



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.5.2

NOVEMBER 25, 2025

EFFECTIVE DATE

(11-25-2025)

PURPOSE

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

MATERIAL CHANGES

- (1) Added New Internal Controls Section 4.5.2.1 to 4.5.2.7 to comply with IRM 1.11.2.2.4, Address Management and Internal Controls.
- (2) Deleted IRM Sections 4.5.2.2 - 4.5.2.5 these have been incorporated in to the new Internal Controls Sections.
- (3) Revised IRM 4.5.2.6 , **Processing TE/GE AIMS Closings** ,revised to add a note that the Forms are completed via the RCCMS Closing Tabs.
- (4) Revised IRM 4.5.2.6.1, **Error Tolerance Level** to correct IRM references.
- (5) Revised IRM 4.5.2.6.2, **Electronically Filed Returns** , to update Form names.
- (6) Revised IRM 4.5.2.6.3, **Power of Attorney/Tax Information Authorization** , to update IRM references.
- (7) Revised IRM 4.5.2.7 , **Processing EP/AIMS Closings** , to reference the RCCMS closing records tabs
- (8) Revised IRM 4.5.2.7.1, **Processing EP Examined Closing Record, Form 5650** , procedures required for Form 5650.
- (9) Revised IRM 4.5.2.7.2, **Form 5650, EP Examined Closing Record**, procedures for Form 5650.
- (10) Revised IRM 4.5.2.7.3, **Processing Discrepancy Adjustments and Form 5330 on the BMF**, updated procedures.
- (11) Revised IRM 4.5.2.7.4, **Form 5330 Filing** , updated IRM references.
- (12) Revised IRM 4.5.2.7.5, **Form 5330 Due Dates** , table with valid due dates.
- (13) Revised IRM 4.5.2.7.6 , **Completion, Edit and Review of Form 5650, EP Examined Closing Record**, procedures for completion of Form 5650 electronically.
- (14) Revised IRM 4.5.2.7.6.1 , **CC TSCLS (Item A)**, to update IRM references.
- (15) Revised IRM 4.5.2.7.6.3.32, **Adjustments to SB/SE, W&I, LB&I or Adjust to Income/Deductions (Item 605)**, replace W&I with TS.
- (16) Delete IRM 4.5.2.7.6.37, **EP Issue Code (Item 610)**, item no longer required.
- (17) Revised IRM 4.5.2.8.1.26 and 4.5.2.8.1.29 to incorporate guidance IGM TEGE-04-0822-0019.
- (18) This IRM incorporates editorial and grammatical corrections.

- (19) Removed references to Documents 6476 and 6379 and replaced them with Document 11308, Information Systems Codes Quick Reference for TE/GE Employees.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 4.5.2 dated January 09, 2023.

AUDIENCE

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

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Tax Exempt and Government Entities

4.5.2

TE/GE Examined and Non-Examined Closures

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4.5.2.1
(11-25-2025)
Program Scope and Objectives

- (1) **Purpose.** This Internal Revenue Manual (IRM) Section contains explanations for items on the Audit Information Management System (AIMS) Database and AIMS Procedures and Processing Instructions for Examined Closings and Non-Examined Closures.
- (2) **Audience.** This IRM section provides procedures for Managers, Revenue Agents, Tax Law Specialists, Tax Compliance Officers, and Tax Examining Technicians in Exempt Organization, Employee Plans and Government Entities.
- (3) **Policy Owner.** The Director, Tax Exempt and Government Entities (TE/GE), Business Systems Planning (BSP).
- (4) **Program Owner.** Compliance Systems Management Group 2.
- (5) **Contact Information.** To recommend changes to this IRM, send your suggestions to the TE/GE Content Point of Contact (POC) at tege.aims.support@irs.gov.

4.5.2.1.1
(11-25-2025)
Background

- (1) The IRS Restructuring and Reform Act of 1998 (RRA 98) resulted in a complete restructuring and reformatting of the IRM to align with IRS business processes. One of the primary goals of IRS modernization was to restore and maintain the IRM as the single, official compilation of IRS policies, procedures and guidelines.
- (2) A form is used to close examined returns, surveyed and examined claims, partial assessments and non-examined returns.
- (3) **Examined Closures** - The TE/GE Closing Group makes tax assessments, penalty assessments, and adjustments for prepayment credits related to discrepancy adjustments from the amounts that are listed by the examiner on the Individual/Business Tab of the RCCMS closing record.
- (4) **Non-Examined Closures** - Certain conditions prevent closing a case as non-examined.
 - No Return Secured - Credits on the Module
 - Reopened Records - TC 300 Indicator Present
 - Assessment on AIMS (Audit Information Management System)
 - TC 640 - Advance payment on the tax module.
 - Amended Return Freeze
 - PCS Linkages
 - AIMS Freeze Code
 - TC 424 With Push Code 036

4.5.2.1.2
(11-25-2025)
Authority

- (1) TE/GE's authority to resolve issues is derived from its authority to make determinations of tax liability under IRC 6201. Examiners are encouraged to exercise this authority to obtain the greatest possible number of agreements to tax determinations without sacrificing the quality or integrity of those determinations, and to dispose of tax differences at the lowest level.

4.5.2.1.3
(11-25-2025)
Responsibilities

- (1) Users of AIMS have the responsibilities of maintaining the data fields, on the AIMS record by, updating field values and correctly reporting closing actions taken on the taxpayers account, as determined during the examination process.

- (2) The Directors, EO/GE and EP are the executives responsible for providing policy and guidance for field employees and ensuring consistent application of policy, procedures and tax law to effect tax administration while protecting taxpayers' rights.
- (3) Managers are responsible for providing policy and guidance for field employees and ensuring consistent application of policy. Managerial approval is required for all closures.
- (4) Revenue Agents, Tax Law Specialists, Tax Compliance Officers, and Tax Examining Technicians are responsible for:
 - Case work relating to each function.
 - Ensuring the instructions and procedures related to their work are carried out.

4.5.2.1.4
(11-25-2025)
**Program Management
and Review**

- (1) This IRM section provides an overview of the Tax Exempt and Government Entities AIMS Procedures for Examined and Non-examined Case Closures. 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 law with integrity and fairness to all.

4.5.2.1.5
(11-25-2025)
Program Controls

- (1) All TE/GE examinations for closure will be conducted in accordance and consistent with the IRM 4.70.14, Resolving the Examination, to ensure accurate case processing and consistent application of the law.

4.5.2.1.6
(11-25-2025)
**Terms/Definitions/
Acronyms**

- (1) This manual uses the following acronyms:

Acronyms

Acronym	Definition
AIMS	Audit Information Management System
AGI	Adjusted Gross Income
AMDIS	Audit Management Display Information System
ANMF	Automated Non-Master File System
APO	Army Post Office
ARDI	Accounts Receivable Dollar Inventory
ASIHP	Applicable Self-Insured Health Plans
BBA	Bipartisan Budget Act of 2015
BMF	Business Master File
BMFOL	Business Master File On-Line
BRTVU	Business Returns On-Line
BSP	Business System Planning
CAF	Centralized Authorization File

Acronym	Definition
CC	Command Code
CF	Carry Forward
CIC	Coordinated Industry Case
DC	Disposal Code
DLN	Document Locator Number
EGC	Employee Group Code
EIN	Employee Identification Number
ELFRQ	Electronic Filing Requirement
EMFOL	Employee Plans Master File On-Line
EO	Exempt Organizations
EP	Employee Plan
EPMF	Employee Plan Master File
ERS	Error Resolution System
ERTVU	Employee Plans Return Transaction File
ESOP	Employee Stock Option Plan
FPO	Fleet Post Office
FTD	Federal Tax Deposit
FTF	Failure to File
FTP	Failure to Pay
FUTA	Federal Unemployment Tax Account
GE	Government Entities
GEL	Graphic Electronic Prints
GMF	Generalized Main Frame
GUF	General Unpostable File
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IMFOL	Individual Master File On-Line
IRN	Item Reference Number
LB&I	Large Business and International
MF	Master File
MFT	Master File Tax
NMF	Non-Master File

Acronym	Definition
NOL	Net Operating Loss
NOLD	Net Operating Loss Deduction
PCS	Partnership Control System
PICF	Partnership Information Control File
PIN	Personal Identification Number
POA	Power of Attorney
RAR	Revenue Agent Report
RBP	Revenue Base Protection
RCCMS	Reporting Compliance Case Management
RICS	Return Inventory Classification System
RTVUE	Return Transaction File On-Line
SBC	Secondary Business Code
SB/SE	Small Business/Self-Employed
SE	Self-Employment
SHIP	Specified Health Insurance Policies
SSN	Social Security Number
TC	Transaction Code
TEB	Tax Exempt Bond(s)
TIA	Taxpayer Information Authorization
TI	Taxable Income
TIN	Taxpayer Identification Number
TRDB/TRDBV	Tax Return Data Base
TS	Taxpayer Services

4.5.2.1.7
(11-25-2025)

Related Resources

- (1) **Internal Revenue Manuals:**
- (2) IRM 4.70.14, Resolving the Examination.
- (3) IRM 21.3.7 , Processing Third Party Authorizations onto the Centralized Authorization File (CAF).
- (4) IRM 21.7.2, Business Tax Returns and Non-Master File Accounts.
- (5) IRM 4.5.2.6.3, Processing Discrepancy Adjustments and Form 5330 on the BMF.
- (6) IRM 4.5.1.6.9.1.2.1 , Rules for Re-opening Closed Returns

- (7) IRM 4.5.2.8, Processing TE/GE Examined Closing Record, Form 5599.
- (8) IRM 4.29.2, Pass-through Control System
- (9) IRM 4.31, Pass-through Entity Handbook,
- (10) IRM 4.5.1, TE/GE AIMS Manual, TE/GE AIMS Processing,
- (11) IRM 20.2, Interest
- (12) IRM 4.4, Audit Information Management System (AIMS) - Validity and Consistency.
- (13) IRM 4.23, Openings.
- (14) IRM 25.6, Statute of Limitations.
- (15) IRM 21.7.2, Business Tax Returns and Non-Master File Accounts, Employment and Railroad Tax Returns.
- (16) IRM 11.3, Disclosure of Official Information.
- (17) IRM 1.15.2, Records and Information Management - Types of Records and Their Life Cycles.
- (18) IRM 20.1, Penalty Handbook
- (19) **Document:**
- (20) Document 11308, Information Systems Codes Quick Reference for TE/GE Employees

4.5.2.2
(11-25-2025)
**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 Business Master File (BMF)), Exempt Organizations (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. Form 5599, TE/GE Examined Closing Record, Form 5650 EP Examined Closing Record, and Form 5596, TE/GE Non-Examined Closing Record are no longer required to be completed electronically or in paper format and posted to RCCMS as a separate workpaper to the Office Documents folder.

Note: The relevant RCCMS Closing Record tabs will be utilized in lieu of Form 5599, Form 5650 and Form 5596 for all TEGE Examination case closings.

4.5.2.2.1
(11-25-2025)
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 Integrated Data Retrieval System (IDRS) CC's 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, Mid-Atlantic Area Manager or the Director of EP, EO or GE (FSL/ET, ITG or TEB) Examinations as established by local procedures. The case file may need to be returned to the Examiner 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 Examiner and included in the case file.

4.5.2.2.2 (11-25-2025) 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 Transmittal for an IRS e-file Return 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-FE (U.S. Estate or Trust Declara-

tion for an IRS e-file Return), Form 8453-PE (U.S. Partnership Declaration for an IRS e-file Return), 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 an organization attempts to file and is unable to do so, the electronic return originator (ERO) will receive notification from the IRS that the return was not accepted for processing. The ERO is required to inform the filer of the reject within 24 hours, provide the filer with an explanation of why the return was not accepted through the electronic system, and inform them they must file a paper return.
 - (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 perfection, beginning with processing year 2003. TRDBV is designed to produce results similar to RTVUE and BRTVU.

4.5.2.2.3 (11-25-2025) **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, Master File Tax (MFT) Codes 13 or 55 see IRM 21.3.7.8.2 , Civil Penalty Authorizations.

- (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 . 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	Fax Number	State Mapping
Memphis Campus 5333 Getwell Road Stop 8423 Memphis, TN 38118	FAX: 855-214-7519	AL, AR, CT, DC, 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 1973 Rulon White Blvd. Stop 6737 Ogden, UT 84201	FAX: 855-214-7522	AK, AZ, CA, CO, , HI, ID, IA, KS, MN, MO, MT, NB, NV, NM, ND, OK, OR, SD, TX, UT, WA, WI, WY
Philadelphia Campus International CAF Team 2970 Market Street MS: 4-H14.123. Philadelphia, PA 19104	FAX: 855-772-3156 FAX: (outside the United States) 304-707-9785	All APO and FPO addresses, American Samoa, the Common- wealth of the Northern Mariana Islands, Guam, the U.S. Virgin Islands, Puerto Rico, a foreign country, or otherwise outside the United States.

- (4) The Examiner 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" 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 designee (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
For IMF joint accounts, to designate a representative/ designee even if the same representative/ designee is named on the authorization.	Each spouse must execute his or her own power of attorney Form 2848 or Form 8821 , tax information authorization on a separate form.

Note: For an exception to this general rule, see **IRM 21.3.7.5.3.1(2)**.

- (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
 - 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 RCCMS 3198-A, TE/GE Special Handling Checksheet 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.

IF	THEN
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 examiner.

Note: Discontinue preparing electronic Forms 3198-A and posting to the RCCMS Office Documents folder for all cases when appropriate whether controlled on AIMS or not, as part of the procedural special handling notice requirements. When closing any open case, complete the RCCMS 3198-A Special Handling Checksheet to flag special characteristics specific to the case file to ensure proper and timely case processing and closing instructions.

4.5.2.3 (11-25-2025) 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:
 - a. Determine If they should make an adjustment on MF or NMF.
 - b. Make entity and POA changes.
 - c. Form 5650, EP Examined Closing Record and Form 5596, TE/GE Non-Examined Closing Record are no longer required to be completed electronically or in paper format and posted to RCCMS as a separate workpaper to the Office Documents folder. The relevant RCCMS Closing Record tabs will be utilized in lieu of Form 5650 and Form 5596 for all examination closings.

4.5.2.3.1 (11-25-2025) 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 Closing Record tabs will be utilized in lieu of Form 5650 for closing examined EP returns, 5500 (Disposal Codes (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 Closing Record tabs in lieu of Form 5650. Forms 5330 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 Form 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 Closing Record 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. Since Form 5650 is no longer required, the items will be completed utilizing the applicable RCCMS Closing Record tabs in lieu of Form 5650. Local procedures may permit Examiners and Reviewers to enter in other items in the RCCMS Closing Record 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, 602-609, 612-613, I, and M for Form 5650 will be made using the relevant RCCMS Closing Record tabs at the Group/ Review level.
- (5) Entries for positions P36, P38-40, P45-48, and Items 13, 36, 602, 603, 604, 605, D-G, K, and M on Form 5650 will be completed using the appropriate RCCMS Closing Record tabs and/or perfected by the Closing Function Tax Examiner. Information needed to complete these items must be provided by Examiners and Reviewers.
- (6) Closing Function Tax Examiners must review all entries entered in RCCMS Closing Record tabs in lieu of Form 5650 for legibility, validity and range, and presence of required entries. Appropriate correction action should be taken if required entries are incorrect or missing by returning the RCCMS case file with incomplete tab entries in lieu of Form 5599 to the originator or the AIMS Coordinator.
- (7) Closing Function Tax Examiners must edit entries in the RCCMS Closing Record tabs in lieu of Form 5650 as required to prepare for terminal input. Technical assistance from the 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 Closing Record tabs in lieu of Forms 5650 and 5599 will be used for closing.

4.5.2.3.2
(11-25-2025)
**Form 5650, EP
Examined Closing
Record**

- (1) Form 5650 is no longer required to be completed for any EP examination case. The relevant RCCMS Closing Record tabs with all examination items completed, will be utilized in lieu of Form 5650 and the 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 90 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, there may be a need to re-establish a closed return before

the end of the normal 90 days aging-off period. If this is the case, refer to IRM 4.5.1.6.9.1.2.1, Rules for Re-opening Closed Returns, for instructions on re-establishing closed returns.

- (5) All information placed on the 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 for refiling.

4.5.2.3.3 (11-25-2025)

Processing Discrepancy Adjustments and Form 5330 on the BMF

- (1) Form 5599 is no longer required to be completed for EP examination cases. The relevant RCCMS Closing Record 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 Closing Record tabs, 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 BMF. A Flow-Through 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 Closing Record tabs in lieu of Form 5599 should be used for the following tax returns:
 - a. Form 990-T
 - b. Form 1040, Form 1040-A, Form 1040-EZ
 - c. Form 1041
 - d. Form 1065
 - e. Form 1120 (Including Form 1120-F, Form 1120-L, Form 1120-PC, and Form 1120-S)
 - f. Form 940
 - g. Form 941
 - h. Form 1042
 - i. Form 945
 - j. Form 11-C
 - k. Form 730
 - l. Form 4720
 - m. Form 5227
 - n. Form 8038, Form 8038-G, Form 8038-GC, Form 8038-B, 8038-T, 8038-TC, 8038-CP, Form 8328 and Form 8703
 - o. Form CT-1, Form CT-2
 - p. Form 5330
 - 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.

4.5.2.3.4 (11-25-2025)

Form 5330 Filing

- (1) Most Commonly Filed Form 5330 to report the tax on:
 - a. A prohibited tax shelter transaction (section 4965(a)(2)).
 - b. A minimum funding deficiency section 4971 (a) and (b)).
 - c. A failure to pay liquidity shortfall section 4971(f).
 - d. A failure to comply with a funding improvement or rehabilitation plan (section 4971(g)(2)).

- e. A failure to meet requirements for plans in endangered or critical status (section 4971 (g)(3)).
- f. A failure to adopt rehabilitation plan (section 4971 (g)(4)).
- g. A failure to adopt funding restoration plan (section 4971(h)).
- h. Nondeductible contributions to qualified plans section 4972).
- i. Excess contributions to a (section 403(b)(7)(A) custodial account (section 4973(a)(3)).
- j. A prohibited transaction (section 4975).
- k. A disqualified benefit provided by funded welfare plans (section 4976).
- l. Excess fringe benefits (section 4977).
- m. Certain employee stock ownership plan (ESOP) dispositions (section 4978).
- n. Excess contributions to plans with cash or deferred arrangements (section 4979).
- o. Certain prohibited allocations of qualified securities by an ESOP (section 4979A).
- p. Reversions of qualified plan assets to employers (section 4980).
- q. A failure of an applicable plan reducing future benefit accruals to satisfy notice requirements (section 4980F).

Note: Section references are to the Internal Revenue Code.

4.5.2.3.5
(11-25-2025)
Form 5330 Due Dates

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

if the taxes are due under section...	THEN file Form 5330 by the ...	
4965	15th day of the 5th month following the close of the entity manager's tax year during which the tax-exempt entity became a party to the transaction.	
4971 4971(f) 4971(g)(2) 4971(g)(3) 4971(g)(4) 4971(h)	15th day of the 10th month after the last day of the plan year.	
4972 4975 4976 4978 4979A	last day of the 7th month after the end of the tax year of the employer or other person who must file this return.	

if the taxes are due under section...	THEN file Form 5330 by the ...	
4973(a)(3)	last day of the 7th month after the end of the tax year of the individual who must file this return.	
4977	last day of the 7th month after the end of the calendar year in which the excess fringe benefits were paid to your employees.	
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 relate.	
4980	last day of the month following the month in which the reversion occurred.	
4980F	last day of the month following the month in which the failure occurred.	

Note: If the filing due date falls on a Saturday, Sunday, or legal holiday, the return may be filed on the next business day.

4.5.2.3.6 (11-25-2025)

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 electronically or in paper format and posted to RCCMS as a separate workpaper to the Office Documents folder. 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 Closing Record tabs in lieu of Form 5650.

4.5.2.3.6.1 (11-25-2025)

CC TSCLS (Item A)

- (1) Item A, CC TSCLS, is to be entered by the Closing Function 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, Pass-through Control System, and IRM 4.31, Pass-through Entity Handbook, 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 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 Closing Function Tax Examiner 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 Closing Function Tax Examiner must input CC TSUMY, secure a print, attach it to the Form 5650 and route the case file back to the originator.

4.5.2.3.6.2
(11-25-2025)
CC AMCLS_ (P1-6)

- (1) Item CC AMCLS_ is completed by the Closing Function Tax Examiner.
- (2) The Closing Function Tax Examiner must enter the definer to indicate the type of closure. Definers are:
 - a. E = Examination (Long Closure)
 - b. F = Examination/Appeals (Partial Assessment)
 - c. I = IRAF (Individual Retirement Account File)
 - d. S = Separate Spousal Agreement (MFT 31 adjustment) .

4.5.2.3.6.3
(11-25-2025)
TIN (P7-18)

- (1) Positions 7-18, TIN, are to be completed by the Examiner.
- (2) Enter either an EIN or SSN. The first digit of the number must be entered in the left most position, it will be included on the examination label .
- (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 990-T, use the applicable RCCMS Closing Record tabs in lieu of Form 5599, TE/GE Examined Closing Record. When the 990-T is picked up by EP for a 401(a) Trust, you must use the EIN of the Trust, not the employer's EIN.

4.5.2.3.6.4
(11-25-2025)
MFT (P21-22)

- (1) The MFT is to be entered by the Examiner.
- (2) Enter the 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.

4.5.2.3.6.5
(11-25-2025)

Tax Period (P24-29)

- (1) The Tax Period is to be entered by the Examiner.
- (2) Enter the Tax Period or Plan Period in "YYYYMM" format. For example, if a calendar year 2013 return, enter 201312. If the tax period is a fiscal year, (i.e., September 30, 2013) enter 201309. 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.

4.5.2.3.6.6
(11-25-2025)

Name Control/Check Digit (P31-34)

- (1) The Name Control/Check Digit is to be entered by the Examiner.
- (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 entered by the Examiner when using the TE/GE 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.

4.5.2.3.6.7
(11-25-2025)

Name (Item C)

- (1) The Name is to be entered by the Examiner.
- (2) Enter the name as shown on the tax return and/or EPMF.
- (3) If necessary, edit the name not to exceed 35 characters.
- (4) Enter the name as follows:

Individual Master File (IMF)	Business Master File (BMF)
Enter the last name (comma), first name, then the middle initial, if any.	Enter the name as it appears on the return.

4.5.2.3.6.8
(11-25-2025)

Batch Position Indicator (NMF) (P36)

- (1) The Batch Position Indicator is to be entered by the Closing Function Tax Examiner.
- (2) Only NMF accounts require batch position indicators. This field 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) Valid indicators are as follows:
 - a. "F" - first closing within a block. After this record is processed, the computer will change the F to a C.
 - b. "C" - continuation with a block as interrupted and left open.
 - c. "L" - last closing within the block. If this is not entered with the last closing, it is not possible to begin a new book.
 - d. "R" - reopen a previously closed book. After this record is processed, the computer will change the R to a C.
 - e. "S" - single closing (one case for the block). This indicator will open the block, process the account, and close the block.

- 4.5.2.3.6.9
(11-25-2025)
Block Number (P38-40)
- (1) The Block Number is to be entered by the Closing Function Tax Examiner.
 - (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., MF Sorting and Blocking Series for Document Code 47 Adjustments. The Closing Function Tax Examiner assigns a Blocking Series for NMF accounts.
 - (3) Valid blocking series by Command Code:
 - a. AMCLSA (Appeals) - NNN, 70X, 75X, 76X, 77X, 78X, or 79X.
 - b. AMCLSP (EP) -3XX for paper file, OR 4XX (complete electronic closing) with MFT 74 on a Form 5500 from the RICS system.
 - c. NMF Form 5530 or any other NMF Form being closed must be assigned a blocking series by the Closing Function Tax Examiner.
 - d. AMCLSO (TEB) - 0XX, 6XX and 9XX with MFT 46.
- 4.5.2.3.6.10
(11-25-2025)
Sequence Number (P45-48)
- (1) This field is used by the Closing Function Tax Examiner to number the input documents.
- 4.5.2.3.6.11
(11-25-2025)
Plan Number (P59-61)
- (1) Plan Number is to be entered by the Examiner.
 - (2) Enter the three digit Plan Number of the Form 5500 return being closed with this Form 5650.
- 4.5.2.3.6.12
(11-25-2025)
Disposal Code (Item 13)
- (1) Disposal Code is to be entered by the Examiner.
 - (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.
- 4.5.2.3.6.13
(11-25-2025)
Statute Extended to Date (Item 14)
- (1) The Statute Extended to Date is to be entered by the Examiner.
 - (2) If the statute expiration date has been corrected or extended, and has not been updated on AIMS, 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 Closing Function Tax Examiner before the Form 5650 is forwarded for closure off 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.
- 4.5.2.3.6.14
(11-25-2025)
Appeals Code (Item 16)
- (1) The Appeals Code is to be entered by the Examiner.
 - (2) If the case is going to an Appeals Office, enter the applicable three-digit Appeals Office Code. See Exhibit 4.5.2-6 or Document 6209 for Appeals Office codes.

4.5.2.3.6.15
(11-25-2025)

Examiner's Time (Item 28)

- (1) Examiner's Time is entered by the Examiner.
- (2) This item **must** contain an entry.
- (3) Examiner's Time must be reported in 15 minute intervals. Valid entries for Item 28 are:
 - .0 = 00 minutes
 - .3 = 15 minutes
 - .5 = 30 minutes
 - .7 = 45 minutes

4.5.2.3.6.16
(11-25-2025)

Technique Code (Item 30)

- (1) The Technique Code is to be entered by the Examiner.
- (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- Full Scope
 - b. **2** = Office Correspondence Examination - Full Scope
 - c. **4** = Field Examination -
 - d. **5**= Office Interview Examination
 - e. **6**= Office Correspondence Examination
 - f. **7**= Field Examination

4.5.2.3.6.17
(11-25-2025)

Examiner's Grade (Item 31)

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

4.5.2.3.6.18
(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.

4.5.2.3.6.19
(11-25-2025)

Examiner Name (Item 33)

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

4.5.2.3.6.20
(11-25-2025)

Hash Total (Item 36)

- (1) The Hash Total is to be entered by the Closing Function Tax Examiner.
- (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 Closing Function Tax Examiner. This should ensure the accuracy of the individual item as entered by the Closing Function Tax Examiner. 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

Field	Entry
Item 28	Examiner's Time
Item 605	Adjustments to SB/SE, TS, LB&I or Adjust. to Income/ Deductions
Item 606	Total Deductions Claimed

4.5.2.3.6.21
(11-25-2025)
**Special Project Code
(Item 40)**

- (1) The Project Code is to be entered by the Examiner.
- (2) Enter the current fiscal year's —four-digit Project Code that indicates which special project code the case was worked under. Document 11308 Information Systems Codes, Quick Reference for TE/GE Employees for valid project codes. Ensuring that the current fiscal year's Project Code is entered will eliminate Campus and Detroit Computing Center rejects.

4.5.2.3.6.22
(11-25-2025)
ARDI Code (Item 42)

- (1) The Accounts Receivable Dollar Inventory (ARDI) Code is to be entered by the Examiner.
- (2) In order to track agreed deficiencies for ARDI 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

4.5.2.3.6.23
(11-25-2025)
**Employee Group Code
(Item 50)**

- (1) The Employee Group Code (EGC) is to be entered by the Examiner.
- (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.

4.5.2.3.6.24
(11-25-2025)
**FAX Agreement
Indicator (Item 416)**

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

- 4.5.2.3.6.25
(11-25-2025)
Operator Employee No./Date (Item D)
- (1) The Operator Employee No./Date is entered by the Closing Function Tax Examiner.
 - (2) This item is entered by the Closing Function Tax Examiner after the Form 5650 is input on the terminal. The entry should include the Closing Function Tax Examiner's employee number, sequence number and the date of input.
- 4.5.2.3.6.26
(11-25-2025)
Rej. (Item E)
- (1) This item is completed by the Closing Function Tax Examiner **only** if Form 5650 is rejected.
 - (2) The Closing Function Tax Examiner 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 Closing Function Tax Examiner **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 Closing Function 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 Closing Function Tax Examiner **ensures** that all items were input correctly.
- 4.5.2.3.6.27
(11-25-2025)
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 Closing Function Tax Examiner and annotated on Form 5650 for an EPMF account. For NMF accounts, the Closing Function 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 Closing Function Tax Examiner 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 day computer processing is completed. The refile DLN is not entered on MF closing documents.
- 4.5.2.3.6.28
(11-25-2025)
Cor. (Item G)
- (1) Corrections are 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 Examiner or person making the correction to the item rejected. Form 5650 should then be returned to the closing function for re-input. Refer to IRM 4.5.1, TE/GE AIMS Manual, TE/GE AIMS Processing, for additional information on terminal rejects.
- 4.5.2.3.6.29
(11-25-2025)
EP Taxes (Item 602)
- (1) EP Taxes are to be entered by the Examiner.
 - (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 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.

4.5.2.3.6.30
(11-25-2025)
**Penalty, Section and
Interest (Item 603)**

- (1) The Penalty and Section is to be entered by the Examiner. 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 Examiner. The Closing Function Tax Examiners **must** compute and enter the interest amount.

4.5.2.3.6.31
(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.

4.5.2.3.6.32
(11-25-2025)
**Adjustments to SB/SE,
TS, LB&I or Adjust to
Income/Deductions (Item
605)**

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

4.5.2.3.6.33
(11-25-2025)
**Total Deductions
Claimed (Item 606)**

- (1) Total Deductions Claimed are to be entered by the Examiner.
- (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.

4.5.2.3.6.34
(11-25-2025)
**Total Trusts Assets (Item
607)**

- (1) Total Trust Assets is to be entered by the Examiner.

- (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.
- 4.5.2.3.6.35
(11-25-2025)
Number of Participants Affected (Item 608)
- (1) The Number of Participants Affected are to be entered by the Examiner.
- (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.
- 4.5.2.3.6.36
(11-25-2025)
Type of Plan (Item 609)
- (1) Type of Plan is entered by the Examiner.
- (2) Enter the Type of Plan. Valid entries are:
- “1” for Defined Benefit Plans
 - “2” for Defined Contribution Plans
- 4.5.2.3.6.37
(11-25-2025)
EP NAICS Code (Item 612)
- (1) EP NAICS Code is to be entered by the Examiner.
- (2) The EP NAICS Code must be a six-digit numeric character. Refer to Document 11308 for valid EP NAICS Codes.
- 4.5.2.3.6.38
(11-25-2025)
EP Closing Agreement Results (Item 613)
- (1) EP Closing Agreement Results are to be entered by the Examiner.
- (2) The Closing Agreement Results must be 12 numeric characters based on the sanction amount.
- 4.5.2.3.6.39
(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.
- 4.5.2.3.6.40
(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.
- 4.5.2.3.6.41
(11-25-2025)
Form Number (Item M)
- (1) The Form Number is to be entered by the Examiner.
- (2) Enter the Form Number of the return being closed with Form 5650.
- 4.5.2.4
(11-25-2025)
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 cases:

- a. EP examined BMF Form 5330 returns, 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.
- b. EO examined returns, DC 01-19, 50, 52–55, Surveyed Claims, DC 34 and discrepancy adjustments.
- c. GE examined returns, DC 01-19, 50, 51 and Surveyed Claims, DC 34.

Note: Form 5599 is no longer required to be completed electronically or in paper format and posted to RCCMS as a separate workpaper to the Office Documents folder, for any examination case. The relevant RCCMS Closing Record tabs for closing will be utilized in lieu of Form 5599.

- (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 Closing Record 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 Closing Record tabs in lieu of Form 5599. This section contains information for the completion of the applicable RCCMS Closing Record tabs in lieu of Form 5599, for legibility, validity of range, and presence of required entries. Appropriate correction action should be taken if required entries are incorrect or missing by returning the RCCMS case file with incomplete tab entries in lieu of Form 5599 to the originator or the AIMS Coordinator.
- (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.

4.5.2.4.1
(11-25-2025)
**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 electronically or in paper format and posted to RCCMS as a separate workpaper to the Office Documents folder. This section is for reference on the completion, edit and review of Form 5599, TE/GE Examined Closing Record. The items will be completed utilizing the applicable RCCMS Closing Record tabs in lieu of Form 5599.

4.5.2.4.1.1
(11-25-2025)
CC TSCLS (Item A)

- (1) CC TSCLS is to be completed by the Examiner to release the AIMS Freeze on Investor Closures.
- (2) The TSCLS is not a valid item for EP BMF Form 5330s.
- (3) PICF Code 5 or 6 will prevent premature closing of the investor return unless the Examiner 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 Closing Function Tax Examiner 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 Closing Function Tax Examiner will return the case to the Closing Function 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.

4.5.2.4.1.2
(11-25-2025)

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 Closing Function Tax Examiner to input the account as a partial and not a final closure on AIMS. Enter the letter F in P1-6 CC AMCLS. RCCMS 3198-A, Special Handling Checksheet should be prepared and attached to the case file by the Examiner 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 a 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 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. When 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 RCCMS 3198-A, Special Handling Checksheet, 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.

4.5.2.4.1.3
(11-25-2025)
CC AMCLS_ (P1-6)

- (1) CC AMCLS with a definer code "O" is to be entered by the Closing Function Tax Examiner 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 990-Ts, Form 5330s posted to BMF for the Form 5330 and discrepancy adjustments.)
 - d. **U** = Unpostables
 - e. **I** = IRAF, Individual Retirement Account File

4.5.2.4.1.4
(11-25-2025)
TIN (P7-18)

- (1) The TIN is to be entered by the Examiner.
- (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 Formats according to File Source:

Format with/without a definer:	Format is for a:
EIN: NN-NNNNNNNN	BMF account, without a File Source definer.
EIN: NN-NNNNNNNN"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 Service Center 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 Examiner is required to secure a permanent EIN from the Campus Service Center Entity Control Function. The Examiner 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 SERVICE CENTERS. Cases meeting criteria for CC BNCHG should be identified and sent to BMF 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 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, examination labels (when available) should be used to prepare them.

4.5.2.4.1.5
(11-25-2025)
MFT (P21-22)

- (1) MFT is to be entered by the Examiner.
- (2) The MFT Code or NMF Code 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.

4.5.2.4.1.6
(11-25-2025)
Tax Period (P24-29)

- (1) Tax Period is to be entered by the Examiner.
- (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 filed. The format for tax period is YYYYMM. The first four-digits represents the year, the next two digits represents the month. For Form 11-C 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.

Period	Definition
Quarterly	The calendar year is divided into four quarters, consisting of three months each.
1st Qtr. (YYYY03)	- Starts with January, ends with March.
2nd Qtr. (YYYY06)	- Starts with April, ends with June.
3rd Qtr. (YYYY09)	- Starts with July, ends with September.
4th Qtr. (YYYY12)	- Starts with October, ends with December.

4.5.2.4.1.7
(11-25-2025)

**Name Control/Check
Digit (P31-34)**

- (1) The Name Control/Check Digit is to be entered by the Examiner when using RCCMS 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 shows the check digit on line one after NM-CTRL is established on AIMS with the check digit.
- (5) Although the 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.

4.5.2.4.1.8
(11-25-2025)

Name (Item C)

- (1) The Name is to be entered by the Examiner.
- (2) Enter the name of the taxpayer as shown on the tax return. If necessary, edit the name not to exceed 35 characters.
- (3) Enter the name as follows:

Individual Master File (IMF)	Business Master File (BMF)
Enter the last name (comma), first name, then the middle initial, if any.	Enter the name as it appears on the return.

4.5.2.4.1.9
(11-25-2025)

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

- (1) The Batch Position Indicator is to be entered by the Closing Function Tax Examiner.
- (2) The Batch Position Indicator is 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) Valid indicators are as follows:
 - a. **"F"** - first closing within a block. After this record is processed, the computer will change the F to a C.
 - b. **"C"** - continuation with a block as interrupted and left open.
 - c. **"L"** - last closing within the block. If this is not entered with the last closing, it is not possible to begin a new book.
 - d. **"R"** - reopen a previously closed book. After this record is processed, the computer will change the R to a C.
 - e. **"S"** - single closing (one case for the block). This indicator will open the block, process the account, and close the block.

4.5.2.4.1.10
(11-25-2025)

Block Number (P38-40)

- (1) The Block Number is to be completed by the Closing Function Tax Examiner.
- (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 Closing Function Tax Examiner 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 examination 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 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
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.

4.5.2.4.1.11
(11-25-2025)

**Sequence Number
(P45-48)**

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

4.5.2.4.1.12
(11-25-2025)

**Unpostable Indicator
(P50-51)**

- (1) The Unpostable Indicator is to be entered by the Closing Function Tax Examiner.
- (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

4.5.2.4.1.13
(11-25-2025)

**Plan/Report Number
(P53-55)**

- (1) The Plan/Report Number is to be completed by the Examiner.
- (2) This is a required entry for (Form 8038 returns series), .
- (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 TC 973 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 8038-B)
 - MFT 86, 100-499 (Form 8038-TC)
 - MFT 46, 200-299 (Form 8038-CP)
 - MFT 46, 400-499 (Form 8038-CP)
 - MFT 46, 800-899 (Form 8038-CP)

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

4.5.2.4.1.14
(11-25-2025)
IRA (Item 01)

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

4.5.2.4.1.15
(11-25-2025)
**Penalty Reason Code
(Item 02)**

- (1) The Penalty Reason Code is to be completed by the Examiner.
- (2) If applicable, complete this item for all EO, FSL/ET 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.

4.5.2.4.1.16
(11-25-2025)
**30/90 Day Letter Date
(Item 03 and 04)**

- (1) Letter Date and Letter Amount are to be completed by the Examiner.
- (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, FSL/ET 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 LCU). 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 990-PFs, Form 990-EZs, 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.

4.5.2.4.1.17
(11-25-2025)
2% Interest Date (Item 05)

- (1) The 2% Interest Date is to be completed by the Closing Function Tax Examiner.
- (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) This entry must be 30 days later than the date entered in Item 03 and serves as the trigger date for LCU interest accrual. 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.

4.5.2.4.1.18
(11-25-2025)
Interest to Date (Item 6a)

- (1) The Interest to Date is to be completed by the Closing Function Tax Examiner.
- (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.

4.5.2.4.1.19
(11-25-2025)
**Credit Interest to Date
(Item 6b)**

- (1) The Credit Interest to Date is to be completed by the Closing Function Tax Examiner.
- (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.

4.5.2.4.1.20
(11-25-2025)
**Compute Interest
Amount (Item 6c)**

- (1) Compute Interest Amount is to be completed by the Closing Function Tax Examiner.
- (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.

4.5.2.4.1.21
(12-09-2021)
Hold Code (Item 07)

- (1) The Hold Code is to be entered by .
- (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.

4.5.2.4.1.22

(11-25-2025)

Agreement Date (Item 08)

- (1) The Agreement Date is to be entered by the Closing Function Tax Examiner.
- (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	990-T	Exempt Organization Business Income Tax Return
44	990-PF	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 Examiner 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 RCCMS 3198–A Special Handling Checksheet 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.

4.5.2.4.1.23

(11-25-2025)

Priority Code (Item 09)

- (1) The Priority Code is to be entered by the Closing Function Tax Examiner.
- (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 RCCMS 3198-A Special Handling Checksheet 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 Examiner.

4.5.2.4.1.24
(11-25-2025)

Settlement Amount (Item 10)

- (1) The Settlement Amount is to be entered by the Closing Function Tax Examiner.
- (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.

4.5.2.4.1.25
(11-25-2025)
**Interest Computation
Date (Item 11)**

- (1) The Interest Computation Date is to be entered by the Closing Function Tax Examiner.
- (2) This item is not applicable for TEB returns.
- (3) If IRC Section 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.

4.5.2.4.1.26
(11-25-2025)
**Tax Liability Adjustment
(Item 12)**

- (1) The Tax Liability Adjustment is to be entered by the Closing Function Tax Examiner.
- (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 DCs 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 Examiner indicates “No Penalty or No Penalties assessed” in “Other Instructions” on RCCMS 3198-A Special Handling Checksheet 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, Audit Information Management System (AIMS) – Validity and Consistency

- (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.
- (6) With respect to **employment tax** case closure processing:
 - a. Closing unit employees stop entering transaction codes.
 - b. Examiners complete the RCCMS Closing Individual / Bus (1 of 3) tab, Transaction Codes (and related amounts) per the directions below.
 - c. Classifiers complete the aforementioned codes/reference numbers when accepting an employment tax claim as filed and closing it as a surveyed claim using disposal code 34/103. See the following for instructions below.
 - d. When inputting Transaction Codes in RCCMS, you **must** complete these fields on the Individual/Bus (1 of 3) tab of the closing record when closing agreed and unagreed employment tax exams.
 - e. **Transaction Code and Dollar Amount**

Transaction Code	Title	Form 4668
300*	Additional Tax Assessment by Exam	Line 4
301*	Abatement of Tax by Exam-Interest Free	Line 4
308*	Additional Tax Assessment by Exam Interest Free IRM 4.23.8.1 (IRC 6205)	Line 4

Transaction Code	Title	Form 4668
309*	Abatement of Prior Tax Assessment Interest Free (IRC 6205)	Line 4
160	Delinquency Penalty (Failure to File IRC 6651)	Line 6 or 7
180	Deposit Penalty (Failure to Deposit IRC 6656)	Line 8

- f. If you have more than one Form 4668, you will add the amounts of the same transaction codes to make one entry as applicable for each transaction code for each quarter.
- g. Cases with COVID credit adjustments require another step. Computing the TC 30X amount requires you to subtract Line 27 from Line 4 (Line 4 - Line 27). Combine these amounts with other matching TC 30X numbers from all Forms 4668 for each quarter.

Note: If subtracting a negative number, add the number. A minus sign followed by a negative sign (or parentheses) turns the two signs into a plus sign. (For example: \$1,000 – (\$500) = \$1,500.) Combine these amounts with other matching TC 30X numbers from all Forms 4668 for each quarter.

4.5.2.4.1.27
(11-25-2025)

(1) The Disposal Code is completed by the Examiner.

Disposal Code (Item 13) (2) One DC must be entered that best describes the examination results.

Function	Directions
EP	Refer to Document 11308, Information Systems Codes Quick Reference for TE/GE Employees for EP disposal code definitions.
EO	Refer to Document 11308, Information Systems Codes Quick Reference for TE/GE Employees for EO disposal code definitions.
GE	Refer to Document 11308, Information Systems Codes Quick Reference for TE/GE Employees for GE disposal code definitions.

4.5.2.4.1.28
(11-25-2025)

(1) The Statute Extended to Date is completed by Examiner.

**Statute Extended to Date
(Item 14)**

(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 (FSL/ET 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 ASSED 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.

4.5.2.4.1.29
(11-25-2025)

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

- (1) The Credit and Tax Computation Adjustment item is completed by the Closing Function Tax Examiner.
- (2) A Credit/Item Reference Number is a three-digit code used to adjust taxpayer information according to the type of return being examined.
- 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	Section 4975(a) tax on prohibited transactions (from Schedule C, line 3)
161	Section 4972 tax on nondeductible contributions to qualified plans (from Schedule A, line 12)
163	Section 4971(a) tax on failure to meet minimum funding standards - (from Schedule D, Line 2)
164	Section 4973(a)(3) tax on excess contributions to section 403(b)(7)(a) custodial accounts(from Schedule B, line 12)
200	Section 4976 tax on disqualified benefits for funded welfare plans
201	Section 4977 tax on excess fringe benefits (from Schedule G, line 4)
203	Section 4979A tax on certain prohibited allocations of qualified ESOP securities or ownership of synthetic equity
204	Section 4980 tax on reversion of qualified plan assets to an employer (from Schedule I, line 3)
205	Section 4979 tax on excess contributions to certain plans (from Schedule H, line 2)
209	Section 4978 tax on ESOP Dispositions
224	Section 4975(b) tax on failure to correct prohibited transactions
225	Section 4971(b) tax for failure to correct minimum funding standards
226	Section 4971(f)(1) tax for failure to pay liquidity shortfall (from Schedule E, line 4)
227	Section 4971(f)(2) tax on failure to correct liquidity shortfall -

228	Section 4980F tax on failure to provide notice of significant reduction in future accruals (from Schedule J, line 5)
237	Section 4965 tax on prohibited tax shelter transactions for entity managers (from Schedule K, line 2)
450	Section 4971 (g)(2) tax on failure to comply with a funding improvement or rehabilitation plan
451	Section 4971 (g)(3) tax on failure to meet requirements for plans in endangered or critical status (from Schedule F, line 1c)
452	Section 4971 (g)(4) tax on failure to adopt rehabilitation plan (from Schedule F, line 2d)
453	Section 4971 (h) tax on failure of a CSEC plan sponsor to adopt funding restoration plan (from Schedule L, line 2)

Note: Section references are to the Internal Revenue Code unless otherwise noted.

- (12) **BMF Credit/Item Reference Numbers: (Form 1120, Form 1041 and Form 990-T)** 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 Employment Tax Returns 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 for additional details.-

- Closing unit employees stop entering reference numbers.
- Examiners complete the RCCMS Closing Record tabs for Individual/Bus (1 of 3) tab, Reference Numbers (and related amounts) per the directions below.
- Classifiers complete the aforementioned reference numbers when accepting an employment tax claim as filed and closing it as a surveyed claim using disposal code 34/103. See the following for instructions.
- When inputting Reference Numbers in RCCMS, you **must** complete these fields on the Individual/Bus (1 of 3) tab of the closing record tab when closing agreed and unagreed employment tax exams.

Reference Numbers	Title
004	Social Security Wage Adjustment
073	Medicare Wage Adjustment

Reference Numbers	Title
200	Qualified sick leave wage adjustment (for leave taken after 03/31/2020 and before 04/01/2021)
201	Qualified family leave wage adjustment (for leave taken after 03/31/2020 and before 04/01/2021)
079	Federal income tax withholding, Social Security, and Medicare wage adjustment Section 3509 (**Always requires a Wage Amount of Zero) This is entered only once.
005	Social security and Medicare tip adjustment
074	Additional Medicare wage and/or tip adjustment subject to tax under Section 3101(b)(2)
114	Social Security and Medicare tax adjustment under Section 3121(q)
112	Total Social security and Medicare and additional Medicare tax adjustment
111	Total income tax
203	Increase (decrease) in non-refundable portion for employee retention credits
202	Increase (decrease) in non-refundable portion of credit for qualified sick and family leave wages for leave taken after 03/31/2020 and before 04/01/2021
281	Increase (decrease) in non-refundable portion of credit for qualified sick and family leave wages for leave taken after 3/31/2021 and before 10/1/2021
282	Increase (decrease) in non-refundable portion of COBRA premium assistance credit
119	Increase (decrease) in qualified small business payroll tax credit for increasing research activities
296	Increase (decrease) in refundable portion for employee retention credits
299	Increase (decrease) in refundable portion of credit for qualified sick and family leave wages for leave taken after 3/31/2020 and before 4/1/2021
271	Increase (decrease) in refundable portion of credit for qualified sick and family leave wages for leave taken after 3/31/2021 and before 10/1/2021
208	Increase (decrease) in qualified wages paid after 3/12/2020 and before 4/1/2020 for the employee retention credit
276	Increase (decrease) in refundable portion of COBRA premium assistance credit

Reference Numbers	Title
206	Increase (decrease) in qualified wages paid after 3/31/2020 for the employee retention credit
209	Increase (decrease) in qualified health plan expenses allocable to qualified employee retention wages paid after 3/12/2020 and before 4/1/2020
207	Increase (decrease) in qualified health plan expenses allocable to qualified employee retention wages paid after 3/31/2020
284	Increase (decrease) in qualified sick leave wages for leave taken after 3/31/2021 and before 10/1/2021
204	Increase (decrease) in qualified health plan expenses allocable to qualified sick leave wages for leave taken after 3/31/2020 and before 4/1/2021
285	Increase (decrease) in qualified health plan expenses allocable to qualified sick leave wages for leave taken after 3/31/2021 and before 10/1/2021
286	Increase (decrease) in amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after 3/31/2021 and before 10/1/2021
287	Increase (decrease) in qualified family leave wages for leave taken after 3/31/2021 and before 10/1/2021
205	Increase (decrease) in qualified health plan expenses allocable to qualified family leave wages for leave taken after 3/31/2020 and before 4/1/2021
288	Increase (decrease) in qualified health plan expenses allocable to qualified family leave wages for leave taken after 3/31/2021 and before 10/1/2021
289	Increase (decrease) in amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after 3/31/2021 and before 10/1/2021
680	Negligence Penalty before 09/30/2015 Section 6662
786	Negligence Penalty on/after 09/30/2015 Section 6662

Reference Numbers	Title
003	Federal income tax withheld (line 11 of Form 943-X - column 4 plus line 16 of Form 943-X - column 4).
008	Total adjustment to backup withholding

Reminder: When adjusting an account, research any Computer Condition Codes (CCC "E" or "S") which may indicate a taxpayer's intent to receive a refund or credit elect. See **Section 3** of Document 6209, **IRS Processing Codes and Information**.

Caution: See IRM 21.7.2.7.6 **COVID-19 Related Employment Tax Relief and Forms 94X**, for information on IRN/CRN usage on tax accounts for 2020 and subsequent tax periods.

- (15) The following is noted with regards to previous IRN usage with Form 941 (and Form 944 where applicable):
- See archived versions of IRM 21.7.2.7.6 if information is needed on IRN usage for returns posting prior to 2005.
 - IRN 109 (Current year's income tax withholding (Form 941)/Prior year's income tax withholding (Form 941) and IRN 110 (prior quarter's Social Security and Medicare taxes (Form 941)/Prior year's Social Security and Medicare taxes (Form 944)) are not valid for tax periods after 200812.
 - IRN 072 (Tips deemed to be wages (IRC Section 3121 (q))) should not be used for tax periods after 201012.
- (16) See the following references for IRNs and CRNs applicable to other employment tax form:
- For Form 943, see (2) in IRM 21.7.2.4.6.3, *Form 943-X, Adjusted Employer's Annual Tax Return for Agricultural Employees or Claim for Refund (including Form 943-X(PR))*.
 - For Form 945, see (6) in IRM 21.7.2.4.8, *Form 945, Annual Return of Withheld Federal Income Tax*.
 - For Form CT-1, see (1) in IRM 21.7.2.6.5.1, *Form CT-1, Adjustments*.

Caution See IRM 21.7.2.7.6, *COVID-19 Related Employment Tax Relief and Form 94XX*, for information on IRN/CRN usage on tax accounts for 2020 and subsequent tax periods.

- (17) **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), followed by the appropriate State abbreviation.

REF	Definition
T__	Tax increase/decrease
W__	Wage increase/decrease

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

State - Abbreviation	State - Abbreviation
Alabama-AL	Montana-MT

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

- (19) **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

- (20) **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
182	Excess Grass Roots Contributions
183	Excess Lobbying Contributions
213	Tax on Political Expenditures
214	Tax on Disqualifying Lobby Expenditures
334	Form 1042, 1120, 1120-F, 1120-FSC, 990C, 990T, 8038, 8038-G, 8038-GC, 8038-T, 720, 8804, 8849: <ul style="list-style-type: none"> Total of Line 5f plus Line 5g plus Line 5h plus Line 5i plus any amount to the right of Line 5i minus Line 8b of the Form 1120-F
391	Issue Price
409	Interest Payment Date (F8038-CP only)
411	Date of Issue
412	Maturity Date

- (21) **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	Accuracy-Related Penalty on Understatements With Respect to Reportable Transactions
682	Self-computed civil penalties for BBA
689	TE/GE for sanction assessments pertaining to Closing Agreements

- (22) 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 Adjust-

ment 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.

- (23) 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.

4.5.2.4.1.30
(11-25-2025)
**Operator Employee No.
and Date (Item D)**

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

4.5.2.4.1.31
(11-25-2025)
Rej. (Item E)

- (1) This item is completed by the Closing Function Tax Examiner **only** if Form 5599 is rejected.
- (2) The Closing Function Tax Examiner 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 Closing Function Tax Examiner **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 Closing Function Tax Examiner of what item failed to meet the validity check.

Caution: Before rejecting Form 5599, the Closing Function Tax Examiner ensures that all items were input correctly.

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

4.5.2.4.1.32
(11-25-2025)
**Document Locator
Number (Item F)**

- (1) The Closing Function 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 Closing Function Tax Examiner will enter the complete renumbered DLN after the closing data has been input. The Closing Function Tax Examiner will assign a NMF block to all NMF case files.

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

4.5.2.4.1.33
(11-25-2025)
Cor. (Item G)

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

4.5.2.4.1.34
(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.
- 4.5.2.4.1.35
(11-25-2025)
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:
- EP/EO/GE Document 11308
- 4.5.2.4.1.36
(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).
- 4.5.2.4.1.37
(11-25-2025)
AIMS/MF Update Data (Item 19)
- (1) The AIMS/MF Update Data is to be entered by the Examiner.
- (2) If the NAICS coder is not accurate on the AIMS data base enter reference number 410/NNNNNN=NAICS Code.
- 4.5.2.4.1.38
(11-25-2025)
Revenue Base Protection Section (RBP)
- (1) Items 20-24 are to be completed by the Examiner.
- (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, Examiners 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 Examiner 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:
- Reductions of a carry forward to a future return that has not been filed.
 - 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.
 - Innocent spouse claims, since this does not increase or decrease the actual liability, it just changes who is liable.

4.5.2.4.1.39
(11-25-2025)
**Claim Rejection Date
(Item 20)**

- Claim Rejection Date is to be completed by the Examiner if a signed Form 2297 is secured. If a letter needs to be issued, the Claim Rejection Date is to be completed by the Examiner.
- If the Campus 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.

- 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.

4.5.2.4.1.40
(11-25-2025)
Amount Claimed (Item 21)

- (1) The Amount Claimed is to be completed by the Examiner.
- (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 1040-X, Form 1120-X, 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 examination after an examination 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.

4.5.2.4.1.41
(11-25-2025)
Claim Amount Disallowed (Item 22)

- (1) The Claim Amount Disallowed is to be completed by the Examiner.
- (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.

4.5.2.4.1.42
(11-25-2025)
Claim Hours (Item 23)

- (1) Claim Hours is to be completed by the Examiner.
- (2) Time spent on revenue base protection **must** be entered in whole hours only. Examiners 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.

4.5.2.4.1.43
(11-25-2025)

Claim Type (Item 24)

- (1) Claim Type is to be completed by the Examiner.
- (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.

4.5.2.4.1.44
(11-25-2025)

Examiner's Time (Item 28)

- (1) Examiner's Time is to be completed by the Examiner.
- (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 34.

4.5.2.4.1.45
(11-25-2025)

Technique Code (Item 30)

- (1) The Examination Technique code to be entered by the Examiner.

- (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

4.5.2.4.1.46
(11-25-2025)

Examiner's Grade (Item 31)

- (1) The Examiner's Grade is to be entered by the Examiner.
- (2) Enter the two-digit grade of the Examiner who performed the examination. 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.

4.5.2.4.1.47
(11-25-2025)

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 Examiners 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 & FSL/ET
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

- 4.5.2.4.1.48
(11-25-2025)
Examiner's Name (Item 33)
- (1) The Examiner's Name is to be entered by the Examiner.
 - (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.
- 4.5.2.4.1.49
(10-01-2019)
Exam Adjustment amount (Item 34)
- (1) The Exam Adjustment Amount is to be completed by the Closing Function 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**.
- 4.5.2.4.1.50
(01-09-2023)
Manual Assessment Amount (Item 35)
- (1) The Manual Assessment Amount is to be entered by the Closing Function Tax Examiner.
 - (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.
- 4.5.2.4.1.51
(11-25-2025)
Hash Total (Item 36)
- (1) The Hash Total is to be entered by the Closing Function Tax Examiner.
 - (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 Closing Function Tax Examiner. 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
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 the decimal point (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.

4.5.2.4.1.52
(11-25-2025)

**Delinquent Return Code
(Item 37)**

- (1) The Delinquent Return Code is entered by the Examiner.
- (2) Item 37 must always be completed when closing delinquent returns picked up during the examination and sent to the campus for a posting for TC 150. 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 990-T 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 990-T closing document and 199912 Form 941 closing document. Enter a “R” on the remainder of the closing documents for the prior year Form 990-T 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.

4.5.2.4.1.53
(11-25-2025)

Fraud Condition (Item 38)

- (1) The Fraud Condition Code is to be entered by the Examiner.
- (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).

4.5.2.4.1.54
(10-01-2019)

Disclosure Code (Item 39)

- (1) Disclosure Code is to be entered by the Closing Function Tax Examiner.
- (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 **IRC 6103(p)(3)(A)** of IRM 11.3, Disclosure of Official Information . Exhibit 4.5.2-10 for valid Disclosure Codes.

4.5.2.4.1.55
(11-25-2025)

Special Project Code (Item 40)

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

4.5.2.4.1.56
(11-25-2025)

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

- (1) No Change Issue Codes are to be entered by the Examiner.
- (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 1040-A (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:
99999	Change/ No Change
61210	Income from Pensions
86100	Income from Sources Within the U.S.
17000	Charitable Contributions

4.5.2.4.1.57
(11-25-2025)
ARDI Code (Item 42)

- (1) The ARDI Code is to be entered by the Examiner.
- (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

4.5.2.4.1.58
(09-26-2014)
Delay Posting Code (Item 43)

- (1) The Delay Posting Code is to be entered by the Closing Function Tax Examiner.
- (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.

4.5.2.4.1.59
(11-25-2025)

NOL CF Disallowed Amount (Item 44)

- (1) NOL CF Disallowed Amount is to be entered by the Examiner.
- (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.

4.5.2.4.1.60
(11-25-2025)

NOL Indicator (Item 45)

- (1) NOL Indicator is to be entered by the Examiner.
- (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.
 - 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. Example 1: You made no adjustment to the 201412 NOL, therefore you did not pick up the related years.

201412 Form 5599, Item 44 = leave blank
201412 Form 5599, Item 45 = "1"
 - b. Example 2: You made a \$10,000 adjustment to the 201412 NOL that was carried back to 201112.

201412 Form 5599, Item 44 = leave blank (there was no carry over)
201412 Form 5599, Item 45 = "1" (NOL year)
201112 Form 5599, Item 44 = leave blank
201112 Form 5599, Item 45 = "2" (Related year)
201112 Form 5599, Item 12 = amount of tax assessed on the \$10,000 adjustment
 - c. Example 3: You made a \$140,000 adjustment to the 201412 NOL. You picked-up the carry back years and applied \$20,000 to 201112, \$30,000 to 201212, \$40,000 to 201312 but the \$50,000 for the carry over year could not be applied since the 201512 return was not yet filed.

201412 Form 5599, Item 44 = \$50,000 (captures the carry forward amount disallowed)
201412 Form 5599, Item 45 = "1" (NOL year)
201112,201212,201312 Form 5599, Item 45 = "2" (Related years)

201112, 2012512, 201312 Form 5599, Item 12 = amount of tax assessed on the \$20,000, \$30,000 and \$40,000 adjustments

- d. Example 4: You made a \$140,000 adjustment to the 201312 NOL. You picked-up the carry back years and carry forward years and applied \$20,000 to 201012, \$30,000 to 201112, \$40,000 to 201212 and \$50,000 to 201412.

201312 Form 5599, Item 44 = leave blank

201312 Form 5599, Item 45 = "1" (NOL year)

201012, 201112, 201212, 201412 Form 5599, Item 44 = leave blank

201012, 201112, 201212, 201412 Form 5599, Item 45 = "2"

(Related years)

201012, 201112, 201212, 201412 Form 5599, Item 12 = amount of tax assessed on the \$20,000, \$30,000, \$40,000 and \$50,000 adjustments.

(5) Offset Example:

- a. The 201412 return showed taxable income of \$75,000 (taxable income before NOLD = \$125,000, NOLD = \$200,000). You made adjustments to 201412 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 201512 return has not been filed, therefore cannot be picked-up to adjust the carry over. The 201312 return was examined but no changed.

201412 Form 5599, Item 44 = \$50,000 (Amount of adjustment offset by carry over)

201412 Form 5599, Item 45 = "3" (Offset year)

201312 Form 5599, Item 44 = leave blank

201312 Form 5599, Item 45 = "2" (Related years)

4.5.2.4.1.61
(11-25-2025)
**Credit CF Disallowed
Amount (Item 46)**

- (1) Credit CF Disallowed Amount is to be entered by the Examiner.
- (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 that was disallowed.
- a. Example: You examined the 201412 return and disallowed the foreign tax credit for \$5,000, \$2,000 of which was carried forward to 201512. You did not pick up 201512, since it had not been filed.

201412 Form 5599, Item 46 = \$2,000

201412 Form 5599, Item 12 = \$3000

4.5.2.4.1.62
(11-25-2025)
CF Credit Type (Item 47)

- (1) CF Credit Type is to be entered by the Examiner.
- (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. The following table lists the credit type to enter in Item 47 and the corresponding definition.

Credit Type	Definition
B	Business Energy Credit
E	Experimental Credit (Research and Experimental Credit)
F	Foreign Tax Credit
H	Historical Restoration Credit
I	Investment Tax Credit
L	Low Income Housing Credit
M	Multiple
T	Tight Formation Gas Credit
V	Vehicle Credit; Qualified Electric
Z	TETR (Telephone Excise Tax Refund)

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

4.5.2.4.1.63
(11-25-2025)

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

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

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.

4.5.2.4.1.64
(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).

4.5.2.4.1.65
(11-25-2025)

**Employee Group Code
(Item 50)**

- (1) The Employee Group Code is to be entered by the Examiner.
- (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	7600-7699
EO Examinations	7900-7999; and, 7700 - 7799
GE Examinations	– 7200-7299

- 4.5.2.4.1.66
(11-25-2025)
Check Box (Page 1)
- (1) The Check Box is to be completed by the Examiner when additional entries are **entered** on Page 2 of the Form 5999.
 - (2) The Check Box alerts the Closing Function Tax Examiner of the completion of the additional items on Page 2.
- 4.5.2.4.1.67
(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.
- 4.5.2.4.1.68
(11-25-2025)
Tax Examiner/Date (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.
- 4.5.2.4.1.69
(11-25-2025)
Reason Codes (Items 51, 52, and 53)
- (1) The Reason Codes are to be entered by the Examiner.
 - (2) There are several reason codes valid on master file. However, only the reason codes listed below are valid on AIMS. The same reason code can appear only once in Items 51-53. Valid reason codes are:
 - First-Time Homebuyer's Credit (FTHBC)
 - 2010 Gulf Region Oil Spill
 - Affordable Care Act (ACA)
 - Identity Theft
 - Criminal Restitution
 - (3) The credit is valid for 1040's MFT 30 only.
 - (4) No entry can be a duplicate of another as AIMS will reject the closure.
- 4.5.2.4.1.70
(11-25-2025)
Specified Health Insurance Policies Average Number of Lives (SHIP-LIVES) (Item 70)
- (1) The SHIP-LIVE/AMT is to be entered by the Examiner.
 - (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 Examiner.
- 4.5.2.4.1.71
(11-25-2025)
Applicable Self-Insured Health Plans Average Number of Lives (ASIHP-LIVES) (Item 70)
- (1) The ASIHP-LIVE/AMT is to be entered by the Examiner.
 - (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 Examiner.

4.5.2.4.1.72
(11-25-2025)
Specified Health Insurance Policies Average Number of Lives (SHIP-LIVES-OCT) (Item 70)

- (1) The SHIP-LIVE-OCT is to be entered by the Examiner.
- (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 Examiner.

4.5.2.4.1.73
(11-25-2025)
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 Examiner.
- (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 Examiner.

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.

4.5.2.4.1.74
(11-25-2025)
Coordinated Industry Case Indicator(CIC) (Item 400)

- (1) The CIC Case Indicator is to be entered by the **GE** Examiner.
- (2) Not a valid item for EP BMF Form 5330s.
- (3) **For EP (5500 Returns),TEB, FSL/ET 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.

4.5.2.4.1.75
(11-25-2025)
Whipsaw Indicator (Item 401) (GE Only)

- (1) The Whipsaw Indicator is to be entered by the Examiner.
- (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.

4.5.2.4.1.76
(11-25-2025)
International Examiner's Time (Item 402) (GE Only)

- (1) The International Examiner's Time is to be entered by the Examiner.
- (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.
- 4.5.2.4.1.77
(11-25-2025)
International Exam Results (Item 403) (GE Only)
- (1) The International Exam Results is to be entered by the Examiner.
- (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:** Examination 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.
- 4.5.2.4.1.78
(11-25-2025)
Abstract Information (Item 404) (GE Only)
- (1) Abstract Information is to be entered by the **GE** Examiner.
- (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.
- 4.5.2.4.1.78.1
(11-25-2025)
Abstract Code (Item 404 a) (GE Only)
- (1) Abstract Code is to be entered by the **GE** Examiner.
- (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.
- 4.5.2.4.1.78.2
(11-25-2025)
Disposal Code (Item 404 b) (GE Only)
- (1) Disposal Code is to be entered by the **GE** Examiner.
- (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.

- 4.5.2.4.1.78.3
(11-25-2025)
Abstract Time (Item 404 c) (GE Only)
- (1) Abstract Time is to be entered by the **GE** Examiner.
 - (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 404 c entries must total the amount entered in Item 28.
- 4.5.2.4.1.78.4
(11-25-2025)
Abstract Examination Results (Item 404 d) (GE Only)
- (1) Abstract Examination Results are to be entered by the **GE** Examiner.
 - (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 404 d entries must equal the total of the computer generated Examination results.
- 4.5.2.4.1.78.5
(11-25-2025)
Flip-Flop Issue (Items 404 a-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 404 a-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 404 d is zero. Zero abstract results are entered because the Item 404 results must equal the Exam Results which in flip-flop cases are zero.
- 4.5.2.4.1.78.6
(11-25-2025)
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 as necessary.
 - c. **Revenue Base Protection** - If the examination includes 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** - 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 for processing must be entered in Item 414.
- 4.5.2.4.1.79
(11-25-2025)
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** Examiner.

- (3) Required entry for all examined returns worked by Examiners 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 examination 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.

4.5.2.4.1.79.1
(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.

4.5.2.4.1.79.2
(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".

4.5.2.4.1.80
(11-25-2025)

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

- (1) If there is an installment agreement, this code should be entered by the **GE** Examiner.
- (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

4.5.2.4.1.81
(11-25-2025)

**Delinquent Return
Amount (Item 414)**

- (1) Delinquent Return Amount is to be entered by the Examiner.
- (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. 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 r 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. 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 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.

4.5.2.4.1.82
(11-25-2025)

**Amended Return
Amount (Item 415)**

- (1) Amended Return Amount is to be entered by the Examiner.
- (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 Examiners' 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 processed by the Campus 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. If there is no other assessment to be made, close the case using DC 01. Leave Item 37 blank.
- (3) For taxable returns, enter the amount of the TC 29X, less any credits posted. In most cases this is the balance or refund due.
- (4) For non-taxable returns, enter the adjustment amount to income or loss.
- (5) Item 415 can be corrected by CC AMAXUO.

4.5.2.4.1.83
(11-25-2025)

**Fax Agreement Indicator
(Item 416)**

- (1) Fax Agreement Indicator is to be entered by the Examiner.
- (2) This item is not applicable for TEB returns.
- (3) If the taxpayer faxed the agreement to the Examiner, enter a "1". Otherwise, leave this item blank.

4.5.2.4.1.84
(11-25-2025)

3121q Amount (Item 418)

- (1) 3121q amount is entered by the Examiner.
- (2) This item is valid only for 941 returns.

- 4.5.2.4.1.85
(11-25-2025)
IRC Subsection (Item 702) (EO Only)
- (1) The IRC Subsection is to be entered by the EO Examiner.
 - (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 11308, Information Systems Codes Quick Reference for TE/GE Employees when Item 702 is a required entry.
- 4.5.2.4.1.86
(11-25-2025)
Asset Code (Item 703) (EO Only)
- (1) The Asset Code is to be entered by the EO Examiner.
 - (2) Not a valid item for EP BMF Form 5330s or GE returns.
 - (3) Entry is valid for 990-PFs (MFT 44) **only**, in all other instances, leave this item blank. Refer to Document 11308, Information Systems Codes Quick Reference for TE/GE Employees for the appropriate asset amount codes.
- 4.5.2.4.1.87
(11-25-2025)
Related Return (Item 704) (EO Only)
- (1) Related Return is to be entered by the EO Examiner.
 - (2) Not a valid item for EP BMF Form 5330s or GE returns.
 - (3) When closing a 990-T account related to a 990 examination, enter a "1." When closing a 990-T account related to a 990-PF examination, enter a "2." In all other instances leave blank.
- Reminder:** Item 704 is required if the MFT is 34.
- 4.5.2.4.1.88
(11-25-2025)
Additional EO/GE Examined Closing Information
- (1) The Additional EO/GE Examined Closing Information is to be entered by the EO or GE Examiner.
 - (2) Not valid for EP BMF Form 5330s.
 - (3) Complete for the primary return **only**.
- Caution:** It is imperative that the Examiner 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.
- 4.5.2.4.1.88.1
(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).
- 4.5.2.4.1.88.2
(11-25-2025)
Liability Converted (Item 707)
- (1) Enter the tax liability determined from the conversion of Form(s) 990 or 990-PF to Form(s) 1041 or 1120. If:
 - a. Form(s) were not converted.
 - b. If the information 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, TS or LB&I Division should be notified. Use Form 5666, TE/GE Information Report, for this purpose.

4.5.2.4.1.89
(11-25-2025)

**Analysis of Change in
Tax Liability (Items
708-743)**

- (1) The Analysis of Change in Tax Liability items are to be entered by the EO or GE Examiner.
- (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 720 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 (a)/Section 4951(a) - enter the initial deficiency or overassessment.
 - c. Item 711, IRC Section 4941(b)/Section 4951(b) - Additional - enter the additional deficiency.
 - d. Item 712, IRC Section 4942(a) - enter the initial deficiency or overassessment.
 - e. Item 713, IRC Section 4942(b) -Additional - enter the additional deficiency.
 - f. Item 714, IRC Section 4943(a) - enter the initial deficiency or overassessment.
 - g. Item 715, IRC Section 4943(b) - Additional - enter the additional deficiency.
 - h. Item 716, IRC Section 4944(a) - enter the initial deficiency or overassessment.
 - i. Item 717, IRC Section 4944(b) - Additional - enter the additional deficiency.
 - j. Item 718, IRC Section 4945 (a)/Section 4952(a) - enter the initial deficiency or overassessment.
 - k. Item 719, IRC Section 4945(b)/Section 4952(b) - Additional - enter the additional deficiency.
 - l. Item 728, IRC Section 4958(a) - enter the initial deficiency or overassessment.
 - m. Item 729, IRC Section 4958(b) - Additional - enter the additional deficiency.
 - n. Item 730, IRC Section 4955(a) - enter the deficiency or overassessment.
 - o. Item 731, IRC Section 4955(b) - Additional - enter the additional deficiency.
 - p. Item 738, IRC Section 170(f)(10) - enter the deficiency or overassessment.
 - q. Item 740, IRC Section 4965 - enter the deficiency or overassessment.
 - r. Item 741, IRC Section 4966 - enter the deficiency or overassessment.
 - s. Item 742, IRC Section 664(c)(2) - enter the deficiency or overassessment.
 - t. Item 743, IRC Section 501(r)(3)- enter the deficiency or overassessment.
- (7) For Form 990-PF complete the following, if applicable:
 - a. Item 709, IRC Section 4940 - enter the deficiency or overassessment.
- (8) For Form 990-BL complete the following, if applicable:

- a. Item 710, IRC Section 4941(a)/IRC Section 4951(a) - enter the initial deficiency or overassessment.
 - b. Item 711, IRC Section 4941(b)/IRC Section 4951(b) - Additional - enter the additional deficiency.
 - c. Item 718, IRC Section 4945(a)/IRC Section 4952(a) - enter the initial deficiency or overassessment.
 - d. Item 719, IRC Section 4945(b)/IRC Section 4952(b) - Additional - enter the additional deficiency.
- (9) For Form 990-T 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, Employment Tax - 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 .
- (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 Section 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 Section 6652(c)(1)(C), Failure to disclose annual return for public inspection.
- a. Item 735, 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 736, enter the amount of the penalty imposed.
- (21) For IRC Section 6685, Penalties for failure to meet public inspection requirements.
 - a. Item 737, enter the amount of the penalty imposed.
- (22) For IRC Section 6033(e)(2), Income Tax
 - a. Item 739, enter the amount of the tax imposed.

4.5.2.4.1.90
(11-25-2025)
Comments Section

- (1) The Comments Section will be completed by the EP, EO or GE Examiner.
- (2) Cases having related returns will be identified by the EP, EO or GE Examiner 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 may be entered in the "Comments" area, space permitting.

4.5.2.5
(11-25-2025)
**Reinputting Form 5599,
CC TERUP/QRACN**

- (1) **Reinputting the long closing (CC AMCLSO)** - Since the case is in Status Code 90, the following steps are required to reinput a long closing, CC AMCLSO, that was deleted by a CC TERUP/QRACN.
 - 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 the new amount to the results .
- (2) **Reinputting the partial assessment (CC AMCLSF)** - The following steps are required to reinput a partial assessment that was deleted by a CC TERUP/QRACN.
 - 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.

4.5.2.6
(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 closing function for input.

4.5.2.6.1
(11-25-2025)
**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 closing function for input. Arrange the case as follows:
 - a. Form 5599 on top - If a prior examination 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 examination 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.

4.5.2.6.2
(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 will be generated at the Campus 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.

4.5.2.6.3 (11-25-2025)

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 examiner 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 examiner 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 the Closing Function:
 - 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 examiner 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.

4.5.2.7 (11-25-2025)

Special Handling Procedures for TE/GE Returns

- (1) Several special handling procedures require the use of RCCMS 3198–A, Special Handling Checksheet and/or Form 13133, Expedite Processing Cycle. These forms 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 4.70.14 , Resolving the Examination, for special handling procedures.

4.5.2.8 (11-25-2025)

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.

4.5.2.9

(11-25-2025)

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. Group Manager approval, along with the Area Manager signature is required before a TE/GE account may be closed with DC 33 - Error Account With No Return. When the account is received in the Closing Function, the AIMS Coordinator or designee must also review and approve closing AIMS accounts using DC 33, prior to terminal input.
- (2) Form 10904, Request for Record Deletion from AIMS/ERCS, is used to close an AIMS account with DC 33 or 99. Group Manager approval, along with the Area Manager, signature is required before a TE/GE account may be closed with DC 33. This approval will be indicated by the Group Manager's and Area Manager's signature and date enter in the applicable items on Form 10904. When the account is received in the Closing function, the AIMS Coordinator or designee must also review and approve closing AIMS accounts using DC 33, prior to terminal input.
- (3) RCCMS only error closures do not require Form 10904. They should be closed DC 901 and the reason for the request should be included in the Comments section of the closing record in the RCCMS file.

Note: See IRM 4.70.14.4.9.1.1, Disposal Code 99 and Disposal Code 33, and 4.70.14.4.9.2, Form 10904 Package, for additional details on error account closures.

- (4) 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.
- (5) 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 and Information Management -Types of Records and Their Life Cycles. 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 for retention. Either Appeals or the Closing Function will close Form 5570, Appeals Short Closing.

4.5.2.10

(11-25-2025)

Cases to Appeals

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

Note: Provide the revised RAR to the taxpayer and POA, if applicable, with cover *Letter 5918*, Protest Received Rebuttal/Transfer to Appeals. Ensure that the updated RAR states that the revised RAR supersedes the previously provided RAR.

- (2) If the protest does not alter the original conclusion, the examiner 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 all **Paperless** cases can be submitted via: *Appeals Shared Programs Hub*.

Note: TEGE cases will be sent to Appeals electronically via RCCMS.

Note: ALL **Paper** examination (non-collection) cases should be routed to the Independent Office of Appeals in Fresno, CA.

- e. Complete RCCMS 3198-A Special Handling Checksheet selecting the tab for Appeals;

Note: Capture the taxpayer protest received date and whether that protest contains new information that requires additional development.

- f. Save all of the prepared forms and letters in the RCCMS Office Documents folder using the RCCMS Naming Convention, see IRM 4.70.12.5.2 - Workpaper Format and TE/GE RCCMS Naming Convention.
- g. Assemble the case file in accordance with IRM 4.70.14.4.2.1, Electronic Case File Assembly or IRM 4.70.14.4.2.1.1 - Paper Case File Assembly.

Note: Whistleblower/ICE indicators on cases: There should be a RCCMS 3198-A Special Handling Checksheet on the case identifying it as a whistleblower. Check AMDISA for ICE -IND>1 prior to sending case to Appeals. The Examiner needs to complete Form 11369 prior to sending the case to appeals. Examiner will have to complete Form 11369 and submit it with a copy of examination 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. The WB Office is the only one who can change the ICE indicators.

Exhibit 4.5.2-1 (11-25-2025)**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,	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 Document 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) (11-25-2025)**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 (11-25-2025)**TE/GE Penalty Reason Codes**

Reason Code	Definition
015	General IRS Error. Specific instruction for use of this code would be released in IRM updates or SERP Alerts.
021	Tolerance Criteria Met - FTD, FTF & FTP
022	Normal business care and prudence followed, but taxpayer was still unable to comply due to circumstances beyond their control. Generally used when the taxpayer establishes a single circumstance prevented compliance. See IRM 20.1.1.3.2.2, Ordinary Business Care and Prudence.
023	Taxpayer relied on practitioner or third party advice. See IRM 20.1.1.3.2.2.5, Erroneous Advice or Reliance.
024	IMF - Death, serious illness, or unavoidable absence of the taxpayer or a member of their immediate family. See IRM 20.1.1.3.2.2.1, Death, Serious Illness, or Unavoidable Absence.
025	Records inaccessible / Unable to obtain records / Records destroyed by fire or other casualty. See IRM 20.1.1.3.2.2.3, Unable to Obtain Records.
026	BMF - Death, serious illness, or unavoidable absence of the person responsible for filing and/or paying taxes (i.e., owner, corporate officer, partner, etc.) or a member of their immediate family. See IRM 20.1.1.3.2.2.1, Death, Serious Illness, or Unavoidable Absence.
027	Timely mailed/timely filed.
028	Official Disaster Area. See IRM 20.1.1.3.3.6, Official Disaster Area .
029	Undue economic hardship/inability to pay (FTP). IRM 20.1.2.2.4.1(9), Penalty Abate-ments and Re-assessments, IRM 20.1.2.2.4.3(5), Notice 2015-09 Penalty Relief and IRM 20.1.1.3.3.3, Undue Hardship. Note: Rarely Allowed on Employment Tax Deposits.
030	Other - Combination of mistakes. Normal business care and prudence followed, but documentation shows non-compliance was due to circumstances beyond the tax- payer's control. See IRM 20.1.1.3.2.1, Standards and Authorities.
031	Erroneous Oral Advice by IRS. See IRM 20.1.1.3.3.4.2, Oral Advice From IRS.
032	Other Treasury Agency Errors (FMS or EFTPS Treasury Financial Agent (TFA) errors).
033 – 038	Reserved, but valid.
039	Appeals - Partial/Full abatement of penalty(s) based on Third Party (Bulk & Batch Filers or Payroll Tax Service Bureaus) Settlement.
040	Appeals Settlement based on 'Hazards of Litigation'. Complete removal of penalty(s).
041	Appeals sustains penalty(s).
042	Appeals partial abatement.

Exhibit 4.5.2-2 (Cont. 1) (11-25-2025)
TE/GE Penalty Reason Codes

Reason Code	Definition
043	Service provided relief for a valid penalty (i.e., RRA '98 Section 3304(b) change in FTD deposit frequency for 1st quarter only starting in 1999). See IRM 20.1.1.3.3.2, Administrative Waivers.
044	Erroneous or Late Written Advice by IRS. Relief based on Revenue Procedures. See IRM 20.1.1.3.3.1, Statutory and Regulatory Exceptions.
045	IRS Error. Math Error in computing penalties. Extensions to file not posted to Master File (TC 460 did not reverse penalty). Taxpayer complied with law but IRS did not recognize compliance. See IRM 20.1.1.3.4, Correction of Service Error.
046	Specific criteria for use of this PRC will be provided in IRM 20.1 when applicable. Current criteria are contained in IRM 20.1.4.15.3, Statements From Unbanked Taxpayers (Unbanked Taxpayer Relief) and IRM 20.1.2.2.3.2.2, Extension of Time to Pay Voided (E-filed Form 2290).
050	User Fee reversals. See IRM 5.19.1.6.4.6.3, User Fee Payment Transfer/User Fee Abatements.
062	IMF Penalty Due To Reasonable Cause (Interest Is Charged On Any Unpaid Tax And May Not Be Removed For Reasonable Cause). Note: Use RC 062 only when PRC is in the "Reasonable Cause" category.
068	Systemic FTD penalty abatement per the EFTPS/FTD Penalty Refund Program.
071	Limited to Form 990-PF (MFT 44) - Allows a private foundation reasonable cause for FTF & FTP 90 days after it received a determination letter from the Service stating the organization is a private foundation or it cannot be expected to be a public charity.
072	Membership organization (MFT 67) has no full-time employees responsible for administering finances and was unable to timely file due to little continuity or understanding of duties due to frequent officer changes. Normal business care and prudence.
073	Membership organization (MFT 67) has no full-time employees responsible for administering finances and has no prior history of late filing and claims ignorance of the requirement.

Exhibit 4.5.2-3 (11-25-2025)**Priority Codes (Item 09, Form 5599)**

Priority Code	Definition
1	Bypass TC 97X freeze
2	Settlement Amount - TE/GE still uses this - no longer valid for Exam.
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	Amended Return - partial assessment.
5	FTP penalty or interest - causes assessment of accruals - 4.4.12.4.23.7
9	FTP back to RDD for TC 300 adjustment - Only necessary on IMF. BMF automatically generates FTP from RDD unless TC 270 is input. Entering a TC 270 amount will prevent MF from computing back to RDD even though PC 9 is input. Use when inputting a return or adjustment, if the module contains an SFR, to compute FTP from return due date.
9	Use if 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 return due date.
9	Use to bypass UPC 168 for MFT 31 TC 30X with a reference number 765, 767, and 807. Use when inputting a return or adjustment, if the module contains an SFR, to compute FTP from return due date.

Exhibit 4.5.2-4 (11-25-2025)**Transaction Codes (TC) for Form 5599**

Penalty TC	DB/CR	IRC	Description
160 161	Debit Credit	Section 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	Section 6654(a)	Failure to Pay (FTP) estimated tax, applicable to Form 1040.
170	Debit	Section 6655(a)	Failure to Pay (FTP) estimated tax, applicable to Form 1041, Form 990-T, Form 990-PF, 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	Section 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	Section 6652(c)	Manual assessment or generated from TC 150 input of \$20 Daily Delinquency Penalty to maximum of \$10,000.
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	Section 6651(f)	Computer generated TC 240 post to a tax module when a miscellaneous type penalty is assessed (i.e., other than those penalties which are identified with their own TC or reference no.). See Section 10) for appropriate Penalty Reference Numbers.
241	Credit		Computer generated TC 241 post to a tax module when a previously assessed miscellaneous type penalty is being partially or completely abated. Also abates TC 246 for MFT 06 (Form 1065, BMF only).

Exhibit 4.5.2-4 (Cont. 1) (11-25-2025)
Transaction Codes (TC) for Form 5599

Penalty TC	DB/CR	IRC	Description
270	Debit	Section 6651(a)(2)	Manual computed Failure to Pay Tax Penalty assessed if return liability and/or Examination/DP tax adjustment is not paid on or before date prescribed for payments. BMF/IMF: Restricts penalty computation for this module. Condition code "Z" input with TC 150 generates a TC 270 for zero amount (IMF only).
271	Credit		Manual abatement of previously "net assessed" FTP Penalty (TC 270/276) in whole or in part. Restricts penalty computation for the module unless input with Reason Code 62.
272			Removes restriction on computation of FTP Penalty on previously posted TC 270 or 271. Causes recomputation and allows normal computation of Failure to Pay Penalty.
281	Debit	Section 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) (11-25-2025)
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 1040-A, and Form 1040-EZ.
765	Debit	Reverses TC 764 or 768.
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 (11-25-2025)**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 below in the order indicated for Defaulted 90-Day Letters.

Description	Order	Julian Date	Order	Calendar Date
Original statute date	2	105	1	April 15
Plus 90 (150) days for 90-Day Letter	3	<u>+90</u> (150)		
		195 (255)		
Plus 60 days to assess	4	<u>+60</u>	5	September 12
Equals extended ASED		<u>255</u>		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 days suspended plus 60-days.

Note: For computations involving leap years, the leap year Julian calendar should be used.

Example: Follow the steps below 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	<u>-15</u>		January 15
Equals amount of days suspended from assessing	4	65		N/A
Plus 60 days to assess		<u>+ 60</u>		+60
Equals amount of days to add to <i>original statute</i> of April 15		125		N/A

Exhibit 4.5.2-5 (Cont. 1) (11-25-2025)
Computation of Statute Dates

Description	Order	Julian Date	Order	Calendar Date
Julian date of original statute (April 15)	5	<u>+105</u>		April 15
Julian date of correct statute date		<u>230</u>	6	August 18

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

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	April 22
PLUS 90 (150) days (for 90-Day Letter)	<u>+ 90 (150)</u>	
	202 (262)	
PLUS 60 days to assess	<u>+ 60</u>	
Equals Extended ASED	<u>262 (322)</u>	September 19 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	July 13
PLUS 60 days to assess	<u>+ 60</u>	
Equals Extended ASED	<u>254</u>	September 11

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

Appeals Office	Non-docketed	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	Non-docketed	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 (11-25-2025)**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 (11-25-2025)**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	Other Situations

Exhibit 4.5.2-9 (Cont. 1) (11-25-2025)**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.

