using the highest EPA in each subfile.
6. **Add/Move**: A process of moving higher value cases from one campus to another with lower value cases, to ensure that the best cases are worked by the AUR program.
7. **Export**: The user exports cases into cycle extracts by AUR campus.
8. **Reports**: The user can view reports that show for each AUR campus the total EPA for cases selected, average EPA for cases selected, number of cases selected, and other statistics. These reports can be viewed after correlation.

4.1.27.5.2
(07-13-2022)
Business Master File Analysis (BMFA)

(1) The Business Master File Analytics (BMFA) system is the tool used for BUR case selection. BMFA is a web-based application that allows a user to drill-down from parent tabs through multiple subtabs. Users have the option to test the integrity of data, build rules to select cases, export data, and view various reports.

(2) BMFA provides DMACS analysts with the ability to define and execute logic for the intelligent selection of business taxpayer case inventory.

(3) DMACS analysts conduct case selection, a process of selecting the optimal mix of underreporting cases to pursue. An optimal mix of cases include cases that address the following. See IRM 4.1.27.2 for the full list.

- Revenue protection.
- Influence taxpayer behavior (repeaters).
- Ensure fair coverage of all taxpayer segments.

(4) The selection of cases is limited to two or three times per year dependent on the workplan. These periods of intense selection activities are called correlation cycles and are based on tax reporting deadlines.

(5) DMACS staff analyze results, perform program reviews, and monitor rule-based applications used to select inventory. The results are used to make data-based decisions to improve program quality, improve case selection, and to ensure the integrity of the selection methods.

(6) Selection is the act of identifying the optimal mix of cases to be delivered to the BUR campus. The process occurs in six phases:

1. **Data Import**: Importing the data into the Case Selection (BMFA) Tool.
2. **Data Checks**: Data Checks are methods for ensuring the data was received correctly, including volume, calculation data quality, data field, and field population checks.

3. **Analysis**: Review prior year results manually to readdress business rules based on results.
4. **Business Rules**: Build business rules, run the selection tool and view the selected inventory.
5. **Reports**: View reports that reflect volumes and average EPA for selected cases, and other statistics.
6. **Export**: Export cases to the campus. Inventory is assigned a cycle utilizing a schedule that ensures it will meet the start plan date to conform to the annual work plan.

4.1.27.5.3
(07-14-2023)
Selection of AUR and BUR Inventory

(1) Case Preview occurs prior to 1st Correlation of each tax year in order to test the accuracy of the programming, data elements imported into the selection systems, and the functionality of the tools and system used to work the cases. Case Preview is conducted in coordination with Policy who own those tools and system. Findings from this procedure are vital to the case selection process.

(2) Generally, DMACS analysts select AUR and BUR inventory three times a year during the correlation process.

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(4) After each correlation, a Summary Report is prepared by DMACS case selection analysts. This manual report documents the selection activities for the respective underreporter program, including executed business rules for each correlation. The summary addresses:

- The correlation activities, including case volumes impacted by selection, non-selection and global non-select business rules.
- Business justification for each rule, the SQL language or formula written for the rule, any number limitations applied to the rule, the last date the rule was run and the total cases impacted by each rule. Include details as to selected inventory, including volumes by category, subfile and sub-categories.
- Documentation used and any analysis performed during the selection process.

(5) The DMACS program manager is required to review and approve the selection summary after each correlation prior to the export process.

4.1.27.5.4
(07-01-2024)
ESRP System

(1) DMACS uses the Employer Shared Responsibility Payment System (ESRP System) to select cases for tax examiners to work. The ESRP System is a web-based application that allows users to import, apply filters, analyze, and select cases to be built into batches.

(2) The ESRP System provides DMACS analysts with the ability to define and execute logic for the intelligent selection of ESRP inventory.

(3) DMACS analysts conduct case selection, a process of selecting the optimal mix of cases to pursue. An optimal mix of cases include cases that address the following. See IRM 4.1.27.2 for the full list.

- Revenue protection.
- Influence taxpayer behavior (repeaters).
- Ensure fair coverage of all taxpayer segments.

(4) The selection of cases is currently limited to once a year.

(5) DMACS staff analyze results, perform program reviews, and monitor rule-based applications used to select inventory. The results are used to make data-based decisions to improve program quality, improve case selection, and to ensure the integrity of the selection methods.

(6) Selection is the act of identifying the optimal mix of cases to be delivered to the ESRP campus. The process occurs in eight phases:

1. **Download Data**: Download reports from Business Objects Created by ACA Compliance Validation (ACV).
2. **Data Import**: Importing the data into the ESRP System Tool.
3. **Data Checks**: Data Checks are automated checks done during import to ensure the data was received correctly, including volume, calculation data quality, data field, and field population checks.
4. **GII Case Information**: GII is used to do an EITCRA run to pull case information from IDRS including the Employment code and Business Operating Division (BOD) code.
5. **Analysis**: Review prior year results manually to readdress business rules based on results.
6. **Filters**: Filters are applied to the workable inventory to get counts and view the selected inventory.
7. **Reports**: View reports that reflect volumes and profile of selected cases, and other statistics.
8. **Batch Building**: Cases are built into batches for issuance of the Letter 226-J, printed and mailed by the Office of Taxpayer Correspondence (OTC). Inventory is assigned a batch utilizing a schedule that ensures it will meet the start plan date to conform to the annual work plan.

4.1.27.5.5 (07-01-2024) **Time Based Review**

(1) IRC 4980H(d)(3) requires a review of any PTC that is subsequently disallowed or removed where an ESRP was assessed based on that previously allowed PTC. This process is known as Time Based Review (TBR).

(2) This review is conducted approximately 3 years after the due date (plus extensions) of individual Form 1040 in which the PTC was allowed.

(3) A systemic process will be used to identify (1) all ALEs who were assessed an ESRP and (2) all assessable employees related to those ALEs whose PTC was disallowed or removed. This process involves:

1. Download Data: Download reports from Business Objects created by ACA Compliance Validation (ACV).
2. Data Import: Importing the data into the ESRP system tool.

(4) Data Checks: Data checks are automated checks done during import to ensure the data was received correctly, including volume, calculation data quality, data field, and field population checks.

4.1.27.5.6
(07-01-2024)
ACA Non-Filer System

(1) DMACS uses the ACA Non-Filer System to select non-filer cases for tax examiners to work. The ACA Non-Filer System is a web-based application that allows users to import data, apply filters, analyze, and select cases to be built into batches.

(2) The ACA Non-Filer System provides DMACS analysts with the ability to define and execute logic for the intelligent selection of ESRP inventory.

(3) DMACS analysts conduct case selection, a process of selecting the optimal mix of non-filer cases to pursue. An optimal mix of cases include cases that address the following. See IRM 4.1.27.2 for the full list.

- Revenue protection.
- Influence taxpayer behavior (repeaters).
- Ensure fair coverage of all taxpayer segments.

(4) The selection of cases is currently limited to once a year.

(5) DMACS staff analyze results, perform program reviews, and monitor rule-based applications used to select inventory. The results are used to make data-based decisions to improve program quality, improve case selection, and to ensure the integrity of the selection methods.

(6) Selection is the act of identifying the optimal mix of cases to be delivered to the ESRP campus. The process occurs in eight phases:

1. **Download Data**: Download reports from CDW using SAS.
2. **Data Import**: Importing the data into the ACA Non-Filer System.
3. **GII Case Information**: GII is used to do an EITCRA run to pull case information from IDRS, including Employment code and Business closed date (If applicable).
4. **Data Checks**: Data Checks are automated checks done during import to ensure the data was received correctly, including volume, calculation data quality, data field, and field population checks.
5. **Analysis**: Review prior year results manually to readdress business rules based on results.
6. **Filters**: Filters are applied to the workable inventory to get counts and view the selected inventory.
7. **Reports**: View reports that reflect volumes and profile of selected cases, and other statistics.
8. **Batch Building**: Cases are built into batches for issuance of the Letter 5699, weekly batches are sent to the OTC to be printed and mailed. Inventory is assigned a batch utilizing a schedule that ensures it will meet the start plan date to conform to the annual work plan.

4.1.27.5.7
(07-13-2022)
Selection of ESRP and ACA Non-filer Inventory

(1) Generally, DMACS analysts select ESRP and ACA Non-filer inventory once a year during the correlation process.

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(3) After each correlation, a Summary Report is prepared by DMACS case selection analysts. This manual report documents the selection activities for the respective program, including filters applied for each correlation. The summary addresses:

- The correlation activities, including case volumes impacted by selection and selection and non-selection criteria applied.
- Business justification for criteria applied and details as to selected inventory, including volumes by category.
- Documentation used and any analysis performed during the selection process.

(4) The DMACS program manager is required to review and approve the selection summary after each correlation.

4.1.27.5.8
(07-14-2023)
Selection of Backup Withholding Inventory

(1) Generally, DMACS analysts select Backup Withholding Cases twice a year.

- Workstream 1 Cases are selected for delivery in October of the Fiscal Year.
- Workstream 2 Cases are generally selected for delivery in February of the Fiscal Year.

(2) Cases are identified from data in CDW. Filters are then applied to determine workable inventory.

(3) After each selection, a Summary Report is prepared by DMACS case selection analysts. This manual report documents the selection activities for the respective program, including filters applied for each correlation. The summary addresses:

- The selection activities, including case volumes impacted by selection and selection and non-selection criteria applied.
- Business justification for criteria applied and details as to selected inventory, including volumes.
- Documentation used and any analysis performed during the selection process.

(4) The DMACS program manager is required to review and approve the selection summary after each correlation.

4.1.27.6
(08-07-2018)
Delivery Process

(1) Most of the workload delivery is systemic. Cases identified for data sharing are manually extracted and delivered in the file format preferred by recipient.

4.1.27.6.1
(07-14-2023)
AUR Workload Delivery

(1) All of the workload delivery is systemic. Inventory which has been selected for opening in each campus operation will be created on the AUR system.

(2) AUR cases are worked by seven campuses. Each campus's inventory is composed of electronic (ELF) and paper cases.

a. The capacity at each campus is established based on the campus work plan prepared by PPA. The CISA tool determines the minimum EPA inventory required to meet the campus combined capacity (i.e., corporate capacity).
b. ELF cases with higher EPA than the capacity to be worked are moved to another campus with the capacity to work the cases.

c. Paper and ELF cases are distributed equally between the campuses.

(3) Optimization is the movement of cases to ensure each campus has the optimal volume and quality of cases. There are three types of optimization that the CISA tool can produce within each individual subfile:

- **No Moving:** Cases are already assigned an AUR campus based on the geographic location of the taxpayer. The No Moving function allows the tool user to designate a minimum EPA threshold.
- **Balance by BOD:** Previously used to balance inventory between the legacy W&I and SBSE campuses.
- **Corporate Balance:** The capacity at each campus is established and the tool determines the minimum overall EPA required to meet the campuses' combined capacity (i.e., corporate capacity).

(4) Cases selected utilizing the CISA tool are allocated to each campus using the Export function.

a. Cases are exported to the Underreporter Correlation Group, who build the selected cases into the AUR Case Management system via Enterprise File Transfer Utility (EFTU).
b. Extract cycles assigned let IT know when to place the cases in the AUR Case Management system.

(5) Once cases are exported from IRDMCISA, the selected inventory is controlled by each AUR campus.

4.1.27.6.2
(07-13-2022)
BUR Workload Delivery

(1) For BUR inventory selected through BMFA upon finalization of the correlation cycle, a file is generated to the Information Return Document Matching Data Correlation (IRDMDC) group. The IRDMDC analyst transfers the needed files (typically Excel spreadsheets) to the shared server via Enterprise File Transfer Utility (EFTU) that contain case details.

a. DMACS analysts manually load files to the production database on the shared server.
b. Campus generates IDRS controls via the GII tool and initiates the posting of TC 925 with Process Code 4030 to Master File.

4.1.27.6.3
(07-13-2022)
ESRP Workload Delivery

(1)) ESRP Inventory which has been selected and built into batches for issuance of Letter 226-J will be created on the ESRP system.

a. DMACS analysts create batches on the ESRP System.
b. Campus verifies addresses and freeze codes on IDRS via the GII/ EITCRA tool and initiates the issuance of Letter 226-J for each batch.
c. The OTC prints and mails the Letter 226-J.

4.1.27.6.4
(07-13-2022)
ACA Non-Filer Workload Delivery

(1) For ACA Non-Filer inventory selected through SAS/Access Database, an Excel file is generated for each batch. Selected cases will be controlled on Examination Returns Control System (ERCS), data will be provided to the assigned group, and letters will be mailed by the OTC.

(2) The OTC prints and mails Letter 5699.

(3) Campus generates IDRS controls on ERCS using the following for case controls and coding:

- MFT:Y1.
- Activity Code: 561.
- Source Code: 99.
- Project Code: 1273.
- Tracking Code: 8073 (non-filers).
- Tracking Code: 8251 (stop-filers).

4.1.27.6.5
(07-13-2022)
IMF and BMF Underreporter Data Sharing

(1) DMACS shares IMF and BMF underreporter data with other functions for compliance consideration. Generally, the shared data is outside the scope of the AUR and BUR Campus environments or the underreporter issue is too complex. The underreporter data contains filed income tax returns and related information returns. The type of data shared is based on the criteria agreement between DMACS and the requesting function. The criteria may change from year to year. Common data points include underreported data, categories, subcategories and subfiles.

(2) During AUR case selection, segments of cases can be identified for sharing with other compliance programs based on the criteria requested. Rules are written to mark cases with the EXM treatment code based on the criteria agreement. The cases identified to be shared are excluded from the AUR case selection process and not considered in the selection for regular inventory. IRDMCISA generates a TIN listing to be shared along with other necessary case data, which is provided to the requestor of the information.

Example: An example of AUR data sharing is after DMACS selected TY 2017 inventory for the AUR program, an extract file was provided to ECS-Campus Case Selection (CCS) using the remaining Form 1040 underreporter data with treatment code 'Global Non-Select' (GNS). Based on the criteria agreement, DMACS limited the data to include discrepant cases with over 100 information related returns within specific income categories and subfiles.

(3) During BUR case selection, segments of cases can be identified for sharing with other compliance programs based on the criteria requested. Rules are written to mark cases with the treatment code EXM based on the criteria agreement. The cases identified to be shared are excluded from the BUR case selection process and not considered in the selection for regular BUR inventory. IRDMBMFA generates a TIN listing to be shared with other necessary case data, which is provided to the requestor of the information.

Example: An example of a common BUR data sharing request involves Form 1120S, Form 1065 and high dollar Form 1120 cases. These cases are identified and excluded from general BUR case selection.

4.1.27.7
(07-13-2022)
Monitoring and Reporting

(1) SB/SE Examination PPA monitors program results of the SB/SE campuses. See IRM 1.1.16.3.2, Planning and Performance Analysis.

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Exhibit 4.1.27-1 (07-01-2024)
Glossary and Acronyms

The table below defines some key terms used in Document Matching.

Word/Acronym	Definition
AC	Action Code
ACA	Affordable Care Act
ACV	ACA Compliance Validation
Affordable Coverage	Employer-provided coverage is considered affordable for an employee if the employee's required contribution for the lowest-cost self-only coverage does not exceed 9.5 percent (adjusted annually) of that employee's annual household income.
AGI	Adjusted Gross Income
Applicable Large Employer (ALE)	An employer that generally employed an average of at least 50 full-time employees, including full-time equivalent (FTE) employees, on business days during the preceding calendar year.
ASED	Assessment Statute Expiration Date
Assessments	A change to the amount of tax on the taxpayer's account; generates a bill or a refund, a new DLN, and/or releases payment and/or freeze code.
Audit Information Management System (AIMS)	An IDRS control system used by Examination
AUR (Automated Underreporter)	Inventory control system used in IMF Underreporter
Auto-Generated Notice (AGN)	Cases systemically screened and the CP 2000 and 2501 Notices issued with no Tax Examiner (TE) or clerical handling.
BMF	Business Master File
BOD	Business Operating Division
BOE	Business Objects Environment
Business Underreporter (BUR)	BMF Underreporter
BWH	Backup Withholding
Category Code	A Category is a two-digit numeric code that describes the primary issue on the taxpayer's return.
CCP	Central Case Processing
CDW	Compliance Data Warehouse
CI	Criminal Investigation
CISA	Case Inventory, Selection and Analytics

Exhibit 4.1.27-1 (Cont. 1) (07-01-2024)
Glossary and Acronyms

Word/Acronym	Definition
Correspondence Production Services (CPS)	AUR notices are printed and mailed from one of two CPS. CPS-East is in Detroit and prints/mails for Andover, Atlanta, Brookhaven and Philadelphia. CPS-West is in Ogden and prints/mails for Austin, Fresno and Ogden.
CRN	Credit Reference Number
CRL	Case Record Layout
CSN	Case Sequence Number
DA	Digital Assets
DCI	Data Collection Instrument
Dependent	For purposes of IRC 4980H, a dependent is defined as an employee's child, including a child who has been legally adopted or legally placed for adoption with the employee, who has not reached age 26.
Document Locator Number (DLN)	The number assigned to all returns and documents input to the IRS computer system.
DPAD	Domestic Production Activity Deduction
Drop Criteria	Characteristics that indicate a case should be dropped from the correlation or selection process.
ECC-MEM	Enterprise Computing Center at Memphis.
ECC- MTB	Enterprise Computing Center at Martinsburg.
EITC	Earned Income Tax Credit
EITCRA	Earned Income Tax Credit Referral Automation
Employer Identification Number (EIN)	Nine-digit number formatted xx-xxxxxxx used to identify taxpayer/taxpayers.
EIP	Economic Impact Payment
Employer Shared Responsibility Payment (ESRP)	An assessable payment under IRC 4980H.
EPA	The EPA is an estimation of the assessment that each case will yield based on the behavior and characteristics of cases from past AUR correlations.
ERCS	Examination Returns Control System
EUP	Employee User Portal
EWPEN	Early Withdrawal penalty
Extract	A group of SSNs selected from the inventory of cases identified with possible discrepancies.

Exhibit 4.1.27-1 (Cont. 2) (07-01-2024)
Glossary and Acronyms

Word/Acronym	Definition
Federal Emergency Management Agency (FEMA)	The agency that helps with disaster relief.
Federal Record Center (FRC)	A place where tax returns are stored outside the campuses.
FICA	Federal Insurance Contribution Act
FMV	Fair Market Value
FOIA	Freedom of Information Act
FTE	Full Time Employment
FTF	Failure to File Penalty
FTP	Failure to Pay Penalty
Full-time employee	An employee who, for a month, has on average at least 30 hours of service each week or at least 130 hours of service during the month.
Full-time equivalent employee	A combination of employees, each of whom individually is not a full-time employee, but who, in combination, are equivalent to a full-time employee.
FY	Fiscal Year
GII	Generalized IDRS Interface
Global Non-Select	These are universal rules designed to avoid certain types of cases across the entire inventory and exclude them from all other treatments.
Hour of service	Each hour for which an employee is paid or entitled to payment for the performance of duties for the employer.
HQ	Headquarters
HSA	Health Savings Account
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IND	Indicator
Internal Process Code (IPC)	A numeric/alpha code used for tracking cases within the AUR and BUR programs (does not upload to IDRS).
Integrated Submission and Remittance Processing (ISRP)	The automated system that converts all paper documents to electronic form, including payments.
IR	Information Return
IRA	Individual Retirement Account
IRC	Internal Revenue Code

Exhibit 4.1.27-1 (Cont. 3) (07-01-2024)
Glossary and Acronyms

Word/Acronym	Definition
IRDM	Information Reporting and Document Matching
IRM	Internal Revenue Manual
IRMF	Information Return Master File
IRPCA	Information Returns Program Case Analysis
IRS	Internal Revenue Service
IT	Information Technology
LB&I	Large Business and International
Marketplace (Exchange)	The Health Insurance Marketplace (also known as the ″Marketplace″ or ″Exchange″) provides health plan shopping and enrollment services through websites, call centers, and in-person help.
MEC	Minimum Essential Coverage
Modernized e-File (MeF)	The system used to view electronically filed returns.
MFT	Master File Tax
NDC	National Distribution Center
NEC	Non-Employee Compensation
New Employer	An employer that was not in existence on any business day in the preceding calendar year.
NIIT	Net Investment Income Tax
NOL	Net Operating Loss
Non-Select	Cases are non-selected to actively remove them from consideration for AUR/BUR casework.
OCA	Office of Compliance Analytics
O/D	Over deducted
OIC	Offer in Compromise
OR	Overreported
OTC	Office of Taxpayer Correspondence
PEO	Professional Employer Organization
POC	Point of Contact
PPA	Planning and Performance Analysis
PHC	Personal Holding Company

Exhibit 4.1.27-1 (Cont. 4) (07-01-2024)
Glossary and Acronyms

Word/Acronym	Definition
Premium Tax Credit (PTC)	A refundable tax credit under IRC 36B for eligible individuals and families with low or moderate incomes to help with the cost of health coverage purchased through the Marketplace.
Process Codes (PC)	Two or four digit numbers used to identify the action taken on a case.
PRP	Programming Requirements Package
PTC	Premium Tax Credit
PTIN	Preparer Tax Identification Number
QBID	Qualified Business Income Deduction
QPSC	Qualified Personal Service Corporation
QTP	Qualified Tuition Program
Referral	A case sent to another area for technical determination.
Research	Request for additional information needed to continue processing.
RPS	The Remittance Processing System within ISRP.
RRB	Railroad Retirement Board
RRC	Recovery Rebate Credit
RSED	Refund Statute Expiration Date
SAS	Statistical Analysis System
SB/SE	Small Business Self Employed
SC	Service Center
Screening	A technical review of information returns compared against the tax return. The Screening phase of the Underreporter Program is also referred to as Case Analysis.
SCRIPS	Service Center Recognition/ Image Processing System
SE	Self Employed
Seasonal worker	A worker who performs labor or services on a seasonal basis as determined by the Department of Labor, and a retail worker employed exclusively during holiday seasons.
SERP	Servicewide Electronic Research Portal
SGN	Systemic Generated Notice
SLID -	Student Loan Interest Deduction
SQL	Structured Query Language
Standard employee identifier (SEID)	A five digit alpha/number that identifies an IRS Employee.

Exhibit 4.1.27-1 (Cont. 5) (07-01-2024)
Glossary and Acronyms

Word/Acronym	Definition
SSA	Social Security Administration
Social Security Number (SSN)	A nine digit number formatted xxx-xx-xxxx, used to Identify tax payers accounts.
SSO	Systemic Screenout
SST	Social Security Tax
Subcategory Code	A Subcategory is a one-character alphabetical code (from A through G). The subcategory describes a computer estimate of the tax change based on the under reported amount.
Subfile Code	A Subfile is a one-character alphanumeric code that identifies the high-level characteristic of the case.
TAS	Taxpayer Advocate Service
Taxpayer Delinquent account (TDA)	A Collection status.
Taxpayer Information File (TIF)	Individual Master File data from ECC containing tax account and tax transaction information.
Taxpayer Identification Number (TIN)	A nine digit number used to Identify tax payers accounts.
TE	Tax Examiner
TE/GE	Tax Exempt and Government Entities
TP	Taxpayer
TPI	Total Positive Income
TR	Tax Return
Transaction Code (TC)	An information marker generated through IDRS to describe actions taken.
TXI	Taxable Income
TY	Tax Year
UC	Underclaimed
UR	Underreported
UWR	Unified Work Request
W/H	Withholding
W&I	Wage & Investment
WRMS	Work Request Management System

Exhibit 4.1.27-2 (07-14-2023)
AUR Category Code

The following table is a list of Category Codes used in the AUR selection process.

CATEGORY CODE	DESCRIPTION
01	100 percent Mortgage and/or points paid.
02	IRAs Over-deducted on Form 5498.
03	Reserved
04	NEC
05	50 percent Gross Receipts w/NEC/Fishing income/ Bartering.
06	
07	Wages
08	SSB/RRB
09	100 percent Interest or Dividends.
10	Interest
11	Dividends
12	Pure Wages/Interest/Dividends/Combination.
13	Pensions and Annuities (Form 1099-R) Taxable.
14	Pensions and Annuities (Form 1099-R) Gross.
15	Interest/Dividends/Pension/Annuity/Combination
16	Withholding, over/underclaimed
17	Fishing Income
18	Reserved
19	Rents and Royalties
20	Farm Income
21	Medical Payments
22	Income or Loss from Partnerships and S Corps.
23	Income or Loss from Estates and Trusts.
24	Gambling
25	Taxable Grants
26	Reserved
27	Other Income

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Exhibit 4.1.27-2 (Cont. 1) (07-14-2023)
AUR Category Code

CATEGORY CODE	DESCRIPTION
28	Payments in Lieu of Dividends.
29	Cancellation of Debt
30	Qualified Tuition Program Earnings
31	Securities Sales - 100 or fewer Form 1099-B, Schedule D Present.
32	Early Withdrawal Penalty
33	Unemployment Compensation
34	Interest Combination
35	State Income Tax Refund
36	Mortgage Interest Deduction
37	SEP/SIMPLE Contribution 80 percent.
38	Reemployment Trade Adjustment Assistance (RTAA) - Form 1099-G.
39	Securities Sales > 100 Form 1099-B, Schedule D Present.
40	Gross Capital Gain
41	Combination (not Categories 02, 31, 39, 61 and 79)
42	Early Distribution 10 percent Tax ($150 or more).
43	Bartering Income Discrepancy
44	Dependent Care Benefits
45	IRA Overdeduction AGI dollar limitation.
46	Excess FICA
47	Reserved
48	Pension, Capital Gains, Education Credit Combination.
49	Reserved
50	Self Employment Income Discrepancy
51	80 percent Taxable or Gross Pension and Annuity Distribution Discrepancy.
52	Reserved
53	Reserved
54	Reserved

Exhibit 4.1.27-2 (Cont. 2) (07-14-2023)
AUR Category Code

CATEGORY CODE	DESCRIPTION
55	Statutory Wages
56	Reserved
57	NEC on Schedule F and/or Form 4835.
58	Reserved
59	Medical Savings Account Contribution
60	Reserved
61	Securities Sales, 100 or fewer Form 1099-B, No Sch D.
62	Student Loan Interest Deduction (SLID) (O/D)
63	Health Saving Account Distributions
64	Health Saving Account Contributions
65	Real Estate Income Discrepancy
66	Taxable Pension and Early Distribution 10 percent Tax.
67	100 percent Mortgage and/or points paid - no Form 1098.
68	Reserved
69	Education Credits (over claimed) - no Form 1098-T.
70	SSB/RRB plus Taxable Pension discrepancy is at least 60 percent.
71	Wages plus withholding discrepancy is at least 60 percent.
72	Payment Card
79	Securities Sales > 100 Form 1099-B, No Sch D.
99	When case cannot be assigned to Categories 01 - 79, IRA Contribution Combination.

Exhibit 4.1.27-3 (07-14-2023)
AUR Subfile Code

The following table is a list of Subfile Codes used in the AUR selection process.

SUBFILE CODE	DESCRIPTION
2	IRS Employees.
6	AGI per return is $60,000 - $125,000.
8	Cases with Form 1099-K income of $100 or more.
9	Returns filed with ITIN.
B	Credit Tax Change (W/H).
C	Stock, Bond or Real Estate Discrepancy.
D	UR Income Greater Than $10,000.
E	UR and EIC Present.
F	Mortgage Interest Over-deduction.
G	UR Income Greater than $10,000/Repeaters.
H	Form 1040NR (International with ITIN).
I	Potential Unproductive Repeaters.
J	Auto-Generated Notice.
K	Discrepancy w/EIN Document.
L	Multi-year Repeater.
M	Cases with K1 Discrepancy of $100 or more.
N	Reserved
P	Identity Theft cases with posted TC 971 with Action Code 501, 504, 505, 506, 522, 523, 524 and/or 525.
S	Form 1040NR (International with SSN).
T	AGI per return is less than $60,000.
U	AGI per return is $125,000 or more.

Exhibit 4.1.27-4 (08-07-2018)

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Exhibit 4.1.27-5 (08-07-2018)
AUR Treatment Code

The following table is a list of Treatment Codes used in the AUR selection process.

CODE	DESCRIPTION	AVAILABLE IN FUTURE CORRELATIONS
GNS	Global Non-Select	Yes
HUB	Hub Select	No
SFN	Soft Notice	No
CTR	Control Group 1	No
CT2	Control Group 2	No
NON	AUR Non-Select	Yes
SEL	AUR Select	No
EXM	Exam	No
3CO	3rd Correlation	No
OCA	Office of Compliance Analytics	No
UNT	Untreated	Yes

Exhibit 4.1.27-6 (08-07-2018)
BUR Category Code

The following table is a list of Category Codes used in the BUR selection process. **Category codes are listed in priority order.**

CATEGORY	NAME	DESCRIPTION
04	Non-Employee Compensation	Gross Receipts is at least 50% of the discrepancy, and there is a Non-Employee Compensation IR with no other IR Amounts related to Gross Receipts.
12	Interest and Dividends	Interest and Dividends are at least 50% of the amount of the total case discrepancy.
10	Interest	Interest is at least 50% of the amount of the total case discrepancy.
11	Dividends	Dividends is at least 50% of the amount of the total case discrepancy.
40	Capital Gains	Capital Gains is the largest amount of the total case discrepancy.
31	Securities	Security Sales is the largest amount of the total case discrepancy.
17	Fishing	Gross Receipts is at least 50% of the discrepancy, and there is a Fishing IR with no other IR Amounts related to Gross Receipts.
18	Rents	Rents is at least 50% of the amount of the total case discrepancy.
19	Royalties	Royalties is at least 50% of the amount of the total case discrepancy.
20	Farming	Farming Income is at least 50% of the amount of the discrepancy.
21	Medical Payments	Gross Receipts is at least 50% of the discrepancy and there is a Medical Payments IR with no other IR Amounts related to Gross Receipts.
22	Positive Distributive Share Income	Positive Distributive Share Income is at least 50% of the amount of the discrepancy.
27	Misc Other Income	Other Income is at least 50% of the discrepancy and Misc Other Income is the only IR for that line.
43	Bartering	Gross Receipts is at least 50% of the discrepancy, and there is a Bartering IR with no other IR Amounts related to Gross Receipts.
48	Payment Card Transactions	Payment Card Transactions is the only case discrepancy.

Exhibit 4.1.27-6 (Cont. 1) (08-07-2018)
BUR Category Code

CATEGORY	NAME	DESCRIPTION
57	Gross Receipts/Other Income Combo	Gross Receipts/Other Income types are at least 50% of the discrepancy, and there are more than one IR type present on the case for that issue.
34	Interest Combo	Cases where interest is discrepant along with other discrepancies and no one income type meets the 50% criteria on the case.
32	Withholding	Cases where withholding is the largest amount of the Total Case Discrepancy.
99	Other	Cases not assigned to the above categories.

Exhibit 4.1.27-7 (07-01-2024)
BUR Subfile Code

The following table is a list of Subfile Codes used in the BUR selection process. **Subfile codes are listed in priority order.**

SUBFILE	DEFINITION	DESCRIPTION
B	LB&I	Cases with BOD code indicating LB&I case.
N	NOL Recovery	NOL deduction claimed and a prior year BUR adjustment.
Y	High Underreporter and Multi-year	High Underreporter and Multi-Year Repeater.
R	Multi-Year Repeater	Multi-Year Repeater.
U	Potential Unproductive Repeater	Multi-Year Repeater Unproductive in one of the three proceeding years.
P	Medical Payments	Medical payment discrepancy of $1,000 or more.
E	Exam	The tax form is Form 1120S or Form 1065 with over $500K in Gross receipts and there is a mismatch of at least 50 percent of gross receipt OR there is a TC 420/424 on the tax module.
X	Personal Service Corp Tax Verification	For TY 2017 and prior, NAICS codes: 541110, 541190, 541211 - 541219, 541310 - 541380, 541400, 541511 - 541990, 621111 - 621498, 711100 - 711510 and Form 1120, Sch J, line 2 is < 35% of Form 1120 line 30.
L	Low Dollar Yield	Unreported Income of less than $3,000.
H	High Under Reporter	High Underreporter ($100,000 or more).
S	Securities	Cases with a Securities discrepancy $1,000 or more.
M	Payment Card Transactions	Cases with a Payment Card Transactions discrepancy over $1,000.
K	K-1	Schedule K-1 discrepancy of $1,000 or more.
C	Schedule O	For TY 2017 and prior, Controlled Group (Sch O) is filed.
W	Withholding	Withholding $350 or more.
O	Other	Other (no previous subfile applies).

Exhibit 4.1.27-8 (08-07-2018)

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Exhibit 4.1.27-9 (08-07-2018)
BUR Treatment Code

The following table is a list of Treatment Codes used in the BUR selection process.

CODE	DESCRIPTION	AVAILABLE IN LATER CORRELATIONS
GNS	Global Non-Select	Yes
HUB	Hub Select	No
OCA	Office of Compliance Analytics	No
SFN	Soft Notice	No
CTR	Control Group 1	No
CT2	Control Group 2	No
NON	Non-Select	Yes
SEL	Select	No
EXM	Exam	No
3CO	Control Group 3	No

Exhibit 4.1.27-10 (06-28-2019)
Underreporter Correlation and Selection Flowchart

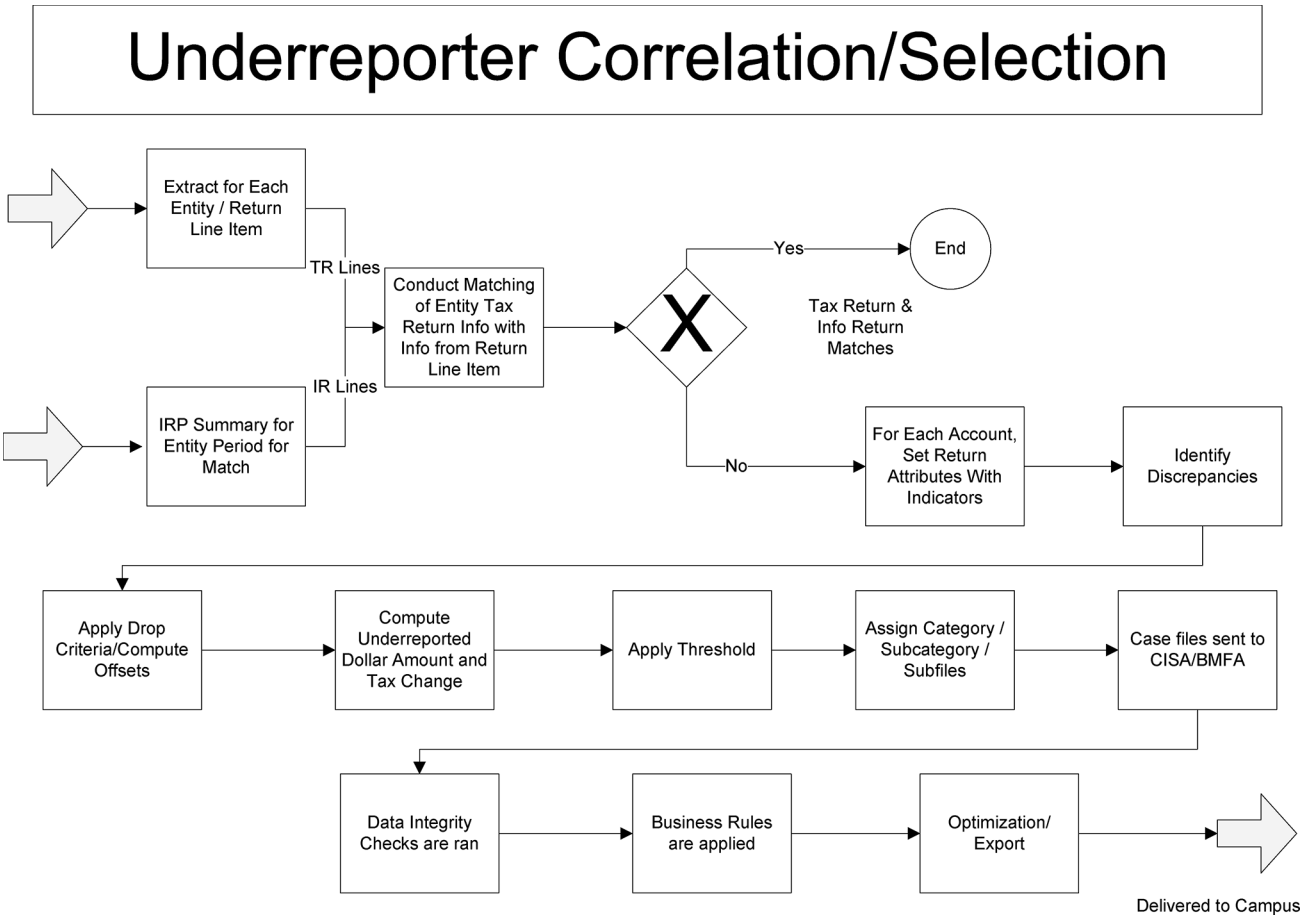

Exhibit 4.1.27-11 (07-01-2024)
ESRP Case Selection Status Codes

Exhibit 4.1.27-12 (07-23-2021)
ESRP Categories

Code	Category
01	Single Member 4980H(a) Liability.
02	Single Member 4980H(b) Liability.
03	Single Member 4980H(a) & (b) Liability.
04	Aggregated Group 2-5 Members 4980H(a) Liability.
05	Aggregated Group 2-5 Members 4980H(b) Liability.
06	Aggregated Group 2-5 Members 4980H(a) & (b) Liability.
07	Aggregated Group 6+ Members 4980H(a) Liability.
08	Aggregated Group 6+ Members 4980H(b) Liability.
09	Aggregated Group 6+ Members 4980H(a) & (b) Liability.
10	Failed Affordability.
11	Indian Tribal Group.

Exhibit 4.1.27-13 (07-01-2024)
ACA Non-filer Categories

Category	Description
01	Potential PEO (PPEO).
02	Potential Filed Under Related TIN (PFURT).
03	Potential PEO Client Approach (PPCA).
04	Aggregated Group Only.
05	SWETRS/Sch R.
06	Form W-2 Filer with 250 or more FTEs.
07	Form W-2 Filer with 200 - 249 FTEs.
08	Form W-2 Filer with 150 - 199 FTEs.
09	Form W-2 Filer with 100 - 149 FTEs.
10	Form W-2 Filer with 80 - 99 FTEs.
11	Form W-2 Filer with 60 - 79 FTEs.
12	Form W-2 Filer with 1 - 59 FTEs.

Exhibit 4.1.27-14 (07-01-2024)
ACA Non-Filer Case Selection Status Codes