



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.10.16

MARCH 23, 2016

## EFFECTIVE DATE

(03-23-2016)

## PURPOSE

- (1) This transmits revised IRM 4.10.16, *Examination of Returns, Examination Operational Automation Database (EOAD)*.

## MATERIAL CHANGES

- (1) Minor editorial changes have been made throughout this IRM. Also, website addresses and IRM references were reviewed and updated as necessary.
- (2) Updated exhibits to reflect current codes in effect.

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.10.16, dated January 02, 2013.

## AUDIENCE

Employees in the Small Business and Self-Employed (SB/SE), Large Business and International (LB&I), Tax Exempt and Governmental Entities (TE/GE), and Wage and Investment (W&I) operating divisions who conduct examinations of income tax returns (Forms 1040, 1120, 1120S, and 1065).

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4.10.16

Examination Operational Automation Database (EOAD)

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- 4.10.16.1  
(01-02-2013)  
**Examination Operational Automation Database (EOAD)**
- (1) EOAD provides data that tracks examination results by issue. This data is used to enhance the ability to identify specific areas of non-compliance based on examination results and track the effectiveness of the examination classification process. EOAD is used to track examination results for National Research Project (NRP) examinations and analyzed by the Government Accountability Office (GAO) and Treasury Inspector General for Tax Administration (TIGTA) as part of their audits of IRS examination activities. In addition, EOAD data is used to fulfill disclosure of examination results under agreements with state and local taxation agencies. Therefore, it is important that data inputs are accurate.
  - (2) Data is captured by Small Business/Self-Employed (SB/SE), Large Business & International (LB&I), and Wage & Investment (W&I) examiners for examinations of all Forms 1040, 1120, 1120S, and 1065 using Report Generation Software (RGS) and Issue Management System (IMS) software.
  - (3) The focus of this IRM is on data entries in RGS and IMS that are captured by EOAD but generally do not affect tax computations. It is very important that examiners take great care in properly entering EOAD data since there is no subsequent review process to correct EOAD errors.
- 4.10.16.1.1  
(04-26-2011)  
**Requirement for Completion of EOAD Data**
- (1) Capture of EOAD data is mandatory for all examinations of Individual (Form 1040), Corporate (Form 1120), S Corporation (Form 1120S), and Partnership (Form 1065) returns.
  - (2) EOAD data must be entered for **all** examined issues, both adjusted and non-adjusted items, as well as all classified issues including those that are no-changed or subsequently declassified.
- 4.10.16.1.2  
(04-26-2011)  
**Capture of EOAD Data Using RGS**
- (1) EOAD data is captured by RGS from examiners' inputs on the following screens in RGS:
    - Create Case screen
    - Case Information screen
    - Contacts screen
    - Issue screen
    - Tax Computation (IMF) and Create Report (BMF) screens
    - Form 5344
    - Compliance Evaluation screen
- 4.10.16.1.2.1  
(03-23-2016)  
**Create Case, Case Information, and Contacts Screens**
- (1) **Create Case screen** - the following data is captured:
    - Taxpayer identification number (TIN)
    - Secondary social security number (SSSN)
    - Form type
    - Master file tax (MFT) code
    - Tax period
    - Source code
    - Activity code
    - Project code
    - Tracking code
    - Post of duty (POD) code
    - Audit Information Management System (AIMS) assignee codes
  - (2) **Case Information screen** - the following data is captured:

- Name
- Address
- Filing state code
- Filing zip code

Based on the examiner's inputs in:

- Return due date
- Extended due date
- Received date
- Substitute for return checkbox

RGS will generate a delinquency indicator for EOAD to indicate:

- The return was filed timely
- A valid extension was filed
- The return was delinquent (filed late)
- A return was not filed (i.e. substitute for return cases)

- (3) **Contacts screen** - captures identification and contact information for the return preparer and representative(s). The proper completion of this information allows the ability to identify and address egregious return preparers.

4.10.16.1.2.2  
(01-02-2013)

#### Issue Selection Screen

- (1) The examiner creates issues in RGS using the drop down "Actions" menu to select the option that best describes the issue. The menu options are:
- **New Issue** – This is an issue that has been identified by the examiner who has determined that it warrants additional inspection. New Issues are not Classified Issues nor are they directly related to a Classified Issue.
  - **New Classified Issue** – This is an issue that has been identified through the issue classification process and appears on a Classification Check Sheet. **All** Classified Issues must be added and commented upon even if they are subsequently declassified. If a Classified Issue is declassified, check the declassified box on the issue adjustment screen. Add an adjustment record with the issue categorized as though it was examined. Enter the issue amount from the return in both the Per Return and Per Exam fields and select a Declassified Issue Reason Code.
  - **New Issue Resulting From Classified Issue** – This is an issue that can be directly traced back to a classified issue. For example, a classified balance sheet item could lead to one or more profit and loss items. These subsequent Profit and Loss issues would be identified as New Issue Resulting From Classified Issue.
  - **New Mandatory Issue** – There are as many as eleven mandatory issues for business cases that are auto-generated when the case file is created in RGS. Mandatory Issues, such as for changes to income or cost of sales, should **never** be used to report adjustments.

**Note:** Issues from different lines on a tax return must be created separately using the appropriate issue code and should not be combined.

- (2) Once an issue is added, the examiner uses a pull down menu in the **IMF Code** field to identify the issue. See Exhibit 4.10.16-1 for a complete list of IMF Issue Codes. The initial drop down menu selections are:
- Form 1040 Exemptions and Income
  - Form 1040 Taxes and Credits

- Premium Tax Credit and Health Care
- Schedule A
- Schedule C
- Schedule D
- Schedule E
- Schedule F
- Form 2106
- Generic Income, Expense and Tax Credits
- 999999 - Statutory Adjustment
- 699999 - Impact of DeMinimus Issues
- Campus/Service Center
- 4NRP - Q Table
- 99999 - Change/No Change
- Miscellaneous Issues

(3) BMF issues are identified using the drop down menus in the **SAIN**, Standard Audit Index Number, field. See Exhibit 4.10.16-2, and Exhibit 4.10.16-3, respectively, for complete lists of sub-chapter S and partnership SAIN Codes. See IRM 4.46.6, *LB&I Guide for Quality Examinations*, for a complete list of Corporate SAIN codes.

4.10.16.1.2.3  
(03-23-2016)  
**Issue Adjustment  
Screen**

- (1) Once issues are identified, the Issue Adjustment screen is accessed using the “Add” function box.
- (2) To promote accuracy and reduce time spent, EOAD fields should be completed concurrently with the examination of issues to the greatest extent possible.
- (3) The following fields are captured by EOAD on the Issue Adjustment screen:
  - a. **Categorization** - this selection determines how RGS will calculate the tax resulting from the adjustment. A “RGS Issue Reference Guide” is available for download at the RGS website <http://mysbse.web.irs.gov/examination/rgs/resources/27958.aspx>. This guide provides detailed instructions to examiners on how to properly categorize an adjustment based upon the IMF Issue Code selection to ensure RGS performs a proper tax calculation and that accurate EOAD data is captured.
  - b. **Per return, Per exam** amounts.
  - c. **Reason Code** – a two-digit code that identifies the reason for the adjustment, why the issue was no changed, or declassified. The examiner should follow the drop down menus in RGS to select the code that best describes the reason the issue was or was not adjusted. See Exhibit 4.10.16-4. (MM-DD-YYYY)

**Note:** Adjustments to Earned Income Credit issues or originating from Flow Through Entities require the selection of specific Reason Codes. Reason Codes for adjustments from Flow Through Entities are further divided to identify the case as either NRP or Non NRP. For all other issues, select the code that best fits the reason the issue was or was not adjusted.

- d. **Uniform Issue List (UIL) Code** - SB/SE examiners are **not** required to complete this field.
- e. **Rental Type Code** – This field is completed for Form 1040 - Schedule E Rental Issues only in RGS. The drop down menu for this field is only activated on issues with Schedule E - Rental IMF Issue Codes. Select the code that best describes the rental from the categories Residential,

Vacation, or Commercial Rental. See Exhibit 4.10.16-5 for a complete list of Rental Type Codes.

- f. **PBA/NAICS Code Per Return (Issue)** – For all Form 1040 Schedule C or F and all Forms 1065, 1120, and 1120S issues, this field should be completed to reflect the code as reported by the taxpayer. The North American Industry Classification System (NAICS) will be used for returns for tax periods after 199811. The Primary Business Activity (PBA) Codes will be used for tax periods prior to 199812. The four-digit PBA Code should be expanded to six digits by placing two zeroes (00) before the code.
- g. **PBA/NAICS Code Per Exam (Issue)** – For all Form 1040 Schedule C or F and all Forms 1065, 1120, and 1120S issues, enter the NAICS code from the series of pull down menus that best identifies the type of business for the issue being examined. NAICS codes will be used for returns for tax periods after 199811. PBA codes will be used for tax periods prior to 199812. The four-digit PBA code should be expanded to six digits by placing two zeroes (00) before the code. Code “000000” should be selected for issues involving Form 1040 Schedule E income subject to self-employment tax.

**Note:** If the examiner is fully disallowing the schedule or return, such as in an IRC 183 adjustment, they should choose “D” to remove the NAICS code.

4.10.16.1.2.4  
(01-02-2013)  
**Completion of RGS Tax  
Computation and Form  
5344**

- (1) Before the Compliance Evaluation Screen can be completed certain RGS actions must be taken. The **tax computation must be completed using RGS** and all required fields in the RGS Form 5344 must be completed. Then the Form 5344 must be validated.

4.10.16.1.2.5  
(01-02-2013)  
**Completion of the  
Compliance Evaluation  
Screen**

- (1) **PBA/NAICS Code Per Return** – This code reflects the principal business of the taxpayer and can be found on the return. In the case of Forms 1040 with multiple Schedules C or F, it is the code for the schedule with largest gross receipts per the return. North American Industry Classification System (NAICS) codes will be used for returns for tax periods after 199811. Primary Business Activity (PBA) codes will be used for tax periods prior to 199812. The four-digit PBA code should be expanded to six digits by placing two zeroes (00) before the code.
- (2) **PBA/NAICS Code Per Exam** – This is the corrected code, based on the examiner’s determination for the principal business of the taxpayer. In the case of Forms 1040 with multiple Schedules C or F, it is the code for the schedule with largest gross receipts after completion of the examination. RGS provides a series of pull down menus to assist the examiner in selecting the correct code. NAICS codes will be used for returns for tax periods after 199811. PBA codes will be used for tax periods prior to 199812. The four-digit PBA code should be expanded to six digits by placing two zeroes (00) before the code.
- (3) **Primary Occupation Code (Form 1040 only)** – This is a three-digit code that identifies the occupation of the taxpayer with the largest source of wage income for the year being examined. This code should be selected based on the taxpayer’s largest source of wage income per exam regardless of whether the largest source is from the primary or secondary taxpayer. This field will be completed where the taxpayer is both a wage earner and self-employed. If no wages are earned, no code is entered. RGS provides a series of pull down menus to assist the examiner in selecting the correct code.

- (4) **Amount Paid at Closing** – This is the total amount paid for the applicable tax period at the time the examination was concluded or before the examination case is closed from the group.
- (5) **Study Type** – This field will be left blank currently. It is a three-digit field that will be used to track cases for special surveys or research studies (not the same as current project codes).
- (6) Upon completion of all fields, the Compliance Evaluation screen must be validated, saved, and printed. The printed copy must be placed in the case folder on top of the case file.

4.10.16.1.2.6  
(03-23-2016)  
**Forwarding EOAD Data  
using RGS**

- (1) SB/SE and LB&I, International Individual Compliance (IIC) examiners will forward **all** closed cases by Local Area Network (LAN) unless that functionality is unavailable. The EOAD data is included in the electronic case file by the forwarding process.
- (2) Forms 1040, 1120, 1120S, and 1065 examinations which could not be completed using LAN-RGS must be notated as such on the Form 3198, *Special Handling Notice for Examination Case Processing*. Any cases not fulfilling the requirements of IRM 4.4.12.11, *EOAD Data Capture Procedures*, will be returned to the originating examination group.

4.10.16.1.3  
(03-23-2016)  
**Capture of EOAD Data  
Using IMS**

- (1) In 2006, LB&I fully implemented IMS and required its use on all cases worked by LB&I. As of 11-17-2009, the IMS system captures the EOAD data in a format that can be shared with state and local taxation agencies. Therefore, if a case is on IMS, the examiner no longer needs to copy cases to external media such as compact disks.
- (2) EOAD data is automatically extracted by IMS at case closure based upon examiners' inputs on various IMS screens. Instructions detailing the proper input of data in IMS can be found in the IMS Client program.
- (3) For cases completed using IMS, EOAD data is included in the electronic case file by the forwarding process.

4.10.16.1.4  
(03-23-2016)  
**Forwarding EOAD  
Manually - Centralized  
Case Processing (CCP)  
Responsibility**

- (1) If a disclosure is made to an agency whose code is manual or not compatible with AIMS, or if the disclosure is of Non-Master File (NMF) information, the reporting will be done manually by preparing Form 5466-B, *Multiple Record of Disclosure*. Additional information regarding disclosure reporting requirements can be found at IRM 11.3.37, **Recordkeeping and Accounting for Disclosures**.
- (2) State agency codes can be found in IRM Exhibit 11.3.37-4, *State Agency Codes*.
- (3) Instructions for Form 5466-B, preparation can be found at IRM Exhibit 11.3.37-6, *Multiple Record of Disclosure*.

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**Exhibit 4.10.16-1 (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
41007	Wages, Salaries and Tips, etc.	1040
41008	Taxable Interest	1040
41009a	Ordinary Dividends	1040
41009b	Qualified Dividends	1040
41010	State Refunds, Credits, or Offsets	1040
41011	Alimony Income	1040
41014	Other Gains or Losses From Form 4797	1040
41015	IRA Distributions	1040
41016	Pensions and Annuities	1040
41019	Unemployment Compensation	1040
41020	Social Security Benefits	1040
41021	Other Income	1040
41021a	Form 2555 Income	1040
41021b	NOL Carryback	1040
41021c	NOL Carryforward	1040
41021d	MSA Taxable Payments	1040
41021e	MED+MSA Taxable Payments	1040
41021f	LTC Taxable Payments	1040
41021g	Form 4563 Income	1040
41021h	Income Excluded from Puerto Rico	1040
41021i	HSA Taxable Distributions	1040
41021j	HSA Qualified Distributions	1040
41021k	Gambling Winnings	1040
4C101	Sch C1 - Gross Receipts or Sales	SCH C1
4C101a	Sch C1 - Gross Receipts/Sales Merch/3rd Party	SCH C1
4C101b	Sch C1 - Other Gross Receipts or Sales	SCH C1
4C101c	Sch C1 - Income Reported on Form W-2	SCH C1
4C101z	Sch C-EZ - Gross Receipts	SCH C-EZ
4C102	Sch C1 - Returns and Allowances and Oth. Adj.	SCH C1
4C106	Sch C1 - Other Income	SCH C1

**Exhibit 4.10.16-1 (Cont. 1) (03-23-2016)****IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
4C201	Sch C2 - Gross Receipts or Sales	SCH C2
4C201a	Sch C2 - Gross Receipts/Sales Merch/3rd Party	SCH C2
4C201b	Sch C2 - Other Gross Receipts or Sales	SCH C2
4C201c	Sch C2 - Income Reported on Form W-2	SCH C2
4C202	Sch C2 - Returns and Allowances and Oth. Adj.	SCH C2
4C206	Sch C2 - Other Income	SCH C2
4C301	Sch C3 - Gross Receipts or Sales	SCH C3
4C301a	Sch C3 - Gross Receipts/Sales Merch/3rd Party	SCH C3
4C301b	Sch C3 - Other Gross Receipts or Sales	SCH C3
4C301c	Sch C3 - Income Reported on Form W-2	SCH C3
4C302	Sch C3 - Returns and Allowances and Oth. Adj.	SCH C3
4C306	Sch C3 - Other Income	SCH C3
4CGL	Schedule C Net Gain/Loss	1040
4D001	Sch D - Short-Term Gain/Loss	SCH D
4D004	Sch D - ST Gain/Loss - Forms 6252/4684/6781/8824	SCH D
4D005	ST Gain/Loss-Prtnrship/S-Corp/Estate/Trust - Sch K1	SCH D
4D006	Sch D - Short-Term Capital Loss Carryover	SCH D
4D008	Sch D - Long-Term Gain/Loss	SCH D
4D011	Sch D - LT Gain/Loss-4797/2439/6252/4684/6781/8824	SCH D
4D012	LT Gain/Loss-Prtnrship/S-Corp/Estate/Trust - Sch K1	SCH D
4D013	Capital Gain or Loss Where Sch D Not Required	1040
4D013d	Capital Gain Distribution	SCH D
4D014	Sch D - Long-Term Capital Loss Carryover	SCH D
4E103	Sch E1 - Rents Received	SCH E1
4E103a	Sch E1 - Merchant Card/3rd Party Payments Received	SCH E1
4E103b	Sch E1 - Other Payments Received	SCH E1
4E104	Sch E1 - Royalties Received	SCH E1
4E123	Sch E1 - Real Estate Loss After Passive Limitation	SCH E1
4E131	Sch E - Inc/Loss-Prtnrship/S Corps-Passive/Non-Passive	SCH E1
4E136	Sch E - Inc/Loss-Estates/Trusts-Passive/Non-Passive	SCH E1
4E138	Sch E - REMIC Income or Loss	SCH E1

**Exhibit 4.10.16-1 (Cont. 2) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
4E139	Sch E - Net Farm Rental Income or Loss	SCH E1
4E203	Sch E2 - Rents Received	SCH E2
4E203a	Sch E2 - Merchant Card/3rd Party Payments Received	SCH E2
4E203b	Sch E2 - Other Payments Received	SCH E2
4E204	Sch E2 - Royalties Received	SCH E2
4E223	Sch E2 - Real Estate Loss After Passive Limitation	SCH E2
4E303	Sch E3 - Rents Received	SCH E3
4E303a	Sch E3 - Merchant Card/3rd Party Payments Received	SCH E3
4E303b	Sch E3 - Other Payments Received	SCH E3
4E304	Sch E3 - Royalties Received	SCH E3
4E323	Sch E3 - Real Estate Loss After Passive Limitation	SCH E3
4F101	Sch F1 - Sales-Livestock/Oth. Items Purch for Resale	SCH F1
4F101a	Sch F1 - Specified Sales-Livestock/Other Resale	SCH F1
4F101b	Sch F1 - Other Sales-Livestock/Other Resale	SCH F1
4F102a	Sch F1 - Specified Sales of Raised Products	SCH F1
4F102b	Sch F1 - Other Sales of Raised Products	SCH F1
4F104	Sch F1 - Sales-Raised Livestock/Produce/Grains/Etc	SCH F1
4F105	Sch F1 - Cooperative Distributions	SCH F1
4F106	Sch F1 - Agricultural Program Payments	SCH F1
4F107a	Sch F1-Commodity Credit Corporation Loans Reported	SCH F1
4F107b	Sch F1-Commodity Credit Corporation Loans Forfeited	SCH F1
4F108	Sch F1 - Crop Insurance and Disaster Payments	SCH F1
4F108a	Sch F1 - Spec. Custom Hire (Machine Work) Income	SCH F1
4F108b	Sch F1 - Other Custom Hire Income	SCH F1
4F109	Sch F1 - Custom Hire (Machine Work) Income	SCH F1
4F109a	Sch F1 - Other Specified Income	SCH F1
4F110	Sch F1 - Other Income	SCH F1
4F201	Sch F2 - Sales-Livestock/Oth. Items Purch for Resale	SCH F2
4F201a	Sch F2 - Specified Sales-Livestock/Other Resale	SCH F2
4F201b	Sch F2 - Other Sales-Livestock/Other Resale	SCH F2
4F202a	Sch F2 - Specified Sales of Raised Products	SCH F2

**Exhibit 4.10.16-1 (Cont. 3) (03-23-2016)****IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
4F202b	Sch F2 - Other Sales of Raised Products	SCH F2
4F204	Sch F2 - Sales-Raised Livestock/Produce/Grains/Etc	SCH F2
4F205	Sch F2 - Cooperative Distributions	SCH F2
4F206	Sch F2 - Agricultural Program Payments	SCH F2
4F207a	Sch F2 - Commodity Credit Corporation Loans Reported	SCH F2
4F207b	Sch F2 - Commodity Credit Corporation Loans Forfeited	SCH F2
4F208	Sch F2 - Crop Insurance and Disaster Payments	SCH F2
4F208a	Sch F2 - Spec. Custom Hire (Machine Work) Income	SCH F2
4F208b	Sch F2 - Other Custom Hire Income	SCH F2
4F209	Sch F2 - Custom Hire (Machine Work) Income	SCH F2
4F209a	Sch F2 - Other Specified Income	SCH F2
4F210	Sch F2 - Other Income	SCH F2
4FGL	Schedule F Net Gain/Loss	1040
4NRP	Q Table	
4TH01	Other Write in Income	
4Z101a	Sch C-EZ-Gross Receipts/Sales Merch/3rd Party	SCH C-EZ
4Z101b	Sch C-EZ-Other Gross Receipts or Sales	SCH C-EZ
4Z101c	Sch C-EZ-Income Reported on Form W-2	SCH C-EZ
51006a	Exemptions-Self/Spouse	1040
51006c	Dependent Children-Live with Taxpayer	1040
51006d	Dependent Children-Do Not Live with Taxpayer	1040
51006e	Dependent-Parents	1040
51006f	Dependent-Other	1040
51006g	Dependent-Other Displaced Individual	1040
51023	IRA Deduction	1040
51024	Student Loan Interest Deduction	1040
51025	Archer MSA Deduction	1040
51026	Moving Expenses	1040
51027	Deductible Part of SE Tax	1040
51028	Self-Employed Health Insurance	1040
51029	Self-Employed SEP, Simple, and Qualified Plans	1040

**Exhibit 4.10.16-1 (Cont. 4) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
51030	Penalty on Early Withdrawal of Savings	1040
51031	Alimony Paid	1040
51032	Educator Expenses	1040
51033	Tuition and Fees Deduction	1040
51035	Domestic Production Activities Deduction (F8903)	1040
51036	Standard Deduction	1040
51037	Other Adjustments Affecting AGI	1040
51037a	"WBF" for the Deduction for Whistleblower Fees	1040
51037b	Jury Duty Fees	1040
51037c	Foreign Income Housing Deduction	1040
51037d	Personal Property Rental Expenses	1040
51037e	Reforestation Amortization	1040
51037f	Repayment of Supplement Unemployment Benefits	1040
51037g	Contributions to Section 501(c) Plans	1040
51037h	Contributions to Section 403(b) Plans	1040
51037i	Deduction for Clean-fuel Vehicles	1040
51037j	Unlawful Discrimination Claim Fees	1040
51038	Certain Business Expenses from F2106(EZ )	1040
51039	Health Saving Account (F8889)	1040
52101	Vehicle Expense	2106
52102	Parking/Tolls/Transportation - Not Away From Home	2106
52103	Travel Expense - Away From Home Overnight	2106
52104	Other Business Expenses	2106
52105	Meals and Entertainment	2106
52107	Expense Reimbursement – Not Reported	2106
5A001	Medical and Dental	SCH A
5A005a	State and Local Income Taxes	SCH A
5A005b	State and Local General Sales Taxes	SCH A
5A006	Real Estate Taxes	SCH A
5A007	Personal Property Taxes	SCH A
5A008	Other Taxes	SCH A

**Exhibit 4.10.16-1 (Cont. 5) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
5A009	Qualified Motor Vehicle Taxes	SCH A
5A010	Home mortgage Interest and points From Form 1098	SCH A
5A011	Home mortgage Interest Not From Form 1098	SCH A
5A012	Points Not From Form 1098	SCH A
5A013	Investment Interest	SCH A
5A014	Qualified Mortgage Insurance Premiums	SCH A
5A015	Cash Contributions	SCH A
5A016	Non-Cash Contributions	SCH A
5A017	Contributions Carryover	SCH A
5A019	Casualty and Theft Loss	SCH A
5A020	Other Unreimbursed Employee Expenses	SCH A
5A021	Tax Preparation Fees	SCH A
5A022	Other Expenses Subject to 2% AGI Limitation	SCH A
5A027	Other Miscellaneous Deductions	SCH A
5A028	Gambling Losses	SCH A
5C104	Sch C1 - Cost of Goods Sold	SCH C1
5C108	Sch C1 - Advertising	SCH C1
5C109	Sch C1 - Bad Debts From Sales or Services	SCH C1
5C110	Sch C1 - Car and Truck Expenses	SCH C1
5C111	Sch C1 - Commissions and Fees	SCH C1
5C112	Sch C1 - Depletion	SCH C1
5C113	Sch C1 - Depreciation and Sec. 179 Expense	SCH C1
5C114	Sch C1 - Employee Benefits Programs	SCH C1
5C115	Sch C1 - Insurance (Other Than Health)	SCH C1
5C116a	Sch C1 - Interest - Mortgage	SCH C1
5C116b	Sch C1 - Interest - Other	SCH C1
5C117	Sch C1 - Legal and Professional Services	SCH C1
5C118	Sch C1 - Office Expenses	SCH C1
5C119	Sch C1 - Pension and Profit-Sharing Plans	SCH C1
5C120a	Sch C1 - Rent/Lease - Vehicles/Machinery/Equip.	SCH C1
5C120b	Sch C1 - Rent/Lease - Other Business Property	SCH C1

Exhibit 4.10.16-1 (Cont. 6) (03-23-2016)

IMF Issue Codes

Code	Issue	Form
5C121	Sch C1 - Repairs and Maintenance	SCH C1
5C122	Sch C1 - Supplies	SCH C1
5C123	Sch C1 - Taxes and Licenses	SCH C1
5C124a	Sch C1 - Travel	SCH C1
5C124b	Sch C1 - Meals and Entertainment	SCH C1
5C124c	Sch C-EZ-Optnl Non-Deductible Meals/Entertainment	SCH C-EZ
5C124z	Sch C-EZ-Optional Meals & Entertainment	SCH C-EZ
5C125	Sch C1 - Utilities	SCH C1
5C126	Sch C1 - Wages	SCH C1
5C127	Sch C1 - Other Expenses	SCH C1
5C130	Sch C1 - Expenses for Business Use of Home	SCH C1
5C135	Sch C1 - Beginning Inventory	SCH C1
5C136	Sch C1 - CGS - Purchases	SCH C1
5C137	Sch C1 - CGS - Cost of Labor	SCH C1
5C138	Sch C1 - CGS - Materials and Supplies	SCH C1
5C139	Sch C1 - CGS - Other Costs	SCH C1
5C141	Sch C1 - Ending Inventory	SCH C1
5C150	Sch C-EZ - Total Expenses – Lines 2a/2b not used	SCH C-EZ
5C150z	Sch C-EZ - Optional Other Expenses	SCH C-EZ
5C160	Sch C1 - Contract labor	SCH C1
5C204	Sch C2 - Cost of Goods Sold	SCH C2
5C208	Sch C2 - Advertising	SCH C2
5C209	Sch C2 - Bad Debts From Sales or Services	SCH C2
5C210	Sch C2 - Car and Truck Expenses	SCH C2
5C211	Sch C2 - Commissions and Fees	SCH C2
5C212	Sch C2 - Depletion	SCH C2
5C213	Sch C2 - Depreciation and Sec. 179 Expense	SCH C2
5C214	Sch C2 - Employee Benefits Programs	SCH C2
5C215	Sch C2 - Insurance (Other Than Health)	SCH C2
5C216a	Sch C2 - Interest - Mortgage	SCH C2
5C216b	Sch C2 - Interest - Other	SCH C2

**Exhibit 4.10.16-1 (Cont. 7) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
5C217	Sch C2 - Legal and Professional Services	SCH C2
5C218	Sch C2 - Office Expenses	SCH C2
5C219	Sch C2 - Pension and Profit-Sharing Plans	SCH C2
5C220a	Sch C2 - Rent/Lease - Vehicles/Machinery/Equip.	SCH C2
5C220b	Sch C2 - Rent/Lease - Other Business Property	SCH C2
5C221	Sch C2 - Repairs and Maintenance	SCH C2
5C222	Sch C2 - Supplies	SCH C2
5C223	Sch C2 - Taxes and Licenses	SCH C2
5C224a	Sch C2 - Travel	SCH C2
5C224b	Sch C2 - Meals and Entertainment	SCH C2
5C225	Sch C2 - Utilities	SCH C2
5C226	Sch C2 - Wages	SCH C2
5C227	Sch C2 - Other Expenses	SCH C2
5C230	Sch C2 - Expenses for Business Use of Home	SCH C2
5C235	Sch C2 - Beginning Inventory	SCH C2
5C236	Sch C2 - CGS - Purchases	SCH C2
5C237	Sch C2 - CGS - Cost of Labor	SCH C2
5C238	Sch C2 - CGS - Materials and Supplies	SCH C2
5C239	Sch C2 - CGS - Other Costs	SCH C2
5C241	Sch C2 - Ending Inventory	SCH C2
5C260	Sch C2 - Contract labor	SCH C2
5C304	Sch C3 - Cost of Goods Sold	SCH C3
5C308	Sch C3 - Advertising	SCH C3
5C309	Sch C3 - Bad Debts From Sales or Services	SCH C3
5C310	Sch C3 - Car and Truck Expenses	SCH C3
5C311	Sch C3 - Commissions and Fees	SCH C3
5C312	Sch C3 - Depletion	SCH C3
5C313	Sch C3 - Depreciation and Sec. 179 Expense	SCH C3
5C314	Sch C3 - Employee Benefits Programs	SCH C3
5C315	Sch C3 - Insurance (Other Than Health)	SCH C3
5C316a	Sch C3 - Interest - Mortgage	SCH C3

**Exhibit 4.10.16-1 (Cont. 8) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
5C316b	Sch C3 - Interest - Other	SCH C3
5C317	Sch C3 - Legal and Professional Services	SCH C3
5C318	Sch C3 - Office Expenses	SCH C3
5C319	Sch C3 - Pension and Profit-Sharing Plans	SCH C3
5C320a	Sch C3 - Rent/Lease - Vehicles/Machinery/Equip.	SCH C3
5C320b	Sch C3 - Rent/Lease - Other Business Property	SCH C3
5C321	Sch C3 - Repairs and Maintenance	SCH C3
5C322	Sch C3 - Supplies	SCH C3
5C323	Sch C3 - Taxes and Licenses	SCH C3
5C324a	Sch C3 - Travel	SCH C3
5C324b	Sch C3 - Meals and Entertainment	SCH C3
5C325	Sch C3 - Utilities	SCH C3
5C326	Sch C3 - Wages	SCH C3
5C327	Sch C3 - Other Expenses	SCH C3
5C330	Sch C3 - Expenses for Business Use of Home	SCH C3
5C335	Sch C3 - Beginning Inventory	SCH C3
5C336	Sch C3 - CGS - Purchases	SCH C3
5C337	Sch C3 - CGS - Cost of Labor	SCH C3
5C338	Sch C3 - CGS - Materials and Supplies	SCH C3
5C339	Sch C3 - CGS - Other Costs	SCH C3
5C341	Sch C3 - Ending Inventory	SCH C3
5C360	Sch C3 - Contract labor	SCH C3
5E105	Sch E1 - Advertising	SCH E1
5E106	Sch E1 - Auto and Travel	SCH E1
5E107	Sch E1 - Cleaning and Maintenance	SCH E1
5E108	Sch E1 - Commissions	SCH E1
5E109	Sch E1 - Insurance	SCH E1
5E110	Sch E1 - Legal and Other Professional Fees	SCH E1
5E111	Sch E1 - Management Fees	SCH E1
5E112	Sch E1 - Mortgage Interest	SCH E1
5E113	Sch E1 - Other Interest	SCH E1

**Exhibit 4.10.16-1 (Cont. 9) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
5E114	Sch E1 - Repairs	SCH E1
5E115	Sch E1 - Supplies	SCH E1
5E116	Sch E1 - Taxes	SCH E1
5E117	Sch E1 - Utilities	SCH E1
5E118	Sch E1 - Other Expenses	SCH E1
5E120	Sch E1 - Depreciation Expense or Depletion	SCH E1
5E121	Sch E1 - Royalty Expenses	SCH E1
5E205	Sch E2 - Advertising	SCH E2
5E206	Sch E2 - Auto and Travel	SCH E2
5E207	Sch E2 - Cleaning and Maintenance	SCH E2
5E208	Sch E2 - Commissions	SCH E2
5E209	Sch E2 - Insurance	SCH E2
5E210	Sch E2 - Legal and Other Professional Fees	SCH E2
5E211	Sch E2 - Management Fees	SCH E2
5E212	Sch E2 - Mortgage Interest	SCH E2
5E213	Sch E2 - Other Interest	SCH E2
5E214	Sch E2 - Repairs	SCH E2
5E215	Sch E2 - Supplies	SCH E2
5E216	Sch E2 - Taxes	SCH E2
5E217	Sch E2 - Utilities	SCH E2
5E218	Sch E2 - Other Expenses	SCH E2
5E220	Sch E2 - Depreciation Expense or Depletion	SCH E2
5E221	Sch E2 - Royalty Expenses	SCH E2
5E305	Sch E3 - Advertising	SCH E3
5E306	Sch E3 - Auto and Travel	SCH E3
5E307	Sch E3 - Cleaning and Maintenance	SCH E3
5E308	Sch E3 - Commissions	SCH E3
5E309	Sch E3 - Insurance	SCH E3
5E310	Sch E3 - Legal and Other Professional Fees	SCH E3
5E311	Sch E3 - Management Fees	SCH E3
5E312	Sch E3 - Mortgage Interest	SCH E3

Exhibit 4.10.16-1 (Cont. 10) (03-23-2016)

IMF Issue Codes

Code	Issue	Form
5E313	Sch E3 - Other Interest	SCH E3
5E314	Sch E3 - Repairs	SCH E3
5E315	Sch E3 - Supplies	SCH E3
5E316	Sch E3 - Taxes	SCH E3
5E317	Sch E3 - Utilities	SCH E3
5E318	Sch E3 - Other Expenses	SCH E3
5E320	Sch E3 - Depreciation Expense or Depletion	SCH E3
5E321	Sch E3 - Royalty Expenses	SCH E3
5F101d	Sch F1 - Cost/Other Basis of Livestock/Other	SCH F1
5F102	Sch F1 - Cost/Oth. Basis of Livestock&Oth. Items-Ln1	SCH F1
5F112	Sch F1 - Car and Truck Expenses	SCH F1
5F113	Sch F1 - Chemicals	SCH F1
5F114	Sch F1 - Conservation Expenses	SCH F1
5F115	Sch F1 - Custom Hire (Machine Work)	SCH F1
5F116	Sch F1 - Depreciation and Section 179 Expense	SCH F1
5F117	Sch F1 - Employee Benefit Programs	SCH F1
5F118	Sch F1 - Feed Purchases	SCH F1
5F119	Sch F1 - Fertilizer and Lime	SCH F1
5F120	Sch F1 - Freight and Trucking	SCH F1
5F121	Sch F1 - Gasoline, Fuel, and Oil	SCH F1
5F122	Sch F1 - Insurance (Other Than Health)	SCH F1
5F123a	Sch F1 - Interest - Mortgage	SCH F1
5F123b	Sch F1 - Interest - Other	SCH F1
5F124	Sch F1 - Labor Hired	SCH F1
5F125	Sch F1 - Pension and Profit-Sharing Plans	SCH F1
5F126a	Sch F1 - Rent/Lease - Vehicles/Machinery/Equipment	SCH F1
5F126b	Sch F1 - Rent or Lease - Other	SCH F1
5F127	Sch F1 - Repairs and Maintenance	SCH F1
5F128	Sch F1 - Seeds and Plants Purchased	SCH F1
5F129	Sch F1 - Storage and Warehousing	SCH F1
5F130	Sch F1 - Supplies Purchased	SCH F1

**Exhibit 4.10.16-1 (Cont. 11) (03-23-2016)****IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
5F131	Sch F1 - Taxes	SCH F1
5F132	Sch F1 - Utilities	SCH F1
5F133	Sch F1 - Veterinary, Breeding and Medicine	SCH F1
5F134	Sch F1 - Other Expenses	SCH F1
5F146	Sch F1 - Beginning Inventory	SCH F1
5F149	Sch F1 - Ending Inventory	SCH F1
5F201d	Sch F2 - Cost/Other Basis of Livestock/Other	SCH F2
5F202	Sch F2 - Cost/Oth. Basis of Livestock&Oth. Items-Ln1	SCH F2
5F212	Sch F2 - Car and Truck Expenses	SCH F2
5F213	Sch F2 - Chemicals	SCH F2
5F214	Sch F2 - Conservation Expenses	SCH F2
5F215	Sch F2 - Custom Hire (Machine Work)	SCH F2
5F216	Sch F2 - Depreciation and Section 179 Expense	SCH F2
5F217	Sch F2 - Employee Benefit Programs	SCH F2
5F218	Sch F2 - Feed Purchases	SCH F2
5F219	Sch F2 - Fertilizer and Lime	SCH F2
5F220	Sch F2 - Freight and Trucking	SCH F2
5F221	Sch F2 - Gasoline, Fuel, and Oil	SCH F2
5F222	Sch F2 - Insurance (Other Than Health)	SCH F2
5F223a	Sch F2 - Interest - Mortgage	SCH F2
5F223b	Sch F2 - Interest - Other	SCH F2
5F224	Sch F2 - Labor Hired	SCH F2
5F225	Sch F2 - Pension and Profit-Sharing Plans	SCH F2
5F226a	Sch F2 - Rent/Lease - Vehicles/Machinery/Equipment	SCH F2
5F226b	Sch F2 - Rent or Lease - Other	SCH F2
5F227	Sch F2 - Repairs and Maintenance	SCH F2
5F228	Sch F2 - Seeds and Plants Purchased	SCH F2
5F229	Sch F2 - Storage and Warehousing	SCH F2
5F230	Sch F2 - Supplies Purchased	SCH F2
5F231	Sch F2 - Taxes	SCH F2
5F232	Sch F2 - Utilities	SCH F2

**Exhibit 4.10.16-1 (Cont. 12) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
5F233	Sch F2 - Veterinary, Breeding and Medicine	SCH F2
5F234	Sch F2 - Other Expenses	SCH F2
5F246	Sch F2 - Beginning Inventory	SCH F2
5F249	Sch F2 - Ending Inventory	SCH F2
5TH01	Other Deduction/Expense	
61001	Filing Status	1040
61040a	Tax from Form 8814	1040
61040b	Tax from Form 4972	1040
61040c	Other Write-ins to Tax	1040
61041	Alternative Minimum Tax	1040
61042	Additional Taxes	1040
61043	Foreign Tax Credit	1040
61044	Child or Dependent Care Credit	1040
61045	Elderly or Disabled Credit	1040
61046	Education Credit - Issue Name must be a SSN	1040
61047	Rate Reduction Credit	1040
61048	Child Tax Credit	1040
61049	Adoption Credit From Form 8839	1040
61050	Other Credits Not From Forms 3800, 8396, 8801, 8859	1040
61050a	Other Credits From Form 3800	1040
61050b	Other Credits From Form 8801	1040
61050c	Other Credits From Form 8396	1040
61050d	Other Credits From Form 8859	1040
61050e	Section 45R Credit for Health Care	1040
61051	Retirement Savings Contribution Credit	1040
61052	Residential Energy Credit From Form 5695	1040
61053	Self-Employment Tax	1040
61054	SS and Medicare Tax on Tip Income From Form 4137	1040
61055	Tax on Qualified Plans	1040
61056	Advance Earned Income Credit payments	1040
61057	Household Employment Taxes	1040

**Exhibit 4.10.16-1 (Cont. 13) (03-23-2016)****IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
61058	Uncollected SS & Medicare Tax on Wages (F8919)	1040
61059	W-2/1099 Federal Income Tax Withholding	1040
61060	Est. Tax Pymts/Pr Yr Overassessment - not posted	1040
61061	Earned Income Tax Credit	1040
61061b	NonTaxable Combat Pay Election	1040
61062	Excess Social Security and RRTA Tax Withheld	1040
61063	Additional Child Tax Credit	1040
61064	Amt Paid w/Extension to File - not posted to TP's Acct	1040
61065	Frozen Refund	1040
61065a	Form 2439	1040
61065b	Form 4136	1040
61065c	Form 8885	1040
61065d	Form 8801, Refundable Credit	1040
61065e	Other Write-ins to Refundable Credits	1040
61066	Other Taxes	1040
61066a	FTHBC Recapture	1040
61066b	Taxes from Form 8959	1040
61066c	Taxes from Form 8960	1040
61067	Making Work Pay/Govt Retiree Credit	1040
61068	Refundable American Opportunity Credit	1040
61069	First-time Homebuyer Credit From Form 5405	1040
61070	Recovery Rebate Credit	1040
61071	Federal Telephone Excise Tax Credit	1040
61072	Refundable Adoption Credit	1040
62001	Health Care - Shared Responsibility Payment	1040
62002	Premium Tax Credit (PTC)	1040
62003	Excess Advance PTC (APTC) Repayment	1040
62401	Accuracy Related Penalty - 6662	1040
62402	Fraud Penalty - 6663	1040
62403	Delinquency Penalty - 6651	1040
62404	Estimated Tax Penalty - 6654	1040

**Exhibit 4.10.16-1 (Cont. 14) (03-23-2016)**  
**IMF Issue Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
62405	Promoter Penalties	1040
62406	Erroneous Claim for Refund or Credit Penalty - 6676	1040
62410	Other Penalties (includes FBAR)	1040
699999	Impact of DeMinimus Issues	
6TH01	Other Tax/Credit	
76150	User Specified #1 (Issue name and 4318 description required)	
76200	User Specified #2 (Issue name and 4318 description required)	
76250	User Specified #3 (Issue name and 4318 description required)	
76300	User Specified #4 (Issue name and 4318 description required)	
76350	User Specified #5 (Issue name and 4318 description required)	
76400	User Specified #6 (Issue name and 4318 description required)	
76450	User Specified #7 (Issue name and 4318 description required)	
7C10X	Sch C1 - IRC 183	SCH C1
7C1F	Sch C1 - Accounting Method	SCH C1
7C20X	Sch C2 - IRC 183	SCH C2
7C2F	Sch C2 - Accounting Method	SCH C2
7C30X	Sch C3 - IRC 183	SCH C3
7C3F	Sch C3 - Accounting Method	SCH C3
7E10X	Sch E1 - IRC 183	SCH E1
7E20X	Sch E2 - IRC 183	SCH E2
7E30X	Sch E3 - IRC 183	SCH E3
7F10X	Sch F1 - IRC 183	SCH F1
7F1C	Sch F1 - Accounting Method	SCH F1
7F20X	Sch F2 - IRC 183	SCH F2
7F2C	Sch F2 - Accounting Method	SCH F2
99999	Change/No Change	
999999	Statutory Adjustment	

**Exhibit 4.10.16-2 (03-23-2016)****Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
000	Issue does not exist	
001	Precontact Analysis	
002	Pre - Exam Conference	
003	Preliminary Examination Time	
004	Preparing Examination Plan	
005	Coordination	
006	Travel Time	
007	Report Preparation	
008	Examination Critique	
009	Meetings	
010	Review Protest / Prepare Rebuttal	
010-01	Fast Track	
011	Penalty Consideration	
012	Form 5699 (Information Document Request Log)	
013	Issue Control Sheet - Form 5701 (Notice of Proposed Adjustments)	
014	Referrals to Specialists	
015	Financial Interest	
016	Correspondence	
017	POA / Form 8821 (Tax Information Authorization)	
018	Statute of Limitations	
020	Prior Revenue Agent Report	
021	Prior Appeals Report	
022	Joint Committee Reports	
024	Risk Analysis	
030	Administrative Lead Sheet	
031	LB&I Quality Measurement System Check Sheet	
032	LB&I Joint Audit Planning Process Tool	
033	Pre-audit Interview History Lead Sheet	
034	Examiner's RRA 98 Compliance Guide	
035	Team Manager Check sheet	

**Exhibit 4.10.16-2 (Cont. 1) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
060	Claims	
061	Self-Audit Adjustments (Affirmative Adjustments)	
080	Planning File	
100	Balance sheet (no balance sheet attached)	SCH L
101	Cash	SCH L
102	Trade notes & accounts receivable	SCH L
102-01	Allowance for bad debts	SCH L
103	Inventories	SCH L
104	U.S. government obligations	SCH L
105	Tax-exempt securities	SCH L
106	Other current assets	SCH L
107	Loans to shareholders	SCH L
107-01	Loans to persons related to shareholders	SCH L
108	Mortgage & real estate loans	SCH L
109	Other investments	SCH L
110	Buildings & other depreciable assets	SCH L
110-01	Accumulated depreciation	SCH L
111	Depletable assets	SCH L
111-01	Accumulated depletion	SCH L
112	Land (net of any amortization)	SCH L
113	Intangible assets	SCH L
113-01	Accumulated amortization	SCH L
114	Other assets	SCH L
216	Accounts payable	SCH L
217	Mortgages, notes, bonds payable in less than 1 year	SCH L
218	Other current liabilities	SCH L
218-01	Related party accruals	SCH L
219	Loans from shareholders	SCH L
219-01	Loans from persons related to shareholders	SCH L
220	Mortgages, notes, bonds payable in 1 year or more	SCH L
221	Other liabilities	SCH L

**Exhibit 4.10.16-2 (Cont. 2) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
322	Capital stock	SCH L
323	Additional paid-in capital	SCH L
325	Retained earnings	SCH L
325-01	Reconciliation of Retained Earnings	SCH L
326	Cost of treasury stock	SCH L
327	Adjustment to shareholders' equity	SCH L
401	Gross receipts or sales	1120S
401-01	Sales to related entities	1120S
401-02	Merchant card and third party payments	1120S
402	Returns and allowances	1120S
409	Net gain (loss) from Form 4797, Part II	1120S
410	Other income (loss)	1120S
410-01	Partnership income (loss) (Tiered Entity)	1120S
410-02	Cancellation of Debt Income	1120S
502	Cost of goods sold (No Sch. A or F1125-A detail)	SCH A
502-01	Inventory (Beginning)	SCH A
502-02	Purchases	SCH A
502-03	Cost of labor	SCH A
502-04	Additional IRC § 263A costs	SCH A
502-05	Other costs	SCH A
502-10	Inventory (Ending)	1120S
512	Compensation of officers	1120S
513	Salaries & wages	1120S
514	Repairs & maintenance	1120S
515	Bad debts	1120S
516	Rents	1120S
517	Taxes & licenses	1120S
518	Interest	1120S
519	Charitable contributions	SCH K
520	Depreciation	1120S
521	Depreciation (other than page 1 Form 1120S)	1120S

**Exhibit 4.10.16-2 (Cont. 3) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
522	Depletion	1120S
523	Advertising	1120S
524	Pension, profit sharing plans, etc. plans	1120S
525	Employee benefit programs	1120S
526	Other deductions (no schedule attached)	1120S
526-01	Administrative fees	1120S
526-02	Amortization	1120S
526-03	Automobile expense	1120S
526-04	Bonus expense	1120S
526-05	Consulting fees	1120S
526-06	Contract labor	1120S
526-07	Commissions	1120S
526-08	Computer expense	1120S
526-09	Dues & subscriptions	1120S
526-10	Education expenses	1120S
526-11	Equipment rental	1120S
526-12	Fringe benefits	1120S
526-13	Fuel expense	1120S
526-14	Gifts & awards expenses	1120S
526-15	Insurance expenses	1120S
526-16	Janitorial services	1120S
526-17	Leasing expense	1120S
526-18	Legal & professional fees	1120S
526-19	License & permit expenses	1120S
526-20	Maintenance & cleaning	1120S
526-21	Management & director fees	1120S
526-22	Meals & entertainment	1120S
526-23	Meeting, seminars & conventions	1120S
526-24	Miscellaneous expenses	1120S
526-25	Other expenses	1120S
526-26	Outside services	1120S

**Exhibit 4.10.16-2 (Cont. 4) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
526-27	Postage & courier expense	1120S
526-28	Proposal or bidding expense	1120S
526-29	Public relations expense	1120S
526-30	Publication expense	1120S
526-31	Recruiting & training	1120S
526-32	Research & development	1120S
526-33	Royalty expense	1120S
526-34	Security expense	1120S
526-35	Shipping, freight & handling	1120S
526-36	Supplies - office	1120S
526-37	Supplies - tools & factory	1120S
526-38	Telephone expense	1120S
526-39	Travel expense	1120S
526-40	Utility expense	1120S
527	Domestic Production Activities	SCH K
528	Schedule M-1 (Book vs. Tax)	1120S
528-01	Schedule M-2 (AAA Analysis)	1120S
528-02	Schedule. M-2 (Other Adjustments Account Analysis)	1120S
528-03	SH Undistributed PTI	1120S
604-10	IRC § 45R credit for health care	SCH K
610-04	Lookback Interest	1120S
622-01	Excess net passive income tax	1120S
622-02	Tax from Schedule D (Built-In Gains)	1120S
622-03	Additional taxes - LIFO reserve recapture tax	1120S
623-01	Payments	1120S
623-02	Tax deposits	1120S
623-06	Fuel tax credit	1120S
623-07	Telephone Excise Tax credit	1120S
624-01	Accuracy Related Penalty - IRC § 6662	
624-02	Fraud Penalty - IRC § 6663	
624-03	Delinquency Penalty - IRC § 6699	

**Exhibit 4.10.16-2 (Cont. 5) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
624-04	Estimated Tax Penalty - IRC § 6655	
624-05	Promoter Penalties	
624-10	Other penalties (includes FBAR)	
701	Minutes & other records	
703	Acquisitions, mergers & reorganizations	
703-01	Schedule M-2	
706	IRC § 482 potential	
707	Method of accounting	
708	Initial return	
709	Final return	
710	Related party transactions	
713	Mandatory compliance checks	
713-01	Related returns	
713-02	Prior & subsequent returns	
713-03	Minimum inventory checks	
713-04	Minimum income probe	
713-05	Other filing checks	
723	Changes in ownership	
724	TEFRA	
725	Character of income (separately stated items)	
726	Potentially abusive schemes	
726-01	Form 8275 disclosure statement	
726-02	Form 8886 reportable transaction	
726-03	Transaction lacks economic substance	
727	Termination or Invalid S Election	
728	Reconcile Schedule K-1 to Schedule K	
729	Losses and deduction claimed in excess of stock and debt basis	
730	Passive activity losses and material participation	
731	IRC § 465 - At risk limitation	
732	Corporate level limits	
743	IRC § 183 - hobby loss	

**Exhibit 4.10.16-2 (Cont. 6) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
801	Statistical sampling procedures	
802-01	Computer audit specialist (CAS)	
802-02	Employment tax examiner	
802-03	International examiner	
802-04	Engineer	
802-05	Exempt organization examiner	
802-06	Excise tax examiner	
802-07	Financial products examiner	
802-08	Economist	
802-09	Actuary	
802-10	Employee Plans	
802-11	Appraisers	
802-12	Exam Tech/Audit Aides	
802-13	Contracting Officer's Technical Representative (COTR)	
802-14	Tax Computation Specialist	
803-01	Life insurance examiner	
803-02	Property & Casualty insurance examiner	
804	Other Classified Issue #1	
805	Other Classified Issue #2	
806	Other Classified Issue #3	
807	Other Classified Issue #4	
808	Other Classified Issue #5	
809	Other Classified Issue #6	
901-01	Ordinary income (loss) from trade or business	SCH K
902	Net income (loss) from rental real estate	SCH K
903	Other Gross Rental Income	SCH K
903-01	Expenses from other rental activities	SCH K
904-01	Interest income	SCH K
904-02	Dividend income	SCH K
904-03	Qualified dividend income	SCH K
904-04	Royalty income	SCH K

**Exhibit 4.10.16-2 (Cont. 7) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
904-05	Net short-term capital gain (loss)	SCH K
904-06	Net STCG / loss (>5-3-03) '03 only	SCH K
904-07	Net long-term capital gain (loss)	SCH K
904-08	Net LTCG / loss (28%)	SCH K
904-09	Net LTCG / loss (5 Year)	SCH K
904-10	Net LTCG / loss (>5-3-03) '03 only	SCH K
904-11	Other portfolio income (loss)	SCH K
904-12	Unrecaptured IRC § 1250 gain	SCH K
905	Net IRC § 1231 gain (loss) from Form 4797	SCH K
905-01	Net IRC § 1231 gain (loss) (>5-3-03) '03 only	SCH K
906	Other income (loss)	SCH K
908	IRC § 179 expense deduction	SCH K
909	Deductions related to portfolio income	SCH K
910	Other deductions	SCH K
911	Interest expense on investment debts	SCH K
911-01	Investment income (portfolio income)	SCH K
911-02	Investment expenses (portfolio income)	SCH K
912-01	Credit for alcohol used as a fuel	SCH K
912-02	Low income housing credit IRC § 42(j)(5)	SCH K
912-03	Low income housing credit - other	SCH K
912-06	Qualified rehab expense - rental activity	SCH K
912-07	Credits - rental real estate activities	SCH K
912-08	Credits - other rental activities	SCH K
913	Other credits and credit recapture	SCH K
914-01	AMT - Depreciation adjustment	SCH K
914-02	AMT - Adjusted gain (loss)	SCH K
914-03	AMT - Depletion (other than oil and gas)	SCH K
914-05	AMT - Gross inc. - oil/ gas/ geothermal properties	SCH K
914-06	AMT - Deductions - oil/ gas/ geothermal properties	SCH K
914-07	AMT - Other adjustments / tax preference items	SCH K
915	Name of foreign country or U.S. possession	SCH K

**Exhibit 4.10.16-2 (Cont. 8) (03-23-2016)**  
**Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
915-01	Gross income from all sources	SCH K
915-02	Gross income sourced at SH level	SCH K
915-03	Foreign gross income - passive	SCH K
915-04	Foreign gross income - general	SCH K
915-05	Foreign gross income - other	SCH K
915-06	Allocable deductions SH - interest	SCH K
915-07	Allocable deductions SH - other	SCH K
915-08	Allocable deductions corp - passive	SCH K
915-09	Allocable deductions corp - general	SCH K
915-10	Allocable deductions corp - other	SCH K
915-11	Total foreign taxes paid	SCH K
915-12	Reduction in taxes available for credit	SCH K
915-13	Total foreign taxes accrued	SCH K
916-01	IRC § 59(e)(2) expenditures	SCH K
916-02	Type of expenditures	SCH K
917	Tax-exempt interest income	SCH K
918	Other tax-exempt income	SCK K
919	Non-deductible expenses	SCK K
920	Distributions	SCH K
920-01	Non-cash distributions	SCH K
920-02	Disproportionate distributions	SCH K
920-03	Repayments of Loans from Shareholders	SCH K
920-04	Distributions of Earnings & Profits	SCH K
920-05	Distribution in Excess of Basis	SCH K
920-06	Distribution of Property or Bargain Sale	SCH K
921	Other items & amounts to be reported separately	SCH K
922	Total dividend distributions from E & P	SCH K
923	Investment income	SCH K
924	Investment expenses	SCH K
76150	User Specified #1 (Issue name and 4318 description required)	
76200	User Specified #2 (Issue name and 4318 description required)	

**Exhibit 4.10.16-2 (Cont. 9) (03-23-2016)****Sub Chapter S SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
76250	User Specified #3 (Issue name and 4318 description required)	
76300	User Specified #4 (Issue name and 4318 description required)	
76350	User Specified #5 (Issue name and 4318 description required)	
76400	User Specified #6 (Issue name and 4318 description required)	
76450	User Specified #7 (Issue name and 4318 description required)	

**Exhibit 4.10.16-3 (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
000	Issue does not exist	
001	Precontact Analysis	
002	Pre - Exam Conference	
003	Preliminary Examination Time	
004	Preparing Examination Plan	
005	Coordination	
006	Travel Time	
007	Report Preparation	
008	Examination Critique	
009	Meetings	
010	Review Protest / Prepare Rebuttal	
010-01	Fast Track	
011	Penalty Consideration	
012	Form 5699 (Information Document Request Log)	
013	Issue Control Sheet - Form 5701 (Notice of Proposed Adjustments)	
014	Referrals to Specialists	
015	Financial Interest	
016	Correspondence	
017	POA / Form 8821(Tax Information Authorization)	
018	Statute of Limitations	
020	Prior Revenue Agent Report	
021	Prior Appeals Report	
022	Joint Committee Reports	
024	Risk Analysis	
030	Administrative Lead Sheet	
031	LB&I Quality Measurement System Check Sheet	
032	LB&I Joint Audit Planning Process Tool	
033	Pre-audit Interview History Lead Sheet	
034	Examiner's RRA 98 Compliance Guide	
035	Team Manager Check sheet	

**Exhibit 4.10.16-3 (Cont. 1) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
060	Claims	
061	Self-Audit Adjustments (Affirmative Adjustments)	
080	Planning File	
100	Balance sheet	SCH L
101	Cash	SCH L
102	Trade notes & accounts receivable	SCH L
102-01	Allowance for bad debts	SCH L
103	Inventories	SCH L
104	U.S. government obligations	SCH L
105	Tax-exempt securities	SCH L
106	Other current assets	SCH L
107	Loans to partners	SCH L
107-01	Loans to persons related to partners	SCH L
108	Mortgage & real estate loans	SCH L
109	Other investments	SCH L
110	Buildings & other depreciable assets	SCH L
110-01	Accumulated depreciation	SCH L
111	Depletable assets	SCH L
111-01	Accumulated depletion	SCH L
112	Land (net of any amortization)	SCH L
113	Intangible assets	SCH L
113-01	Accumulated amortization	SCH L
114	Other assets	SCH L
216	Accounts payable	SCH L
217	Mortgages, notes, bonds payable in less than 1 year	SCH L
218	Other current liabilities	SCH L
218-01	Related party accruals	SCH L
219-01	All nonrecourse loans	SCH L
220	Mortgages, notes, bonds payable in 1 year or more	SCH L
220-01	Loans from partners	SCH L
220-02	Loans from persons related to partners	SCH L

**Exhibit 4.10.16-3 (Cont. 2) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
221	Other liabilities	SCH L
321	Partners' capital accounts	SCH L
321-01	Final Schedule K-1 with Unresolved Negative Capital Account	SCH L
321-02	Analysis of partner's capital account (Sch M-2)	SCH L
401	Gross receipts or sales	1065
401-01	Sales to related entities	1065
401-02	Merchant card and third party payments	1065
402	Returns and allowances	1065
403	Ordinary income (loss) from partnerships, etc.	1065
403-01	Net farm profit (loss)	1065
409	Net gain (loss) from Form 4797, Part II	1065
410	Other income (loss)	1065
410-01	Partnership income (loss) (Tiered Entity)	1065
410-02	Cancellation of Debt Income	1065
502	Cost of goods sold (No Sch. A or F1125-A Detail)	1065
502-01	Inventory (beginning)	SCH A
502-02	Purchases	SCH A
502-03	Cost of labor	SCH A
502-04	Additional IRC § 263A costs	SCH A
502-05	Other costs	SCH A
502-10	Inventory (ending)	SCH A
510	Guaranteed payments to partners	1065
510-01	Capital versus ordinary expense	1065
510-02	Character of payment to retiring partner	1065
513	Salaries & wages	1065
514	Repairs & maintenance	1065
515	Bad debts	1065
516	Rent	1065
517	Taxes & licenses	1065
518	Interest	1065
519	Charitable contributions	SCH K

**Exhibit 4.10.16-3 (Cont. 3) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
520	Depreciation	1065
521	Depreciation (other than page 1 Form 1065)	1065
522	Depletion	1065
523	Advertising	1065
524	Retirement plans, etc.	1065
525	Employee benefit programs	1065
526	Other deductions (no schedule attached)	1065
526-01	Administrative fees	1065
526-02	Amortization	1065
526-03	Auto & truck expenses	1065
526-04	Bonus expense	1065
526-05	Consulting fees	1065
526-06	Contract labor	1065
526-07	Commissions	1065
526-08	Computer expense	1065
526-09	Dues & subscriptions	1065
526-10	Education expenses	1065
526-11	Equipment rental	1065
526-12	Fringe benefits	1065
526-13	Fuel expense	1065
526-14	Gifts & awards expenses	1065
526-15	Insurance expenses	1065
526-16	Janitorial services	1065
526-17	Leasing expense	1065
526-18	Legal & professional fees	1065
526-19	License & permit expenses	1065
526-20	Maintenance & cleaning	1065
526-21	Management & director fees	1065
526-22	Meals & entertainment	1065
526-23	Meeting, seminars & conventions	1065
526-24	Miscellaneous expenses	1065

**Exhibit 4.10.16-3 (Cont. 4) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
526-25	Other expenses	1065
526-26	Outside services	1065
526-27	Postage & courier expense	1065
526-28	Proposal or bidding expense	1065
526-29	Public relations expense	1065
526-30	Publication expense	1065
526-31	Recruiting & training	1065
526-32	Research & development	1065
526-33	Royalty expense	1065
526-34	Security expense	1065
526-35	Shipping, freight & handling	1065
526-36	Supplies - office	1065
526-37	Supplies - tools & factory	1065
526-38	Telephone expense	1065
526-39	Travel expense	1065
526-40	Utility expense	1065
527	Domestic Production Activities	SCH K
528	Schedule M-1	SCH M-1
604	Credits	
604-10	IRC § 45R credit for health care	SCH K
610-04	Lookback Interest	
623-07	Telephone Excise Tax credit	1065
624-01	Accuracy Related Penalty - IRC § 6662	
624-02	Fraud Penalty - IRC § 6663	
624-03	Delinquency Penalty - IRC § 6698	
624-04	Estimated Tax Penalty	
624-05	Promoter Penalties	
624-10	Other Penalties (includes FBAR)	
701	Partnership agreement & other records	
703	Acquisitions, mergers & reorganizations	
703-01	Schedule M-2	SCH M-2

**Exhibit 4.10.16-3 (Cont. 5) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
706	IRC § 482 potential	
707	Method of accounting	1065
708	Initial return - IRC 195, 246, 1060	1065
709	Final return - distributions	
710	Related party transactions	
713	Mandatory compliance checks	
713-01	Related returns	
713-02	Prior & subsequent returns	
713-03	Minimum inventory checks	
713-04	Minimum income probe	
713-05	Other filing checks	
723	Changes in ownership	
724	TEFRA	
725	Character of income (separately stated items)	
726	Potentially abusive schemes	
726-01	Form 8275 Disclosure Statement	
726-02	Form 8886 Reportable Transaction Disclosure Statement	
726-03	Transaction lacks economic substance	
728	Reconcile Schedule K-1 to Schedule K	
729	IRC § 704(d) - losses and or deductions claimed in excess of basis	
730	IRC § 469 - passive activity losses and material participation	
731	IRC § 465 - At risk limitation	
735	IRC § 707 - disguised sales	
736	IRC § 704(c) & IRC § 737	
737	IRC § 754 - election	
737-01	IRC § 743(b) - basis adjustment	
737-02	IRC § 734(b) - basis adjustment	
738	IRC § 708 - partnership terminations	
739	IRC § 704(b) - special allocations	
739-01	Use of tax neutral partners (i.e. tax exempt or foreign)	
740	Family partnership inconsistent with IRC § 704(e)	

**Exhibit 4.10.16-3 (Cont. 6) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
741	IRC § 752 - partner's share of liabilities	
741-01	Nonrecourse	
741-02	Qualified nonrecourse	
741-03	Recourse / Other	
742	IRC § 741 - sale of partnership interest / Form 8308	
742-01	IRC § 751 Ordinary income recapture	
742-02	IRC § 755 - Allocation basis	
743	IRC § 183 - hobby loss	
801	Statistical sampling procedures	
802-01	Computer audit specialist (CAS)	
802-02	Employment tax examiner	
802-03	International examiner	
802-04	Engineer	
802-05	Exempt organization examiner	
802-06	Excise tax examiner	
802-07	Financial products examiner	
802-08	Economist	
802-09	Actuary	
802-10	Employee Plans	
802-11	Appraisers	
802-12	Exam Tech/Audit Aides	
802-13	Contracting Officer's Technical Representative (COTR)	
802-14	Tax Computation Specialist	
803-01	Life insurance examiner	
803-02	Property & Casualty insurance examiner	
804	Other Classified Issue #1	
805	Other Classified Issue #2	
806	Other Classified Issue #3	
807	Other Classified Issue #4	
808	Other Classified Issue #5	
809	Other Classified Issue #6	

**Exhibit 4.10.16-3 (Cont. 7) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
901-01	Ordinary income (loss) from trade or business	SCH K
902	Net income (loss) from rental real estate	SCH K
903	Other Gross Rental Income	SCH K
903-01	Expenses from other rental activities	SCH K
904-01	Portfolio income (loss) from interest income	SCH K
904-02	Portfolio income (loss) from ordinary dividends	SCH K
904-03	Portfolio income (loss) from qualified dividends	SCH K
904-04	Portfolio income (loss) from royalty income	SCH K
904-05	Net short-term capital gain (loss)	SCH K
904-06	Net STCG / loss (>5-3-03) '03 only	SCH K
904-07	Net long-term capital gain (loss)	SCH K
904-08	Net LTCG / loss (28%)	SCH K
904-09	Net LTCG / loss (5 Year)	SCH K
904-10	Net LTCG / loss (>5-3-03) '03 only	SCH K
904-11	Other portfolio income (loss)	SCH K
904-12	Unrecaptured § 1250 Gain	SCH K
905	Net IRC § 1231 gain (loss) from Form 4797	SCH K
905-01	Net IRC § 1231 gain (loss) (>5-3-03) '03 only	SCH K
906	Other income (loss)	SCH K
906-01	Cancellation of Indebtedness (COD) - IRC § 61(a)(12)	SCH K
908	IRC § 179 expense deduction	SCH K
909	Deductions related to portfolio income	SCH K
910	Other deductions	SCH K
911	Interest expense on investment debts	SCH K
911-01	Investment income included in portfolio income	SCH K
911-02	Invest. Exp.-deductions related to portfolio inc.	SCH K
912-01	Credit for income tax withheld	SCH K
912-02	Low income housing credit IRC § 42(j)(5)	SCH K
912-03	Low income housing credit - other	SCH K
912-06	Qual. rehab. expend.-rental real estate activities	SCH K
912-07	Credits related to rental real estate activities	SCH K

**Exhibit 4.10.16-3 (Cont. 8) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
912-08	Credits related to other rental activities	SCH K
913	Other credits and credit recapture	SCH K
914-01	AMT - Depreciation adjustment	SCH K
914-02	AMT - Adjusted gain (loss)	SCH K
914-03	AMT - Depletion (other than oil and gas)	SCH K
914-05	AMT - Gross inc. - oil/ gas/ geothermal properties	SCH K
914-06	AMT - Deductions - oil/ gas/ geothermal properties	SCH K
914-07	AMT - Other adjustments / tax preference items	SCH K
915	Name or foreign country or U.S. possession	SCH K
915-01	Gross income from all sources	SCH K
915-011	Net earnings (loss) from self-employment	SCH K
915-02	Gross income sourced at partner level	SCH K
915-021	Gross farming or fishing income	SCH K
915-03	Foreign gross income - passive	SCH K
915-031	Gross nonfarm income	SCH K
915-04	Foreign gross income - listed categories	SCH K
915-05	Foreign gross income - general limitation	SCH K
915-06	Allocable deductions partner - interest	SCH K
915-07	Allocable deductions partner - other	SCH K
915-08	Allocable deductions partnership - passive	SCH K
915-09	Allocable deductions partnership - listed	SCH K
915-10	Allocable deductions partnership - general	SCH K
915-11	Total foreign taxes paid	SCH K
915-12	Reduction in taxes available for credit	SCH K
915-13	Total foreign taxes accrued	
916-01	IRC § 59(e)(2) expenditures	SCH K
916-02	Type of expenditures	SCH K
917	Tax-exempt interest income	SCH K
918	Other tax-exempt income	SCH K
919	Nondeductible expenses	SCH K
920	Distributions	SCH K

**Exhibit 4.10.16-3 (Cont. 9) (03-23-2016)**  
**Partnership SAIN Codes**

<b>Code</b>	<b>Issue</b>	<b>Form</b>
920-01	Distributions of property other than money	SCH K
920-02	Distribution in Excess of Basis	SCH K
920-03	Distributions of money (cash & securities)	SCH K
920-04	Distribution of Property or Bargain Sale	SCH K
920-05	Distribution of Cash and Securities	SCH K
921	Other items & amounts to be reported separately	SCH K
923	Investment income	SCH K
924	Investment expenses	SCH K
76150	User Specified #1 (Issue name and 4318 description required)	
76200	User Specified #2 (Issue name and 4318 description required)	
76250	User Specified #3 (Issue name and 4318 description required)	
76300	User Specified #4 (Issue name and 4318 description required)	
76350	User Specified #5 (Issue name and 4318 description required)	
76400	User Specified #6 (Issue name and 4318 description required)	
76450	User Specified #7 (Issue name and 4318 description required)	

**Exhibit 4.10.16-4 (01-02-2013)**  
**Reason Codes**

<b>Categorization</b>	<b>Code</b>	<b>Description</b>	<b>Example/Definition</b>
Issue Changed - No Issue Penalty Asserted	02	Taxpayer unaware of tax laws or record keeping requirements	Taxpayer may lack formal education or have a language barrier that prevents understanding requirements.
	03	Disregarded record keeping rules	Taxpayer understood law and requirements but taxpayer's poor record keeping contributed to the errors and inability to substantiate amounts claimed on the return.
	05	Action or advice of Return Preparer - No Penalty asserted	The error resulted from action or advice of paid preparer. The nature or amount of adjustment was not sufficient to warrant a penalty.
	06	Inadvertent understatement or overstatement of income or deductions	Taxpayer understood the law but inadvertently misstated items on the return.
	14	Taxpayer entered item on the wrong form, schedule, or line	Self-explanatory.
	17	Intentional disregard of tax laws - No penalty asserted	Taxpayer made intentional decision to understate income or overstate deductions, credits, or prepayments. However, the nature or amount of the adjustment was not sufficient to warrant a penalty.
	18	Relied on advice of IRS Staff or Publications	Taxpayer indicates the error was based upon advice from IRS personnel or information in IRS publications.
	20	Taxpayer relied on tax preparation software	The error resulted from taxpayer's improper data entry in software program.
	21	Used 'gray area' in the law or regulations	Taxpayer/return preparer took position on issue on interpretation of law.

**Exhibit 4.10.16-4 (Cont. 1) (01-02-2013)**  
**Reason Codes**

<b>Categorization</b>	<b>Code</b>	<b>Description</b>	<b>Example/Definition</b>
Issue Changed - Issue Penalty Asserted	07	Intentional misstatement of income, deductions, credits, or prepayments	Self-explanatory.
	10	Income/expenses entered on wrong form to reduce tax or increase credits	For example, moving deductions from Schedule A to Schedule C to avoid SE tax.
	19	Action or advice of Return Preparer - Penalty asserted	The error resulted from action or advice of paid preparer and was sufficiently blatant to warrant a penalty.
	32	Fraud	The taxpayer omitted income or overstated deductions, credits, or prepayments with the intent to evade taxes.
	33	Abusive Schemes	The taxpayer asserts standard frivolous filer arguments or has used other abusive schemes.
Issue Changed - Earned Income Credit Issue	60	No earned income	Self-explanatory.
	61	Filing status changed to married filing separate status	Self-explanatory.
	62	Requirement for filing Form 2555 met or Form 2555 filed	Self-explanatory.
	63	Non-resident alien	Self-explanatory.
	64	Investment income exceeds maximum	Self-explanatory.
	65	Taxpayer/spouse is qualifying child of another	Self-explanatory.
	66	Primary/secondary does not have a valid SSN for employment	Self-explanatory.
	67	'Relationship test' for child claimed on Schedule EIC not met	Self-explanatory.
	68	'Residency test' for child claimed on Schedule EIC not met	Self-explanatory.
	69	'Age test' for child claimed on Schedule EIC not met	Self-explanatory.

## Exhibit 4.10.16-4 (Cont. 2) (01-02-2013)

## Reason Codes

Category	Code	Description	Example/Definition
	70	EITC qualifying child does not have a valid SSN for employment	Self-explanatory.
	71	Taxpayer/spouse is eligible to be claimed as dependent by another	Self-explanatory.
	72	Main home outside United States for 6 months or more	Self-explanatory.
	73	Increase to earned income or AGI or modified AGI (beginning Tax Year 2001)	Self-explanatory.
	74	Decrease to earned income or AGI or modified AGI (beginning Tax Year 2001)	Self-explanatory.
	75	Taxpayer denied, tie-breaker rule	Self-explanatory.
	76	Change in qualifying children - Increase	Self-explanatory.
	77	IRS processing error	Self-explanatory.
Adjustments from Flow Through Entities - NRP	04	Adjustment to 1040 due to basis limitation on 1120S - NRP	Adjustment was made to limit the shareholder's loss due to insufficient basis in the S corporation.
	08	Adjustment to 1040 due to at-risk limitation on 1120S - NRP	Adjustment was made to limit the shareholder's loss due to the amount at risk in the S corporation.
	09	Adjustment to 1040 due to passive activity limitation on 1120S - NRP	Adjustment was made to limit the shareholder's loss from the S corporation due to passive activity rules.
	12	Adjustment to 1040 due to basis limitation on 1065 - NRP	Adjustment was made to limit the partner's loss due to insufficient basis in the partnership.
	13	Adjustment to 1040 due to at-risk limitation on 1065 - NRP	Adjustment was made to limit the partner's loss due to the amount at risk in the partnership.
	15	Adjustment to 1040 due to passive activity limitation on 1065 - NRP	Adjustment was made to limit the partner's loss from the partnership due to passive activity rules.
	16	Adjustment to 1040 due to passive activity limitation on trust - NRP	Adjustment was made to limit the owner/beneficiary's loss from the trust due to passive activity rules.

Exhibit 4.10.16-4 (Cont. 3) (01-02-2013)  
Reason Codes

Category	Code	Description	Example/Definition
	27	Due to change in S corp income/(loss) item - NRP	Adjustments resulting from the audit of the S corporation that affected the shareholder's share of ordinary income/(loss) and/or separately stated items.
	28	Due to change in trust/estate income/(loss) item - NRP	Adjustments resulting from the audit of the trust/estate that affected the owner/beneficiary's share of ordinary income/(loss) and/or separately stated items.
	29	Due to change in partnership income/(loss) item - NRP	Adjustments resulting from the audit of the partnership that affected the partner's share of ordinary income/(loss) and/or separately stated items.
	86	Non-TEFRA - NRP	Non-TEFRA issue on an NRP case.
	87	TEFRA - Settlement Agreement - NRP	NRP Case - Partner signed a Form 870-P, PT, L, or LT agreeing to the partnership adjustments binding the partners to their share of the adjustments.
	88	TEFRA - Defaulted FPA - NRP	NRP Case - Partner neither agrees nor petitions the Court resulting in the flow-through of the partnership adjustments to the partner.
	89	TEFRA - Court Decision - NRP	NRP Case - Court issues a decision relative to the partnership adjustments allowing flow-through of adjustments to the partner.
	90	TEFRA - Bankruptcy - NRP	NRP Case - Partner has petitioned the Bankruptcy Court and partnership items are converted to non-partnership items allowing the immediate flow-through of adjustments to the partner's return.
	91	TEFRA - AAR - NRP	NRP Case - Tax Matters Partner (TMP) or partner has filed an Administrative Adjustment Request (AAR), which is an amended return for TEFRA partnerships. If accepted by the Service, these changes can be made at the request of the TMP or the partner.

**Exhibit 4.10.16-4 (Cont. 4) (01-02-2013)****Reason Codes**

<b>Categorization</b>	<b>Code</b>	<b>Description</b>	<b>Example/Definition</b>
Adjustments from Flow Through Entities - Non NRP	24	Due to change in S corp income/(loss) item	Adjustments resulting from the audit of the S corporation that affected the shareholder's share of ordinary income/(loss) and/or separately stated items.
	25	Due to change in trust/estate income/(loss) item	Adjustments resulting from the audit of the trust/estate that affected the owner/beneficiary's share of ordinary income/(loss) and/or separately stated items.
	26	Due to change in partnership income/(loss) item	Adjustments resulting from the audit of the partnership that affected the partner's share of ordinary income/(loss) and/or separately stated items.
	34	Adjustment to 1040 due to basis limitation on 1120S	Adjustment was made to limit the shareholder's loss due to insufficient basis in the S corporation.
	35	Adjustment to 1040 due to at-risk limitation on 1120S	Adjustment was made to limit the shareholder's loss due to the amount at risk in the S corporation.
	36	Adjustment to 1040 due to passive activity limitation on 1120S	Adjustment was made to limit the shareholder's loss from the S corporation due to passive activity rules.
	37	Adjustment to 1040 due to basis limitation on 1065	Adjustment was made to limit the partner's loss due to insufficient basis in the partnership.
	38	Adjustment to 1040 due to at-risk limitation on 1065	Adjustment was made to limit the partner's loss due to the amount at risk in the partnership.
	39	Adjustment to 1040 due to passive activity limitation on 1065	Adjustment was made to limit the partner's loss from the partnership due to passive activity rules.
	40	Adjustment to 1040 due to passive activity limitation on trust	Adjustment was made to limit the owner/beneficiary's loss from the trust due to passive activity rules.
	92	Non - TEFRA	Non-TEFRA issue.
	93	TEFRA - Settlement Agreement	Partner signed a Form 870-P, PT, L, or LT agreeing to the partnership adjustments binding the partners to their share of the adjustments.

Exhibit 4.10.16-4 (Cont. 5) (01-02-2013)  
Reason Codes

Category	Code	Description	Example/Definition
	94	TEFRA - Defaulted Final Partnership Administrative Adjustment (FPAA)	Partner neither agrees nor petitions the Court resulting in the flow-through of the partnership adjustments to the partner.
	95	TEFRA - Court Decision	Court issues a decision relative to the partnership adjustments allowing flow-through of adjustments to the partner.
	96	TEFRA - Bankruptcy	Partner has petitioned the Bankruptcy Court and partnership items are converted to non-partnership items allowing the immediate flow-through of adjustments to the partner's return.
	97	TEFRA - Administrative Adjustment Request (AAR)	Tax Matters Partner (TMP) or partner has filed an Administrative Adjustment Request (AAR), which is an amended return for TEFRA partnerships. If accepted by the Service, these changes can be made at the request of the TMP or the partner.
Issue No Changed / Declassified	51	No Change - Taxpayer Substantiated the Issue	The issue was examined and substantiated.
	52	No Change - De Minimis	The issue was examined and closed for lack of potential, immaterial change, or no-changed due to timing issues.
	53	Issue Accepted as Filed	<u>Examiner-identified</u> issue that does not warrant further examination. <b>Should never be used for NRP examinations.</b>
	54	No Change - 1120S Study	The issue was examined and accepted as filed as part of the 1120S NRP Study.
	84	Declassified - Employee not trained on classified issue	Employee is unable to examine issue due to lack of training or experience.
	85	Declassified - No Audit Potential	<u>Classified</u> issue that was not examined after a determination that it lacked audit potential.

**Exhibit 4.10.16-4 (Cont. 6) (01-02-2013)****Reason Codes**

<b>Categorization</b>	<b>Code</b>	<b>Description</b>	<b>Example/Definition</b>
Other	11	No Show / No Response / Undeliverable Mail	Used for adjustments where the taxpayer did not keep any appointments or respond to contact attempts or where mail to the taxpayer was returned undelivered.
	22	Statutory Adjustment	Automatic adjustments due to changes to income/other limits. This code is automatically generated by the report writing software.
	23	Change due to adjustment in another year, financial and tax accounting differences, or entity types - not intentional	Self-explanatory. Do not use for adjustments resulting from flow-through entities.
	43	Audit reconsideration	Adjustment based upon reconsideration of previous examination or IRS action. This includes Substitute For Return (SFR) assessment being corrected based upon the receipt of a filed return from the taxpayer.
	44	Computation or 'per return' Service Center error	An adjustment necessary to correct a computational error on the return or incorrect transcription during return processing.

**Exhibit 4.10.16-5 (01-02-2013)**  
**Rental Type Codes**

<b>Category</b>	<b>Code</b>	<b>Description</b>
Residential	11	Single family house
	12	Apartment or townhouse
	13	Duplex house
	14	Small apartment building - less than 5 apartments
	15	Medium apartment building - 5 to 9 apartments
	16	Large apartment building - more than 10 apartments
Vacation	21	Single family house
	22	Apartment or townhouse
	23	Duplex house
	24	Small apartment building - less than 5 apartments
	25	Medium apartment building - 5 to 9 apartments
	26	Large apartment building - more than 10 apartments
Commercial	31	Single store
	32	2 to 4 stores
	33	More than 4 stores
	34	Warehouse
	35	Factory
	36	Office Space
	40	Other commercial

