



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.36.2

NOVEMBER 1, 2023

## EFFECTIVE DATE

(11-01-2023)

## PURPOSE

- (1) This transmits revised IRM 4.36.2, Joint Committee Procedures, Identification of Joint Committee Cases.

## MATERIAL CHANGES

- (1) Changes were made to the following subsections:

IRM Subsection	Title	Description of Change
4.36.2.1	Program Scope and Objectives	Simplified language, added clarification and added contact information.
4.36.2.1.1	Background	Removed previous language and added reference to IRM 4.36.1.1.1.
4.36.2.1.2	Authority	Removed previous language and added reference to IRM 4.36.1.1.2.
4.36.2.1.3	Roles and Responsibilities	Updated subsection title, removed previous language and added reference to IRM 4.36.1.1.3.
4.36.2.1.4	Program Management and Review	Added subsection and reference to IRM 4.36.1.1.4.
4.36.2.1.5	Program Controls	Added subsection and reference to IRM 4.36.1.1.5.
4.36.2.1.6	Terms/Definitions/Acronyms	Added reference to new terms in 4.36.1.1.6.
4.36.2.1.7	Related Resources	Removed previous language and added reference to IRM 4.36.1.1.7.

IRM Subsection	Title	Description of Change
4.36.2.2	Cases Reportable to the JCT	Updated and simplified language.
4.36.2.2.1	Unpaid Refunds IRC 6405(a): Allowed Claims and Examination Results	Updated and simplified language.
4.36.2.2.2	Tentative Refunds IRC 6405(b)	Simplified language and added clarification about tentative allowances.
4.36.2.2.3	Disaster Loss Refunds IRC 6405(c)	Added clarification regarding the net refund and jurisdictional threshold.
4.36.2.2.4	Other 6405(a) Reportable Refunds	Changed title from Prepayment Credits IRC 6402.
4.36.2.3	Refunds Not Reportable to the JCT	Simplified language and added examples.
4.36.2.4	Determining Joint Committee Jurisdictional Amount and Years	Updated title and simplified language. Examples were updated for clarity and Example 2 was rewritten.
4.36.2.4.1	Inclusion of Interest and Penalties in Joint Committee Jurisdictional Amount	Simplified language and edited example for clarity.
4.36.2.4.2	Treatment of Deficiencies	Simplified language.
4.36.2.4.3	Multiple-Year Examination with Net Deficiency	Simplified language.
4.36.2.4.4	Determining Whether Jurisdictional Threshold is Exceeded in a Multiple-Year Exam with Deficiency	Updated title, edited content, updated name and link to JC Netting Spreadsheet. Revised examples.

(2) Various editorial changes and corrections have been made throughout.

**EFFECT ON OTHER DOCUMENTS**

This section supersedes IRM 4.36.2, Identification of Joint Committee Cases, dated June 18, 2021.

**AUDIENCE**

LB&I, SB/SE, TE/GE

Ronald H. Hodge II  
Acting Assistant Deputy Commissioner Compliance Integration  
Large Business and International Division



---

4.36.2

Identification of Joint Committee Cases

## Table of Contents

4.36.2.1 Program Scope and Objectives

4.36.2.1.1 Background

4.36.2.1.2 Authority

4.36.2.1.3 Roles and Responsibilities

4.36.2.1.4 Program Management and Review

4.36.2.1.5 Program Controls

4.36.2.1.6 Terms/Definitions/Acronyms

4.36.2.1.7 Related Resources

4.36.2.2 Cases Reportable to the JCT

4.36.2.2.1 Unpaid Refunds IRC 6405(a): Allowed Claims and Examination Results

4.36.2.2.2 Tentative Refunds IRC 6405(b)

4.36.2.2.3 Disaster Loss Refunds IRC 6405(c)

4.36.2.2.4 Other IRC 6405(a) Reportable Refunds

4.36.2.3 Refunds Not Reportable to the JCT

4.36.2.4 Determining Joint Committee Jurisdictional Amount and Reportable Years

4.36.2.4.1 Inclusion of Interest and Penalties in Joint Committee Jurisdictional Amount

4.36.2.4.2 Treatment of Deficiencies

4.36.2.4.3 Multiple-Year Examination with Net Deficiency

4.36.2.4.4 Determining Whether the Jurisdictional Threshold is Exceeded in a Multiple-Year Exam with Deficiency



4.36.2.1  
(11-01-2023)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM section provides guidance on identifying Joint Committee (JC) cases and computing the reportable jurisdictional amount under IRC 6405. The jurisdictional amount is any IRC 6405 refunds or credits in excess of the jurisdictional threshold that has to be reported to the Joint Committee on Taxation (JCT). This section describes the statutory provisions requiring review of certain cases by the JCT and provides criteria and examples to identify such cases.

- (2) **Audience:** Examination teams in LB&I, SB/SE and TE/GE who work on cases that meet Joint Committee Review (JCR) program criteria.

**Note:** For purposes of IRM 4.36, Joint Committee Procedures, the term “examination team” refers to examiners in LB&I, SB/SE and TE/GE, along with their managers and any specialists who work on the JC case.

- (3) **Policy Owner:** The LB&I Policy Office under the Strategy, Policy and Governance function in the office of the Assistant Deputy Commissioner Compliance Integration.
- (4) **Program Owner:** The LB&I Northeastern Compliance Practice Area (NECPA).
- (5) **Primary Stakeholders:** Examination teams, taxpayers and the JCT.
- (6) **Contact Information:** To recommend changes or to make any other suggestions related to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance. Questions about the IRM content may be emailed to the JCR program at *\*LB&I Joint Committee Assistance*.

4.36.2.1.1  
(06-18-2021)  
**Background**

- (1) See IRM 4.36.1.1.1, Background.

4.36.2.1.2  
(11-01-2023)  
**Authority**

- (1) See IRM 4.36.1.1.2, Authority.

4.36.2.1.3  
(06-18-2021)  
**Roles and Responsibilities**

- (1) See IRM 4.36.1.1.3, Roles and Responsibilities.

4.36.2.1.4  
(11-01-2023)  
**Program Management and Review**

- (1) See IRM 4.36.1.1.4, Program Management and Review.

4.36.2.1.5  
(11-01-2023)  
**Program Controls**

- (1) See IRM 4.36.1.1.5, Program Controls.

4.36.2.1.6  
(11-01-2023)  
**Terms/Definitions/ Acronyms**

- (1) See IRM 4.36.1.1.6, Terms/Definitions/Acronyms, for a list of commonly used terms.

- (2) See IRM Exhibit 4.36.1-1, Acronyms Used Throughout IRM 4.36, for a list of commonly used acronyms.

4.36.2.1.7  
(11-01-2023)

**Related Resources**

- (1) See IRM 4.36.1.1.7, Related Resources.

4.36.2.2  
(11-01-2023)

**Cases Reportable to the JCT**

- (1) IRC 6405(a), IRC 6405(b) and IRC 6405(c) require the IRS to submit JC reports for cases involving refunds in excess of the jurisdictional threshold of \$2 million (\$5 million for C corporations). These different IRC sections pertain to different types of refunds.

4.36.2.2.1  
(11-01-2023)

**Unpaid Refunds IRC 6405(a): Allowed Claims and Examination Results**

- (1) IRC 6405(a) provides that no refund or credit in excess of the jurisdictional threshold of any income, war profits, excess profits, estate, or gift tax, or any tax imposed with respect to public charities, private foundations, operators' trust funds, pension plans, or real estate investment trusts under chapter 41, 42, 43, or 44, shall be made until after the expiration of 30 days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and the summary of the facts and the decision of the IRS regarding the claim is submitted to the JCT.
- (2) If a review of multiple years for which refunds or credits are claimed also shows deficiencies in those same years, the amount of the refund or credit to be reviewed by the JCT is the net of the refunds or credits claimed under IRC 6405(a) less any such deficiencies.

4.36.2.2.2  
(11-01-2023)

**Tentative Refunds IRC 6405(b)**

- (1) The JCT review of refunds or credits under IRC 6411 (tentative carryback and refund adjustments) is provided for in IRC 6405(b). Under this subsection, tentative allowances are refunded prior to reporting to the JCT. Following a survey-after-assignment or examination, refunds of tentative allowances in excess of the jurisdictional threshold (net of any deficiencies) are reported to the JCT.

4.36.2.2.3  
(11-01-2023)

**Disaster Loss Refunds IRC 6405(c)**

- (1) IRC 6405(c) provides that refunds in excess of the jurisdictional threshold, which are attributable to a taxpayer's election under IRC 165(i), are made prior to submitting a report for to the JCT. This section allows a taxpayer to deduct a disaster loss in the taxable year immediately preceding the taxable year in which the disaster occurred. These losses are attributable to a disaster declared by the President under the Disaster Relief & Emergency Assistance Act. A report must be prepared and submitted to the JCT after the correct amount of tax is determined and the net refund or credit is in excess of the jurisdictional threshold.

4.36.2.2.4  
(11-01-2023)

**Other IRC 6405(a) Reportable Refunds**

- (1) A refund shown on the return as filed does not qualify as a refund or credit under IRC 6405(a) except as follows:
- a. A report is required with respect to a refund attributable to amounts credited under IRC 835(d) in excess of \$5 million made to a mutual insurance company which is a reciprocal underwriter. This credit is not deemed a prepayment credit. See Rev. Rul. 69-196, 1969-1 C.B. 303.



- b. Refunds under claim of right (IRC 1341) are reportable when the decrease in tax computed under IRC 1341(a)(5)(B) exceeds the tax computed under IRC 1341(a)(5)(A) by more than the jurisdictional threshold. See Rev. Rul. 67-358, 1967-2 C.B. 412.

4.36.2.3  
(11-01-2023)  
**Refunds Not Reportable  
to the JCT**

- (1) The JCT review is limited to designated categories of tax. Excluded from review are employment taxes, trust fund recovery penalties, windfall profit taxes and specified excise taxes. In addition, the following refunds are not reportable:
  - a. A refund or credit that is not required to be reported to the JCT under Treas. Reg. 301.6402-4.
  - b. A refund or credit of an undesignated remittance that was made while the taxpayer was under examination, but before a liability was proposed to the taxpayer in writing (e.g., before the issuance of a revenue agent's or examiner's report), so long as the taxpayer has no outstanding liabilities. See Rev. Proc. 2005-18 , Section 4.04.
  - c. Abatement of an unpaid tax liability in excess of the jurisdictional threshold. For example, an abatement of an unpaid portion of an assessment under IRC 6404 regardless of the amount is not a refund or credit under IRC 6405.
  - d. An overpayment determined by the United States Tax Court (USTC) or any other court of competent jurisdiction as a result of the trial of a case (rather than by a stipulation of settlement). Note that non-reportable overpayments determined by the USTC or other courts are limited to overpayments from only those years in the court decision. A refund or credit from any year not subject to the court's decision is reportable if it exceeds the applicable jurisdictional threshold.
  - e. A claim for refund or credit or tentative allowance that, pursuant to an examination, has been reduced below the jurisdictional threshold.

4.36.2.4  
(11-01-2023)  
**Determining Joint  
Committee Jurisdictional  
Amount and Reportable  
Years**

- (1) The examination team is responsible for determining whether a case is reportable to the JCT. Tools (decision tree and netting spreadsheet) can be found at the JC Virtual Library, [https://irs.gov.sharepoint.com/sites/ETD-KMT-KB051/SitePages/GeneralExamProcedures/JointCommitteeCases/Forms,LettersandHelpfulTools.aspx](https://irs.gov/sharepoint.com/sites/ETD-KMT-KB051/SitePages/GeneralExamProcedures/JointCommitteeCases/Forms,LettersandHelpfulTools.aspx), as an aid for questions concerning whether a case is reportable. If there are any questions concerning the jurisdictional amount, contact the JCR program at *\*LB&I Joint Committee Assistance*.
- (2) Refunds or credits with respect to two or more separate taxpayers are not combined in computing whether a refund or credit claim by any such taxpayer is in excess of the jurisdictional threshold. Similarly, a deficiency against one taxpayer is not offset against an overpayment of another taxpayer, even where the changes result from a reallocation of income or deductions among related entities, e.g., a reallocation of income or deductions between a parent corporation and its unconsolidated subsidiary.
- (3) All refunds or credits must be considered in determining the jurisdictional amount and reportable years.

- a. If the sum of the tentative refunds is in excess of the jurisdictional threshold both source year(s) and tentative refund year(s) must be reported. This is true regardless of the amount of each of the separate tentative refunds. **See Example 1.**
  - b. If the sum of examination refunds and carryback refunds requested on amended returns are in excess of the jurisdictional threshold, both source year(s) and refund year(s) must be reported. **See Example 2.**
- (4) Refunds or credits made pursuant to IRC 6405(a), IRC 6405(b) and IRC 6405(c) **are not aggregated** in determining whether the jurisdictional threshold is exceeded. **See Example 3.**
- (5) For tax years in the current examination cycle that have prior tentative refunds paid that were not previously examined or surveyed after assignment and have open statutes, these prior tentative refunds must be considered in computing the jurisdictional amount. **See Example 4.**
- (6) Prior examination refunds that did not meet the jurisdictional threshold and were refunded prior to the current examination cycle **are not combined** with current refunds in computing whether the jurisdictional threshold is exceeded in the current examination cycle.
- (7) Refunds previously reported to the JCT **are not included** in the computation of whether the jurisdictional threshold is exceeded in a taxable year after the year(s) for which such refunds were reported. The following examples show the computation of the jurisdictional amount:

**Example 1:**

<b>Facts:</b>	<b>\$2M Threshold</b>	<b>\$5M Threshold</b>
Tentative allowances - IRC 6405(b):		
2016 NOL carryback to 2014	\$ 1,500,000	\$4,500,000
2017 GBC carryback to 2016	<u>550,000</u>	<u>550,000</u>
Jurisdictional Amount - 6405(b)	\$ 2,050,000	\$5,050,000

**Conclusion:** Both refunds are in excess of the jurisdictional threshold and are reportable to the JCT. The IRS will survey the case after assignment or examine the returns for 2017, 2016, and 2014 and issue a JC report

**Example 2:**

<b>Facts:</b>	<b>\$2M Threshold</b>	<b>\$5M Threshold</b>
Audit results - IRC 6405(a):		
2016 Examination refund amended return filed:	\$1,600,000	\$4,600,000
2017 NOL carryback to 2016	410,000	410,000
Audit results - IRC 6405(a):		
Jurisdictional Amount 6405(a)	\$2,010,000	\$5,010,000

**Conclusion:** The 2017 tax year must be surveyed after assignment or examined since the aggregate of the refunds or credits under IRC 6405(a) are in excess of the jurisdictional threshold. A JC report would be required for the JCT.

**Example 3:**

<b>Facts:</b>	<b>\$2M Threshold</b>	<b>\$5M Threshold</b>
Tentative allowances - IRC 6405(b):		
2017 NOL carryback to 2015	\$1,800,000	\$4,800,000
Audit results - IRC 6405(a):		
2016 Examination refund	\$450,000	\$450,000

**Conclusion:** No JC report is required in this case because IRC 6405(a) and IRC 6405(b) refunds or credits are not aggregated in determining whether the jurisdictional threshold is exceeded and because neither exceeds the jurisdictional threshold individually.

**Example 4:**

<b>Facts:</b>	<b>\$2M Threshold</b>	<b>\$5M Threshold</b>
Tentative allowances - IRC 6405(b):		
2017 NOL carryback to 2015	\$1,700,000	\$4,700,000
2016 NOL carryback to 2014	<u>200,000</u>	<u>200,000</u>
	\$1,900,000	\$4,900,000
Previous tentative allowance - IRC 6405(b):		
2015 Capital Loss c/b to 2012	\$300,000	\$300,000

**Conclusion:** If not barred by the statute of limitations and not considered in a prior examination or survey-after-assignment, the 2015 capital loss carryback to 2012 is included in determining whether the jurisdictional threshold is exceeded. A JC report would be required to be submitted to the JCT.

4.36.2.4.1  
(11-01-2023)  
**Inclusion of Interest and Penalties in Joint Committee Jurisdictional Amount**

- (1) In determining whether the IRC 6405 jurisdictional threshold is exceeded, proposed refunds of penalties and previously assessed and paid interest are combined with the amount of the refund or credit claim by the taxpayer.

**Example:**

<b>Facts:</b>	<b>\$2M Threshold</b>	<b>\$5M Threshold</b>
IRC 6405(a):		
Requested refund (tax & penalties)	\$1,950,000	\$4,950,000
Overpayment: Previously assessed and paid interest	<u>60,000</u>	<u>60,000</u>
	\$2,010,000	\$5,010,000

**Conclusion:** Where a refund is proposed with respect to a previously assessed deficiency, the interest previously assessed and paid on that deficiency is included in determining whether the jurisdictional threshold is exceeded.

- (2) Any refund of previously assessed and paid interest, even when not made in connection with a redetermination of the underlying deficiency, must be included in the computation of the jurisdictional amount. Therefore, a refund of previously assessed and paid interest in excess of the jurisdictional threshold with no reduction in tax requires a JC report.

4.36.2.4.2  
(11-01-2023)  
**Treatment of Deficiencies**

- (1) Deficiencies are offset against refunds or credits only when proposed for the same tax entity, for the same category of tax, and in the same examination cycle. Accordingly, if an overpayment of one category of tax results in a deficiency in another category of tax with respect to the same taxpayer, the resulting deficiency is not considered in determining whether the jurisdictional threshold is exceeded. Likewise, no offset occurs when adjustments resulting in a deficiency with respect to one taxpayer result in a refund with respect to a related taxpayer.

4.36.2.4.3  
(11-01-2023)  
**Multiple-Year Examination with Net Deficiency**

- (1) In multiple-year examinations with a net deficiency (i.e., the sum of deficiencies exceeds the total of all IRC 6405 refunds or credits), no JC report is required.

4.36.2.4.4  
(11-01-2023)  
**Determining Whether the Jurisdictional Threshold is Exceeded in a Multiple-Year Exam with Deficiency**

- (1) For cases with net overassessments that include deficiency years, a determination must be made as to which, if any, of the refund years must be reported. For refund types exceeding the jurisdictional threshold, only the years with net refunds after offset by any deficiencies in those years are reported to the JCT.
- (2) Determining whether the jurisdictional threshold is exceeded in a multiple-year examination involving deficiencies is a four-step process that is applied separately to each type of refund or credit being sought under IRC 6405(a), 6405(b), or 6405(c). These four steps are as follows:

- a. Determine the net deficiency for each tax year by offsetting the deficiency for that year against the lesser of the tentative allowance or disaster losses. If the aggregate of tentative allowances and disaster losses for that year are offset in their entirety, then the year is not required to be reported with respect to that refund type.
  - b. Determine the aggregate net deficiency by refund type for all net deficiency years.
  - c. Determine the aggregate net overpayment by refund type for all net refund years.
  - d. Apply the aggregate net deficiency against the least of the aggregate IRC 6405 net overpayment (refund) types, even if that least aggregate amount is below the jurisdictional threshold.
- (3) If the difference falls below the jurisdictional threshold, then that refund type is not required to be reported. Conversely, if the balance is in excess of the jurisdictional threshold, the refund type must be reported. If the aggregate net deficiency against the least of the aggregate IRC 6405 overpayment (refund) types exceeds the least IRC 6405 refund type, then the excess offsets the next least refund type. Where two or more IRC 6405 refund types are of equal amount, the remaining deficiency is first offset against the IRC 6405 (a) amount, then the IRC 6405(b) amount and then the IRC 6405(c) amount, if any.
- (4) Only the categories of tax designated by IRC 6405 are subject to netting. Only refunds and deficiencies within the same category of tax can be netted. For example, a deficiency of gift tax cannot be netted against an income tax overpayment.
- (5) A spreadsheet that computes jurisdictional amounts is available at: <https://irsgov.sharepoint.com/sites/ETD-KMT-KB051/SitePages/GeneralExamProcedures/JointCommitteeCases/JointCommitteeSpreadsheet.aspx>. Additional resources may be found at: <https://irsgov.sharepoint.com/sites/ETD-KMT-KB051/SitePages/GeneralExamProcedures/JointCommitteeCases/JCCLandingPg.aspx>.

**Note:** Example 1 below reflects the \$2 million jurisdictional threshold for taxpayers other than C corporations.

<b>Example 1:</b>		<b>\$2M Threshold</b>	
<u>Year</u>	<u>Deficiency</u>	<u>6405(a) Refund</u>	<u>6405(b) Refund</u>
2010	\$10,000		(\$1,205,000)
2011	\$225,000		
2012			(\$570,000)
2013	\$180,000		
2014			(\$240,000)
2015		(\$1,460,000)	
2016		(\$800,000)	
2017		(\$410,000)	
Sub-total deficiency/refund	\$415,000	(\$2,670,000)	(\$2,015,000)
Same year offset (2010)	(\$10,000)		\$10,000
Subtotal	\$405,000	(\$2,670,000)	(\$2,005,000)
Offset of least refund type	(\$405,000)		\$405,000
Net deficiency/ refund	0	(\$2,670,000)	(\$1,600,000)
In excess of juris- dictional threshold?		Yes	No

**Conclusion:** A JC report is required for only the IRC 6405(a) refund for the years 2015, 2016, and 2017. Since the net aggregate IRC 6405(b) refund does not exceed the jurisdictional threshold after the offset of the net deficiency, none of the years with tentative allowances are required to be reported. The 6405(b) refunds and deficiencies for the years 2010 through 2014, although not required to be reported, will be noted in the JC report .

**Note:** Example 2 below reflects the \$5 million jurisdictional threshold for C corporations.

<b>Example 2:</b>		<b>\$5M Threshold</b>	
<u>Year</u>	<u>Deficiency</u>	<u>6405(a) Refund</u>	<u>6405(b) Refund</u>
2015	\$1,005,000		(\$5,005,000)
2016		(\$5,005,000)	
2017	\$600,000		
Subtotal deficiency/ refund	\$1,605,000	(\$5,005,000)	(\$5,005,000)
Same year offset	(\$1,005,000)		\$1,005,000
Subtotal deficiency/ refund	\$600,000	(\$5,005,000)	(\$4,000,000)
Offset of least refund type	(\$600,000)		\$600,000
Net deficiency/ refund	\$ 0	(\$5,005,000)	(\$3,400,000)
In excess of juris- dictional threshold?		Yes	No

**Conclusion:** A JC report is required for the IRC 6405(a) refund for 2016. The IRC 6405(b) refund for 2015 is not required to be reported because the amount after offset is below the jurisdictional threshold. Nevertheless, the 2015 refund and the deficiencies for 2015 and 2017 will be noted in the JC report.

**Note:** Example 3 below reflects the \$2 million jurisdictional threshold for taxpayers other than C corporations.

<b>Example 3:</b>		<b>\$2M Threshold</b>	
<b><u>Year</u></b>	<b><u>Deficiency</u></b>	<b><u>6405(a) Refund</u></b>	<b><u>6405(b) Refund</u></b>
2015	\$900,000		(\$1,005,000)
2016		(\$2,670,000)	
2017	\$1,005,000		
Net deficiency/ refund	\$1,905,000	(\$2,670,000)	(\$1,005,000)
Same year offset	(\$900,000)		\$900,000
Subtotal	\$1,005,000	(\$2,670,000)	(\$105,000)
Offset of least refund type	(\$105,000)		\$105,000
Subtotal	\$900,000	(\$2,670,000)	0
Offset of remaining net deficiency	(\$900,000)	\$ 900,000	
Net deficiency/ refund	\$0	(\$1,770,000)	\$0
In excess of juris- dictional threshold?		No	No

**Conclusion:** A JC report is not required. As netted, none of the refund types meet the jurisdictional threshold.

**Note:** Example 4 below reflects the \$5 million jurisdictional threshold for C corporations.



<b>Example 4:</b>		<b>\$5M Threshold</b>	
<u>Year</u>	<u>Deficiency</u>	<u>6405(a) Refund</u>	<u>6405(b) Refund</u>
2016	\$2,340,000		(\$2,230,000)
2017		(\$5,100,000)	(\$160,000)
Subtotal	\$2,340,000	(\$5,100,000)	(\$2,390,000)
Same year offset	(\$2,230,000)		\$2,230,000
Subtotal	\$110,000	(\$5,100,000)	(\$160,000)
Offset of least refund type	(\$110,000)		\$110,000
Net deficiency/ refund	\$0	(\$5,100,000)	(\$50,000)
In excess of jurisdictional threshold?		Yes	No

**Conclusion:** A JC report is required for the IRC 6405(a) refund, but not for the IRC 6405(b) refund. Nevertheless, the refund and deficiency for 2016 will be noted in the JC report.

**Note:** Example 5 below reflects the \$2 million jurisdictional threshold for taxpayers other than C corporations.

<b>Example 5:</b>		<b>\$2M Threshold</b>	
<u>Year</u>	<u>Deficiency</u>	<u>6405(a) Refund</u>	<u>6405(b) Refund</u>
2016	\$890,000		(\$3,050,000)
2017		(\$210,000)	
Subtotal	\$890,000	(\$210,000)	(\$3,050,000)
Same year offset	(\$890,000)		(\$890,000)
Net deficiency/ refund	\$0	(\$210,000)	(\$2,160,000)
In excess of jurisdictional threshold?		No	Yes

**Conclusion:** A JC report is required for the IRC 6405(b) refund, not for the IRC 6405(a) refund. Nevertheless, the IRC 6405(a) refund for 2017 will be noted in the JC report.

