



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.5.2

JANUARY 9, 2023

EFFECTIVE DATE

(01-09-2023)

PURPOSE

- (1) This transmits revised IRM 4.5.2, *TE/GE AIMS Manual, TE/GE Examined and Non-Examined Closures*.

MATERIAL CHANGES

- (1) Revised IRM 4.5.2.5.1, removed reference to Manager, Program and Review.
- (2) Revised IRM 4.5.2.6.5, updated the Form 5330 Due Date table to reflect the due date change for IRC 4971. Replaced failure with amendment for IRC 4980.
- (3) Revised IRM 4.5.2.6.6, added note Form 5650 is no longer required to be completed. This section is for reference on the Completion, Edit and Review of Form 5650, EP Examined Closing Record. The items will be completed utilizing the applicable RCCMS tabs in lieu of Form 5650.
- (4) Revised IRM 4.5.2.7.1 , added note Form 5599 is no longer required to be completed. This section is for reference on the Completion, Edit and Review of Form 5599, TE/GE Examined Closing. The items will be completed utilizing the applicable tabs in lieu of Form 5599.
- (5) Revised IRM 4.5.2.7.1.50 , replaced DC 15 with DC 12 in item 13.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 4.5.2 dated December 9, 2021.

AUDIENCE

Tax Exempt and Government Entities Division
(All employees performing examinations and support)

Jennifer Jett
Director, Business Systems Planning
Shared Services
Tax Exempt and Government Entities

4.5.2

TE/GE Examined and Non-Examined Closures

Table of Contents

- 4.5.2.1 Program, Scope and Objective
- 4.5.2.2 Authority
- 4.5.2.3 Program Controls
- 4.5.2.4 Acronyms and Definitions
- 4.5.2.5 Processing TE/GE AIMS Closings
 - 4.5.2.5.1 Error Tolerance Level
 - 4.5.2.5.2 Electronically Filed Returns
 - 4.5.2.5.3 Power of Attorney/Tax Information Authorization
- 4.5.2.6 Processing EP/AIMS Closings
 - 4.5.2.6.1 Processing EP Examined Closing Record, Form 5650
 - 4.5.2.6.2 Form 5650, EP Examined Closing Record
 - 4.5.2.6.3 Processing Discrepancy Adjustments and Form 5330 on the BMF
 - 4.5.2.6.4 Form 5330 Filing
 - 4.5.2.6.5 Form 5330 Due Dates
 - 4.5.2.6.6 Completion, Edit and Review of Form 5650, EP Examined Closing Record
 - 4.5.2.6.6.1 CC TSCLS (Item A)
 - 4.5.2.6.6.2 CC AMCLS_ (P1-6)
 - 4.5.2.6.6.3 TIN (P7-18)
 - 4.5.2.6.6.4 MFT (P21–22)
 - 4.5.2.6.6.5 Tax Period (P24-29)
 - 4.5.2.6.6.6 Name Control/Check Digit (P31-34)
 - 4.5.2.6.6.7 Name (Item C)
 - 4.5.2.6.6.8 Batch Position Indicator (NMF) (P36)
 - 4.5.2.6.6.9 Block Number (P38-40)
 - 4.5.2.6.6.10 Terminal Sequence Number (P45-48)
 - 4.5.2.6.6.11 Plan Number (P59–61)
 - 4.5.2.6.6.12 Disposal Code (Item 13)
 - 4.5.2.6.6.13 Statute Extended to Date (Item 14)
 - 4.5.2.6.6.14 Appeals Code (Item 16)
 - 4.5.2.6.6.15 Examiner's Time (Item 28)
 - 4.5.2.6.6.16 Technique Code (Item 30)
 - 4.5.2.6.6.17 Examiner's Grade (Item 31)
 - 4.5.2.6.6.18 Case Grade (Item 32)
 - 4.5.2.6.6.19 Agent Name (Item 33)
 - 4.5.2.6.6.20 Hash Total (Item 36)

-
- 4.5.2.6.6.21 Special Project Code (Item 40)
 - 4.5.2.6.6.22 ARDI Code (Item 42)
 - 4.5.2.6.6.23 Employee Group Code (Item 50)
 - 4.5.2.6.6.24 FAX Agreement Indicator (Item 416)
 - 4.5.2.6.6.25 Operator Employee No./Date (Item D)
 - 4.5.2.6.6.26 Rej. (Item E)
 - 4.5.2.6.6.27 Document Locator Number (Item F)
 - 4.5.2.6.6.28 Cor. (Item G)
 - 4.5.2.6.6.29 EP Taxes (Item 602)
 - 4.5.2.6.6.30 Penalty, Section and Interest (Item 603)
 - 4.5.2.6.6.31 EP Penalties and Interest (Item 604)
 - 4.5.2.6.6.32 Adjustments to SB/SE, W&I, LB&I or Adjust to Income/Deductions (Item 605)
 - 4.5.2.6.6.33 Total Deductions Claimed (Item 606)
 - 4.5.2.6.6.34 Total Trusts Assets (Item 607)
 - 4.5.2.6.6.35 Number of Participants Affected (Item 608)
 - 4.5.2.6.6.36 Type of Plan (Item 609)
 - 4.5.2.6.6.37 EP Issue Code (Item 610)
 - 4.5.2.6.6.38 EP NAICS Code (Item 612)
 - 4.5.2.6.6.39 EP Closing Agreement Results (Item 613)
 - 4.5.2.6.6.40 Reviewer (Item I)
 - 4.5.2.6.6.41 Tax Examiner (Item K)
 - 4.5.2.6.6.42 Form Number (Item M)

4.5.2.7 Processing TE/GE Examined Closing Record, Form 5599

4.5.2.7.1 Completion, Edit and Review of Form 5599, TE/GE Examined Closing

- 4.5.2.7.1.1 CC TSCLS (Item A)
- 4.5.2.7.1.2 Partial Agreement (Item B)
- 4.5.2.7.1.3 CC AMCLS_ (P1-6)
- 4.5.2.7.1.4 TIN (P7-18)
- 4.5.2.7.1.5 MFT (P21-22)
- 4.5.2.7.1.6 Tax Period (P24-29)
- 4.5.2.7.1.7 Name Control/Check Digit (P31-34)
- 4.5.2.7.1.8 Name (Item C)
- 4.5.2.7.1.9 Batch Position Indicator (NMF) (P36)
- 4.5.2.7.1.10 Block Number (P38-40)
- 4.5.2.7.1.11 Sequence Number (P45-48)
- 4.5.2.7.1.12 Unpostable Indicator (P50–51)
- 4.5.2.7.1.13 Plan/Report Number (P53–55)
- 4.5.2.7.1.14 IRA (Item 01)
- 4.5.2.7.1.15 Penalty Reason Code (Item 02)

| | |
|--------------|---|
| 4.5.2.7.1.16 | 30/90 Day Letter Date (Item 03 and 04) |
| 4.5.2.7.1.17 | 2% Interest Date (Item 05) |
| 4.5.2.7.1.18 | Interest to Date (Item 6a) |
| 4.5.2.7.1.19 | Credit Interest to Date (Item 6b) |
| 4.5.2.7.1.20 | Compute Interest Amount (Item 6c) |
| 4.5.2.7.1.21 | Hold Code (Item 07) |
| 4.5.2.7.1.22 | Agreement Date (Item 08) |
| 4.5.2.7.1.23 | Priority Code (Item 09) |
| 4.5.2.7.1.24 | Settlement Amount (Item 10) |
| 4.5.2.7.1.25 | Interest Computation Date (Item 11) |
| 4.5.2.7.1.26 | Tax Liability Adjustment (Item 12) |
| 4.5.2.7.1.27 | Disposal Code (Item 13) |
| 4.5.2.7.1.28 | Statute Extended to Date (Item 14) |
| 4.5.2.7.1.29 | Credit and Tax Computation Adjustment (Item 15) |
| 4.5.2.7.1.30 | Operator Employee No. and Date (Item D) |
| 4.5.2.7.1.31 | Rej. (Item E) |
| 4.5.2.7.1.32 | Document Locator Number (Item F) |
| 4.5.2.7.1.33 | Cor. (Item G) |
| 4.5.2.7.1.34 | Appeals Office Code (Item 16) |
| 4.5.2.7.1.35 | EO/GE Appeals Issue Code (Item 17) |
| 4.5.2.7.1.36 | Unagreed Amount (Item 18) |
| 4.5.2.7.1.37 | AIMS/MF Update Data (Item 19) |
| 4.5.2.7.1.38 | Revenue Base Protection Section (RBP) |
| 4.5.2.7.1.39 | Claim Rejection Date (Item 20) |
| 4.5.2.7.1.40 | Amount Claimed (Item 21) |
| 4.5.2.7.1.41 | Claim Amount Disallowed (Item 22) |
| 4.5.2.7.1.42 | Claim Hours (Item 23) |
| 4.5.2.7.1.43 | Claim Type (Item 24) |
| 4.5.2.7.1.44 | Examiner's Time (Item 28) |
| 4.5.2.7.1.45 | Technique Code (Item 30) |
| 4.5.2.7.1.46 | Agent's Grade (Item 31) |
| 4.5.2.7.1.47 | Case Grade (Item 32) |
| 4.5.2.7.1.48 | Examiner's Name (Item 33) |
| 4.5.2.7.1.49 | Exam Adjustment amount (Item 34) |
| 4.5.2.7.1.50 | Manual Assessment Amount (Item 35) |
| 4.5.2.7.1.51 | Hash Total (Item 36) |
| 4.5.2.7.1.52 | Delinquent Return Code (Item 37) |
| 4.5.2.7.1.53 | Fraud Condition (Item 38) |
| 4.5.2.7.1.54 | Disclosure Code (Item 39) |

-
- 4.5.2.7.1.55 Special Project Code (Item 40)
 - 4.5.2.7.1.56 No Change Issue Codes (Item 41a-41e)
 - 4.5.2.7.1.57 ARDI Code (Item 42)
 - 4.5.2.7.1.58 Delay Posting Code (Item 43)
 - 4.5.2.7.1.59 NOL CF Disallowed Amount (Item 44)
 - 4.5.2.7.1.60 NOL Indicator (Item 45)
 - 4.5.2.7.1.61 Credit CF Disallowed Amount (Item 46)
 - 4.5.2.7.1.62 CF Credit Type (Item 47)
 - 4.5.2.7.1.63 TE/GE Special Definer Code (Item 48)
 - 4.5.2.7.1.64 Secondary Business Code (Item 49)
 - 4.5.2.7.1.65 Employee Group Code (Item 50)
 - 4.5.2.7.1.66 Check Box (Page 1)
 - 4.5.2.7.1.67 Reviewer/Date (Item I)
 - 4.5.2.7.1.68 Tax Examiner (Item K)
 - 4.5.2.7.1.69 First Time Homebuyer's Credit Reason Code 1
 - 4.5.2.7.1.70 First Time Homebuyer's Credit Reason Code 2 (Item 52)
 - 4.5.2.7.1.71 First Time Homebuyer's Credit Reason Code 3 (Item 53)
 - 4.5.2.7.1.72 Specified Health Insurance Policies Average Number of Lives (SHIP-LIVES) (Item 70)
 - 4.5.2.7.1.73 Applicable Self-Insured Health Plans Average Number of Lives (ASIHP-LIVES) (Item 70)
 - 4.5.2.7.1.74 Specified Health Insurance Policies Average Number of Lives (SHIP-LIVES-OCT) (Item 70)
 - 4.5.2.7.1.75 Applicable Self-Insured Health Plans Average Number of Lives (ASIHP-LIVES-OCT) (Item 70)
 - 4.5.2.7.1.76 CIC (Coordinated Industry Case) Case (Item 400)
 - 4.5.2.7.1.77 Whipsaw Indicator (Item 401) (GE Only)
 - 4.5.2.7.1.78 International Examiner's Time (Item 402) (GE Only)
 - 4.5.2.7.1.79 International Exam Results (Item 403) (GE Only)
 - 4.5.2.7.1.80 Abstract Information (Item 404) (GE Only)
 - 4.5.2.7.1.80.1 Abstract Code (Item 404a) (GE Only)
 - 4.5.2.7.1.80.2 Disposal Code (Item 404b) (GE Only)
 - 4.5.2.7.1.80.3 Abstract Time (Item 404c) (GE Only)
 - 4.5.2.7.1.80.4 Abstract Examination Results (Item 404d) (GE Only)
 - 4.5.2.7.1.80.5 Flip-Flop Issue (Items 404a-d) (GE Only)
 - 4.5.2.7.1.80.6 Multiple Abstracts Examined (GE Only)
 - 4.5.2.7.1.81 Related Return Information Section (GE Only)
 - 4.5.2.7.1.81.1 Primary Return Entries (GE Only)
 - 4.5.2.7.1.81.2 Related Return Entries (GE Only)
 - 4.5.2.7.1.82 Installment Agreement Code (Item 412) (GE Only)
 - 4.5.2.7.1.83 Delinquent Return Amount (Item 414)
 - 4.5.2.7.1.84 Amended Return Amount (Item 415)
 - 4.5.2.7.1.85 Fax Agreement Indicator (Item 416)

-
- 4.5.2.7.1.86 3121q Amount (Item 418)
 - 4.5.2.7.1.87 IRC Subsection (Item 702) (EO Only)
 - 4.5.2.7.1.88 Asset Code (Item 703) (EO Only)
 - 4.5.2.7.1.89 Related Return (Item 704) (EO Only)
 - 4.5.2.7.1.90 Additional EO/GE Examined Closing Information
 - 4.5.2.7.1.90.1 Liability Related (Item 706)
 - 4.5.2.7.1.90.2 Liability Converted (Item 707)
 - 4.5.2.7.1.91 Analysis of Change in Tax Liability (Items 708-739)
 - 4.5.2.7.1.92 Comments Section
 - 4.5.2.8 Reinputting Form 5599, CC TERUP/QRANC
 - 4.5.2.9 Assembly of Case Files for Terminal Input
 - 4.5.2.9.1 Preparation of the Examined Case Package
 - 4.5.2.9.2 Preparation of the Non-Examined Case Package
 - 4.5.2.9.3 Electronic Case Closing
 - 4.5.2.10 Special Handling Procedures for TE/GE Returns
 - 4.5.2.11 Corrections to Records Closed in a Prior Fiscal Year
 - 4.5.2.12 Error Accounts with No Return
 - 4.5.2.13 Cases to Appeals

Exhibits

- 4.5.2-1 MF Sorting and Blocking for Document Code 47
- 4.5.2-2 TE/GE Penalty Reason Codes
- 4.5.2-3 Priority Codes (Item 09, Form 5599)
- 4.5.2-4 Transaction Codes (TC) for Form 5599
- 4.5.2-5 Computation of Statute Dates
- 4.5.2-6 Appeals Office Codes
- 4.5.2-7 Claim Amount Examples
- 4.5.2-8 Closing Function Claim Procedures
- 4.5.2-9 Claim Types
- 4.5.2-10 Disclosure Codes

4.5.2.1
(12-10-2018)
Program, Scope and Objective

- (1) This IRM section provides an overview of the Tax Exempt Government Entities AIMS manual examined and non-examined closure procedures. The purpose of TE/GE is to provide top quality service and comply with applicable tax law and protect the public interest by applying the tax law with integrity and fairness to all.
- (2) **Purpose:** The TE/GE AIMS manual reports contains procedures for working the various reports in AIMS and tracking time in WebETS.
- (3) **Audience:** This IRM section provides procedures for agents, managers and support staff in Exempt Organization, Employee Plans and Government Entities (TE/GE).
- (4) **Program Owner:** Director, Business System Plan (BSP) and Tax Exempt Government Entities (TE/GE).

4.5.2.2
(12-10-2018)
Authority

- (1) TE/GE's authority to resolve issues is derived from its authority to make determinations of access to software applications such as AIMS, RCCMS and WebETS as qualified under IRC 6209.

4.5.2.3
(12-09-2021)
Program Controls

- (1) All TE/GE examinations for closure will be conducted in accordance and consistent with the IRM 4.75.16 to ensure accurate case processing and consistent application of the law.

4.5.2.4
(12-09-2021)
Acronyms and Definitions

- (1) This manual uses the following acronyms

| Acronym | Definition |
|---------|--------------------------------------|
| AIMS | Audit Information Management System |
| AGI | Adjusted Gross Income |
| ARDI | Accounts Receivable Dollar Inventory |
| ASIHP | Applicable Self-Insured Health Plans |
| BMF | Business Master File |
| BMFOL | Business Master File On-Line |
| BRTVU | Business Returns On-Line |
| BSP | Business System planning |
| CAF | Centralized Authorization File |
| CF | Carry Forward |
| CIC | Coordinated Industry Case |
| DC | Disposal Code |
| DLN | Document Locator Number |
| EGC | Employee Group Code |

| Acronym | Definition |
|---------|--|
| EIN | Employee Identification Number |
| ELFRQ | Electronic Filing Requirement |
| EMFOL | Employee Plans Master File On-Line |
| EO | Exempt Organization |
| EP | Employee Plan |
| EPMF | Employee Plan Master File |
| ERTVU | Employee Plans Return Transaction File |
| FTD | Federal Tax Deposit |
| FTF | Failure to File |
| FTP | Failure to Pay |
| FUTA | Federal Unemployment Tax Account |
| GE | Government Entities |
| IDRS | Integrated Data Retrieval System |
| IMFOL | Individual Master File On-Line |
| MF | Master File |
| NMF | Non-Master File |
| NOL | Net Operating Loss |
| NOLD | Net Operating Loss Deduction |
| POA | Power of Attorney |
| RBP | Revenue Base Protection |
| RCCMS | Reporting Compliance Case Management |
| RICS | Return Inventory Classification System |
| RTVUE | Return Transaction File On-Line |
| SBC | Secondary Business Code |
| SE | Self-Employment |
| SHIP | Specified Health Insurance Policies |
| SSN | Social Security Number |
| TC | Transaction Code |
| TEB | Tax Exempt Bond(s) |

| Acronym | Definition |
|------------|---|
| TIA | Taxpayer Information Authoriza- tion |
| TI | Taxable Income |
| TIN | Taxpayer Identification Number |
| TRDB/TRDBV | Tax Return Data Base |

4.5.2.5
(12-09-2021)
**Processing TE/GE AIMS
Closings**

- (1) This IRM section contains Master File (MF) and Non-Master File (NMF) processing, instructions for Employee Plan (EP) (Form 5330s on BMF), Exempt Organization (EO), and Government Entities (GE) examination cases and discrepancy adjustments. TE/GE Examination Closing Function Tax Examiners will be given information on how to:
 - a. Determine if they should make an adjustment on MF or NMF.
 - b. Make entity and Power of Attorney (POA) changes.
 - c. Process, when applicable , Form 5599, TE/GE Examined Closing Record, Form 5650 EP Examined Closing Record, and Form 5596, TE/GE Non-Examined Closing Record.

4.5.2.5.1
(01-09-2023)
Error Tolerance Level

- (1) If, during an edit and review of examination case files, it becomes apparent an error was made in computing the deficiency, overassessment, or penalty and the error favors the taxpayer (less tax due or higher refund due), we should assess the correct deficiency or penalty and schedule the corrected overassessment for a refund.
- (2) Research IDRS CC BMFOL (BMF), EMFOL (EPMF), IMFOL (IMF), or the Automated Non-Master File system (ANMF), to verify the accuracy of the tax shown on the return and any previous adjustments as reflected on the examination report.
- (3) If, by correcting the error, the taxpayer will owe additional tax or receive a lesser refund, the case may be processed for the deficiency, overassessment or penalty shown on the examination report, if the difference does not exceed \$50.00.
- (4) Errors of more than \$50.00 may be processed when approved by the Manager, Mandatory Review; Manager, Outreach, Planning and Review or the Director of EP, EO or GE (FSLG, ITG or TEB) Examinations as established by local procedures. The case file may need to be returned to the Agent to issue a new report.

Note: The above review must be applied separately to each item involved and not to the net effect when multiple years are involved. The dollar amount of the error in relation to the total corrected deficiency should be considered when determining if the error should be waived. Supporting documentation and applicable forms (i.e., Form 4549 or Form 3198-A) must be completed by the Agent and included in the case file.

4.5.2.5.2
(10-01-2019)
**Electronically Filed
Returns**

- (1) TE/GE personnel should follow normal requisition and closing procedures, even though the taxpayer electronically filed the return (regular prints or Graphic Electronic Prints (GEL) must be closed using an original return blocking series). The hard copy return that the requestor receives is considered the original return.
 - a. However, returns will not have Form 8453, U.S. Individual Tax Declaration for Electronic Filing automatically associated unless the requesting function is Appeals, Criminal Investigation or the Taxpayer Photocopy Unit.
 - b. The taxpayer's signature will not appear on a hard copy of an electronically filed return, but will appear on the signature document, Form 8453.

Note: If the taxpayer electronically files their return, they can now sign their return electronically by creating their own Personal Identification Number (PIN). This PIN will serve as the taxpayer's signature and can only be used if the return is filed electronically using tax preparation software or through a tax professional. In this case, the taxpayer is no longer required to send an original signature on Form 8453.

- c. Securing the original document may be necessary in criminal investigation, tax court cases and any other time an original signature is critical for processing (see (3) below).
 - d. Form W-2, Form W-2G, and Form W-2P information appear on the output page (a W-2 summary page) of the electronic return hard copy. The original W-2s are filed with Form 8453.
- (2) Instructions to secure Form 8453 or Form W-2:
 - a. Group manager approval should be secured and documented in the case file. Secure a transcript to ensure the return was electronically filed (see DLN information above).
 - b. Use CC ELFRQ-AC2 or follow CC ESTAB procedures. State in the remarks section of the request, "Need Form 8453 Only." Also use the remarks section to request Form 8453-F (1041, Fiduciary), Form 8453-P (Form 1065, Partnership), or Form 8453-E (Form 5500 series returns, Employee Plans).
 - c. If the original Form W-2s are needed, use CC ESTAB procedures and enter in the remarks section "Need Form 8453, Original Form W-2s Needed. "
 - d. If requested, the Form 8453 must be attached to the print of the return and it will become part of the case file and will receive a renumbered DLN upon closing.
- (3) Electronically filed returns that fall into the unallowable program other than Form 5500 series will be worked in the Correspondence Examination Branch in the Campus Center where the return is filed.
- (4) Command Code TRDBV (Tax Return Data Base) includes electronically filed original Tax Returns and corrections made to the tax return data in the Error Resolution System (ERS), Generalized Main Frame (GMF) and General Unpostable File (GUF). This command code is a "read only" print.

Note: Command Code TRDBV can display information from electronically filed original individual and business returns, as well as the associated forms and schedules, submitted by the taxpayer for tax years 1998 and later. TRDBV will also display IMF and BMF paper return information, after GMF perfec-

tion, beginning with processing year 2003. TRDBV is designed to produce results similar to RTVUE and BRTVU.

4.5.2.5.3
(06-01-2003)
**Power of Attorney/Tax
Information
Authorization**

- (1) A taxpayer may designate a representative to handle their tax matters. To provide data on Power of Attorney (POA) or Tax Information Authorization (TIA) in a complete and timely manner, the Centralized Authorization File (CAF) system was established. See IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File (CAF).

Note: Powers of Attorney received on Civil Penalty cases, MFT 13 or 55 **cannot** be established on the CAF system.

- (2) Powers of Attorney may be submitted on Form 2848, Power of Attorney and Declaration of Representative. Form 8821, Tax Information Authorization can also be submitted. The form requires the taxpayer to specify the type of tax matter and the period of time for which the power of attorney is effective. These forms are not mandatory and the use of technical language is not necessary.
- (3) CAF Unit processing of the Power Of Attorney or Tax Information Authorization forms have been consolidated into two campuses, Memphis or Ogden Campus Centers. POA or TIA forms received at the group level should be forwarded to Memphis or Ogden, based on the state mapping shown below.

Exception: International third party forms will still be processed by the Philadelphia Campus.

| Campus Address | Phone Numbers | State Mapping |
|---|--|---|
| Memphis Campus 5333 Getwell Road Stop 8324 Memphis, TN 37501 | FTS: 901-546-4176 FAX: 901-546-4115 | AL, AR, CT, DE, FL, GA, IL, IN, KY, LA, ME, MD, MA, MI, MS, NH, NJ, NY, NC, OH, PA, RI, SC, TN, VT, VA, WV |
| Ogden Campus P.O. Box 9941 Stop 6737 Ogden, UT 84409 | FTS: 801-620-4254 FAX: 801-620-4249 | AK, AZ, CA, CO, DC, HI, ID, IA, KS, MN, MO, MT, NB, NV, NM, ND, OK, OR, SD, TX, UT, WA, WI, WY |
| Philadelphia Campus International Depart- ment 11601 Roosevelt Blvd. Philadelphia, PA 19255 | FTS: 215-516-5882 FAX: 215-516-1017 | International Third Party Forms Only |

- (4) The Agent must annotate on the POA/TIA their initials, employee group code, telephone number and primary business code.

- (5) POA/TIA's received for determination case files should be forwarded to the Technical Screening Unit for input into EDS.
- (6) If the original is sent to the service center, the copy must be annotated "Original Sent to _____ Campus Center" and the date in the case file attached to page 1 of the return. If there is no indication the POA/TIA was processed, check IDRS CC CFINK to determine whether an individual is authorized to receive information or act on the taxpayer's behalf.
- (7) Form 2848 and Form 8821 should contain the following information:

Note: Original documents, photocopies or documents submitted by facsimile transmission (FAX) are acceptable for processing.

- a. The name, Taxpayer Identification Number (TIN) and the address of the taxpayer
- b. The name and address of the designated representative (POA) or the appointee (TIA)
- c. The type of tax (individual, corporate, etc.) and the tax form number
- d. The tax year(s) or period(s)
- e. Plan or report numbers for Form 5500s Form 5330s, Form 8038 series returns and Form 8328
- f. The taxpayer's signature and date of the signature
- g. Declaration of good standing signed and dated by the representative(s). This does not apply to Form 8821.

| IF | THEN |
|---|---|
| Form 2848 is a joint return and they have the same representative | Both spouses must sign. |
| Form 2848 is a joint return and they have different representatives | Both spouses do not have to sign (See Treas. Reg for limitations.) |
| Form 8821 is a joint return | Only one spouse's signature is required. Both spouses are not required to sign this form. |

- (8) POA/TIAs filed for specific issues must not be detached from the related document and sent to the CAF function, unless the document authorizes recognition for a return besides the specific issue. In this case, send a copy of the POA/TIA to the CAF function to input in the return portion of the CAF system. Examples of the specific issues include, but are not limited to, the following:
 - a. Form 843, Claim for Refund and Request for Abatement
 - b. Form 966, Corporate Dissolution or Liquidation (Form 964 is Obsolete)
 - c. Form W-4, Employee's Withholding Allowance Certificate
 - d. Form 4361, Application for Exemption from Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners
 - e. Form 1128, Application to Adopt, Change or Retain a Tax Year
 - f. Form SS-4, Application for Employer Identification Number

- g. "General Power of Attorney" or "Durable Power of Attorney" - These powers of attorney do not contain sufficient information to process on CAF and must be retained in the case file or left attached to the related return. If, however, a general or durable power of attorney is submitted attached to a completed Form 2848 (a transmittal power of attorney), send both forms to the CAF function for processing.
- (9) Power of Attorney or Form 3198-A, TE/GE Special Handling Notice marked "Power of Attorney" may be in a case file when it is received in the Closing Function for closing.

| IF | THEN |
|--|--|
| There is an indication the POA has been processed (copy of POA noted "POA sent to service center") | Take no action on the POA and process the case. |
| There is no indication the POA was processed | Check IDRS via CC CFINK. |
| A POA is present on CAF | Annotate the copy and process the case. |
| A POA is not present on CAF | Make a photocopy of the POA and suspense the case for two weeks to allow time for the POA indicator to be input by the service center before the case is closed. |
| A POA is reviewed and is rejected because of missing or incorrect data | Associate the POA with the case and reject it to the examining officer. |

4.5.2.6
(12-09-2021)
**Processing EP/AIMS
Closings**

- (1) This subsection contains EP Plans Master File (EPMF) and Non-Master File (NMF) processing instructions for EP examination cases. TE/GE Examination Closing Function Tax Examiners should be given information on how to:
- Determine If they should make an adjustment on MF or NMF.
 - Make entity and POA changes.
 - Process, when applicable, Form 5650, EP Examined Closing Record and Form 5596, TE/GE Non-Examined Closing Record.

4.5.2.6.1
(12-09-2021)
**Processing EP
Examined Closing
Record, Form 5650**

- (1) Form 5650 is no longer required to be completed for closing examined EP returns. The relevant RCCMS tabs will be utilized in lieu of Form 5650 for closing examined EP returns, 5500 (DCs 01 through 15) and Claims Allowed in Full (DC 34) off of the AIMS database at the completion of an examination. Form 5650 is used to update the Employee Plans Master File (EPMF) with closing information from an EPMF account. Form 5500 Series Returns are closed using the relevant RCCMS tabs in lieu of Form 5650. Form 5330s that have posted to the BMF beginning 1/1/2001 are now established and closed on AIMS as a BMF account using the applicable tabs in RCCMS in lieu of Form 5599, TE/GE Examined Closing Document. Manual assessments are still

required for claims filed on Forms 5330 returns posted on NMF prior to 1/1/2001. Form 990-T returns will also be closed using the tabs within RCCMS in lieu of Form 5599.

- (2) Form 5650 is **not** used to close EP Flow-Through Discrepancy Adjustments. Use the relevant RCCMS tabs in lieu of Form 5599, TE/GE Examined Closing Record. Refer to IRM 4.5.2.6.3 below for handling EP Flow-Through Discrepancy Adjustments.
- (3) The local use of forms, special handling procedures and the data contained in the "Responsibility for Completion" area on Form 5650, should suggest who, in the area office, will be responsible for completing each item on the form. Form 5650 is no longer required. The items will be completed utilizing the applicable RCCMS tabs in lieu of Form 5650. Local procedures may permit Agents and Reviewers to enter in other items in the RCCMS tabs.
- (4) Entries for Item A, positions P7-18, P21-22, P24-29, P31-34 P59-61 and Items C, 13, 28, 30-33, 40, 42, 50, 416, 602-613, I, L and M for Form 5650 will be made using the relevant RCCMS tabs at the Group/Review level.
- (5) Entries for positions P36, P38-40 and Items 13, 36, 602, 603, 604, 605, D-G, K, and M on Form 5650 will be completed using the appropriate RCCMS tabs and/or perfected by the Closing Function. Information needed to complete these items must be provided by Agents and Reviewers.
- (6) Closing Function Tax Examiners must review all entries entered in RCCMS tabs in lieu of Form 5650 for legibility, validity and range, and presence of required entries. Appropriate correction action including returning RCCMS case file with incomplete tab entries in lieu of Form 5599 to the originator or AIMS Coordinator should be taken.
- (7) Closing Function Tax Examiners must edit entries in the RCCMS tabs in lieu of Form 5650 as required to prepare for terminal input. Technical assistance from Planning and Review Staff must be provided when requested.
- (8) All entries must be made legible using a Number 2 pencil, if Form 5650 is completed by hand.

Note: As provided in Interim Guidance Memo dated July 28, 2020, Form 5650 and 5599 are no longer required to be completed for any EP examination or investigation case. The relevant RCCMS tabs in lieu of Forms 5650 and 5599 will be used for closing.

4.5.2.6.2
(12-09-2021)
**Form 5650, EP
Examined Closing
Record**

- (1) Form 5650 is no longer required to be completed for any EP examination case. The relevant RCCMS tabs with all examination items completed, will be utilized in lieu of Form 5650 and case will be forwarded to the closing function where it is completed, reviewed, and processed to close it off AIMS NMF and EPMF.
- (2) Returns closed with an agreed examined disposal code remain on AIMS for 90 days after being closed at the terminal or until assessment verification has been completed (whichever is longer). They are included in closing reports at the end of the month in which they are closed at the terminal.
- (3) Returns closed with an unagreed examined DC 11, Unagreed - Petition to Tax Court, remain on AIMS for ninety days after being closed at the terminal for

Appeals or until assessment verification has been completed (whichever is longer). They are included in closing reports at the end of the month in which they were closed at the terminal for TE/GE.

- (4) An examined return may be re-established once it has aged off of AIMS. In some instances, however, there may be a need to re-establish a closed return before the end of the normal ninety days aging-off period. If this is the case, refer to IRM 4.5.1.6.9.1.2.1 for instructions on re-establishing closed returns.
- (5) All information that is placed on Form 5650 is used for statistical purposes. Any type of assessment or abatement must be manually done before the case file is closed off at the terminal. Once the case file is closed at the terminal, it will be forwarded to Ogden Campus Center for refiling.

4.5.2.6.3

(12-09-2021)

Processing Discrepancy Adjustments and Form 5330 on the BMF

- (1) Form 5599 is no longer required to be completed for any EP examination case. The relevant RCCMS tabs for closing will be utilized in lieu of Form 5599 to close discrepancy adjustments, Form 5330 BMF and 401(a) examinations by Employee Plans. This is necessary as the entries on RCCMS in lieu of Form 5599 allows adjustments to tax and penalties to be assessed and/or abated through the Integrated Data Retrieval System (IDRS) for posting to the Business Master File (BMF). A Flowthru Indicator of "1" has been input on the establishment of the discrepancy adjustment. Any Source Code can be used to identify a discrepancy adjustment as CC AMDIS will display discrepancy adjustment.
- (2) The relevant RCCMS tabs in lieu of Form 5599 should be used for the following tax returns:
 - a. Form 990T
 - b. Form 1040, Form 1040A, Form 1040EZ
 - c. Form 1041
 - d. Form 1065
 - e. Form 1120 (Including Form 1120F, Form 1120L, Form 1120PC, and Form 1120S)
 - f. Form 940
 - g. Form 941
 - h. Form 1042
 - i. Form 945
 - j. Form 11C
 - k. Form 730
 - l. Form 4720
 - m. Form 5227
 - n. Form 8038, Form 8038G, Form 8038GC, Form 8038B, 8038T, 8038TC, 8038CP, Form 8328 and Form 8703
 - o. Form CT-1, Form CT-2
 - p. Form 5330 (effective - 01/01/2002)
 - q. Form 720
 - r. Form 942
- (3) Form 5599 is no longer required to be completed. For reference on the Completion, Edit and Review of Form 5599, TE/GE Examined Closing Record, refer to IRM 4.5.2.7.1.

4.5.2.6.4
(12-09-2021)
Form 5330 Filing

- (1) Most Commonly Filed Form 5330
- Failure to meet minimum funding standards (IRC 4971).
 - Nondeductible contributions to qualified employee plans (IRC 4972).
 - Excess contributions to IRC 403(b)(7)(A) custodial accounts (IRC 4973(a)(3)).
 - Prohibited transactions (IRC 4975).
 - Certain dispositions by ESOPs (IRC 4978).
 - Certain excess contributions (IRC 4979).
 - Certain prohibited allocation of employer stock in an ESOP that failed to meet the requirements of IRC 409(p) (IRC 4979A).

4.5.2.6.5
(01-09-2023)
Form 5330 Due Dates

- (1) Form 5330 is due for Chapter 43 Excess Taxes as indicated in the following table.

| Excise Tax | Due Date of Form 5330 | Examples |
|---|--|--|
| IRC 4971 | By the 15th day of the 10th month after the last day of the plan year for taxes | |
| IRC 4972, IRC 4973(a)(3), IRC 4975, IRC 4976, IRC 4978, and IRC 4979A | By the last day of the 7th month after the end of the tax year of the employer or other person who must file the return. | If the employer (or other person required to file the return) is on a tax year of December 31, 2015, the Form 5330 is due on July 31, 2016. If the employer (or other person required to file the return) is on a fiscal tax year ending October 31, 2015, the Form 5330 is due on May 31, 2016. |
| IRC 4977 | By the last day of the 7th month after the end of the calendar year in which the excess fringe benefits were paid to the employee of the employer. | |

| Excise Tax | Due Date of Form 5330 | Examples |
|------------|---|---|
| IRC 4979 | By the last day of the 15th month after the close of the plan year to which the excess contributions or excess aggregate contributions related. | Excess contributions were made to a plan for the plan year ending December 31, 2015. The Form 5330 for such excess contributions is due by March 31, 2017. |
| IRC 4980 | No later than the last day of the month following the month in which the reversion occurred | Trust assets reverted back to an employer on May 16, 2015 from a plan having a plan year ending on December 31st. The Form 5330 is due for the reversion on June, 2015. |
| IRC 4980F | By the last day of the month following the month in which the amendment occurred. | |

4.5.2.6.6
(01-09-2023)
Completion, Edit and Review of Form 5650, EP Examined Closing Record

- (1) Reflected below are explanations for the completion of each item on Form 5650. The items are listed in the order they appear on the Form.
Note: Form 5650 is no longer required to be completed. This section is for reference on the Completion, Edit and Review of Form 5650, EP Examined Closing Record. The items will be completed utilizing the applicable RCCMS tabs in lieu of Form 5650.

4.5.2.6.6.1
(10-01-2019)
CC TSCLS (Item A)

- (1) Item A, CC TSCLS, is to be entered by the Tax Examiner.
- (2) Place a check in the box if the Form 5650 is for a full closure of a TEFRA related return. CC TSCLS must be entered at the terminal before a final closure of a Partnership Control System (PCS) linked case. CC TSCLS releases a freeze on AIMS to allow input of CC AMCLSP. Partnership Information Control File (PICF) Codes 5 and 6 denote cases linked through PCS and prevent the premature closing of the investor return unless all necessary flow-through adjustments from the key-case(s) to the investor have been resolved. Refer to IRM 4.29, Partnership Control System and IRM 4.31, Flow-Through Entity for procedures on TEFRA-PCS.
- (3) CC TSCLS should not be input if only a partial assessment is being made, the case is being transferred to the Ogden Campus Center PCS Function; or is being closed to Appeals. CC TSCLS will automatically check all of the investor's linkage to see if they have been closed. If all linkages are closed then CC TSCLS will set the PN-SUM-CLOSED-IND on the partner record and the PICF-CD to a closed status on the PCS and the AIMS data bases. When the

“REQUEST COMPLETED” message is transmitted to the screen, the Terminal Operator can proceed to enter the CC AMCLSP.

- (4) If all linkages were not properly closed upon input of the CC TSCLS, the error message “CANNOT CLOSE, PCS CONTROL” will be displayed on the screen. The Terminal Operator must input CC TSUMY, secure a print, attach it to the Form 5650 and route the case file back to the originator.

4.5.2.6.6.2
(10-01-2019)
CC AMCLS_ (P1-6)

- (1) Item CC AMCLS_ is completed by the Closing Function.
- (2) The Closing Function must enter the definer to indicate the type of closure necessary, e.g., AMCLSA (Appeals), AMCLSP (EP Examination), AMCLSU (Unpostable), or AMCLSO (EO, EP & GE Form 5599).

4.5.2.6.6.3
(12-09-2021)
TIN (P7-18)

- (1) Positions 7-18, TIN, is to be completed by the Agent.
- (2) The Taxpayer Identification Number (TIN), i.e., EIN or SSN, will be included on the audit label or must be entered in the left-most position.
- (3) Enter EIN for all 5500 Series Returns beginning in the left-most position followed by File Source “P”. Form 5330 NMF returns closed with an EIN, should have a File Source “N” entered after the EIN. When closing Form 5330 NMF returns with an SSN, should have a File Source
 - a. EIN format is NN-NNNNNNNN followed by the applicable File Source
 - b. SSN format is NNN-NN-NNNN followed by File Source “N” “N” entered after the SSN.
- (4) When closing Form 990T, use Form 5599, TE/GE Examined Closing Record. When the 990T is picked up by EP for a 401(a) Trust, you must use the EIN of the Trust, not the employer’s EIN.

4.5.2.6.6.4
(12-09-2021)
MFT (P21-22)

- (1) The MFT is to be entered by the Agent.
- (2) Enter the Master File Tax (MFT) Code of 76 when closing NMF Forms 5330. Enter the Plan Number when a 5500 Series Return (MFT 74) is being closed with Form 5650.

4.5.2.6.6.5
(12-09-2021)
Tax Period (P24-29)

- (1) The Tax Period is to be entered by the Agent.
- (2) Enter the Tax Period/Plan Period in “YYYYMM” format. For example, if a calendar year 2003 return, enter 200312. If the tax period is a fiscal year, (i.e., September 30, 2003) enter 200309. The tax period on Form 5650 should match that of the return on EPMF. To verify if the tax period is correct, utilize IDRS CC EMFOLT.

4.5.2.6.6.6
(12-09-2021)
Name Control/Check Digit (P31-34)

- (1) The Name Control/Check Digit is to be entered by the Agent.
- (2) A Check Digit is two-alpha characters printed on the examination label following the tax period on the first line. If there is no check digit, or name control on the first print line of the examination label, underline the name control on line two (generally the first four characters). The name control or check digit is also enter by the Agent when using the work center.

- (3) If a check digit was used to establish the account, the check digit **must** be used to close the account. Enter the check digit in the last two positions of the name control section on Form 5650.

4.5.2.6.6.7

(12-09-2021)

Name (Item C)

- (1) The Name is to be entered by the Agent.
- (2) Enter the name as it appears on the tax return and/or EPMF.
- (3) The total number of characters in a taxpayer's name cannot exceed 35. If it does, edit the name to reduce the length.

4.5.2.6.6.8

(12-09-2021)

Batch Position Indicator (NMF) (P36)

- (1) The Batch Position Indicator is to be entered by the Closing Function.
- (2) Only NMF accounts require a batch position indicator. This item is used to indicate whether the record being processed is the first, last, continuation, addition to a block, or a single closing of a block.
- (3) It must be one of the following: "F," "C," "L," "R," or "S."

| Indicator | Used for |
|-----------|---|
| "F" | First closing in a block. Once this record is processed the CC will change the "F" to a "C." |
| "C" | Continuation within a block. This may be used if the processing of a block was interrupted and was not previously closed. |
| "L" | Last closing within the block. If this is not entered with the last closing, it is not possible to begin a new block. |
| "R" | Reopens a previously closed block. After this record is processed the CC will change the "R" to a "C." |
| "S" | Single closing (one case in the block.) This indicator will open the block, process the account and close the block. |

4.5.2.6.6.9

(10-01-2019)

Block Number (P38-40)

- (1) The Block Number is to be entered by the Closing Function.
- (2) This item must always be entered with the first closing and must be three characters in length. The first character must always be numeric and the remaining characters may either be numeric or "X." See Exhibit 4.5.2-1. See Exhibit 4.5.2-1, MF Sorting and Blocking Series for Document Code 47 Adjustments. The Terminal Operator assigns a Blocking Series for NMF accounts.
- (3) Valid blocking series by Command Code:
- AMCLSA (Appeals) - NNN, 70X, 75X, 76X, 77X, 78X, or 79X.
 - AMCLSP (EP) -3XX for paper file, OR 4XX (complete electronic closing) with MFT 74 on a Form 5500 from the RICS system;.
 - NMF Form 5530 or any other NMF from being closed must be assigned a blocking series by the Terminal Operator.
 - AMCLSO (TEB) - 0XX, 6XX and 9XX with MFT 46.

- 4.5.2.6.6.10
(10-01-2019)
Terminal Sequence Number (P45-48)
- (1) Terminal Sequence Number is to be entered by the Terminal Operator in the closing unit.
- 4.5.2.6.6.11
(12-09-2021)
Plan Number (P59–61)
- (1) Plan Number is to be entered by the Agent.
- (2) Enter the three digit Plan Number of the Form 5500 return being closed with this Form 5650.
- 4.5.2.6.6.12
(12-09-2021)
Disposal Code (Item 13)
- (1) Disposal Code is to be entered by the Agent.
- (2) A disposal code must be entered for all examined returns. Valid disposal codes used on Form 5650 for examined cases are 01 through 14 and 19.
- 4.5.2.6.6.13
(12-09-2021)
Statute Extended to Date (Item 14)
- (1) The Statute Extended to Date is to be entered by the Agent.
- (2) If a valid Form 872, Consent to Extend the Time to Assess Tax is in the file, the Statute Extended to Date must be entered in item 14 on Form 5650. Form 5595 TE/GE Update, must also be completed and submitted to the terminal area before the Form 5650 is forwarded for closure off of AIMS. The extended date must **always** be in “MMDDYYYY” format.
- (3) IDRS/AIMS through RCCMS only allows updates to alpha status.
- (4) When attempting to close alpha statutes through RCCMS/AIMS they automatically revert to a numerical date appearing as expired (e.g. 07/PP/2017 would show as 07/31/2017).
- Note:** When a 5500 return is submitted with an alpha status of “PP” add 30 days to the day case is worked to avoid appearing as expired.
- 4.5.2.6.6.14
(12-09-2021)
Appeals Code (Item 16)
- (1) Appeals Code is to be entered by the Agent.
- (2) If the case is going to an Appeals Office, enter the applicable three-digit Appeals Office Code. See Exhibit 4.5.2-6 and Document 6209 for Appeals Office codes.
- 4.5.2.6.6.15
(12-09-2021)
Examiner’s Time (Item 28)
- (1) Examiner’s Time is entered by the Agent.
- (2) This item **must** contain an entry.
- (3) Examiner’s Time can be reported in 15 minute intervals. Valid entries for Item 28 are:
- .0 = 00 minutes
 - .3 = 15 minutes
 - .5 = 30 minutes
 - .7 = 45 minutes
- 4.5.2.6.6.16
(12-09-2021)
Technique Code (Item 30)
- (1) The Technique Code is to be entered by the Agent.

- (2) This item must have an entry if Item 13 (Disposal Code) is 01 through 15. The valid codes are:
- a. **1** = Office Interview Examination
 - b. **2** = Office Correspondence Examination
 - c. **4** = Field Examination
 - d. **5**= Office Interview Examination
 - e. **6**= Office Correspondence Examination
 - f. **7**= Field Examination
 - g. **8**= Office Interview Examination
 - h. **9**= Office Correspondence

4.5.2.6.6.17
(12-09-2021)

Examiner's Grade (Item 31)

- (1) Examiner's Grade is to be entered by the Agent.
- (2) This item must have an entry if Item 13 (Disposal Code) is 01 through 15. Valid range is 05 through 14.

4.5.2.6.6.18
(10-01-2019)

Case Grade (Item 32)

- (1) The Case Grade is to be entered by the Group Manager.
- (2) Must be 09 or 11-14.

4.5.2.6.6.19
(12-09-2021)

Agent Name (Item 33)

- (1) The Agent's Name is to be entered by the Agent.
- (2) Enter last name, space and first initial. This item is a **required** entry for all examined returns.

4.5.2.6.6.20
(12-09-2021)

Hash Total (Item 36)

- (1) The Hash Total is to be entered by the Closing Function.
- (2) A Hash Total entry must be made for all closures using Form 5650. "Hash Total" is a term applied to the sum of several unrelated items entered on Form 5650. The computer will compare the Hash Total to the total of individual items as entered by the Terminal Operator. This should ensure the accuracy of the individual item as entered by the Terminal Operator. Minus figures will be treated as minus.
- (3) Items to be included in the Hash Total are:

| Field | Entry |
|----------|---|
| P59-61 | Plan Number |
| P24-29 | Tax Period |
| Item 28 | Examiner's Time |
| Item 605 | Adjustments to SB/SE, W&I, LB&I or Adjust. to Income/ Deductions |
| Item 606 | Total Deductions Claimed |

4.5.2.6.6.21
(12-09-2021)
**Special Project Code
(Item 40)**

- (1) The Project Code is to be entered by the Agent.
- (2) Enter the current fiscal year's —four-digit Project Code that indicates which special project code the case was worked under. Document 6476 Employee Plans Systems Codes for valid project codes.. Ensuring that the current fiscal year's Project Code is entered will eliminate Campus Center and Detroit Computing Center rejects.

4.5.2.6.6.22
(12-09-2021)
ARDI Code (Item 42)

- (1) The ARDI Code is to be entered by the Agent.
- (2) In order to track agreed deficiencies for ARDI (Accounts Receivable Dollar Inventory) as a result of an examination, this item **must** be completed if the DC is 03, 06, 09 or 15. Otherwise, leave this item blank. Valid ARDI codes are as follows:

| ARDI Code | Definition |
|---------------|---------------------------------------|
| 1 | Fully Paid |
| 2 | Not Paid |
| 3 | Partially Paid |
| 4 | Installment Agreement with Payment |
| 5 | Installment Agreement without Payment |
| 7 | Appeals - Returned |
| 0, 6, 8 and 9 | ARDI Codes reserved for future use |

4.5.2.6.6.23
(12-09-2021)
**Employee Group Code
(Item 50)**

- (1) The Employee Group Code (EGC) is to be entered by the Agent.
- (2) A four-digit code that is the group code number establishing the account on AIMS. An EGC is a required entry on all Examined full closures with the exception of DC 34 - Surveyed Claims. Valid range is 7600-7699.

4.5.2.6.6.24
(12-09-2021)
**FAX Agreement
Indicator (Item 416)**

- (1) Fax Agreement Indicator is to be entered by the Agent.
- (2) A one-digit code on AIMS. Enter a "1" if the taxpayer faxed the agreement to the Agent, otherwise leave this item blank. If entered, DCs must be 03 or 15.

4.5.2.6.6.25
(10-01-2019)
**Operator Employee
No./Date (Item D)**

- (1) The Operator Employee No./Date is entered by the Closing Function.
- (2) This item is entered by the Terminal Operator after the Form 5650 is input on the terminal. The entry should include the Terminal Operator's employee number, sequence number and the date of input.

4.5.2.6.6.26
(10-19-2019)
Rej. (Item E)

- (1) This item is completed by the Closing Function Terminal Operator **only** if Form 5650 is rejected.

- (2) The Terminal Operator will enter the date in the reject (Rej.) block when an entry on Form 5650 does not meet a validity check at the terminal. The Terminal Operator **must** attach a print of the CC AMCLSP to the Form 5650 and indicate the item that failed to meet the validity check and the reason it failed. This procedure will alert the Tax Examiner of what item failed to meet the validity check. Local procedures may require returning the case to the originator or AIMS Coordinator.

Caution: Before rejecting any Form 5650, the Terminal Operator **ensures** that all items were input correctly.

4.5.2.6.6.27
(10-01-2019)
**Document Locator
Number (Item F)**

- (1) The Document Locator Number is to be entered by the Closing Function Tax Examiner.
- (2) The appropriate blocking series must be determined by the Tax Examiner and annotated on Form 5650 for an EPMF account. For NMF accounts, the Tax Examiner must notate on a 3 x 5 paper the notation "NMF Blocking needed". The 3 x 5 paper is to be stapled to the front of Form 5650.
- (3) The renumbered DLN must be entered for NMF closing. A log, consisting of DLN, EIN, Plan and Tax Period, must be maintained by the Terminal Operator to keep track of the DLN's assigned to each account.
- (4) When an EPMF case has been closed, only a portion of the DLN is assigned by the terminal. The remainder of the DLN (last digit of the block number, two digit serial number, and list year) is not determined and assigned until the end of the day computer processing. The refile DLN is not entered on MF closing documents.

4.5.2.6.6.28
(10-01-2019)
Cor. (Item G)

- (1) Correction is to be entered by the Closing Function Tax Examiner.
- (2) The date the correction is made will be placed in the corrected (Cor.) block by the Tax Analyst or person making the correction to the item rejected. Form 5650 should then be returned to the terminal area for re-input. Refer to IRM 4.5.1, TE/GE AIMS Processing for additional information on terminal rejects.

4.5.2.6.6.29
(12-09-2021)
EP Taxes (Item 602)

- (1) EP Taxes is to be entered by the Agent.
- (2) When an examination results in the assessment of additional tax (excise on prohibited transactions, minimum funding, etc.), the applicable amounts must be reflected in Item 602. Item 602 should also include the tax reflected on original Form 5330 delinquent returns sent to the Campus Center for processing, unless additional tax or penalties were assessed during examination. The Closing Function Tax Examiners must calculate interest on any additional tax assessed. If the DC is 03, an entry of at least one dollar (\$1) must be entered in Item 602. Item 602 should be entered through the terminal and may be positive or negative. An ARDI Code must be entered in Item 42 on Form 5650.

4.5.2.6.6.30
(12-09-2021)
**Penalty, Section and
Interest (Item 603)**

- (1) The Penalty and Section is to be entered by the Agent. The Interest is entered by the Closing Function Tax Examiner.

- (2) This item must reflect the interest to be assessed on Item 602 amounts. In addition, the type and amount of penalties assessed during examination should be reflected in item 603. Enter any penalties picked up during the exam that is not reflected on Form 5599 of a related Form 5330. This entry is necessary for processing the adjustment using NMF procedures. Item 603 should not be entered through the terminal. The penalty amount and IRC section **must** be entered by the Agent. The Closing Function Tax Examiners **must** compute and enter the interest amount.

4.5.2.6.6.31
(10-01-2019)

EP Penalties and Interest (Item 604)

- (1) Total penalties and/or interest from Item 603 must be entered by the Closing Function Tax Examiners.
- (2) Item 604 must be entered through the terminal and may contain a positive or negative amount.

4.5.2.6.6.32
(12-09-2021)

Adjustments to SB/SE, W&I, LB&I or Adjust to Income/Deductions (Item 605)

- (1) Adjustments to SB/SE, W&I, LB&I or Adjust To Income/Deductions is to be entered by the Agent.
- (2) Enter the amount of proposed adjustment referred to SB/SE, W&I or LB&I.

Note: If Form 1120 is open and a discrepancy adjustment cannot be made (e.g. large case exam or a referral from DOL, SB/SE, W&I, LB&I or an independent informant where Form 1120 is currently under exam) and the EP exam results in a referred adjustment to SB/SE, W&I or LB&I, the proposed adjustment should be entered here. If the proposed adjustment is to reduce the deduction taken on the 1120, enter amount as a positive. If the deduction should be increased, enter it as a negative amount (e.g. If a \$100,000 deduction for a contribution to a plan is determined to be non-deductible then enter \$100,000)..

4.5.2.6.6.33
(12-09-2021)

Total Deductions Claimed (Item 606)

- (1) Total Deductions Claimed is to be entered by the Agent.
- (2) Enter the total deductions claimed (whole dollars only) as reflected on the taxable return (i.e., the deductions claimed on Form 1120, etc.). No commas or decimal points are to be used.
- (3) The valid range is 1-999999999. If a deduction is not claimed, a minimum entry of one dollar (\$1) must be reflected in Item 606.

4.5.2.6.6.34
(12-09-2021)

Total Trusts Assets (Item 607)

- (1) Total Trust Assets is to be entered by the Agent.
- (2) Enter the total gross assets of the trust pertaining to **only** the plan referenced in P53–55 or Item L. An entry must be made. Enter total trust assets as of the end of the plan year. The asset amount may be variable up to 12 digits (include whole dollars only, must be at least \$1). No commas or decimal points are to be used.

4.5.2.6.6.35
(12-09-2021)

Number of Participants Affected (Item 608)

- (1) Number of Participants Affected is to be entered by the Agent.
- (2) Enter the number of participants directly affected by the results of the exam

Example: If some participants were not vested properly and as a result of this examination their vesting schedule was adjusted, the number of participants that received an increase/decrease would be considered “affected participants”.

(3) The valid range is 0-999999999.

4.5.2.6.6.36
(12-09-2021)

Type of Plan (Item 609)

- (1) Type of Plan is entered by the Agent.
- (2) Enter the Type of Plan. Valid entries are
 - “1” for Defined Benefit Plans
 - “2” for Defined Contribution Plans

4.5.2.6.6.37
(12-09-2021)

EP Issue Code (Item 610)

- (1) EP Issue Code is to be entered by the Agent.
- (2) Enter the three-digit EP Issue Code. An Issue Code must be selected that relates to the disposal code. The Issue Code must be entered beginning in the first three positions of Item 610 of Form 5650. Only one Issue Code must be entered if the case is closed with DC 01 or 02. Up to four Issue Codes may be entered, only if each subsequent Issue Code relates to a disposal code other than DC 01 or 02. Disposal Code (DC) 02 should only have Issue Code 37Z and that is the only DC that issue code is good for. Any remaining spaces must be filled in with zeros.
- (3) The Issue Code must be carefully selected because it is used with the disposal code to validate the accuracy of Condition Codes in selecting returns with examination potential, and to report the accomplishments of the examination program. Refer to Document 6476 for valid EP Issue Codes.

4.5.2.6.6.38
(12-09-2021)

EP NAICS Code (Item 612)

- (1) EP NAICS Code is to be entered by the Agent.
- (2) Enter the EP NAICS Code, must be six-digit numeric character. Refer to Document 6476 for valid EP NAICS Codes.

4.5.2.6.6.39
(12-09-2021)

EP Closing Agreement Results (Item 613)

- (1) EP Closing Agreement Results is to be entered by the Agent.
- (2) Enter the Closing Agreement Results, must be 12 numeric character, based on the sanction amount.

4.5.2.6.6.40
(10-01-2019)

Reviewer (Item I)

- (1) The Reviewer’s signature and date the report was approved must be entered, if the return was reviewed.

4.5.2.6.6.41
(10-01-2019)

Tax Examiner (Item K)

- (1) The Tax Examiner closing the case that codes, edits, verifies, assembles and sends the case for input through the computer will complete Item K. Item K will include the first initial, last name, and may include the unit employee number. The date that the case was completed and sent for input must also be completed.

4.5.2.6.6.42
(12-09-2021)

Form Number (Item M)

- (1) Form Number is to be entered by the Agent.
- (2) Enter the Form Number of the return being closed with this Form 5650.

4.5.2.7
(12-09-2021)

**Processing TE/GE
Examined Closing
Record, Form 5599**

- (1) Form 5599, TE/GE Examined Closing Record, is no longer required to be completed for closing examined:
 - a. EP examined BMF Form 5330 returns, Disposal Codes (DC) 01-12, 13 and Surveyed Claims, DC 34. Form 5599 issued to close Forms 8038 series also used by EP to close examined Form 990-T returns and discrepancy adjustments.

Note: As provided in Internal Guidance Memo dated, July 28, 2020 Form 5599 is no longer required to be completed for any EP examination case. The relevant RCCMS tabs for closing will be utilized in lieu of Form 5599.
 - b. EO examined returns, Codes (DC) 01-19, 50, 52–55, Surveyed Claims, DC 34 and discrepancy adjustments.

Note: As provided in Internal Guidance Memo dated, April 23, 2020 RCCMS required closing screen captures the information in Form 5599, there is no longer a need to prepare this form.
 - c. GE examined returns, Disposal Codes (DC) 01-19, 50, 51 and Surveyed Claims, DC 34.

Note: As provided in Internal Guidance Memo dated, July 2, 2020 RCCMS required closing screen captures the information in Form 5599, there is no longer a need to prepare this form.
- (2) The local use of forms and special handling procedures and the data contained on the reverse side of the Form 5599 should suggest who will be responsible for completing each item on Form 5599. Form 5599 is no longer required. The items will be completed utilizing the applicable RCCMS tabs in lieu of Form 5599.
- (3) When RCCMS case file is received in the Closing Functions, some items will have been completed on the relevant RCCMS tabs in lieu of Form 5599. This section contains information for the completion of the applicable RCCMS tabs in lieu of Form 5599, for legibility, validity of range, and presence of required entries. If necessary, appropriate corrective action, including returning RCCMS case file with incomplete tab entries in lieu of Form 5599 to the originator or AIMS Coordinator should be taken.
- (4) The Enforcement Revenue Information System (ERIS), was incorporated into AIMS effective January 1, 1991. ERIS collects data from existing data sources on a regular basis to track enforcement actions from opening through collection.

4.5.2.7.1
(01-09-2023)

**Completion, Edit and
Review of Form 5599,
TE/GE Examined
Closing**

- (1) Reflected below are explanations on the completion of each item listed on Form 5599. The items are listed in the order they appear on the form. Items that should **not** be completed for a specific form (i.e., BMF Form 5330s, Form 8038 Series Returns, etc.) are indicated as such.

Note: Form 5599 is no longer required to be completed. This section is for

reference on the Completion, Edit and Review of Form 5599, TE/GE Examined Closing. The items will be completed utilizing the applicable tabs in lieu of Form 5599.

4.5.2.7.1.1
(12-09-2021)
CC TSCLS (Item A)

- (1) CC TSCLS is to be completed by the Agent to release the AIMS Freeze on Investor Closures.
- (2) Not a valid item for EP BMF Form 5330s.
- (3) PICF, Partnership Information Control File, Code 5 or 6 will prevent premature closing of the investor return unless the Agent responsible for final case closure has considered any necessary flow-through adjustments from the key case(s) to the investor return.
- (4) If a partial assessment is appropriate, entries will not be made in this item. CC TSCLS is only used as part of the final closing action. Do not complete this item when a return is transferred to the service center or closed to Appeals.
- (5) When entered, CC TSCLS will automatically check all of the investor's linkages to see if they have been closed. If all linkages are closed, then CC TSCLS will set the indicator on the partner record and the PICF-CD to a closed status on the Partnership Control System, PCS, and AIMS data bases. When the "REQUEST COMPLETED" message is transmitted to the screen, the Terminal Operator can proceed to enter the CC AMCLSO.
- (6) If the terminal rejects the input of CC TSCLS, the closing error message "CANNOT CLOSE, PCS CONTROL." The Terminal Operator will return the case to the Closing Function Tax Examiner with a CC TSUMY (one line summary display for the line 1 Partnership/Partner record and each of its linked Partner/Partnership accounts) print attached.

4.5.2.7.1.2
(12-09-2021)
Partial Agreement (Item B)

- (1) Partial Agreement (Item B) is to be completed by the Closing Function Tax Examiner to indicate that a partial agreement is being made.
- (2) Partial closures of AIMS will allow an adjustment to be made to the tax module without closing the AIMS database. Placing a check in the box marked "Partial=F" instructs the Terminal Operator to input the account as a partial and not a final closure on AIMS. Enter the letter F in P1-6 CC AMCLS. Form 3198-A should be prepared and attached to the case file by the Agent providing instructions as to return the case file and copies of assessment documents (i.e., Form 5599 or Form 2859) once the partial has posted.
- (3) The only valid item numbers on a partial closures on Form 5599 are 02, 03, 04, 05, 6a, 6b, 6c, 07, 08, 09, 11, 12, 13, 14, 15, 36, 38 and 43.
- (4) When a partial assessment is being processed, even though a Hold Code 1 is automatically generated to prevent the release of an advance payment pending the processing of the final adjustment action, TC 570 must be posted to the account. The TC 570 is necessary if a payment has been posted and the TC 30X transaction has or will have a 23C Date that is later than the transaction date of the TC 640. A subsequent posting of a TC 29X/30X will release the TC 570, or when the module balance becomes zero or debit.
- (5) For partial assessments with open TEFRA linkages, an original and copy of Form 5599 must be included in the case file. The copy of the closing document will remain with the case file and will be forwarded to the Campus,

Examination Suspense Unit. The original closing document will be forwarded to the Campus Center Files Function as a source document after terminal input.

- (6) For closures to Appeals where the tax adjustment is processed as a partial and is quick assessed, after processing the quick assessment via Form 2859, Request for Quick or Prompt Assessment, prepare Form 3177, Notice of Action for Entry on Master File, to input TC 570. TC 570 will prevent the erroneous refund of a credit balance or advance/subsequent payment that may be on the tax module. Where the partial closure to Appeals is not quick assessed, Hold Code 1 is entered on Form 5599 to prevent erroneous refunds.
- (7) The following special rules apply when processing a partial assessment:
 - a. The system automatically generates Hold Code 1, but a TC 570 must be posted to the account to prevent any refund from being issued (See (4) above). A refund will not be released unless indicated on Form 3198-A, Special Handling Notice, in which case a TC 570 must **not** be input.
 - b. When the refund is to be released, input Hold Code 3 on the adjustment document. Hold Code 3 will allow systemic release of the refund, eliminating the need for cycling and subsequent input of a TC 290 with a zero to release the refund.
 - c. If a partial assessment is to be refunded using manual refund procedures, Form 5599 for the partial overassessment **must** be processed within four weeks (from the scheduled date of manual refund) to prevent the taxpayer from receiving a bill resulting from a debit balance when the manual refund posts to MF.
- (8) Final disposition of the case will require use of another Form 5599 and will follow normal procedures, with the following exceptions:
 - a. During final closing, except closing to Appeals, the amount of tax shown in Item 12 of Form 5599 **must** be only the amount increasing or decreasing the amount processed as a result of the partial closure.
 - b. If the case is closed to Appeals, Item 12 **must** be left blank and the amount in Item 18 must include the agreed amount that was previously assessed as a partial assessment.
 - c. If the final closing is ready to be processed at the same time as the partial assessment, cycle the final closing so that it will be input on the terminal no earlier than one cycle after input of the partial assessment.
 - d. The EXAM-CUM-ASSMNT-AMT on page 2, line 4 of a CC AMDISA print will reflect the cumulative amount of all partial assessments processed through AIMS. Upon final closing, the file will contain the total of all assessments processed through AIMS.

4.5.2.7.1.3
(09-26-2014)

CC AMCLS_ (P1-6)

- (1) CC AMCLS with a definer code "O" is to be entered by the Closing Function to indicate a final closing on AIMS.
- (2) The upper left corner of Form 5599 must be completed with the definer code to CC AMCLSO. The definer will be entered in the space immediately following CC AMCLS. Depending upon the type of closure, the valid Form 5599 definer codes are:
 - a. **A** = Appeals
 - b. **F** = Partials
 - c. **O** = EO, GE and EP (Form 990Ts, Form 5330s posted to BMF for the Form 5330 and discrepancy adjustments)

- d. **U** = Unpostables
- e. **I** = IRAF, Individual Retirement Account File

4.5.2.7.1.4
(12-09-2021)
TIN (P7-18)

- (1) The TIN is to be entered by the Agent.
- (2) The Taxpayer Identification Number (TIN) identifies the specific taxpayer's account being adjusted. The first digit of the TIN will be entered in the left most position of P7-18. The File Source designates which specific Master File they represent. There are different formats to the TIN, according to the type of return being adjusted. Section 2 of Document 6209, IRS Processing Codes and Information, lists the different types of returns and their respective File Source. The File Source designates which specific Master File they represent. The following are examples of the various TIN formats.

Designation of Master File Sources:

| Acronym | File Source |
|---------|------------------------|
| BMF | Business Master File |
| IMF | Individual Master File |
| NMF | Non-Master File |

Examples of TIN Form According to File Source:

| Format with/without a definer: | Format is for a: |
|--------------------------------|---|
| EIN: NN-NNNNNNN | BMF account, without a File Source definer. |
| EIN: NN-NNNNNNN"N" | NMF account with a File Source definer. |
| SSN: NNN-NN-NNNN | IMF account, without a File Source definer. |
| SSN: NNN-NN-NNNN"N" | NMF account with a File Source definer. |
| SSN: NNN-NN-NNNN"V" | BMF SSN Form 5330 account with a File Source definer. |

- (3) An adjustment can be made against a temporary SSN. The Campus Entity Control Function will attempt to secure the correct SSN from the taxpayer and perform the "merge" of the correct number to the account after the SSN is secured. In situations where a taxpayer does not have an EIN or refuses to file Form SS-4, Application for Employer Tax Identification Number, the Examining Officer is required to secure a permanent EIN from the Campus Center Entity Control Function. The Examining Officer will have the return controlled NMF until the permanent number is received.
- (4) If an asterisk (*) is present, indicating an invalid SSN, correction may have been made during the examination. Research both the correct number and the invalid number to determine where the original return posted. It may have posted to the invalid number. Carefully study transcripts of all accounts

involved before making adjustments. These cases may also involve a duplicate filing condition caused by returns of two different taxpayers trying to post the same account.

- (5) CC BNCHG will be used to process merge transactions (TC 011) and fiscal year end changes (TC 05X). THIS COMMAND CODE IS RESTRICTED TO THE ENTITY CONTROL FUNCTION IN THE CAMPUS CENTERS. Cases meeting criteria for CC BNCHG should be identified and sent to Entity Control with the proper research attached.
- (6) When it is definitely determined that a return has posted to a different taxpayer's account, perform the following actions:
 - a. Secure and thoroughly analyze complete transcripts for all account numbers involved, correct and incorrect.
 - b. If necessary, requisition the second taxpayer's return.
 - c. If it is discovered that another taxpayer's return posted to the same account, prepare Form 5599 to abate the tax/penalty and reduce any credits if necessary for the return posted to the wrong account using partial agreement procedures through the terminal.
 - d. For NMF accounts, use Form 1331, Notice of Adjustment (NMF), to abate the tax/penalty. Do **not** use Form 5599 to make adjustments.
 - e. Prepare Form 2424, Account Adjustment Voucher, if necessary, to transfer any payments for the return posted to the wrong account.
 - f. Re-input the original return posted to the wrong account to the correct TIN and retain a copy for monitoring purposes. Prepare Form 13596, Reprocessing Returns and forward to the Campus Center along with the original return so it can be re-input.
 - g. Prepare Form 5599 to process the taxpayer's account posted to the correct number.
 - h. If it is necessary to process more than one Form 5599 for the same taxpayer, audit labels (when available) should be used to prepare them.

4.5.2.7.1.5
(10-01-2019)
MFT (P21-22)

- (1) MFT is to be entered by the Agent.
- (2) The Master File Tax Code (MFT) or Non-Master File Tax Code (NMFT) must be entered. The MFT designates the numerous types of tax returns as a two-digit code. MFT Codes help to identify the specific tax module in which the adjustment is to post. MFT 76 is the valid entry for Form 5330. Refer to Document 6209, IRS Processing Codes and Information,, Section 2, for a complete listing of MFTs.

4.5.2.7.1.6
(12-09-2021)
Tax Period (P24-29)

- (1) Tax Period is to be entered by the Agent.
- (2) For TEB, enter the bond issue date in this item.
- (3) The tax period is the measure of time for which a return is required to be file. The format for tax period is YYYYMM. The first four-digits represents the year, the next two digits represents the month. For Form 11C and Form 730, the beginning of the tax period must be entered. The most common types of filing periods are:

| Period | Definition |
|---|--|
| Calendar Year | Starting with January and ending with the month of December. |
| Fiscal Year | A 12-month period, however the taxpayer designates the ending month on the first page of the return. The ending month, along with the year, will constitute the tax period. |
| Quarterly 1st Qtr. (YYYY03) 2nd Qtr. (YYYY06) 3rd Qtr. (YYYY09) 4th Qtr. (YYYY12) | The calendar year is divided into four quarters, consisting of three months each. - Starts with January, ends with March. - Starts with April, ends with June. - Starts with July, ends with September. - Starts with October, ends with December. |

4.5.2.7.1.7
(09-26-2014)
**Name Control/Check
Digit (P31-34)**

- (1) The Name Control/Check Digit is to be entered by the Agent, when using RCCMS (Reporting Compliance Case Management System) TE/GE Work Center.
- (2) The name control must appear completely and legibly. The name control is the first four characters of the name, the last name of an individual, or the first partner for partnership returns. No spaces are used **except** at the end of the name control. If the last name is less than four letters, the remaining positions will be blank.
- (3) A check digit is two alpha characters printed on the examination label following the tax period on the first line. If a check digit or name control does not appear on the first print line of the examination label, underline the name control on line two. If the check digit was used to establish the account, the check digit **must** be used at closing. Enter the check digit in Positions 33 and 34.
- (4) CC AMDISA also shows the check digit on line one after NM-CTRL is established on AIMS with the check digit.
- (5) Although IRS can apply no sure rule to determine whether a taxpayer is using his or her mother's maiden name as part of their last name, rather than a middle name, inspection of the return may help. Consider the taxpayer's use of initials and spacing, and whether they enter a double name in the last name block. From all the information available, select the name control as accurately as possible.

4.5.2.7.1.8
(12-09-2021)
Name (Item C)

- (1) The Name is to be entered by the Agent.
- (2) The name must appear completely and legibly. On IMF (or BMF with a SSN), the last name will appear first, followed by a comma, then the first name and middle initial, if any. On BMF, the portion of the name in the prime sort field will print first.
- (3) The total number of characters in a taxpayer's name cannot exceed thirty-five. If it does, edit the name to reduce the length.

4.5.2.7.1.9
(12-09-2021)

**Batch Position Indicator
(NMF) (P36)**

- (1) The Batch Position Indicator is to be entered by the Closing Function.
- (2) Not a valid item for EP BMF Form 5330s.
- (3) Only NMF accounts require a batch position indicator. This item is used to show whether the record being processed is the first, last, continuation, addition to a block, or single closing of a block.
- (4) It must be one of the following:

| Indicator | Used for |
|-----------|---|
| "F" | First closing in a block. Once this record is processed, the CC will change the "F" to a "C." |
| "C" | Continuation within a block. This may be used if the processing of a block was interrupted and was not previously closed. |
| "L" | Last closing within the block. If this is not entered with the last closing, beginning a new block is not possible. |
| "R" | Reopens a previously closed block. After this record is processed, the CC will change the "R" to a "C." |
| "S" | Single closing (one case for the block). This indicator will open the block, process the account and close the block. |

4.5.2.7.1.10
(09-26-2014)

Block Number (P38-40)

- (1) The Block Number is to be completed by the Closing Function.
- (2) All closures require a blocking series number. The block number identifies the type of return being adjusted and whether or not the return is an original. The Block Number is incorporated into the Document Locator Number (DLN) as the ninth, tenth and eleventh digits. See Exhibit 4.5.2-1 for MF Sorting and Blocking Series for Document Code 47 Adjustments. The Terminal Operator will assign a Blocking Series for NMF accounts.
- (3) An original Block Number signals to the computer system that there are no other documents that will need to be associated when filing the Form 5599, original return and audit package. Use an original return blocking series for electronically filed returns, and cases in which the TC 150 is a Dummy TC 150. The original return blocking series is necessary, since a paper original return for either of these cases is not available.
- (4) A copy Block Number signals to the computer system that there is an original document filed in another location. If the copy blocking series is used, a CP notice will be generated, instructing Files Function in the Campus Center to pull the original return and associate it with the examined closing documents being filed.

| Blocking Number | Description |
|-----------------|-----------------|
| 00X | Original Return |
| 90X | Copy of Return |

| Blocking Number | Description |
|-----------------|--------------------|
| 10X | Partial Adjustment |
| 30X | Electronic Prints |
| 40X | File Closings |

Note: The third digit will be entered as an “X”, the system will automatically generate the third digit as the eleventh digit of the DLN.

4.5.2.7.1.11
(09-26-2014)
Sequence Number
(P45-48)

- (1) The Sequence Number is to be entered by the Closing Function.
- (2) The Terminal Operator, for each case, will enter the sequential number assigned by the terminal within the block on the input document.

4.5.2.7.1.12
(12-09-2021)
Unpostable Indicator
(P50-51)

- (1) The Unpostable Indicator is to be entered by the Closing Function.
- (2) This is a required entry for CC AMCLSU and is used to input adjustments that have unposted or were deleted using CCs TERUP or QRACN. It also identifies the type of unpostable being corrected. The case must be in Status Code 8X or 90 or a partial assessment must have been made. The TC 300 Indicator must be “5.” The TC 300 Indicator can be changed with CC AMAXU. A two-digit alpha character is entered and must be one of the following: “LO,” “LA,” “PO,” or “PA.”

| Alpha Characters | Definition |
|------------------|----------------------|
| LO | Long Closure EO |
| LA | Long Closure Appeals |
| PO | Partial EO |
| PA | Partial Appeals |

4.5.2.7.1.13
(12-09-2021)
Plan/Report Number
(P53-55)

- (1) The Plan/Report Number is to be completed by the Agent.
- (2) This is a required entry for MFT 46 (GE-TEB Form 8038 returns series). For MFT 46, enter the Report Number for Tax Exempt Bond Returns (Form 8038 return series). For MFT 76, enter the Plan Number of the annual related return.
- (3) For MFT 76, valid Plan Numbers are 000-999
- (4) For MFT 46, valid Report Numbers are as follows:
 - 000 - No longer a valid Report Number.

Note: Returns and payments posted with Report Number 000 under TC973 are being reprocessed to a valid Report Number related to the return

 - 100-199 (Form 8038)

- 300-399 (Form 8038-G)
- 500-599 (Form 8038-GC)
- 700-799 (Form 8038-T)
- 900-999 (Form 8328)
- MFT 85, 100–499 (Form 8038B)
- MFT 86, 100–499 (Form 8038TC)
- MFT 46, 200–299 (Form 8038CP)
- MFT 46, 400–499 (Form 8038CP)
- MFT 46, 800–899 (Form 8038CP)

Note: For Report Numbers 500-599 (Form 8038GC), there should **not** be any payments posted.

4.5.2.7.1.14
(09-26-2014)
IRA (Item 01)

- (1) Individual Retirement Account is to be completed by the Agent.
- (2) The IRA SSN of the spouse is a required item when there is an adjustment to the spouse's IRA account.

4.5.2.7.1.15
(10-01-2019)
**Penalty Reason Code
(Item 02)**

- (1) The Penalty Reason Code is to be completed by the Agent.
- (2) If applicable, complete this item for all EO, FSLG or ITG returns in which abatements of penalties or a penalty is considered but not asserted.
- (3) This item is not applicable for TEB returns.
- (4) The penalty reason code is a required input for abatements of penalties, TC 161, 171, 181, 201, 235, 271, 281, 311, 321, 351 and 241 with Reference Numbers (negative amounts only) 680, 681, 685, and 686. For EP Form 5330 returns the abatement of penalties will be for TC 161, 271, 281, 321, 351 and 241 with Reference Numbers (negative amounts only) 680, 681, 685 and 686.
- (5) The reason code can also be input (but not required) with TC 300, 304, and 308. This processing will allow the capture of data when a penalty is considered but not asserted, and when a penalty is considered for abatement, but not abated.
- (6) The case file should be returned to the originator if a penalty is being abated and the reason code is not entered. See Exhibit 4.5.2-2 for valid Penalty Reason Codes.

4.5.2.7.1.16
(10-01-2019)
**30/90 Day Letter Date
(Item 03 and 04)**

- (1) Letter Date and Letter Amount are to be completed by the Agent.
- (2) If the Form 5330 is not for a "C" corporation, these items should remain blank.
- (3) If applicable, complete this item for all EO, FSLG or ITG returns.
- (4) This item is not applicable for TEB returns.
- (5) A 2% increased rate of interest is imposed on large corporate underpayments. A "C" corporation defines a large corporate underpayment as any underpayment of tax for any taxable period, if the amount of the underpayment exceeds \$100,000. "C" corporations are any corporations other than subchapter S (Small Business) Corporations. Thus, Section 6621(c) applies to Form 990s, Form 990PFs, Form 990EZs, Form 1120-POLs and Form 5330s. However, it applies only to corporations, **not** trusts or associations. A "C" corporation

indicator is set in the entity section of corporations defined as "C" corporations. These fields are completed to allow MF to calculate 2% interest when warranted.

- a. Letter Date (LD) - The 30 or 90-Day Letter Date will be entered, whichever is earlier. If only one of these letters was issued, use the date of that letter.
- b. Letter Amount (LA) - The 30 or 90-Day Letter Amount will be entered, (whichever is applicable). The TE/GE group will complete the date and the amount of the 30-Day letter, after issuance of the letter. The amount in the letters will include tax and penalties.
- c. Items LD and LA are entered to allow MF to calculate a 2% interest, IRC 6621(c), on accounts that DO NOT require manual computations of interest. The 30/90-Day Letter Date and Letter Amount must be entered on all BMF accounts being closed through the terminal. Items LD and LA will be completed on closures to Appeals, DCs 07 and 11.
- d. MF will determine whether the account is a "C" Corporation and calculate the applicable date to begin 2% interest based on the 30/90-Day Letter date and notice a history record on MF. The EARLIEST notice issued, that was NOT PAID within thirty days will be the applicable date used by MF for the 2% calculation. The actual date used will be the LATER OF: The notice date plus thirty days. The trigger date used will be reflected on transcripts or CC TXMOD prints.
- e. The Letter Date and Letter Amount ARE NOT to be used with the 2% Interest Date field. Any time MF is allowed to calculate the interest on a BMF taxable entity, the LD and LA fields are to be entered. If a 30/90-Day Letter has not been issued, do not complete these fields.

4.5.2.7.1.17
(09-26-2014)
2% Interest Date (Item 05)

- (1) The 2% Interest Date is to be completed by the Closing Function.
- (2) This item is not applicable for TEB returns.
- (3) This item is completed when interest is manually computed and input with TC 340 and 2% is applicable. The date that the 2% interest begins will be entered.
- (4) The date to use will be the LATER OF: The trigger date plus thirty days or January 1,1991. A terminal reject will occur if:
 - a. The date is entered without a TC 340/341
 - b. Date is prior to January 1,1991
 - c. It is a future date.
- (5) The 2% Interest Date field is not to be used with the Letter Date and Letter Amount fields. Enter this field when 2% applies and interest is manually computed and input with TC 340.

4.5.2.7.1.18
(09-26-2014)
Interest to Date (Item 6a)

- (1) The Interest to Date is to be completed by the Closing Function.
- (2) This item is not applicable for TEB returns.
- (3) Enter the Interest to Date field as an information item for personnel making updates to the account. Providing this information will help toward eliminating the need for retrieving the source document to determine how a restricted interest calculation was done.

- (4) This field is **always** completed when interest is manually computed and input with TC 340 or 341. For debit interest, this date will be the date that the interest calculation **stopped**. This date can be the waiver plus 30-Days, a payment date, or 23C assessment date. The date that the **final** interest calculation stopped on is to be used. For example, partial payment is made on an account before the waiver date. The calculation continues to the waiver date, since the tax is not full paid. The "Interest to Date" will be the waiver date plus 30-days. For credit interest calculations, enter the refund schedule date or the last date that the interest calculation stopped.
- (5) If TC 340 for a zero amount is entered, enter the current date in Item 6a. For Offer in Compromise cases, where the adjustment may not be calculated based on an actual "**FROM**" and "**TO**" date, enter the date to which the Offer in Compromise was agreed. For bankruptcy cases, which involves an abatement of interest, enter the bankruptcy discharge date.
- (6) If TC 340/341 is used and Item 6a is not completed, a terminal reject will occur. The reject will occur to CC AMCLS and CC ADJ54. The Interest to Date cannot be later than the 23C Date or an unpostable condition will occur (Unpostable Code 291, Reason Code 05).
- (7) When a quick assessment is warranted, enter the Interest to Date in Item 17 of Form 2859, Request for Quick or Prompt Assessment.

4.5.2.7.1.19
(09-26-2014)
**Credit Interest to Date
(Item 6b)**

- (1) The Credit Interest to Date is to be completed by the Closing Function.
- (2) This item is not applicable for TEB returns.
- (3) The Credit Interest to Date is input for IMF and BMF. Enter the "TO" date used to manually compute credit interest. This is a required entry when a TC 770 is input for an amount other than zero. This entry is **not required** for TC 770 with a zero amount. Items 6a and 6b may both be entered when processing TC 770 and TC 340.

4.5.2.7.1.20
(09-26-2014)
**Compute Interest
Amount (Item 6c)**

- (1) Compute Interest Amount is to be completed by the Closing function.
- (2) This item is not applicable for TEB returns.
- (3) The Compute Interest Amount is input for both IMF and BMF. Enter the amount, which will include the manually computed interest (TC 340 amounts and any TC 772 netted interest), module balance, accrued and assessed interest, and assessed failure to pay. If the taxpayer does not pay the bill within ten days from the 23C Date, this entry allows the computer to update the interest systemically.

4.5.2.7.1.21
(12-09-2021)
Hold Code (Item 07)

- (1) The Hold Code is to be entered by Closing Function.
- (2) The Hold Code is a single digit code that is used to restrict certain MF actions. Hold Codes are used when it is necessary to prevent or delay the issuance of a refund and/or notice. Hold Codes should not be used indiscriminately. If the DC is 07 or 11 and a TC 640 is present on MF, then a Hold Code is required. Refer to Document 6209, IRS Processing Codes and Information, Section 8. Valid Hold Codes are as follows:

| Hold Code | Action |
|-----------|--|
| "1" | Prevents a credit from refunding after the adjustment posted creates the credit. <u>Released By:</u> ...Record with Doc. 24 or 34 posts (i.e., Form 2424 input to transfer credit to another tax period's outstanding balance). ...TC 820, 830, 29X or 30X posts. ...Doc. Code 51 with secondary TC 300 posts. ...Total module balance becomes zero or debit. |
| "2" | Prevents a credit from refunding and a notice from being generated. <u>Released By:</u> ...Record with Doc. 24 or 34 posts. ...TC 820, 830, 29X or 30X posts. ...Module balance becomes "0" or a debit. |
| "3" | Prevents any other notices. |
| "4" | Prevents a notice at any time and prevents a credit from refunding. <u>Released By:</u> ...Record with Doc. 24 or 34 posts. ...TC 820, 830, 29X or 30X posts. ...Module balance becomes "0" or a debit. |
| "5" | Prevents a notice from generating for MFT 61 and 63 only . |

(3) Examples of Situations requiring a Hold Code:

| Hold Code | Action |
|-----------|---|
| "2" | Should use on Form 5599 when a Quick Assessment has been processed on the tax period. |
| "2" | Use on Form 5599 when a credit on the tax period will be manually transferred to another tax period via a credit transfer document (i.e., Form 2424). |
| "4" | Should use on Form 5599 when a transfer to the Excess Fund Account is necessary due to a Barred Refund Statute Expiration Date (RSED). |
| "4" | Should use on Form 5599 when the tax period involves an assessment barred by statute (Barred ASSED) when the module shows a credit. |

4.5.2.7.1.22
(12-09-2021)
Agreement Date (Item 08)

- (1) The Agreement Date is to be entered by the Closing Function.
- (2) An agreement date is required on the following types of returns when the DC used in Item 13 is 03.

| MFT | Form | Type |
|-----|-------|--|
| 02 | 1120 | Corporation Income |
| 05 | 1041 | Fiduciary |
| 30 | 1040 | Individual Income |
| 34 | 990T | Exempt Organization Business Income Tax Return |
| 44 | 990PF | Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation |
| 76 | 5330 | Initial Excise Tax Related to Employee Benefit Plans |

- (3) For agreed deficiency cases, enter the date (in MMDDYYYY format) an agreement was received. An entry is not required for overassessment cases or surveyed claims.

Example: Agreement date of July 20, 2001 would be entered as “07202001” in the space provided in Item 08.

- (4) Determining the Agreement Date - The agreement date is the received date in the IRS office or the date the Agent received the agreement from the taxpayer. This should be a date stamp or a handwritten date initialed by the person receiving the document. The following guidelines should be followed in determining the agreement date:
 - a. If the received date is missing or illegible, enter the postmark date (excluding metered mail) or the signature date of the taxpayer, whichever is closer to the current date.
 - b. If the agreement form contains instructions as to the effective date of the agreement, that effective date should be entered (i.e., Joint Committee case). This date cannot be greater than the current date.
 - c. If the payment is accepted in lieu of signature, the received date of the payment should be considered as the agreement date. It should be stated on the Form 3198–A and Revenue Agent Report (RAR) that the payment is accepted in lieu of signature. This would **not** apply if the taxpayer indicates that payment does not constitute an agreement, the payment is received after the 90-Day letter (Statutory Notice) has been issued or the payment is a cash bond.
 - d. If, because of an additional assessment, a second signed agreement is obtained, the most current date should be entered in Item 08 as the agreement date.

Example: Two agreements received for the same taxpayer, tax period and for different amounts. One was received 04/21/2001 and the other agreement was received 06/30/2001. The entry in Item 08 would be “06302001” as the agreement date.

Caution: A manual computation of interest is required for cases where there are two agreements secured. Exception: When the first agreement amount is paid in full.

(5) Situations Not Requiring an Agreement Date

- a. An entry is not required on Defaulted 90-Day cases, DC 10.
- b. An entry is not required on overassessment cases where the adjustment are abatements of previous assessments.
- c. An entry is not required for DC 34, Surveyed Claims which is a type of an overassessment of tax/penalties.
- d. An entry is not required on No Change cases.
- e. Never make an entry on Employment Tax or Excise Tax cases (i.e., MFT 01, 03, 10 and 60).

Note: An agreement date entry for Employment Tax or Excise Tax cases would cause the inaccurate computation of interest.

- (6) Do not make an entry for cases that have no signed agreement, e.g., default cases and United States Tax Court decision cases.
- (7) If a second signed agreement is obtained because of an additional assessment, enter the most recent agreement date. A manual computation of interest may be required. Manually compute and restrict interest ONLY when the tax, penalties, and interest are not paid, since interest must be computed to more than one interest stop date. For example: interest on the tax, penalties, and interest from the first agreement will stop on the respective waiver plus 30-days and interest on the tax and penalty difference between the two agreements will end on the respective waiver plus 30-days. Manual computation is required since MF cannot compute interest to the separate dates.
- (8) If the tax, penalties, and interest are FULL paid on two agreements, do NOT manually compute and restrict interest. Interest on the tax, penalties, and interest due, based on the two agreements, will stop as of the payment date. Computing TWO separate interest "STOP" dates is not necessary.
- (9) Manual computation of interest is computed in the following manner:
 - a. Compute interest on the deficiency amount of the first agreement, from the return due date to 30-days after the waiver date.
 - b. Compute interest on the difference between the first agreement from the return, and the second agreement from the return due date, to 30-days after the second waiver date.
 - c. Enter the total interest on Form 5599 using TC 340.
- (10) When a payment is accepted in lieu of a signed agreement, the received date can be entered in Item 08 to close the case. If the agreement was received after a payment, enter the received date of the agreement. MF will use the TC 640 date and the "Form 870 date" to compute interest correctly.

Exception: This does not apply to advance payments identified as cash bonds or to open 90-day status cases. Payment without an agreement form should not be used to close these cases.

4.5.2.7.1.23
(12-09-2021)

Priority Code (Item 09)

- (1) The Priority Code is to be entered by the Closing Function.
- (2) A priority code is a single digit code that must be used in order to post adjustments to MF when certain conditions exist. Failure to use the priority code when specified will cause the transactions to unpost. A transaction going unpostable may cause erroneous notices, refunds or billings. Valid Priority Codes to close AIMS cases are 1, 2, 3, 4, 5, 8 and 9. Priority Code 2 or 3 is a required entry for all examinations closed without the original return in the file. The definitions for Examination (AIMS) priority codes are not necessarily the same priority codes for Data Processing (DP) adjustments. See Exhibit 4.5.2-3 for the valid Priority Codes. Refer to Document 6209, IRS Processing Codes and Information, Section 8, for additional information on the definitions for data processing priority codes.

| Code | Uses |
|------|--|
| "1" | Used to permit a TC 30X to post when an amended or duplicate freeze condition exists on MF. Terminals will not accept closing when an amended or duplicate return freeze exists unless Priority Code "1" is present. An amended return should be in the case file and Form 3198-A should be annotated that an amended return has been considered to alert the Tax Examiner to enter a Priority Code "1". |
| "2" | Used only when it is desired to override the unpostable condition that normally occurs when the Settlement Amount entered on Form 5599, Item 10, does not match the total corrected tax on MF. Priority Code "2" must only be used when the blocking series is 90X. |
| "3" | Used to permit a TC 30X to post by bypassing the unpostable condition caused by an amended return freeze and Settlement Amount. Priority Code "3" is used when both Priority Code "1" and "2" are required. |
| "4" | Used to allow a partial assessment to post to MF without releasing the MF freeze condition on a module with an amended return freeze. Priority Code "4" is only used on partial assessments with a Blocking Series of 1XX, 10X or 18X. |
| "5" | Used with TC 300 to force the assessment of Failure to Pay (FTP) penalty accruals to the posting date of the adjustment and issue a notice to the taxpayer. Priority Code "5" may be used in combination with the appropriate Hold Code to suppress the notice and still assess the penalty accrual. |
| "8" | Used to bypass the unpostable when the adjustment is within \$10.00 of the previously posted adjustment. Also use Priority Code "8" when there is a TC 295 on the module that is being recaptured with a TC 300. |

| Code | Uses |
|------|--|
| "9" | Use if an agreement date is entered and push code 036 is on the module. This prevents the agreement date from going to Master File; therefore interest will be computed correctly. Use when inputting a return or adjustment, if the module contains an SFR to compute FTP from the return due date. |

Note: Use Priority Code "8" when the adjustment contains a Credit Reference Number 764 and there is a TC 290 on the module. Use Priority Code "8" when entering a Credit Reference Number 806 or 807 and no TC 17X, when the module contains a previously posted TC 170 or 171.

- (3) The use of Priority Codes to release amended returns is needed only after it has been considered by the Agent.

4.5.2.7.1.24
(09-26-2014)

Settlement Amount (Item 10)

- (1) The Settlement Amount is to be entered by the Closing Function.
- (2) The Settlement Amount is the amount of the tax liability currently posted on the tax module. An entry is required on all cases closed on a copy of a return, unless the case is being closed to Appeals.
- (3) On Form 5599, Item 10, enter the amount of "Tax Shown on Return or as Previously Adjusted" from the examination report. If the tax per return is zero, enter a \$1.00.

Example: If the tax module included a TC 150 in the amount of \$1,004.00, a TC 300 in the amount of \$350.00 and a TC 291 in the amount of \$504.00-, the tax liability would be \$850.00. The assessments were the TC 150 amount, \$1,004.00, and the TC 300 amount of \$350.00; which equals \$1,354.00. The only tax abatement was a TC 291 amount, \$504.00-. When the abatement is subtracted from the assessments (\$1,354.00 - \$504.00), the resulting tax liability equals \$850.00.

- (4) The tax liability amount of \$850.00 in the previous example should match the tax previously adjusted line from the examination report for the specific tax period. Also, \$850.00 is the "Settlement Amount" that would be entered in Item 10 on Form 5599.
- (5) For DC 01–06, 08–10, 12–19, 34, 50, 52–55, if the tax per return is zero, enter \$1.00 in Item 10, Settlement Amount.
- (6) For DC 01 and 02, enter an amount in Item 10 to be compatible with RCCMS programming. A Priority Code 2 or 3 must be entered in Item 09. Use Priority Code 3 only when Priority Codes 1 and 2 both apply.
- (7) Make an entry in Item 10 required if Priority Code 2 or 3 is entered in Item 09.
- (8) If the settlement amount for an examination case, closed on a copy of a return, does not equal (within \$10.00) the original tax liability amount plus any subsequent adjustment transactions, an unpostable condition will result unless Priority Code 2 or 3 is present.

- 4.5.2.7.1.25
(09-26-2014)
Interest Computation Date (Item 11)
- (1) The Interest Computation Date is to be entered by the Closing Function.
 - (2) This item is not applicable for TEB returns.
 - (3) If IRC 6205 Interest Free Adjustment is applicable, (TC 340) this field must be completed.
 - (4) For cases closed with TC 304, 305, 308, or 309, enter the date interest begins. For further information refer to IRM 20.2, Interest Manual.

- 4.5.2.7.1.26
(12-09-2021)
Tax Liability Adjustment (Item 12)
- (1) The Tax Liability Adjustment is to be entered by the Closing Function.
 - (2) Transaction Code (TC) is identified as "Code" on Form 5599. The "Code" must be three digits. The DOC Code for each TC placed on Form 5599 must be 47. Refer to Document 6209, IRS Processing Codes and Information, for TC's and DOC Codes. The Increase in Tax Dollars and Decrease in Tax Dollars may be up to 11-digits. The Adjustment Penalty, Penalties and Interest may also be up to 11-digits.
 - a. Data in the Increase or Decrease Tax Dollars, Penalties and Interest is dependent on the DC used:

| Function | Directions |
|-----------|---|
| EP | For DCs 02, 04-07, 11 and 13, these fields must be left blank. |
| EO | For DCs 02, 04-08, 11, 13, 14, 16, 18, 19, 50, and 52-55, these fields must be left blank. |
| GE | For DCs 02, 04-08, 11, 13 and 14, these fields must be left blank. |

- b. **EP and GE** - For DC 01, a TC 300 should be entered in Tax Liability Adjustment section under Code, and a zero in the Increase in Tax Dollars.
EO - For DCs 01, 15, and 17 a TC 300 should be entered in the Tax Liability Adjustment section under Code, and a zero in the Increase in Tax Dollars.
 - c. **EP** - DCs 03, 09, 10 and 56, may or may not contain an entry. **EO and GE** - DCs 03, 09, 10, and 12, may or may not contain an entry.
 - d. **EP, EO or GE** - DC 34 **must** contain an entry (not zero) in the Tax Liability Adjustment Decrease in Tax Dollars, unless an amount is entered in item 12 and/or 15, and the net amount may be a decrease in amount due. For example, there is an Increase in Dollars and Increase in a refundable credit in an amount greater than the tax increase.
 - e. **EP, EO or GE** - If DCs are 07 or 11, entries in Items 12 or 15 are not allowed.
 - f. **EP** - If DC's are 03, 09 or 10 with MFT 76 entry in Item 12 with money **must** have amount in Item 15.
 - g. Claims fully established DC 03 **must** contain an entry (not zero), TC 301 must be entered in Tax Liability Adjustment in the decrease column.
 - h. Abatement of Delinquency Penalty (TC 161) and Failure to Pay (TC 271) **must** be assessed accordingly if applicable.
- (3) The Adjustment/Penalty and Penalties may be up to 11 digits. The DOC Code to assess or abate a penalty on the Form 5599 must be 47. See Exhibit 4.5.2-4 for valid Transactions Codes.
 - a. The first page of the AMDISA print has a field titled "DELQ-RET-IND", if the delinquent return indicator is a "1" the delinquency penalty must be

addressed on the Form 5599. There must be a TC 160 or TC 161 in Item 12. If no delinquent penalty is to be asserted enter TC 160 for 0.00.

- b. If the Revenue Agent indicates “No Penalty or No Penalties assessed” in “Other Instructions” on Form 3198-A for an SFR enter TC 160 for 0.00 and TC 270 for 0.00.

Note: For Carry back adjustments, Penalties, Restricted Interest and Normal Interest refer to IRM 4.4, AIMS/Processing

- (4) Determination of the Tax Adjustment - It is very important that the person closing the case accurately identify the tax adjustment. The correct tax adjustment is determined by the following formula: **Corrected Tax minus Previously Adjusted Tax = Tax on Form 5599.**
- a. The previously adjusted amount on the report must match the tax liability on the transcript. The tax amount from the transcript is subtracted from the corrected tax liability to arrive at the tax adjustment that will be entered in Item 12 on Form 5599.
- b. Increases in Tax are entered in Item 12 with (+) circled.
- c. Decreases in Tax are entered in Item 12 with (-) circled.
- (5) For MFT 46, if additional tax is being assessed the “Interest Section” should contain a TC 340 -0-, as interest is not applicable.

4.5.2.7.1.27
(12-09-2021)

Disposal Code (Item 13)

- (1) The Disposal Code is completed by the Agent.
- (2) One DC must be entered that best describes the examination results.

| Function | Directions |
|-----------|---|
| EP | Refer to Document 6476, Employee Plans Systems Codes for EP disposal code definitions. |
| EO | Refer to Document 6379, Exempt Organizations Management Information Systems Codes for EO disposal code definitions. |
| GE | Refer to Document 11308, Government Entities Computer Systems Codes for GE disposal code definitions. |

4.5.2.7.1.28
(10-01-2019)

Statute Extended to Date (Item 14)

- (1) The Statute Extended to Date is completed by Agent.
- (2) For TEB, MFT 46, this Item is not applicable.
- (3) The statute date should be determined for all cases. If the statute expiration date has been extended, and it was not previously updated on AIMS, complete Item 14. When the entry in Item 14 is input, it will generate an extended statute date (ASED/TC 560) on the MF. TC 560 will not post at MF if the only return transaction code is an SFR TC 150. If a valid Form 872, Consent to Extend the Time to Assess Tax, is in the file, the extended statute date must be entered in Item 14.
- (4) A date must also be entered when Form 872 has not been secured, but only if the statute has extended the expiration date.

- (5) If the AIMS database contains an alpha character in the statute date, that date must be updated to a numeric date before closing, if an assessment is input. (For example, AA = Claim Update, refer to IRM 25.6, Statute of Limitations, for a list of alpha statute codes.) Updating the alpha date is not required on “No Change” cases. Failure to input a numeric date will cause an unpostable condition, if the MF statute date has expired and an assessment attempts to post. Since AIMS does not send an alpha statute update to MF, the original statute date is still present (AIMS Status Update has Failed for. Statue less than 60 days/ Quick Assessment Required. Note: The system has a validity check to identify statues with 60 days or less to prevent unpostables). If “872-A” is reflected on the AIMS data base, Item 14 must be updated to a valid date unless the case is closed to Appeals. Timely filed examined claims that result in a refund will post to MF even when the ASER has expired.
- (6) When preparing Form 872-A, use the most current form available. Form 872-A for fully agreed deficiencies and overassessment or for no change and unagreed overassessment cases, extend the period of limitations 90-days after the date the Service mails a written notification (Form 872-T, Notice of Termination of Special Consent to Extend the Time to Assess Tax) to the taxpayer; or 90-days after the date the Service receives an executed Form 872-T from the taxpayer. In the above situations, Form 872-T is always required to terminate the Form 872-A. For unagreed overassessment cases closed from Appeals, the statute extended to date will be entered on Form 5403, Appeals Closing Record. Forms 872-A for fully agreed deficiencies and overassessment extends the period of limitations until the assessment/overassessment is made. Form 872-T would not be required. In this situation, enter a statute extended to date of 120-days from the date the case is expected to close on AIMS at the terminal. Form 872-A for unagreed deficiencies may involve the issue of a notice of deficiency to the taxpayer. See Exhibit 4.5.2-5 Computation of Statute Dates, for computing the statute date.
- (7) Form 872-T must be prepared for all “No Change” cases regardless of the Form 872-A revision date. If a Form 872-T, executed by the Director of EP, EO or GE (FSLG or ITG) Examination or their designee is in the case file, it will be mailed to the taxpayer upon closing the case.
- (8) Attach copies of executed Forms 872-T, mailed to the taxpayer, to the tax return on which it applies. Copies of Form 872-T should be made for other tax years, if they are present on Form 872-T.
- (9) If the case involved Fraud, the period of limitations is not a factor; however, a statute extended to date entry may be applicable. Enter a statute date of 120-days from the date it is expected to close at the terminal. An entry is not necessary if Item 38 (Fraud Condition) on Form 5599 has an entry.
- (10) If the examination resulted, from a written request by the taxpayer for prompt assessment under IRC 6501(d), the statute expiration date is 18 months from the date the written request is received, but not to exceed the normal three-year statute. Enter the requested date in Item 14.
- (11) The minimum ASER on a bankruptcy case is 60-days after the bankruptcy stay on assessment is lifted plus the number of days remaining on the normal statute before the stay went into effect. Alpha code KK is used to control bankruptcy cases until the case is ready to be closed from the AIMS system. Consult the Special Procedures Staff in Collection Division for further information.

4.5.2.7.1.29
(12-09-2021)

**Credit and Tax
Computation Adjustment
(Item 15)**

- (1) The Credit and Tax Computation Adjustment item is completed by the Closing Function.
- (2) A Credit/Item Reference Number is a three-digit code used to adjust taxpayer information according to the type of return being audited.
 - a. This item will be left blank if the dollar amount in item 12 is zero. If line 12 contains a dollar amount (i.e., additional tax is being assessed on a previously filed return), then a reference number (manual abstract code) should be listed here with the additional amount of tax being assessed (additional tax being assessed is listed in both Items 12 and 15)
- (3) When making **any** entry in Item 15 of Form 5599 you **must** ensure that the (+) or (-) is identified in the last column. The (+) or (-) **must** be circled to ensure that the correct Reference Information or Credit Adjustment is made to the taxpayer's account. The IMF Adjusted Gross Income (AGI) amount may be a positive or a negative amount on the transcript (IMFOLR or TXMODA). Therefore, an adjustment to IMF AGI may bring the amount to below zero. This would be shown as a negative figure on the transcript. The IMF Taxable Income (TI) will only reflect a positive amount, or zero. The IMF TI may **not** be adjusted to below zero.
- (4) Entries in this item are used to:
 - a. Update information fields on the MF.
 - b. Adjust credits on individuals, fiduciary and corporate returns.
 - c. Post changes to adjusted gross income or self-employment tax on individual returns.
 - d. Provide MF a means to distinguish certain miscellaneous penalties on which to generate interest.
 - e. Adjust and identify the types of tax being adjusted on excise or employment tax returns.
- (5) An entry identified with a (+) in Item 15 reflects an **increased** adjustment amount. Therefore, if there is an increase in TI, AGI or Exemptions, that amount is entered in Item 15 with the (+) circled in the last column
- (6) An entry identified with a (-) in Item 15 reflects a **decreased** adjustment amount. Therefore, if there is a decrease in TI, AGI or Exemptions, that amount is entered in Item 15 with the (-) circled in the last column.
- (7) Follow the guidelines listed below when processing adjustments to AGI and TI for IMF returns:
 - If the TI and AGI are adjusted by the same amount, **only** REF 888 (AGI) will be input. MF will automatically update REF 886 (TI) by the same amount.
 - If the TI and AGI are adjusted by different amounts, **both** REF 886 and 888 must be entered.
 - If an adjustment is made to the AGI and the TI is **not** being adjusted above "0" an entry of "0" is required for the TI.

Caution: It is only when AGI (REF 888) is being adjusted and TI (REF 886) is **not** being adjusted, that "0" is entered for REF 886. The reverse is **not** being adjusted, do **not** enter a REF 888 for "0".

(8) **IMF Credit/Item Reference Numbers:**

| REF | Definition |
|-----|--|
| 888 | Adjusted Gross Income (AGI) |
| 886 | Taxable Income (TI) |
| 887 | Exemptions |
| 878 | Primary Self-Employment (SE) Income |
| 879 | Secondary Self-Employment (SE) Income |
| 891 | Primary TIP Income |
| 892 | Secondary TIP Income |
| 895 | Primary Self-Employment Medicare Income |
| 896 | Secondary Self-Employment Medicare Income |
| 889 | Self Employment Tax Adjustment |
| 898 | Primary TIP Medicare Income |
| 899 | Secondary TIP Medicare Income |
| 999 | Converts Account from Secondary to Primary |

(9) **Adjustment to Prepayment Credits:**

| REF | Definition |
|-----|--|
| 806 | W-2 Withholding Tax and/or Excess FICA Contribution Credit |
| 807 | W-2 Withholding Tax and/or Excess FICA Contribution Debit. |
| 764 | Increase in Earned Income Credit |
| 765 | Decrease in Earned Income Credit |

(10) **Refundable Credits:**

| Input with REF: | Use for: | Posts as: |
|-----------------|----------------------------------|-----------|
| 766 | Increase in Substantiated Credit | TC 766 |
| 767 | Decrease in Substantiated Credit | TC 767 |

Note: REF 766 and REF 767 should be used when there is no other applicable reference number. Refundable Credits are input with these REF number in the following types of cases: Claim of Right and Special Fuel Tax Excise Claims.

Caution: In order to input a REF 767, a corresponding TC 766 for an equal or greater amount, must exist on the taxpayer's account.

- (11) **EP BMF Form 5330 Credit/Item Reference Numbers:** This field **must** be completed if assessing or abating 5330 taxes in Item 12 of Form 5599. The Tax (TC 300/ TC 301) must match Reference Codes listed below for final closing. More than one Reference Code must match tax exactly (e.g. Ref 163 = 1000 and Ref 225 = 1500 then TC 300 = 2500). Any mismatch with dollars/ cents in Tax or Reference Code will cause a reject case to close. Listed below are the valid Credit/Item Reference Numbers entries for Item 15:

| REF | Definition |
|-----|--|
| 159 | Prohibited Transaction |
| 161 | Tax on Nondeductible Employer Contributions |
| 163 | Minimum Standards |
| 164 | Excess Contribution Part II |
| 200 | Disqualified Benefits |
| 201 | Excess Fringe Benefits |
| 202 | Certain ESOP Distributions |
| 203 | Prohibited Allocation |
| 204 | Reversion of Plan Assets |
| 205 | Excess Contributions Part VIII |
| 209 | Tax on Plans or Cooperatives Disposing of Employer Securities |
| 225 | Tax for Failure to Correct Minimum Funding - IRC 4971(b) |
| 226 | Failure to Pay Liquidity Shortfall - IRC 4971(f)(1) |
| 227 | Failure to Pay Liquidity Shortfall - IRC 4971(f)(2) |
| 228 | Failure of Applicable Plans Reducing Benefit Accruals to Satisfy Notice Requirements - IRC 4980(f) |

- (12) **BMF Credit/Item Reference Numbers: (Form 1120, Form 1041 and Form 990T)** Any time taxable income is changed due to an adjustment, use Item Reference Number 886 to correct. When decreasing taxable income, use Item Reference Number 886 with a minus (-) after the money amount.
- (13) **Form 941:** On all Form 941 series adjustments all increases and decreases in tax must use reference numbers for employment tax returns. The sum of Reference Numbers 003, 007 and 008 **must** equal the tax amount that is being adjusted.
- (14) Any Form 941 processed after 01/01/2005 (late filed returns and 4th quarter 2004) will be processed using the new reference codes since processing procedures for Submission Processing must be initiated at the beginning of the year.

Note: See IRM 21.7.2.4.1(2) for a complete listing of valid reference numbers for 2004 and prior Form 941 accounts and 2005 and subsequent Form 941 accounts

| Item Reference Number (REF) | Returns processed 2004 and prior | Returns processed 2005 and subsequent | Explanation |
|-----------------------------|----------------------------------|---------------------------------------|--|
| 003 | X | | Adjusted Total Income Tax Withheld |
| 04 | X | X | Taxable Social Security Wages |
| 005 | X | X | Taxable Social Security Tips |
| 007 | X | | Adjusted Total Social Security/Medicare Taxes |
| 072 | X | X | Tips deemed to be wages (IRC Sec.3121(q)) |
| 073 | X | X | Taxable Medicare wages and tips |
| 104 | | X | Special additions to Federal Income Tax (IRC Sec. 3509) |
| 105 | | X | Special additions to Social Security Tax (IRC Sec. 3509) |
| 106 | | X | Current quarter's fractions of cents |
| 107 | | X | Current quarter's sick pay |
| 108 | | X | Current quarter's adjustments for tips and group term life insurance |
| 109 | | X | Current quarter's Income Tax Withholding |
| 110 | | X | Prior quarter's Social Security and Medicare taxes |
| 111 | | X | Total income Tax withheld |
| 112 | | X | Total Social Security and Medicare tax |
| 113 | | X | Total Adjustments |

| Item Reference Number (REF) | Returns processed 2004 and prior | Returns processed 2005 and subsequent | Explanation |
|-----------------------------|----------------------------------|---------------------------------------|--|
| 115 | | X | HIRE ACT exempt wages/tips |
| 116 | | X | Tax on HIRE ACT exempt wages/tips |
| 117 | | X | HIRE ACT exempt wages/tips paid from 03-19-2010 through 03-30-2010 |
| 184 | X | | Adjustment of Withheld Income Tax (941 & 943 only) Adjusted Total of Income tax withheld (ATWH) |
| 185 | X | | Adjustments to Social Security/Medicare tax |

- (15) **Form 940:** All increases and decreases in tax must use reference numbers associated with the State indicated on the return. The total of the tax reference amounts must equal the tax amount that is being adjusted. If the increase or decrease in wages, a wage reference number is required. Reference numbers for MFT 10 (Form 940) will be alphabetic, and the left most position will be either a "T" (adjustment to tax) or "W" (adjustment to wages).

| REF | Definition |
|-----|------------------------|
| T__ | Adjustment to FUTA tax |
| W__ | FUTA Wages |

- (16) The second and third positions are standard state abbreviation codes, which are as follows:

| State - Abbreviation | State - Abbreviation |
|----------------------|----------------------|
| Alabama-AL | Montana-MT |
| Alaska-AK | Nebraska-NE |
| Arizona-AZ | Nevada-NV |
| Arkansas-AR | New Hampshire-NH |
| California-CA | New Jersey-NJ |
| Colorado-CO | New Mexico-NM |

| State - Abbreviation | State - Abbreviation |
|----------------------|----------------------|
| Connecticut-CT | New York-NY |
| Wash, D.C.-DC | North Carolina-NC |
| Delaware-DE | North Dakota-ND |
| Florida-FL | Ohio-OH |
| Georgia-GA | Oklahoma-OK |
| Hawaii-HI | Oregon-OR |
| Idaho-ID | Pennsylvania-PA |
| Illinois-IL | Rhode Island-RI |
| Indiana-IN | South Carolina-SC |
| Iowa-IA | South Dakota-SD |
| Kansas-KS | Tennessee-TN |
| Kentucky-KY | Texas-TX |
| Louisiana-LA | Utah-UT |
| Maine-ME | Vermont-VT |
| Maryland-MD | Virginia-VA |
| Massachusetts-MA | Washington-WA |
| Michigan-MI | West Virginia-WV |
| Minnesota-MN | Wisconsin-WI |
| Mississippi-MS | Wyoming-WY |
| Missouri-MO | |

- (17) **Form 720:** Is filed to report and pay excise taxes levied on specific services and the manufacturing and sale of certain items. The items are identified by an IRS Abstract Number on the return. When the tax is adjusted on Form 720, the IRS Abstract Number must also be adjusted.

Example: The return indicates an Abstract Number 066 (Tires - Highway Use), there is a tax adjustment of \$300.00 entered in Item 12 of Form 5599. In item 15 enter Abstract Number 066 with an amount of \$300.00

- (18) **Form 4720:** Applicable Item Reference Numbers are as follows:

| REF | Definition |
|-----|--|
| 151 | Failure to Distribute Income |
| 152 | Excess Business Holdings |
| 153 | Investments Which Jeopardize Charitable Purposes |
| 154 | Taxable Expenditures |

| REF | Definition |
|-----|--|
| 182 | Excess Grass Roots Contributions |
| 183 | Excess Lobbying Contributions |
| 213 | Tax on Political Expenditures |
| 214 | Tax on Disqualifying Lobby Expenditures |
| 232 | Taxes on Excess Benefits |
| 237 | Prohibited Tax Shelter Transaction |
| 238 | Tax on Taxable Distributions |
| 239 | Tax on Prohibited Benefits |
| 240 | Tax on Unrelated Business Taxable Income of Charitable Remainder Trust |

- (19) **Adjustments to Certain Penalties** - The adjustments to certain penalties in Item 15 on Form 5599 are limited to the following REF:

| REF | Definition |
|-----|--|
| 680 | Accuracy Related Penalty |
| 681 | Substantial Understatement Penalty |
| 682 | Estate/Gift Valuation Understatement Penalty |
| 689 | Closing Agreements |

- (20) A total of eight reference items, may be input. The positive and negative fields may be changed according to the reference number if needed. If more than eight reference items are needed, the excess should be processed on Form 8485, Assessment Adjustment Case Record or Form 3870, Request for Adjustment using CC ADJ54. The reference items processed via ADJ54 must be those items that do not affect tax and penalties which are included in Examination Results (e.g., reference items 878, 879, 886, 887, 888, and 889.) Ensure that reference items that do not affect tax and penalties, which are included in Examination Results (e.g., reference items 680, 681, 682, 764/765, 766/767, or 806/807), are processed through CC AMCLS.
- (21) If a change to AGI, Taxable Income or Self-Employment Income/Tax, has been made, but it results in no income tax due (no change with adjustment case), process these reference item adjustments using DC 01 and Item 15 with the appropriate reference number and amount.

4.5.2.7.1.30
(09-26-2014)
**Operator Employee No.
and Date (Item D)**

- (1) The Closing Function Terminal Operator will enter Item D after Form 5599 is input on the terminal. The entry should include the operator's employee number and the date of input.

4.5.2.7.1.31
(09-26-2014)
Rej. (Item E)

- (1) This item is completed by the Closing Function Terminal Operator **only** if Form 5599 is rejected.
- (2) The Terminal Operator will enter the date in the reject (Rej.) block when an entry on Form 5599 does not meet a validity check at the terminal. The Terminal Operator **must** attach a print of the CC AMCLSO to the Form 5599 and indicate the item that failed to meet the validity check and the reason it failed. This procedure will alert the Tax Examiner of what item failed to meet the validity check.

Caution: Before rejecting Form 5599, the Terminal Operator ensures that all items were input correctly.

Note: CC AMCLSO will display as AIMS Failed Status Update message when input.

4.5.2.7.1.32
(09-26-2014)
Document Locator Number (Item F)

- (1) The Tax Examiner must determine and annotate the appropriate blocking series on Form 5599 for MF cases. See Exhibit 4.5.2-1 for MF blocking information.
- (2) The Terminal Operator will enter the complete renumbered DLN after the closing data has been input. The Terminal Operator will assign a NMF block to all NMF case files.

Note: The DLN consists of fourteen (14) numbers only - **alpha characters are not allowed.**

4.5.2.7.1.33
(10-01-2019)
Cor. (Item G)

- (1) The date the correction is made will be placed in the corrected (Cor.) block by the Tax Examiner or person making the correction to the item rejected. Form 5599 will then be returned to the terminal area for input. Refer to IRM 4.5.1 for additional information on terminal rejects.

4.5.2.7.1.34
(09-26-2014)
Appeals Office Code (Item 16)

- (1) The Appeals Office Code is entered by Mandatory Review.
- (2) Enter a three-digit numeric code if the case is to be forwarded to Appeals. Valid DCs would be 07, Non-Docketed cases or DC 11 for Docketed cases. See Exhibit 4.5.2-6 for valid Appeals Office Codes. Cases going to Appeals should not be forwarded out of their jurisdiction. Appeals will update and forward these cases to the appropriate Appeals office.

4.5.2.7.1.35
(10-01-2019)
EO/GE Appeals Issue Code (Item 17)

- (1) The EO/GE Appeals Issue Code is entered by Mandatory Review.
- (2) Not a valid item for EP BMF Form 5330s.
- (3) DC must be 07 or 11. For valid Appeals Issue Codes, refer to:
 - EO Document 6379
 - GE Document 11308

4.5.2.7.1.36
(09-26-2014)
Unagreed Amount (Item 18)

- (1) The Unagreed Amount is entered by Mandatory Review.

- (2) If a return is being closed to Appeals, the unagreed amount being appealed (DC 07), or petitioned (DC 11), is a required entry. The entry should only reflect the unagreed portion of tax, penalties, and credit adjustments. (Do not include the interest portion of the penalty due to negligence and fraud.) This will be the full deficiency less any partial assessments of the agreed portion of the tax. Circle the “+” or “-” at the end of the line to denote a positive or negative amount.
- (3) If a claim without other adjustments is being referred to Appeals, an amount of negative \$1 must be entered in Item 18. The claim amount that is being appealed is entered in Item 21 (Amount Claimed).

4.5.2.7.1.37
(09-26-2014)
**AIMS/MF Update Data
(Item 19)**

- (1) The AIMS/MF Update Data is to be entered by the Agent.
- (2) If the NAICS coder is not accurate on the AIMS data base enter reference number 410/NNNNNN=NAICS Code.

4.5.2.7.1.38
(12-09-2021)
**Revenue Base
Protection Section (RBP)**

- (1) Items 20-24 are to be completed by the Agent.
- (2) Protection of the revenue base is the work done by TE/GE personnel to prevent the release of money from the Treasury to a taxpayer. Item Numbers 22, 23, and 24 are to be completed only if Revenue Base Protection (RBP) applies. The most common example of RBP is the examination of a claim submitted by a taxpayer whose account has no outstanding liability for which they filed a claim. If they disallow the claim, Agents are expending resources to prevent the release of money from the Treasury. We measure this valuable contribution by TE/GE personnel, through the completion of the Revenue Base Protection Section of Form 5599, Items 20-24.
- (3) A claim is only considered as RBP if we are **preventing** money from leaving the Treasury. If an outstanding balance is due on the account, the RBP amount will not be the entire amount of the claim. A calculation must be done to determine how much of the claim qualifies as RBP. Since the taxpayer can be making payments on the outstanding liability while the examination is taking place, the Agent must make the calculation when the examination is completed.

Example:

| Item | Amount |
|-------------------|----------------------------------|
| Amount of Claim: | \$10,000. |
| Balance Due | \$8,000. |
| RBP - Claim | \$2,000. |
| Amount Disallowed | (\$10,000.- \$8,000. = \$2,000.) |

- (4) Not all claims are considered RBP; therefore, a claim Source Code does not have any relationship with RBP. Although the following situations are sometimes called “claims,” they **do not** qualify as RBP:
 - a. Reductions of a carry forward to a future return that has not been filed.

- b. Audit reconsideration, Source Code 73 (Taxpayer's Request), (if the tax **has not** been paid). Since TE/GE received credit for this closure when it was originally closed, if the audit reconsideration is being referred to Appeals, leave the RBP items blank and enter a \$1 in Item 18 to get the case through the terminal. Entering the amount of the "audit reconsideration" will cause duplicate results.
- c. Innocent spouse claims, since this does not increase or decrease the actual liability, it just changes who is liable.

4.5.2.7.1.39
(10-01-2019)

**Claim Rejection Date
(Item 20)**

- (1) Claim Rejection Date is to be completed by the Agent if a signed Form 2297 is secured. If a letter needs to be issued, the Claim Rejection Date is to be completed by the Agent.
- (2) If the Campus Center previously allowed the claim, an entry should **not** be made.

| IF | AND | THEN |
|--------------------------------------|---|---|
| The claim was not previously allowed | Form 2297, Waiver of Statutory Notification of Claim Disallowance, signed by the taxpayer, is in the file | Enter the completion date of Form 2297 in MMDDYYYY format. Do not send a letter to the taxpayer. |
| | Form 2297 is not in the file | Initiate the appropriate letter notifying the taxpayer that their claim has been disallowed. Enter the date of the letter in MMDDYYYY format. |

- (3) If a date is entered, the **EP, EO or GE** DC must be 01, 03, 07, 10, or 11 and the Source Code **must** be 30. DC 34 **cannot** be used.
 - Items 21-24 are required entries for DC 01, 07, or 11.
 - When DC 03 or 10 is used, Items 21-24 and 28 are required entries.
 - Item 28 is needed for DC 07 or 11 if non-revenue issues are involved.

4.5.2.7.1.40
(10-01-2019)

Amount Claimed (Item 21)

- (1) The Amount Claimed is to be completed by the Agent.
- (2) Enter the amount of the claim or reduction of tax requested by the taxpayer. If the Source Code is 30, this item is a required entry.
- (3) Form 843, Form 1040X, Form 1120X, amended returns, or written claim requests by taxpayers are considered claims. The amount from the applicable form must be entered unless the amount is in error. For example, the taxpayer submits a claim for \$1,500. In examining the claim, it is discovered that the taxpayer made a computation error and the correct amount is \$2,500. A correction must be made to the Amount Claimed field on AIMS to reflect the correct amount. Form 5598 (CC AMAXUO) is prepared to correct the claim amount. If the AIMS database does not show a claim amount, then use Form 5595 (CC AMSTU) to update the claim amount on AIMS. Claims filed during an examina-

tion after an audit report has been written are treated as claims. Protective claims are treated as claims. Oral requests for a refund made during an interview or by telephone are **not** claims.

- (4) If the taxpayer submitted a protective claim for \$1, when the correct amount of the claim is determined, AIMS should be updated using CC AMSTU to reflect the correct amount. Enter the corrected amount in Item 21, at closing.

4.5.2.7.1.41
(10-01-2019)
**Claim Amount
Disallowed (Item 22)**

- (1) The Claim Amount Disallowed is to be completed by the Agent.
- (2) Enter the dollar amount that was protected from leaving the revenue base (a disallowed claim amount). This amount cannot exceed the amount that is entered in Item 21 or in the amount claimed field on AIMS. An entry must not be made if the claim was allowed in full.
- If this item is entered, Items 20, 21, 23, and 24 are also required for DC 01.
 - For DCs 03, 07, 10 or 11, Items 20-24 are required entries.
 - Item 28 should be completed if non-revenue issues are also involved for DC 03, 07, 10, or 11.
 - If Item 28 is completed, do not include the time entered in Item 23.
- (3) If the claim is being referred to Appeals, enter the entire disallowed amount in this field and a negative \$1 in Item 18. If the taxpayer is also protesting other issues, enter the protested amount of the other issues in item 18 and the claim amount disallowed in Item 22. See Exhibit 4.5.2-7, Claim Amount Examples, for Item 22 entries.

4.5.2.7.1.42
(10-01-2019)
Claim Hours (Item 23)

- (1) Claim Hours is to be completed by the Agent.
- (2) Time spent on revenue base protection **must** be entered in whole hours only. Agents must include any hours or fractions of hours spent on non-revenue in Item 28.
- (3) If Item 22 is entered, Items 20, 21 and 24, are also required.

| Example: | Real Time | Adjustment | Form 5599 |
|---------------------------------|------------------|-------------------|--------------------|
| Protection of Revenue Base Time | 1.4 hours | (0.4) | Item 23 = 1.0 hr. |
| Non-Revenue Protection Time | 2.1 hours | 0.4 | Item 28 = 2.5 hrs. |

4.5.2.7.1.43
(10-01-2019)
Claim Type (Item 24)

- (1) Claim Type is to be completed by the Agent.
- (2) All Claims with examination criteria will be slotted into one of two categories for screening. The examination criteria are divided into two categories: Category A and Category B. Category A criteria denotes high examination potential. Category B criteria are issues that do not meet Category A criteria and have a refund of at least \$200.00 or more. The allowable alpha codes identify the type of revenue base protection. These codes represent examples of the types of

requests for the release of money which, when examined, would be categorized as Revenue Base Protection. Remember, the codes are only applicable if the tax liability has been paid and the money requested on the claim has not been released. Exhibit 4.5.2-9 for a listing of valid Claim Type Codes.

4.5.2.7.1.44
(10-01-2019)
Examiner's Time (Item 28)

- (1) Examiner's Time is to be completed by the Agent.
- (2) Enter the total time spent on non-revenue base protection issues for each return examined. Do **not** include this time in Item 23. Time should **not** be entered for partially agreed cases.
- (3) If the return has been re-established from Status Code 90 using CC AMSTUR or returned from Appeals using CC AMSTUB, the total time from both closings must be entered in this field.
- (4) An entry is required for all examined returns and is reported in full hours and 15 minute increments. The entry must be in the range :i.e. .3 =.15 minutes; .5 = .30 minutes; and .7 = .45 minutes..

Exception: Cases that involve protection of the Revenue Base only, in which case all time will be reported in Item 23 and is reported in whole hours only.

- (5) The entry for cases also involving protection of the Revenue Base must only include Non-Revenue Production Time. The protection of the Revenue Base Time must be entered in Item 23 in whole hours.
- (6) An entry is **not** made for Surveyed Claims, DC 01 or 34.

4.5.2.7.1.45
(12-09-2021)
Technique Code (Item 30)

- (1) The Examination Technique code to be entered by the Agent.
- (2) An entry is required for all examined returns. An entry is **not** made for DC 34 (Surveyed Claims). Valid codes for this item are:

| Code | Definition |
|------|---|
| 1 | Office Interview Examination-Full Scope |
| 2 | Office Correspondence Examination- Full Scope |
| 3 | Field Examination- Single Issue Audits |
| 4 | Field Examination-Full Scope |
| 5 | Office Interview Examination- Limited Scope-Focused Audit |
| 6 | Office Correspondence Examination-Limited Scope-Focused Audit |
| 7 | Field Examination-Limited Scope-Focused Audit |
| 8 | Office Interview Examination-Single Issue Audits |
| 9 | Office Correspondence Examination-Single Issue Audits |

4.5.2.7.1.46
(10-01-2019)

Agent's Grade (Item 31)

- (1) The Agent's Grade is to be entered by the Agent.
- (2) Enter the two-digit grade of the Agent who performed the audit. This is a required entry for all examined returns. An entry is **not** required for DC 34 (Surveyed Claims). Valid range of grades are 05 through 14.

4.5.2.7.1.47
(10-01-2019)

Case Grade (Item 32)

- (1) Case Grade is to be entered by the Group Manager.
- (2) Group managers determine grade of case for all returns. The manager will consider both the primary and related returns to determine the grade level.
- (3) For the EP Form 990-T, the case grade must be 09, 11, 12, or 13.
- (4) For Discrepancy Adjustments, all grades of cases must begin with "3."
- (5) The related returns are graded to be the same as the primary return, therefore, the same three-digit code is used followed by an "R." When other Agents examine the related entities, each manager grades the separate entities as separate cases and they do not enter the "R."
- (6) When entering the case grade in this item, left justify the entry. Refer to the chart below for correct case grade entries.

| Position | EP (MFT 76) | EO & TEB | ITG & FSLG |
|----------|-------------|------------|------------|
| 1 = | 0-1 | 1-4 | 0-9 |
| 2 = | 1-3 & 9 | 1-3 & 9 | 1-3 |
| 3 = | Blank | 1-2 | 1-2 |
| 4 = | Blank | Blank or R | Blank or R |

4.5.2.7.1.48
(10-01-2019)

Examiner's Name (Item 33)

- (1) The Examiner's Name is to be entered by the Agent.
- (2) This item is a required entry for all examined returns. An entry is **not** required for DC 34, Surveyed Claims. Enter the last name first, followed by a space and the first initial.

4.5.2.7.1.49
(10-01-2019)

Exam Adjustment amount (Item 34)

- (1) The Exam Adjustment Amount is to be completed by the Tax Examiner.
- (2) Not a valid item for EP BMF Form 5330s.
- (3) This field is used to reflect adjustments to non-taxable returns **only**.

4.5.2.7.1.50
(01-09-2023)

Manual Assessment Amount (Item 35)

- (1) The Manual Assessment Amount is to be entered by the Closing Function.
- (2) Enter the net of all adjustments processed using quick (manual) assessment procedures. If more than one quick assessment has been made, ensure that this entry is the **total** of all assessments processed.
 - a. Enter the net of all tax and credit adjustments (i.e., TC 300 or 301; Credit Reference 680, 681, 682, 685, 689, 764, 766, 806, etc.) plus any decreases in refundable credits (i.e., Reference Numbers 765, 767, 807,

- etc.) and minus any increase in credits (i.e., Reference Numbers 764, 766, 806, etc.), **if processed as part of the quick assessment**.
- b. Do **not** include interest or reference number adjustments that are only used to update information fields on MF or alert MF to make special interest computations (i.e., TC 340, 341, 342, 770, etc., or Reference Numbers 221, 320, 878, etc.).
- (3) Do not complete this item for no change cases (DC 01, 02 or 08), or for non-taxable returns.
 - (4) AIMS contains many computer checks that are based on the DC and the Examination Results. Any changed DC requires Examination Results. Cases that are truly changed cases, but have no examination results, will **require** an amount of \$1 in Item 35. Some examples of these cases are:
 - a. Barred assessment cases.
 - b. Interest assessment cases.
 - c. Tax assessments that are offset by credits.
 - d. Assessment Amount field and DC 01 in Item 13.
 - e. Delinquent Return, Item 414 and DC 06 in Item 13.
 - f. NMF - MFT 99 and DC 12 in Item 13.

4.5.2.7.1.51
(09-26-2014)

Hash Total (Item 36)

- (1) The Hash Total is to be entered by the Closing Function.
- (2) This entry will be made for all examined returns. "Hash Total" is a term applied to the sum of several unrelated item numbers entered on Form 5599. The computer will compare the Hash Total entered in Item 36 with the total of individual items as entered by the Terminal Operator. This will assure the accuracy of the input of individual entries.
- (3) Items to be included (if entered) in the Hash Total are as follows:

| Entry | Title |
|-------------|--|
| Item P24-29 | Tax Period |
| P53-55 | Plan/Report Number |
| Item 12 | Tax, Penalty and Interest Adjustments |
| Item 15 | Credit and Tax Computation Adjustments |
| Item 18 | Unagreed Amount |
| Item 21 | Amount Claimed |
| Item 22 | Claim Amount Disallowed |
| Item 23 | Claim Hours |
| Item 28 | Examiner's Time |
| Item 34 | Exam Adjustment Amount (Non-Taxable Returns) |
| Item 35 | Manual Assessment Amount |
| Item 44 | NOL CF Disallowed |
| Item 46 | Credit CF Disallowed |

| Entry | Title |
|-----------|---|
| Item 52 | Reason Code 2 |
| Item 402 | International Examiner Time (GE Only) |
| Item 403 | International Exam Results (GE Only) |
| Item 404c | Abstract Time (GE Only) |
| Item 404d | Abstract Examination Results (GE Only) |
| Item 414 | Delinquent Return Amount |
| Item 415 | Amended Return Amount |

Note: Dollar amounts are added without regard to decimal (e.g., \$639.00 would be entered as 639). Item 21, Amount Claimed, must be entered as a positive amount. The Examiner's Time will be entered in whole numbers (e.g., 15 6/10 would be added as 156). Dollar amounts decreasing tax or credits would be subtracted.

4.5.2.7.1.52
(12-09-2021)

**Delinquent Return Code
(Item 37)**

- (1) The Delinquent Return Code is entered by the Agent.
- (2) Item 37 must always be completed when closing delinquent returns picked up during the examination and sent to the Campus Center for processing. This entry is what gives TE/GE credit for a delinquent return pick-up on Report 20.
- (3) If the delinquent return is incorporated into the examination, this item must be left blank.
- (4) Segregate the closing records of delinquent returns secured by MFT code. For each type of return included in the case file, the Group Clerk will:
 - a. If there is only one delinquent return, enter a "T" in Item 37 on any return for EP.
 - b. If there is more than one delinquent return, enter a "T" on the latest year in Item 37 and a "R" on the prior years of the closing records in Item 37.

Example: EO/GE - Delinquent Forms 990T for tax periods 1998 and 1999 picked up along with Form 941 for tax periods 1998 and 1999. Enter a "T" on the 199912 Form 990T closing document and 199912 Form 941 closing document. Enter a "R" on the remainder of the closing documents for the prior year Form 990T and Form 941.

Example: EP - Delinquent Forms 5500 for tax periods 1998 and 1999 picked up along with Form 5330s for tax periods 1998 and 1999. In this example, enter a "T" on the 199912 Form 5330 closing document. Enter a "R" on the remainder of the closing documents for the prior year Form 5330.

4.5.2.7.1.53
(10-17-2016)

**Fraud Condition (Item
38)**

- (1) The Fraud Condition Code is to be entered by the Agent.
- (2) The Fraud Condition code identifies the existence of fraud detected during an examination.
- (3) This item is not applicable for TEB returns.

- (4) This item may be blank or contain an entry of “C” (Civil) or “F” (Fraud) or “B” (Both).

4.5.2.7.1.54
(10-01-2019)

Disclosure Code (Item 39)

- (1) Disclosure Code is to be entered by the Closing Function.
- (2) Not a valid item for EP BMF Form 5330s or TEB returns.
- (3) This item must be completed when disclosure is made to a state agency for state tax administration under Chapter (33)00 of IRM 1272, Disclosure of Official Information Handbook. Exhibit 4.5.2-10 for valid Disclosure Codes.

4.5.2.7.1.55
(10-01-2019)

Special Project Code (Item 40)

- (1) The Special Project Code is to be entered by the Agent.
- (2) Special Project Codes are used to identify a Priority Emphasis Program or a referral to SBSE, W & I or LB&I Areas. Valid project codes are **4-Digits Effective 01/01/06** in the range of 0000-9999. Refer to the following for valid Special Project Codes:
- Document 6476 (EP)
 - Document 6379 (EO)
 - Document 11308 (GE)

4.5.2.7.1.56
(10-01-2019)

No Change Issue Codes (Item 41a-41e)

- (1) No Change Issue Codes are to be entered by the Agent.
- (2) Not a valid item for EP BMF Form 5330s or TEB returns.
- (3) This entry identifies examined **discrepancy** issues that resulted in a “No Change” to taxable income. An entry **must** be present when closing examinations of Form 1040 or Form 1040A (MFT 30) with a “No Change” DC on Discrepancy Adjustments **only**.
- (4) The following codes are valid codes for a “No Change” on a Discrepancy Adjustment:

| No Change Issue Code: | Definition: |
|------------------------------|--|
| 99999999 | No Change Cases where All Issues are Changed |
| 00612100 | Income from Pensions |
| 08610000 | Income from Sources Within the U.S. |
| 01700000 | Charitable Contributions |

4.5.2.7.1.57
(10-01-2019)

ARDI Code (Item 42)

- (1) The ARDI Code is to be entered by the Agent.
- (2) Enter a one-digit code in this item for an agreed deficiency under the Accounts Receivable Dollar inventory (ARDI) project.
- (3) When closing multiple years and an overassessment from one year will be used to offset an assessment from another year, consider the overassessment as payment secured. Full Paid or Partially Paid depends on the amount of the overassessment.

(4) The ARDI Code is valid for all IMF and BMF MFT Codes. Valid DCs are:

- **EP** - 03, 06 and 09.
- **EO/GE** - 03, 06, 09 and 12.

Reminder: DC 05 **must** contain an ARDI Code if an entry is present in Item 414. If DC 06 is used, \$1.00 must be present in Item 35.

(5) Valid ARDI Codes are as follows:

| Code: | Definition: |
|----------------------|--|
| 1 | Fully Paid |
| 2 | No Payment (i.e., changed cases where a payment was not received). |
| 3 | Partial Payment |
| 4 | Installment Agreement With Payment |
| 5 | Installment Agreement Without Payment |
| 7 | Appeals - Returned |
| 0, 6, 8 and 9 | ARDI Codes reserved for future use |

4.5.2.7.1.58
(09-26-2014)
**Delay Posting Code
(Item 43)**

- (1) The Delay Posting Code is to be entered by the Closing Function.
- (2) This item is not applicable for TEB returns.
- (3) A one position field with values of 1-6. Values indicate the number of cycles (weeks) delayed between posting transactions.

4.5.2.7.1.59
(10-01-2019)
**NOL CF Disallowed
Amount (Item 44)**

- (1) NOL CF Disallowed Amount is to be entered by the Agent.
- (2) Not a valid item for EP BMF Form 5330s or TEB returns.
- (3) This item should be completed if all or part of an NOL Carry Forward year return is not picked-up. If Item 44 is entered, item 45 NOL Indicator is required. If Item 44 is input, DC 02 cannot be entered in Item 13 on Form 5599. NOL CF Disallowed Amount is 1-11 characters. May not be negative or zero. This item is to be included in Item 36, Hash Total.

4.5.2.7.1.60
(10-01-2019)
NOL Indicator (Item 45)

- (1) NOL Indicator is to be entered by the Agent.
- (2) Not a valid item for EP BMF Form 5330s or TEB returns.
- (3) Values are 1, 2, or 3. This item is only used to identify the three types of NOL/ Carry Forward Returns.
 - a. **NOL's Examined:** Enter a "1" in Item 45 for tax periods in which the taxable income line on the Form 1040 or 1120 is less than zero, (i.e., 199712, Form 1120 Line 30).

- b. **Carry Back and/or Carry Forward Tax Periods Related to the NOL:** Enter a "2" in Item 45 for all carry back and/or carry forward tax periods related to the case in which you entered a "1" in Item 45, even if the NOL was examined and the final result was a no change.
- c. **Non-NOL Years Offset by Carry Over:** Enter a "3" in Item 45 for tax periods in which adjustments on the return were offset either in part or full by a carry over if the carry forward year return is not picked-up.

(4) NOL/Related Return Examples:

- a. You made no adjustment to the 199812 NOL, therefore you did not pick up the related years.

199812 Form 5599, Item 44 = leave blank
199812 Form 5599, Item 45 = "1" (NOL year)

- b. You made a \$10,000 adjustment to the 199912 NOL that was carried back to 199712.

199912 Form 5599, Item 44 = leave blank (there was no carry over)
199912 Form 5599, Item 45 = "1" (NOL year)
199712 Form 5599, Item 44 = leave blank
199712 Form 5599, Item 45 = "2" (Related year)
199712 Form 5599, Item 12 = amount of tax assessed on the \$10,000 adjustment

- c. You made a \$140,000 adjustment to the 199712 NOL. You picked-up the carry back years and applied \$20,000 to 199412, \$30,000 to 199512, \$40,000 to 199612 but the \$50,000 for the carry over year could not be applied since the 199812 return was not yet filed.

199712 Form 5599, Item 44 = \$50,000 (captures the carry forward amount disallowed)
199712 Form 5599, Item 45 = "1" (NOL year)
199412 Form 5599, Item 44 = leave blank
199412, 199512, 199612 Form 5599, Item 45 = "2" (Related years)
199412, 199512, 199612 Form 5599, Item 12 = amount of tax assessed on the \$20,000, \$30,000 and \$40,000 adjustments

- d. You made a \$140,000 adjustment to the 199612 NOL. You picked-up the carry back years and carry forward years and applied \$20,000 to 199312, \$30,000 to 199412, \$40,000 to 199512 and \$50,000 to 199712.

199612 Form 5599, Item 44 = leave blank
199612 Form 5599, Item 45 = "1" (NOL year)
199312, 199412, 199512, 199712 Form 5599, Item 44 = leave blank
199312, 199412, 199512, 199712 Form 5599, Item 45 = "2" (Related years)
199312, 199412, 199512, 199712 Form 5599, Item 12 = amount of tax assessed on the \$20,000, \$30,000, \$40,000 and \$50,000 adjustments.

(5) Offset Examples:

- a. The 199712 return showed taxable income of \$75,000 (taxable income before NOLD = \$125,000, NOLD = \$200,000). You made adjustments to 199712 changing taxable income before NOLD to \$175,000. Your \$50,000 adjustment will be totally offset by the NOLD carry over of \$200,000. The 199812 return has not be filed, therefore cannot be

picked-up to adjust the carry over. The 199612 return was examined but no changed.

199712 Form 5599, Item 44 = \$50,000 (Amount of adjustment offset by carry over)

199712 Form 5599, Item 45 = "3" (Offset year)

199612 Form 5599, Item 44 = leave blank

199612 Form 5599, Item 45 = "2" (Related years)

- b. The 199712 return showed taxable income of \$75,000 (taxable income before NOLD = \$25,000, NOLD = \$50,000). You made a \$100,000 adjustment to 199712 changing taxable income before NOLD to \$75,000 that is partially offset by the \$50,000 carry over from 199612. The 199812 cannot be adjusted since it has not been filed.

199712 Form 5599, Item 44 = \$25,000 (NOL C/F amount disallowed) + \$50,000 (offset)

199712 Form 5599, Item 45 = "1" (Both "1" and "3" apply, but "1" always takes precedence).

199712 Form 5599, Item 12 = amount of tax assessed on the \$25,000 adjustment.

- c. The 199612 return showed taxable income of \$75,000 (taxable income before NOLD = \$125,000, NOLD from 199512 NOL carry over = \$200,000). You made a \$50,000 adjustment to 199612 changing taxable income before NOLD to \$175,000. Your \$50,000 adjustment will be totally offset by the 199512 NOL carry over disallowed. Since the 199712 return was adjusted, no entries in the NOL fields are warranted unless the 199512 NOL was examined and the 199612 and 199712 were related to the NOL. Then Item 45 would be "2."

4.5.2.7.1.61
(10-01-2019)
**Credit CF Disallowed
Amount (Item 46)**

- (1) Credit CF Disallowed Amount is to be entered by the Agent.
- (2) Not a valid item for EP BMF Form 5330s or TEB returns.
- (3) This item is used if you made adjustments to a credit that was carried forward but did not pick-up the carry forward year return. Enter the amount of the carry forward that was disallowed. Credit CF Disallowed Amount is 1-11 characters. May not be negative or zero.
 - a. You examined the 199712 return and disallowed the foreign tax credit for \$5,000, \$2,000 of which was carried forward to 199812. You did not pick up 199812, since it had not been filed.

199712 Form 5599, Item 46 = \$2,000

199712 Form 5599, Item 12 = \$3000

4.5.2.7.1.62
(12-09-2021)
CF Credit Type (Item 47)

- (1) CF Credit Type is to be entered by the Aent.
- (2) Not a valid item for EP BMF Form 5330s or TEB returns.
- (3) Enter the type of credit that was disallowed in Item 46. If more than one type of credit was disallowed, enter "M" for multiple. Values are A through Z and their definitions are as follows:

| Value | Credit |
|-------|------------------------------------|
| B | Business Energy Credit |
| D | Development Credit; Research and |
| E | Experimental Credit; Research and |
| F | Foreign Tax Credit |
| H | Historical Restoration Credit |
| I | Investment Tax Credit |
| L | Low Income Housing Credit |
| M | Multiple |
| O | Other |
| T | Tight Formation Gas Credit |
| V | Vehicle Credit; Qualified Electric |

Note: The following CF Credit Type Codes are reserved for future use: A, C, G, J, K, N, P, Q, R, S, U, W, X, Y and Z.

4.5.2.7.1.63
(12-09-2021)

**TE/GE Special Definer
Code (Item 48)**

- (1) A four-digit code to be entered by the Agent.

Note: This code provides additional tracking tools for project codes. A project code can describe the primary compliance initiative for returns; one or more definer codes can identify specific details within the compliance initiative.

4.5.2.7.1.64
(10-01-2019)

**Secondary Business
Code (Item 49)**

- (1) The Secondary Business Code (SBC) is reserved for future use by TE/GE. Must be blank or have an entry of five zeros (i.e., 00000).

4.5.2.7.1.65
(12-09-2021)

**Employee Group Code
(Item 50)**

- (1) The Employee Group Code is to be entered by the Agent.
- (2) The Employee Group Code (EGC) is a four-digit code designating a specific group. An EGC is a required entry on all Examined full closures with the exception of DC 34, Surveyed Claims. The following list identifies the EGCs used by TE/GE:

| Function | Employee Group Codes |
|-----------------|---|
| EP Examinations | 7601-7699 |
| EO Examinations | 7901-7999; and, 7720- 7722, 7724-7729 or 7206 |
| GE Examinations | 7221-7229, 7250-7258 or 7280-7284, 7289, and effective 1/2011 7212-7214 or 7723 |

- 4.5.2.7.1.66
(10-01-2019)
Check Box (Page 1)
- (1) The Check Box is to be completed by the Agent when additional entries are **entered** on Page 2 of the Form 5999.
 - (2) The Check Box alerts the Tax Examiner and Terminal Operators of the completion of the additional items on Page 2.
- 4.5.2.7.1.67
(10-01-2019)
Reviewer/Date (Item I)
- (1) Reviewer/Date is to be entered by the Reviewer.
 - (2) The Reviewer's signature and date must be entered, if the return was reviewed.
- 4.5.2.7.1.68
(10-01-2019)
Tax Examiner (Item K)
- (1) Tax Examiner/Date is to be entered by the Tax Examiner in the Closing Function.
 - (2) The Tax Examiner closing the case who codes, edits, verifies, assembles and sends the case for input through the computer will complete Item K. Item K will include the first initial, last name and may include the unit employee number. The date that the case was completed and sent for input must also be entered.
- 4.5.2.7.1.69
(12-09-2021)
First Time Homebuyer's Credit Reason Code 1
- (1) The First Time Homebuyer's Credit Reason Code 1 is to be entered by the Agent.
 - (2) The credit is valid for 1040's MFT 300 only.
 - (3) No entry can be a duplicate of another as AIMS will reject the closure..
- 4.5.2.7.1.70
(12-09-2021)
First Time Homebuyer's Credit Reason Code 2 (Item 52)
- (1) The First Time Homebuyer's Credit Reason Code 2 and 3 is to be entered by the Agent.
 - (2) The credit is valid for 1040's MFT 30 only.
 - (3) No entry can be a duplicate of another as AIMS will reject the closure..
- 4.5.2.7.1.71
(12-09-2021)
First Time Homebuyer's Credit Reason Code 3 (Item 53)
- (1) First Time Homebuyer's Credit Reason Code 3 is to be entered by the Agent.
 - (2) The credit is valid for 1040's MFT 30 only.
 - (3) No entry can be a duplicate of another as AIMS will reject the closure.
- 4.5.2.7.1.72
(12-09-2021)
Specified Health Insurance Policies Average Number of Lives (SHIP-LIVES) (Item 70)
- (1) The SHIP-LIVE/AMT is to be entered by the Agent.
 - (2) This item is used when updating the average number of lives covered under these health insurance policies or plans. SHIP-Lives (906) is Specified Health Insurance Policies Average Number of Lives covered.
 - (3) The value for the first three-digits is pre-populated with 906 the remaining nine spaces are to be completed by Agent.

- 4.5.2.7.1.73
(12-09-2021)
Applicable Self-Insured Health Plans Average Number of Lives (ASIHP-LIVES) (Item 70)
- (1) The ASIHP-LIVE/AMT is to be entered by the Agent.
 - (2) ASIHP-LIVE (907) is applicable Self-Insurance Health Plans Average number of lives covered.
 - (3) The value for the first three-digits is pre-populated with 907 the remaining nine spaces are to be completed by Agent.
- 4.5.2.7.1.74
(12-09-2021)
Specified Health Insurance Policies Average Number of Lives (SHIP-LIVES-OCT) (Item 70)
- (1) The SHIP-LIVE-OCT is to be entered by the Agent.
 - (2) This item is used when updating the average number of lives covered under these health insurance policies or plans after October 1, 2015 and before October 1, 2016 and in subsequent years.
 - (3) The value for the first three-digits is pre-populated with 908 the remaining nine spaces are to be completed by Agent.
- 4.5.2.7.1.75
(12-09-2021)
Applicable Self-Insured Health Plans Average Number of Lives (ASIHP-LIVES-OCT) (Item 70)
- (1) The ASIHP-LIVE-OCT is to be entered by the Agent.
 - (2) This item is used when updating the average number of lives covered under these health insurance policies or plans after October 1, 2015 and before October 1, 2016 and in subsequent years.
 - (3) The value for the first three-digits is pre-populated with 909 the remaining nine spaces are to be completed by Agent.
- Note:** The SHIP-AMT and ASIHP-AMT are overlay informational fields and do not adjust up and down. When adjusting the count fields you must overlay the amount field with the new total number of lives regardless of previous adjustments.
- 4.5.2.7.1.76
(12-09-2021)
CIC (Coordinated Industry Case) Case (Item 400)
- (1) The CIC Case is to be entered by the **GE** Agent.
 - (2) Not a valid item for EP BMF Form 5330s.
 - (3) **For EP (5500 Returns), TEB, FSLG and ITG** - If the examination is a large case examination, a "L" should be entered. This entry is valid only in the area having primary responsibility for a large case examination.
- 4.5.2.7.1.77
(12-09-2021)
Whipsaw Indicator (Item 401) (GE Only)
- (1) The Whipsaw Indicator is to be entered by the Agent.
 - (2) This item is not applicable for TEB returns.
 - (3) Where the Government's interest is being protected by making the same adjustment against the same taxpayer for different tax periods, or against two or more taxpayers, an alpha indicator (K = Key Case, R = Related Case) must be entered to identify the case as a Whipsaw case.
 - (4) If there are additional issues on the return that have been adjusted, the indicator should be used only if the majority of the adjustments were due to the whipsaw.

4.5.2.7.1.78
(12-09-2021)

**International Examiner's
Time (Item 402) (GE
Only)**

- (1) The International Examiner's Time is to be entered by the Agent.
- (2) This item is not applicable for TEB returns.
- (3) Enter the percentage of the total time (reported in Item 28) that represents the International Examiner's time.

Example: The total time spent on the case (including the international examiner's time) is 125 hours. The international examiner spent 15 hours on the case, therefore the entry in this field should be 12 ($15/125=12$).

- (4) Do not include the international examiners time spent on Revenue Base Protection issues in this calculation.

4.5.2.7.1.79
(12-09-2021)

**International Exam
Results (Item 403) (GE
Only)**

- (1) The International Exam Results is to be entered by the Agent.
- (2) This item is not applicable for TEB returns.
- (3) Enter the percentage of the exam results (agreed and unagreed) that is due to the international examiners involvement.

Example: Exam results is \$10,000. The portion attributable to the international examiner is \$1,500, therefore the entry in this field should be 15 ($1,500/10,000=15$).

- (4) Do not include Revenue Base Protection results due to the international examiner.

4.5.2.7.1.80
(12-09-2021)

**Abstract Information
(Item 404) (GE Only)**

- (1) Abstract Information is to be entered by the **GE** Agent.
- (2) This item is not applicable for TEB returns.
- (3) When a Form 720 is established on AIMS, the database contains only one abstract code which is located in the activity code field. All activity codes that were examined must be entered in Item 404.
- (4) Entries for the total time spent on the case and all assessments are made on the front of the Form 5599.
- (5) Entries for AIMS statistical reporting purposes are made in Item 404a-404d on the back of the form.

4.5.2.7.1.80.1
(12-09-2021)

**Abstract Code (Item
404a) (GE Only)**

- (1) Abstract Code is to be entered by the **GE** Agent.
- (2) This item is not applicable for TEB returns.
- (3) Enter the abstract code for each abstract that was examined.
- (4) Never enter an abstract code that was "no changed" as the first abstract code unless it is the only code examined. If entered incorrectly, the case will appear on the DCC accomplishment error register.

- 4.5.2.7.1.80.2
(12-09-2021)
Disposal Code (Item 404b) (GE Only)
- (1) Disposal Code is to be entered by the **GE** Agent.
 - (2) This item is not applicable for TEB returns.
 - (3) Enter the appropriate disposal code for each abstract code examined.
 - (4) Never enter a “no change” disposal on the first line unless it is the only abstract examined.
- 4.5.2.7.1.80.3
(12-09-2021)
Abstract Time (Item 404c) (GE Only)
- (1) Abstract Time is to be entered by the **GE** Agent.
 - (2) This item is not applicable for TEB returns.
 - (3) Enter the time charged to the examination for each abstract code examined.
 - (4) The total of all Item 404c entries must total the amount entered in Item 28.
- 4.5.2.7.1.80.4
(12-09-2021)
Abstract Examination Results (Item 404d) (GE Only)
- (1) Abstract Examination Results is to be entered by the **GE** Agent.
 - (2) This item is not applicable for TEB returns.
 - (3) Enter the tax adjustment amount for each abstract code entered.
 - (4) The total of all Item 404d entries must equal the total of the computer generated Examination results.
- 4.5.2.7.1.80.5
(10-01-2019)
Flip-Flop Issue (Items 404a-d) (GE Only)
- (1) This item is not applicable for TEB returns.
 - (2) When a taxpayer has reported an excise tax under an incorrect abstract number, TE/GE will adjust the excise tax to report it under the proper abstract. In such cases, there will be no additional tax that is assessed. These offsetting adjustments are closed with DC 01. Item 15 will reflect the decrease (-) to the incorrect abstract number and the corresponding increase (+) to the correct abstract, Item 404a-c will reflect the abstract codes, disposal code and abstract time for each abstract reflected in Item 15. However, the exam results entered in Item 404d is zero. Zero abstract results are entered because the Item 404 results must equal the Exam Results which in flip-flop cases are zero.
- 4.5.2.7.1.80.6
(10-17-2016)
Multiple Abstracts Examined (GE Only)
- (1) This item is not applicable for TEB returns.
 - (2) Below are procedures for processing returns with multiple abstract codes:
 - a. **No Change Abstract** - If multiple abstract codes are examined and one is a “no change”, do not list the “no change” code first. If the disposal code entered in Item 13 is greater than 02, the case will appear on the accomplishment error Register.
 - b. **More Than 9 Abstracts** - If more than 9 abstract codes are examined, attach additional Forms 5599 necessary.
 - c. **Revenue Base Protection** - If the examination include RBP, the RBP time and dollars protected must be entered on the front of the Form 5599. This figure must represent the total RBP time and RBP dollars protected for all abstract Codes. The Item 404 entries must NOT include RBP figures.
 - d. **Secured Delinquent Return** - Effective January 1, 1999, Item 404 must not include the amount of the delinquent return. The entire amount of the

delinquent return secured by GE and forwarded to the Campus Center for processing must be entered in Item 414.

4.5.2.7.1.81
(12-09-2021)

**Related Return
Information Section (GE
Only)**

- (1) This item is not applicable for TEB returns.
- (2) The Related Return Information Section is to be completed by the **GE** Agent.
- (3) Required entry for all examined returns worked by Agentss in a 72XX Organization Code. The information entered **must** be from the primary return which is the initial return that started the examination.
- (4) If several returns were assigned initially, the Examiner will designate one return as primary.
- (5) An audit label may be used, but the name control must be lined out and Item 408 entered separately.
- (6) Missing or conflicting information will cause a terminal reject.

4.5.2.7.1.81.1
(10-01-2019)

**Primary Return Entries
(GE Only)**

- (1) Only Item 408 needs to be completed.
- (2) This item is not applicable for TEB returns.
- (3) Enter "P" in Item 408. The computer will generate the primary return information from the front of the Form 5599.

4.5.2.7.1.81.2
(10-17-2016)

**Related Return Entries
(GE Only)**

- (1) This item is not applicable for TEB returns.
- (2) Item 405 is for Primary-Return-TIN of primary return.
- (3) Item 406 is for Primary-Return-MFT of primary return.
- (4) Item 407 is for Primary-Return-Tax Period of primary return.
- (5) Item 408 is for Related Return Alpha Code of "S".

4.5.2.7.1.82
(12-09-2021)

**Installment Agreement
Code (Item 412) (GE
Only)**

- (1) If there is an installment agreement, this code should be entered by the **GE** Agent.
- (2) This code is not applicable for MFT 46 cases.
- (3) Select the code based on whether an installment agreement was secured.

| Code | Definition |
|------|-----------------------------------|
| "I" | Installment agreement received |
| "C" | Coordinated with Collection |
| "N" | No installment agreement received |

4.5.2.7.1.83
(09-26-2014)

**Delinquent Return
Amount (Item 414)**

- (1) Delinquent Return Amount is to be entered by the Agent.
- (2) In order to capture accurate results when TE/GE secures delinquent returns, a separate field has been initiated. Previously this amount was entered in the dual-purpose field, Item 34, Adjustment Amount. Effective January 1999, Item 34 will be used to reflect adjustments to non-taxable returns **only**. Item 414 will be used for delinquent returns secured by TE/GE.
- (3) For taxable returns, the amount entered in Item 414 must reflect the balance due or refund amount per the return that was forwarded to the Campus Center for posting of the TC 150. If this amount is zero, enter a \$1 in this field.
- (4) For EP taxable returns, i.e., Form 5330s, the amount entered in Item 414 must reflect the tax and penalties that were assessed after the return was forwarded to the Campus Center. Zero is an invalid entry.
- (5) For non-taxable returns, enter the amount in Item 414 of the ordinary net income/loss or special allocation items per return forwarded to the Campus Center for posting of the TC 150. If this amount is zero, enter a \$1 in this field.
- (6) If Item 414 is entered, Item 37-Delinquent Return Code must also be entered and vice versa.
- (7) If Item 414 is entered, Item 13-Disposal Code must **not** be 02 (No Change) or 34 (Surveyed Claim).
- (8) Item 414 can be corrected by using CC AMAXUO.
- (9) If there is no balance due/refund due or no change to income/loss, enter a \$1 in Item 414.
- (10) The delinquent return amount will no longer be included in "Exam Results." It will appear in a separate column of the AIMS reports.

4.5.2.7.1.84
(12-09-2021)

**Amended Return
Amount (Item 415)**

- (1) Amended Return Amount is to be entered by the Agent.
- (2) In the past, if a taxpayer filed an amended return with the Service Center, even if it was due to an ongoing examination, TE/GE could not take credit for the adjustment. To accurately capture the Agents' efforts, a new Item 415 has been initiated. This entry is only valid if MF shows that the examination was started before the taxpayer filed the amended return or an original return, if the TC 150 is a Substitute for Return (SFR). Enter the amount of the TC 29X that has posted to MF, if the return was filed as a result of an ongoing examination. A current transcript must be included in the case file supporting the amount entered in Item 415. The TC 42X date must be prior to the TC 29X date.
- (3) For taxable returns, enter the amount of the TC 29X, less any credits posted. In most cases this is the balance/refund due.
- (4) For non-taxable returns, enter the adjustment amount to income/loss.
- (5) Item 415 can be corrected by CC AMAXUO.

4.5.2.7.1.85
(12-09-2021)

**Fax Agreement Indicator
(Item 416)**

- (1) Fax Agreement Indicator is to be entered by the Agent.
- (2) This item is not applicable for TEB returns.

- (3) If the taxpayer faxed the agreement to the Agent, enter a "1". Otherwise, leave this item blank.

4.5.2.7.1.86
(09-26-2014)

3121q Amount (Item 418)

- (1) 3121q amount is entered by the Agent, **Effective 01/01/06**.
(2) This item is valid only for 941 returns.

4.5.2.7.1.87
(12-09-2021)

IRC Subsection (Item 702) (EO Only)

- (1) The IRC Subsection is to be entered by the EO Agent.
(2) Not a valid item for EP BMF Form 5330s or GE returns.
(3) Enter the appropriate two-digit code. If an IRC Subsection does not apply, leave this item blank. Refer to Document 6379, Exempt Organizations Management Information Systems Codes when Item 702 is a required entry.

4.5.2.7.1.88
(12-09-2021)

Asset Code (Item 703) (EO Only)

- (1) The Asset Code is to be entered by the EO Agent.
(2) Not a valid item for EP BMF Form 5330s or GE returns.
(3) Entry is valid for 990PFs (MFT 44) **only**, in all other instances, leave this item blank. Refer to Document 6379, Exempt Organizations Management Information Systems Codes for the appropriate asset amount codes.

4.5.2.7.1.89
(12-09-2021)

Related Return (Item 704) (EO Only)

- (1) Related Return is to be entered by the EO Agent.
(2) Not a valid item for EP BMF Form 5330s or GE returns.
(3) When closing a 990T account related to a 990 examination, enter a "1." When closing a 990T account related to a 990PF examination, enter a "2." In all other instances leave blank.

Reminder: Item 704 is required if the MFT is 34.

4.5.2.7.1.90
(12-09-2021)

Additional EO/GE Examined Closing Information

- (1) The Additional EO/GE Examined Closing Information is to be entered by the EO or GE Agent.
(2) Not valid for EP BMF Form 5330s.
(3) Complete for the primary return **only**.

Caution: It is imperative that the Agent enters this additional closing information. The information is extracted from BMF for quarterly, semi-annual and annual TE/GE Summary of Changes in Tax Liability and Penalty Assessment reports. Failure to enter this information will result in incorrect statistics reported to Headquarters.

4.5.2.7.1.90.1
(10-01-2019)

Liability Related (Item 706)

- (1) Enter the tax liability from delinquent return(s) secured during the examination, i.e., Item 414, per the delinquent return closing document. If delinquent return(s) were not secured, or if liability is not reported, leave blank.
(2) Do not include the deficiency from previously filed return(s).

4.5.2.7.1.90.2
(10-01-2019)

Liability Converted (Item 707)

- (1) Enter the tax liability determined from the conversion of Form(s) 990 or 990PF to Form(s) 1041 or 1120. If:
 - a. Form(s) were not converted.
 - b. If the informant necessary to make the determination was not available.
 - c. Liability was not determined, leave blank.
- (2) When EO Forms are converted to Form 1041 or Form 1120, SB/SE, W&I or LB&I Division should be notified. Use Form 5666, TE/GE Information Report, for this purpose.

4.5.2.7.1.91
(12-09-2021)

Analysis of Change in Tax Liability (Items 708-739)

- (1) The Analysis of Change in Tax Liability items are to be entered by the EO or GE Agent.
- (2) Not valid for EP BMF Form 5330s.
- (3) Complete for the Primary Return ONLY.
- (4) **GE** - In Items 721-724, enter the change in tax liability resulting from the examination. For a non-tax issue or a "No Change" closing, leave these items blank.
- (5) **EO** - On the appropriate line(s), enter the change in tax liability resulting from the examination. For a non-tax issue or a "No Change" closing, leave Items 708 through 721 and 728 through 731 blank.
- (6) For Form 4720 complete the following, if applicable:
 - a. Item 708, IRC Section 4911(a)/Section 4912(a) 4912(b)- enter the deficiency or overassessment.
 - b. Item 710, IRC Section 4941/Section 4951 - enter the initial deficiency or overassessment.
 - c. Item 711, IRC Section 4941/Section 4951 Additional - enter the additional deficiency.
 - d. Item 712, IRC Section 4942(a) - enter the initial deficiency or overassessment.
 - e. Item 713, IRC Section 4942(a) Additional - enter the additional deficiency.
 - f. Item 714, IRC Section 4943(a) - enter the initial deficiency or overassessment.
 - g. Item 715, IRC Section 4943(a) Additional - enter the additional deficiency.
 - h. Item 716, IRC Section 4944 - enter the initial deficiency or overassessment.
 - i. Item 717, IRC Section 4944 Additional - enter the additional deficiency.
 - j. Item 718, IRC Section 4945/Section 4952 - enter the initial deficiency or overassessment.
 - k. Item 719, IRC Section 4945/Section 4952 Additional - enter the additional deficiency.
 - l. Item 728, IRC Section 4958(a) - enter the initial deficiency or overassessment.
 - m. Item 729, IRC Section 4958(a) Additional - enter the additional deficiency.
 - n. Item 730, IRC Section 4955 - enter the deficiency or overassessment.
 - o. Item 731, IRC Section 4955 Additional - enter the additional deficiency.
 - p. Item 473, IRC Section 501(r)(3)- Excise Tax.
- (7) For Form 990PF complete the following, if applicable:

- a. Item 709, IRC 4940 - enter the deficiency or overassessment.
- (8) For Form 990BL complete the following, if applicable:
 - a. Item 710, IRC 4941/IRC 4951 - enter the initial deficiency or overassessment.
 - b. Item 711, IRC 4941/IRC 4951 Additional - enter the additional deficiency.
 - c. Item 718, IRC 4945/IRC 4952 - enter the initial deficiency or overassessment.
 - d. Item 719, IRC 4945/IRC 4952 Additional - enter the additional deficiency.
- (9) For Form 990T complete the following, if applicable:
 - a. Item 720, enter the deficiency or overassessment.
- (10) For Form 940, Form 941, Form 942, Form 943, Form 945, Form CT-1, Form CT-2 or Form 1042, complete the following, if applicable:
 - a. Item 722, enter the deficiency or overassessment.
- (11) For IRC Section 507, Termination Tax, complete the following, if applicable:
 - a. Item 723, enter the amount of tax imposed.
- (12) For IRC Section 527, Political Activity, complete the following if applicable:
 - a. Item 724, enter the tax imposed (Form 1120-POL Tax).
- (13) For IRC Section 6684, Penalty, complete the following, if applicable:
 - a. Item 725, enter the penalty imposed here and on Form 4881.
- (14) For Penalty (Other), complete the following, if applicable:
 - a. Item 726, enter the penalty imposed by any other code section.
- (15) For Fair Market Value Property (Result of Corrections) complete the following, if applicable:
 - a. Item 727, enter the fair market value of any property recovered by the private foundation as a result of the correction of any Chapter 42 violations.
- (16) For IRC Section 6652(c)(1)(A)(i), Failure to File Return
 - a. Item 732, enter the amount of the penalty imposed.
- (17) For IRC Section 6652(c)(1)(a)(ii), Failure to include required information on return.
 - a. Item 733, enter the amount of the penalty imposed.
- (18) For IRC 6652(c)(1)(B), Penalty on Manager for failure to file return/failure to include required information.
 - a. Item 734, enter the amount of the penalty imposed.
- (19) For IRC 6652(c)(1)(C), Failure to disclose annual return for public inspection.
 - a. Item 7356, enter the amount of the penalty imposed.

- (20) For IRC Section 6652(c)(1)(D), Failure to disclose application for exemption for public inspection.
 - a. Item 737, enter the amount of the penalty imposed.
- (21) For IRC Section 6685, Penalties
 - a. Item 737, enter the amount of the penalty imposed.
- (22) For IRC Section 170(f)(10), Excise Tax
 - a. Item 738, enter the amount of the tax imposed.
- (23) For IRC Section 6033(e)(2), Income Tax
 - a. Item 739, enter the amount of the tax imposed.
- (24) Item 740, Section 4965 Excise Tax.
- (25) Item 741, Section 4966 Excise Tax.
- (26) Item 742, Section 664(c)(2) Excise Tax.

4.5.2.7.1.92
(12-09-2021)
Comments Section

- (1) The Comments Section will be completed by the EP, EO or GE Agent.
- (2) Cases having related returns will be identified by the EP, EO or GE Agent by writing "Related Case" in the "Comments" area. In addition, the name, EIN, and the return form number of the related case will be shown. Other pertinent information related to the case maybe entered in the "Comments" area, space permitting.

4.5.2.8
(10-01-2019)
**Reinputting Form 5599,
CC TERUP/QRANC**

- (1) **Reinputting the long closing (CC AMCLSO)** - Since the case is in Status Code 90, the following steps are required in order to reinput a long closing, CC AMCLSO, that was deleted by a CC TERUP/QRANC.
 - a. The TC 300 Indicator must be reset to a "5" using CC AMAXUO.
 - b. CC AMCLSU must be input with the correct amounts. CC AMCLSU will subtract the "LAST AMT PUT IN CUM" amount from the results and add to results the new amount input.
- (2) **Reinputting the partial assessment (CC AMCLSF)** - The following steps are required to reinput a partial assessment that was deleted by a CC TERUP/QRANC.
 - a. Enter another CC AMCLSF with amounts necessary to reverse the deleted **AMCLSF IMMEDIATELY FOLLOWED BY CC TERUP**. This is necessary to correct the "LAST AMT PUT IN CUM FIELD."
 - b. Enter another CC AMCLSF with the correct amounts. This will correct AIMS and update MF.

4.5.2.9
(10-01-2019)
**Assembly of Case Files
for Terminal Input**

- (1) This section provides instructions for assembly of TE/GE Examined and Non-Examined case files before being routed to the terminal area for input.

4.5.2.9.1

(09-26-2014)

**Preparation of the
Examined Case Package**

- (1) Once the required information has been entered on Form 5599, the case file must be assembled and routed to the terminal area for input. Arrange the case as follows:

- a. Form 5599 on top - If a prior audit or adjustment occurred, staple the Form 5599 to the back of the current Form 5599.

Note: FOR EO ONLY Fold Form 5599 in half and staple to the first page of the original return, BRTVU, RTVUE or TRDPG.

- b. Original return or a CC BRTVU (BMF), CC RTVUE (IMF), CC ERTVU (EPMF) (if case is a EP BMF Form 5330 or a flow-through discrepancy adjustment) or CC TRDBV (EP/EO/GE) print.
- c. If an amended or duplicate return is included in the case file, staple the amended or duplicate to the back of the original return or the CC BRTVU, RTVUE, or ERTVU print.
- d. Attach payment vouchers to the applicable original return or the CC BRTVU, RTVUE, or ERTVU print.
- e. Attach Form 2848, Power of Attorney and Declaration of Representative (POA), or Form 8821, Tax Information Authorization (TIA), to the backside of the first page of the applicable original return or the CC BRTVU, RTVUE, or ERTVU print.
- f. Form 5546, Examination Return Charge Out, if present. If Form 5546 is not available, a CC AMDIS print should be attached.

Note: FOR EO ONLY CC AMDIS print is assembled with the transcripts.

- g. Closing Examination Report showing signature or payment. In multiple year examinations, a copy of the closing examination report is to be included in each case file for every year examined. Multi-year Statutory Notices of Deficiency should also be included in each case file for every year examined. If a prior audit or adjustment occurred, the most current report should be on top. All work papers are to face the opposite way of the return and should be placed last in the assembly unless a Form 3198-A is present.

Note: FOR EO ONLY Work papers stay face up.

- h. Correspondence in date order with most current date on top.
- i. No Change Letter - Case copy, if applicable.
- j. Transcripts.

- (2) Remove unnecessary fasteners, rubber bands, paper clips, staples, duplicate of any documents, or correspondence and excess printouts, labels or transmittals. Any item containing taxpayer information that must be disposed of must be treated as classified waste.

4.5.2.9.2

(10-01-2019)

**Preparation of the
Non-Examined Case
Package**

- (1) The return is to be face up.
- (2) All work papers are to face the opposite way of the return.
- (3) Form 5596, Form 5570 or Form 5546 is to be on top of the work papers of Form 1900, Income Tax Survey After Assignment.
- (4) Unless it is a RICS return, do not close copies of surveyed returns; they cannot be closed as a non-examined closing because they must be returned to the originator's function.

- (5) Form 5546, Examination Return Charge-Out document (if present) or an AMDIS print, must be verified for accuracy against the information on the original return as follows:
 - EIN/SSN
 - MFT
 - Year
 - Plan Number
 - DLN
 - Name of Taxpayer
- (6) After all verification is completed, and Form 5546 and the original return are consistent, line through the DLN on the original return. When the case file is closed off of AIMS a Form 5147 will be generated at the Campus Center with a renumbered DLN.
- (7) The bottom of Form 5596, Form 5570 or Form 5546 is to be initialed and dated by the Tax Examiner before closing off the AIMS data base.

4.5.2.9.3
(12-10-2018)

Electronic Case Closing

- (1) Surveys of returns no longer require a paper file as RCCMS has been enhanced to process the closing action directly to AIMS.
- (2) If the group manager and agent elect to process a survey as a completely electronic file, a notation should be made in the Message screen and in the Compliance screen in RCCMS that the case is fully electronic.
- (3) If the manager and agent elect to not process a survey as a completely electronic file, printed paper copies of the following documents must be included in the case file when the case is closed from the group to ESSP:
 - a. Form 5596
 - b. The return being surveyed

Note: Any surveyed return will be stamped with a “Closed Survey After Assignment” stamp or a “Closed Survey Before Assignment” and must be signed by the agent and the group manager approving the survey. Do not stamp an original filed return; instead made a copy of any original return and stamp the copy.

4.5.2.10
(12-09-2021)

**Special Handling
Procedures for TE/GE
Returns**

- (1) Several special handling procedures require the use of Form 3198–A, TE/GE Special Handling Notice and/or Form 13133, Expedite Processing Cycle. Form 3198–A and Form 13133 are used on various kinds of cases when they are closed. When a case is received in the Closing Function with a special handling notice attached, it is reviewed separately to determine what special action must be taken on the closing (i.e., Delinquent Return, etc.). Refer to IRM 4.5.2.10 for special handling procedures.

4.5.2.11
(12-10-2018)

**Corrections to Records
Closed in a Prior Fiscal
Year**

- (1) In order to allow the official systems of records (AIMS) to be as accurate as possible, there is an extension of the correction capability for two additional reporting cycles (October and November) after the close of the fiscal year. During this time period, records that failed the computer validity and consistency checks which appear on the Accomplishment Error Registers and records entered incorrectly can be corrected.
- (2) AIMS records cannot be corrected after the extended fiscal year has ended.

4.5.2.12

(09-26-2014)

Error Accounts with No Return

- (1) DC 33 should be used to close AIMS accounts established in error, including RICS selections, where the filed return has not been secured. Supervisory approval, along with the Area Manager (or AIMS Coordinator) signature is required before a TE/GE account may be closed with DC 33 - Error Account With No Return. This approval will be indicated by the Supervisor's and Area Manager's (or AIMS Coordinator) signature and date entered on TE/GE Form 5596 or Form 5546. The signature and date **must** be entered in the bottom margin of the form. When the account is received in the Closing Function, the AIMS Coordinator must also approve closing AIMS accounts using DC 33, prior to terminal input.
- (2) Form 10904, Request for Record Deletion from AIMS/ERCS, may also be used to close an account with a DC 33. Supervisory approval, along with the Area Manager (or AIMS Coordinator), signature is required before a TE/GE account may be closed with DC 33. This approval will be indicated by the Supervisor's and Area Manager's (or AIMS Coordinator) signature and date enter in the applicable items on Form 10904. When the account is received in the Closing function, the AIMS Coordinator must also approve closing AIMS accounts using DC 33, prior to terminal input.

Note: RCCMS only closures do not require a Form 10904. Provide necessary documentation such as AMDISA indicating record not available and the correct EIN for deletion to confirm account is not on AIMS.

- (3) Closings initiated at the Group level require the approval of the Group Manager. Closings initiated in the Classification Function require the approval of the Manager or designee. Closings initiated in the Closing Function requires managerial approval.
- (4) Unless instructions provide otherwise, these forms will be retained in the Closing Function. Forms will be retained in a searchable manner for one year following terminal input and will be disposed of in accordance with IRM 1.15.2, Records Disposition Handbook. At the option of the TE/GE Director of the Business Unit, arrangements may be made to have the forms numbered and closed to the Campus Center for retention. Either Appeals or the Closing Function will close Form 5570, Appeals Short Closing.

4.5.2.13

(12-09-2021)

Cases to Appeals

- (1) If the taxpayer or Power of Attorney (POA) files a valid timely protest to appeal the issues reflected in the 30-Day Letter, the agent will evaluate any new facts or arguments presented and prepare a revised RAR rebutting, if applicable, the new information and position.

Note: Provide the revised RAR to the taxpayer and POA, if applicable, under an individually-designed cover letter explaining the purpose of the revised RAR and the current case status (being processed to Appeals).

- (2) If the protest does not alter the original conclusion, the agent will:
 - a. Review the protest letter received from the taxpayer or POA to ensure that it is a valid protest and notify the group manager (or designee) that a protest was received.

Note: The elements needed for a valid protest are contained in Pub 1020.

- b. All cases moving to Appeals require a minimum of 12 months (365 days) remaining on the statute of limitations when the case is received in Appeals.
- c. Update the RAR to address the protest and send a copy to the taxpayer and POA, if applicable.
- d. Complete the Appeals routing slip (Form 1725) for the case to go to the Independent Office of Appeals in Fresno, CA (Office Code 193). See IRM 4.71.14 Exhibit 11 at IRM 4.71 - Employee Plans Examination Exhibits for an example of Form 1725 for a case going to Appeals.

Note: Appeals centralized where appeals cases should go (if no paperless process exists) for examination (non-collection) cases, it is Fresno, CA. TEGE cases will also be sent to Appeals electronically via RCCMS.

- e. Complete Form 3198-A selecting the box, "Forward to Appeals".
- f. Save all of the prepared forms and letters in the RCCMS Office Documents folder using the RCCMS Naming Convention, see IRM 4.71.1 Exhibit 2 at IRM 4.71 -Employee Plans Examination Exhibits.
- g. Assemble the case file in accordance with IRM 4.71.12, Case File Assembly.

Note: Whistleblower/ICE indicators on cases. There should be a Form-3198 on the case identifying it as a whistleblower. Check AMDISA for ICE -IND>1 prior to sending case to Appeals. The Auditor/Revenue Agent needs to complete Form 11369 prior to sending the case to appeals. Auditor/Revenue Agent will have to complete Form 11369 and submit it with a copy of audit summary report and the Form 211 and attachments to the Whistleblower (WB) Office Contact person of that claim to get the ICE indicator changed, so you can close the RCCMS account. Then Auditor/Revenue Agent will have to send an e-mail to the WB Office contact person and request them to change the ICE indicator so you can close your case. The WB Office is the only one who can change the ICE indicators.

Exhibit 4.5.2-1 (09-26-2014)**MF Sorting and Blocking for Document Code 47**

| Adjustment Form Number | Disposal Codes | Original or Copy of Return | Non-TEFRA Block Number | TEFRA Block Number |
|-------------------------------|--|---|-------------------------------|-------------------------------|
| 5599, 5650 | 01-06, 08-10, 12-19, 34, 50- 51, 52-55, 56, 58-61 | Original & Copy BRTVU/ERTVU/RTVUE | 000-079 900-979 300-349 | 080-099 980-999 200-249 |
| | 07, 11 with AOC | Either | 100-179 | 180-199 |
| | Partial Assess- ment | No Return | 100-179 | 180-199 |
| 5596, 5546, 5881 | 20-22, 25, 26, 30-32, 35, 36, 40, 45, | Original | 600-679 | 680-699 |
| | 29, 33, 99 | No Return | 100-179 | 180-199 |
| | @ All non- examined DC's | BRTVU/ERTVU/RTVUE | 250-299 | 250-299 |
| 5403 | 01, 03 01, 03 Partial Assess- ment | Original & Copy No Return | 700-749 790-799 780-789 | 750-759 760-769 |
| 5570 | 30-45 | Either | 700-799 | 780-789 |

| Symbol | Directions |
|---------------|---|
| * | Use an original return blocking series for electronically filed returns, and cases in which the TC 150 is an SFR/Dummy TC 150. The original return blocking series is necessary since there is not a paper original return for either of these type cases. If the copy blocking series is used, a CP notice will be generated instructing Files to pull the original return and associate it with the examined closing which is inapplicable. |
| @ | Refer to Documents 6379, 6476 and 11308 for a list of non-examined disposal codes. |
| & | The copy blocking series will generate a CP notice instructing Files to pull the original return and associate it with the examined copy. |
| + | This blocking series will not generate a refile DLN therefore the original return will remain filed under the DLN that contains the "X." |
| \$ | This blocking series will generate a refile DLN but will NOT generate a CP notice to pull original return and associate it with the examined copy. In most cases, the original return will remain filed under the TC 150 DLN. |
| Note: | (1) Non-examined closings with returns (DC's other than 01-19, 34 or 50-55(EO & GE)) are numbered in the 650-699 series. Non-examined closing without returns, i.e., DC's 29, 33 or 99 will be numbered in the 1NN series (it is not necessary to send closings without returns to Accounting for NMF indexing.) |

Exhibit 4.5.2-1 (Cont. 1) (09-26-2014)**MF Sorting and Blocking for Document Code 47**

| Symbol | Directions |
|--------|---|
| | (2) For Forms 5570, Appeals Short Closings, assign a block number in the 700-799 series manually. |
| | (3) Long closings to Appeals will be numbered in the 100-199 blocking series. |
| | (4) NMFT = * - there is no specific MFT Code relating to these form numbers. |

See Exhibit 4.5.2–1 for DOC Code 47 Blocking Series.

Exhibit 4.5.2-2 (09-26-2014)**TE/GE Penalty Reason Codes**

| Reason Code | Definition |
|--------------------|---|
| 15 | Decrease to FTD penalty based on designation of deposits |
| 21 | Penalty abated due to LEM Tolerance. |
| 22 | Taxpayer exercised ordinary business care and prudence/first time filer noncompliance. Automatic abatement of penalties due to a decrease in tax as in failure to file penalty. |
| 23 | Relied on practitioners erroneous tax advice or relied on third party who failed to meet the requirement to file/pay/deposit. |
| 24 | Death or illness in immediate family or party responsible for filing/paying/depositing. |
| 25 | Records inaccessible, damaged, destroyed, or lost. |
| 26 | Unavoidable absence of party responsible for filing return. |
| 27 | Post office did not deliver timely or mailed to other taxing agency with extenuating circumstances/relied on erroneous data for other federal/state agency (SSA W-2s). |
| 28 | Disaster area. |
| 29 | Undue economic hardship/inability to pay. |
| 30 | Other reasonable cause. |
| 31 | Erroneous oral advice from the Service. |
| 32 – 39 | Reserved, but valid. |
| 40 | Abatement by Appeals (Hazard) |
| 41 | Penalty Sustained by Appeals |
| 42 | Partial Penalty Sustained by Appeals |
| 43 | Administrative Waiver |
| 44 | Legislative Waiver |
| 45 | Other |
| 46 | Y2K Penalty Relief |
| 50 | User Fee Reversal |
| 62 | Reasonable Cause |
| 68 | FTD Penalty abated per EFTPS/FTD refund program |
| 71 | 990–PF Reasonable cause — 90 days after receipt of determination letter |
| 72 | Membership Foundation exercised normal care and prudence |
| 73 | Membership Foundation no full time employees for administering finances; no late filing |

Exhibit 4.5.2-3 (09-26-2014)**Priority Codes (Item 09, Form 5599)**

| Priority Code | Definition |
|---------------|--|
| 1 | Use Priority Code 1 to allow TC 30X to post when an amended or duplicate return freeze condition exists at MF. Be sure the adjustment will not create a duplicate refund or assessment. Terminals will not accept closings when an amended or duplicate return freeze exists unless Priority Code 1 is present. The amended return should be in the case file. |
| 2 | Use Priority Code 2 to override the unpostable condition that normally occurs when the settlement amount does not match the tax liability amount. (For examination documents blocked in the 900–999 series.) |
| 3 | Use Priority Code 3 to bypass an unpostable condition caused by an amended return freeze and settlement amount. (Used when both PC 1 and PC 2 are required to post the examination adjustment.) |
| 4 | Use Priority Code 4 to allow an examination partial assessment to post when an amended return freeze exists at MF. (For examination documents blocked in the 1XX, 10X, or 18X series.) |
| 5 | Causes IMF or BMF MCC posting process to generate and post assessments (or abatements) of accrued unrestricted FTP penalty and/or interest. May be used with TC 290/300 for any amount and in combination with other Transaction Codes. |
| 8 | Use Priority Code 8 to bypass the unpostable conditions that occur when the adjustment is within \$10 of a previously posted adjustment (UPC 158 or 328.) Also, use PC 8 if there is a TC 295 on the module that is being recaptured with a TC 300. |
| | Use Priority Code 8 when the adjustment contains Credit Reference Number 764 (Earned Income Credit) and there is a TC 290 in the module (UPC 180). |
| | Use Priority Code 8 when the adjustment contains Credit Reference Number 806 or 807 and no TC 17X, when the module contains a significant TC 170/171 (UPC 158). Use Priority Code 1 if both PC 1 and PC 8 are required to adjust an account. |
| * | The computer will automatically compute the estimated tax if the only TC 17X on the module is a TC 176/177. Priority Code 8 is not required. |
| 9 | Use if an agreement date is entered and push code 036 is on the module. This prevents the agreement date from going to Master File; therefore interest will be computed correctly. Use when inputting a return or adjustment, if the module contains an SFR to compute FTP from the return due date. |

Exhibit 4.5.2-3 (Cont. 1) (09-26-2014)
Priority Codes (Item 09, Form 5599)

| Priority Code | Definition |
|---------------|---|
| | <p>For MFT 31 use to bypass UPC 168 with TC 30X and reference numbers 765, 767 and 807. If the MFT 31 module contains a TC 150 SFR, will compute FTP from return due date. For additional information See IRM 20.1.2.2.10, Penalty Handbook, Failure to File/Failure to Pay Penalties, Substitute for Return IRC 6651(g).</p> <p>Note: BMF automatically generates FTP from the return due date for SFRs unless a TC 270 is input.</p> |
| * | <p>Priority Code 9 is used with TC 291 blocked 200–299 to bypass UPC 150 for IMF 350 for BMF.</p> |

Exhibit 4.5.2-4 (09-26-2014)**Transaction Codes (TC) for Form 5599**

| Penalty TC | DB/CR | IRC | Description |
|-------------------|-----------------|------------|---|
| 160 161 | Debit Credit | 6651(a)(1) | Delinquency Penalty/Abatement of TC 160 or 166 (computer generated but can be reversed on Form 5599) penalty in whole or part. |
| 162 | — | | Removes restriction on computation of Failure To File (FTF) Penalty on previously posted TC 160 and 161. Causes recomputation and allows normal computation of FTF. |
| 170 | Debit | 6654(a) | Failure to Pay (FTP) estimated tax, applicable to Form 1040. |
| 170 | Debit | 6655(a) | Failure to Pay (FTP) estimated tax, applicable to Form 1041, Form 990T, Form 990PF, and Form 1120. |
| 171 | Credit | | Abatement of TC 170 or 176 (TC 176 is computer generated but can be reversed on Form 5599) estimated tax. |
| 180 | Debit | 6656(a) | Deposit penalty, applicable to Form 720, Form 940, Form 941, Form 943, Form 945, Form 1042, and Form CT-1. |
| 181 | Credit | | Abatement of TC 180 or 186 (186 is computer generated but can be reversed on Form 5599) penalty in whole or part. |
| 200 | Debit | | Taxpayer Identification Number (TIN) penalty for IMF and IRAF returns. |
| 201 | Credit | | Abatement of TIN penalty. |
| 234 | Debit | 6652(c) | Delinquency penalty, \$10 a day, not to exceed \$5,000 for Form 990 and Form 990PF. |
| 235 | Credit | | Abatement of TC 234 or 238 (TC 238 is computer generated, but can be reversed on Form 5599) in whole or part. |
| 240 | Debit | 6651(f) | Fraudulent Failure to File (FTF). 15% of the amount of tax required to be shown on the return per month or fraction thereof that return is late. Replaces 6651(a)(1), if applicable, and would normally require referral to CI. Use Reference Code 686 in Item 15, Form 5599. |
| 240 | Debit | 6662(d) | Substantial understatement of tax. Use Reference Code 681 in item 15, Form 5599. |
| 240 | Debit | 6662 | Accuracy penalty. Use Reference Code 680 (20%), 681 (greater of 10% or \$5,000 for individual, or \$10,000 for corporations), 682 (40%). |

Exhibit 4.5.2-4 (Cont. 1) (09-26-2014)
Transaction Codes (TC) for Form 5599

| Penalty TC | DB/CR | IRC | Description |
|-------------------|--------------|------------|---|
| 240 | Debit | 6712 | Failure to comply with IRC 6114, \$1,000 for individual, \$10,000 for corporations. Use Reference Code 685. |
| 241 | Credit | | Abates in whole or part TC 240. |
| 270 | Debit | 6651(a)(2) | Failure to Pay (FTP) tax. |
| 271 | Credit | | Abates TC 270 or 276 (TC 276 is computer generated, but can be reversed on Form 5599) in whole or part. |
| 272 | | | Failure to Pay (FTP) penalty restriction deletion. |
| 281 | Debit | 6657 | Bad check penalty. |
| 281 | Credit | | Abates TC 280 or 286 (TC 286 is computer generated, but can be reversed on Form 5599) in whole or part. |

| Tax TC | DB/CR | Description |
|---------------|--------------|--|
| 300 | Debit | Additional tax or deficiency assessment. |
| 301 | Credit | Abates tax in whole or part TC 150, 290, and 300. (TC 150 and TC 290 are computer generated, but can be reversed on Form 5599.) |
| 304 | Debit | Additional tax assessment. Adjusts a previously posted tentative allowance (e.g., TC 305 or 295). Contains an interest computation date. To post, a TC 305 or 295 must be present in the module, and the TC 304 amount cannot exceed the TC 305 or 295. |
| 305 | Credit | Abatement of prior tax assessment. Inputs a tentative allowance, contains a beginning interest computation date. |
| 308 | Debit | Additional Tax or deficiency assessment. Generates assessment of interest from the interest computation date which must be included in the transaction. Used for IRC 6205 Employment Tax Interest Free Adjustment. Also used for restricted interest carry back tax assessments. |
| 309 | Credit | Abatement of prior tax assessment. Generates abatement of interest from the interest computation date which must be included in the transaction. Used for IRC 6205 employment tax adjustments. Also used for restricted interest carry back tax allowances. |

Exhibit 4.5.2-4 (Cont. 2) (09-26-2014)
Transaction Codes (TC) for Form 5599

| Interest TC | DB/CR | Description |
|--------------------|--------------|---|
| 340 | Debit | Restricted interest, which must be manually computed. After posting to the module, interest is not computed or abated by computer for the applicable Tax Module and assessed interest thereafter must be computed manually and input with TC 340 or 341. |
| 341 | Credit | Restricted interest abatement. Abates a previously posted TC 190, 196, 340, or 336 in whole or part. (TC 190 carries DOC Code 51, but can be reversed on Form 5599 using TC 341, 196 or 336. TC 336 is computer generated but can be reversed with TC 341 on Form 5599.) After posting, interest cannot be assessed or abated by computer for the applicable Tax Module and assessed interest thereafter must be computed manually and input with TC 340. |
| 342 | — | Interest restriction deletion. Removes restriction on the computer computation of interest set by a previously posted TC 340 or 341, and allows the computer to recompute normal interest. |
| 770 | Credit | Allows credit on overpayment. Includes restricted interest on overpayment or offsetting interest adjustment to TC 721, 722 or 840. Can be allowed with zero amount on Form 5599. |
| 771 | Debit | Reverses amount of interest TC 770 or 776. (TC 776 is computer generated but may be reversed with TC 771 on Form 5599.) |
| 772 | Debit | Reverses a TC 770 or 776 transaction in whole or part |

| Credits | DB/CR | Description |
|----------------|--------------|---|
| 764 | Credit | Earned Income Credit for Form 1040, Form 1040A, and Form 1040EZ. |
| 765 | Debit | Recaptures in whole or part TC 764. |
| 766 | Credit | Refundable credit (other than ES or Excess FICA). Includes credits allowed for gasoline tax paid, credit from Regulated Investment Co. or Covenant Bonds with item Reference 334 (9312 only) for installments of 1993 additional taxes. |
| 767 | Debit | Recapture of refundable credit TC 766 in whole or part. |

Exhibit 4.5.2-5 (12-09-2021)**Computation of Statute Dates****Defaulted 90-Day Letters**

If the taxpayer does not petition the Tax Court and does not agree to the deficiency by signing a waiver, the case is closed as unagreed. The deficiency can then be assessed because the taxpayer has defaulted (i.e., has not responded to the Notice of Deficiency, 90 or 150-Day Letter.) The statute will be extended for the 90/150-days the case was suspended, plus 60-days allowed by law to process the assessment.

Example: Follow the steps in the order indicated for Defaulted 90–Day Letters:

| Description | Order | Julian Date | Order | Calendar Date |
|--------------------------------------|-------|-------------|-------|---------------------|
| Original statute date | 2 | 105 | 1 | 4/15 (April 15) |
| Plus 90 (150) days for 90-Day Letter | 3 | +90 (150) | | |
| | | 195 (255) | | |
| Plus 60 days to assess | 4 | +60 | 5 | 9/12 (September 12) |
| Equals extended ASED | | 255 | | 11/11 November 11 |

Agreed 90-Day Letter

If the taxpayer agrees to the tax before the end of the 90/150-days, the statute can be extended for the number of day suspended plus 60-days.

Example: Follow the steps in the order indicated for the computation of the extended statute date for an AGREED 90-Day Letter.

| Description | Order | Julian Date | Order | Calendar Date |
|---|-------|-------------|-------|------------------|
| Agreement received March 21 | 2 | 80 | 1 | 3/21 (March 21) |
| Minus 90-Day Letter issued January 15 | 3 | -15 | | |
| Equals amount of days suspended from assessing | 4 | 65 | | |
| Plus 60 days to assess | | + 60 | | |
| Equals amount of days to add to <i>original statute</i> of April 15 | | 125 | | |
| Julian date of original statute (April 15) | 5 | +105 | | |
| Julian date of correct statute date | | 230 | 6 | 8/18 (August 18) |

Defaulted 90-Day Letter Issued on a Case which contains a Form 872-A

Exhibit 4.5.2-5 (Cont. 1) (12-09-2021)**Computation of Statute Dates**

A notice of deficiency terminates Form 872-A. If the notice defaults, the statute date is extended for the 90 (150) days the case was suspended plus 60-days to process the assessment.

Example: Follow the instructions below for the computation of the extended statute date,

| Description | Julian Date | Calendar Date |
|--|-------------------|--|
| 90-Day Letter issued April 22 | 112 | 4/22 (April 22) |
| PLUS 90 (150) days (for 90-Day Letter) | <u>+ 90</u> (150) | |
| | 202 (262) | |
| PLUS 60 days to assess | <u>+ 60</u> | |
| Equals Extended ASED | <u>262</u> (322) | 9/19 (September 19) (11/18 November 18) |

Agreed 90-Day Letter Issued on a Case which contains a Form 872-A

| Description | Julian Date | Calendar Date |
|----------------------------|-------------|---------------------|
| Agreement received July 19 | 194 | 7/13 (July 13) |
| PLUS 60 days to assess | <u>+ 60</u> | |
| Equals Extended ASED | <u>254</u> | 9/11 (September 11) |

Exhibit 4.5.2-6 (12-09-2021)**Appeals Office Codes**

| Appeals Office | Nondocketed | Docketed |
|--|--------------------|-----------------|
| Northeast Area | | |
| New England (01, 02, 03, 04) | 121 | 221 |
| Connecticut-Rhode Island (05, 06) | 122 | 222 |
| Brooklyn (11) | 124 | 224 |
| Manhattan (13) | 123 | 223 |
| Upstate New York (14, 16) | 120 | 220 |
| Mid-Atlantic Area | | |
| Delaware-Maryland (51, 52) | 171 | 271 |
| New Jersey (22) | 172 | 272 |
| Pennsylvania (23) | 173 | 273 |
| Virginia (54) | 175 | 275 |
| North Carolina-South Carolina (56, 57) | 112 | 212 |
| Great Lakes Area | | |
| Ohio (31) | 141 | 241 |
| Michigan (38) | 143 | 243 |
| Indiana (35) | 144 | 244 |
| Kentucky (61) | 115 | 215 |
| Illinois (36, 37) | 131 | 231 |
| West Virginia (55) | 175 | 275 |
| Wisconsin (39) | 133 | 233 |
| Gulf Coast Area | | |
| Georgia (58) | 110 | 210 |
| North Florida (59) | 113 | 213 |
| South Florida (65) | 114 | 214 |
| Tennessee (62) | 115 | 215 |
| Louisiana (72) | 153 | 253 |
| North Texas (75) | 150 | 250 |
| South Texas (74) | 155 | 255 |
| Houston (76) | 152 | 252 |
| Arkansas-Oklahoma (71, 73) | 154 | 254 |

Exhibit 4.5.2-6 (Cont. 1) (12-09-2021)
Appeals Office Codes

| Appeals Office | Nondocketed | Docketed |
|-------------------------------------|--------------------|-----------------|
| Central Mountain Area | | |
| Midwest (39) | 133 | 233 |
| North Central (41, 45, 46) | 136 | 236 |
| Kansas-Missouri (43, 48) | 135 | 235 |
| Southwest (85, 86, 88) | 161 | 261 |
| Pacific Coast Area | | |
| Los Angeles California (95) | 160 | 260 |
| Southern California (33) | 163 | 263 |
| Northern California (94) | 164 | 264 |
| Sacramento California (68) | 168 | 268 |
| Central California (77) | 168 | 268 |
| Rocky Mountain (81, 82, 83, 84, 87) | 151 | 251 |
| Pacific Northwest (91, 92, 99) | 165 | 265 |

Exhibit 4.5.2-7 (12-09-2021)**Claim Amount Examples****Example 1, Claim Allowed in Full**

| Line | Item | Amount |
|------|---|----------------------|
| a) | Amount Claimed - Item 21 | \$5,000. |
| b) | Amount Disallowed - Item 22 | 00. |
| c) | Final Adjustment - Item 12 (Closing Function) | \$5,000. (a - b = c) |

Example 2, Claim Disallowed in Part*

| Line | Item | Amount |
|------|---|----------------------|
| a) | Amount Claimed - Item 21 | \$5,000. |
| b) | Amount Disallowed - Item 22 | \$3,000. |
| c) | Final Adjustment - Item 12 (Closing Function) | \$2,000. (a - b = c) |

Example 3, Claim Disallowed in Full**

| Line | Item | Amount |
|------|---|---------------------|
| a) | Amount Claimed - Item 21 | \$5,000. |
| b) | Amount Disallowed - Item 22 | \$5,000. |
| c) | Final Adjustment - Item 12 (Closing Function) DC 01 should be used | 00. 00. (a - b = c) |

Example 4, Claim Disallowed in Full (Closed to Appeals Disposal Code 07 or 11)

| Line | Item | Amount |
|------|---|----------|
| a) | Amount Claimed - Item 21 | \$5,000. |
| b) | Amount Disallowed - Item 22 | \$5,000. |
| c) | Unagreed Amount - Item 18 DC 07 or 11 should be used, Items 22, 23, and 24 must also be completed. | (\$1.) |

Claims With Other Adjustments**Example 1, Claim Allowed is Equal to Other Adjustments**

| Line | Item | Amount |
|------|--------------------------|----------|
| a) | Amount Claimed - Item 21 | \$5,000. |

Exhibit 4.5.2-7 (Cont. 1) (12-09-2021)**Claim Amount Examples**

| Line | Item | Amount |
|------|---|----------------------|
| b) | Amount Allowed | (\$4,000.) |
| c) | Other Adjustments | \$4,000. |
| d) | Final Adjustment - Item 12 (Closing Function) | 00. (b + c = d) |
| e) | Claim Amount Disallowed - Item 22 | \$5,000. (a + b = e) |

Example 2, Claim Allowed is Greater than Other Adjustments

| Line | Item | Amount |
|------|---|------------------------|
| a) | Amount Claimed - Item 21 | \$5,000. |
| b) | Amount Allowed | (\$4,000.) |
| c) | Other Adjustments | \$1,000. |
| d) | Final Adjustment - Item 12 (Closing Function) | (\$3,000.) (b + c = d) |
| e) | Claim Amount Disallowed - Item 22 | \$2,000. |

Example 3, Claim Allowed is Less than Other Adjustments

| Line | Item | Amount |
|------|---|------------------------|
| a) | Amount Claimed - Item 21 | \$5,000. |
| b) | Amount Allowed | (\$4,000.) |
| c) | Other Adjustments | \$7,000. |
| d) | Final Adjustment - Item 12 (Closing Function) | (\$3,000.) (b + c = d) |
| e) | Claim Amount Disallowed - Item 22 | \$5,000. (a = e) |

* If DC 01 is used to close a Full Disallowed Claim, Item 20 **must** also be entered.

** If DC 03 is used to close a Partial Disallowed Claim, Item 20 must also be entered.

Exhibit 4.5.2-8 (12-09-2021)**Closing Function Claim Procedures**

1. Determine the total tax assessed from a transcript

| IF the total tax assessed is | THEN |
|---|--|
| sufficient to allow the total recommended over assessment | use TC 301 to reduce the tax on the module |
| not sufficient to allow the total recommended over assessment | use TC 301 to reduce the tax on the module to zero or use reference numbers 766 or 767 to allow the additional credits needed to process the over assessment |

1. DC 34 with REF code 766 must use TC 300 with zero. Using a TC 301 with money will cause an error closure on the AIMS Detroit accomplishment register **in addition to the Unpostable listing from Ogden..**
2. DC 01 with entry for Examiner's Time in Item 28 is not valid. Also must have Claim Rejection Date (Item 20) entered.
3. DC 03 Item 28 is necessary and must have an entry of at least 1. All other claim time must be under Claim Hours Item 23.

Exhibit 4.5.2-9 (09-26-2014)**Claim Types**

| Alpha Code | Definition |
|------------|---|
| A | Abatement of Interest Claims |
| B | Bankrupt/Insolvent Financial Institution Claims |
| C | Carry Back/Carry Forward Claims (Restricted Interest and Tentative Carry Back) |
| E | Excise Taxes Claims |
| F | FICA or Self-Employment Tax Claims |
| G | Grants, Fellowship, or Stipend Claims |
| H | Hardship Claims |
| I | Injured Spouse Claims |
| J | Joint Committee Case Claims |
| K | Disaster Claims* |
| L | Loss Year BMF Return Consolidation Claims |
| M | Tax Exempt Bonds |
| N | Non-Disaster Casualty Losses Over \$10,000 |
| O | Other Claims 1) Amended Returns 2) 60-Day Statute Pending 3) Constitutional Objection to Income Tax 4) Protested Claims |
| P | Protective Claims |
| Q | RESERVED |
| R | Returns for Estate or Gift Tax Claims |
| S | Savings/Retirement/Investment Plan Distribution Claims |
| T | Tax Treaty Claims |
| U | RESERVED |
| V | Vow-of-Poverty Issue Claims |
| W | WPT Claims |
| X | Examination Requested Immediately by Taxpayer Claims |
| Y | Claims Involving any Terminated Year |
| Z | RESERVED |

Exhibit 4.5.2-9 (Cont. 1) (09-26-2014)**Claim Types**

| |
|---|
| <p>* Previously “D” was denoted for Disaster Claims; however, when using CC AMAXU, “D” is used to delete an item.</p> |
|---|

Exhibit 4.5.2-10 (09-26-2014)
Disclosure Codes

| State | Code | State | Code |
|----------------------|------|-----------------------|------|
| Alabama | 163 | Montana | 181 |
| Alaska | 192 | Nebraska | 147 |
| American Samoa | 201 | Nevada | 188 |
| Arizona | 186 | New Hampshire | 102 |
| Arkansas | 171 | New Jersey | 122 |
| California | 194 | New Mexico | 185 |
| Colorado | 184 | New York | 111* |
| Connecticut | 106 | New York (RAR's only) | 811 |
| Delaware | 151 | North Carolina | 156 |
| District of Columbia | 153 | North Dakota | 145 |
| Florida | 159 | Ohio | 131 |
| Georgia | 158 | Oklahoma | 173 |
| Guam | 200 | Oregon | 193 |
| Hawaii | 199 | Pennsylvania | 123 |
| Idaho | 182 | Puerto Rico | 166 |
| Illinois | 136 | Rhode Island | 105 |
| Indiana | 135 | South Carolina | 157 |
| Iowa | 142 | South Dakota | 146 |
| Kansas | 148 | Tennessee | 162 |
| Kentucky | 161 | Texas | 174 |
| Louisiana | 172 | Utah | 187 |
| Maine | 101 | Vermont | 103 |
| Maryland | 152 | Virgin Islands | 167 |
| Massachusetts | 104 | Virginia | 154 |
| Michigan | 138 | Washington | 191 |
| Minnesota | 141 | West Virginia | 155 |
| Mississippi | 164 | Wisconsin | 139 |
| Missouri | 143 | Wyoming | 183 |

Exhibit 4.5.2-10 (Cont. 1) (09-26-2014)**Disclosure Codes**

* When AIMS is used for accounting for disclosures to these state agencies, two disclosures will be recorded on the MF. Therefore, AIMS should only be used when both a return and RAR regarding the same taxpayer are simultaneously disclosed to these agencies.

