



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

21.7.12

AUGUST 19, 2024

EFFECTIVE DATE

(10-01-2024)

PURPOSE

- (1) This transmits revised IRM 21.7.12, **Business Tax Returns and Non-Master File Accounts, Non-Master File (NMF) Adjustments**.

MATERIAL CHANGES

- (1) The following table outlines changes made to IRM 21.7.12 relating to Non-Master File Accounts. Various editorial changes were made throughout the IRM. Also, cross references and hyperlinks were added, removed, or revised, as appropriate.

IRM Reference	Material Changes
IRM 21.7.12.5.8.1	Added Action Code 717 to (2).
IRM 21.7.12.7.1	IPU 24U0642 issued 05-13-2024. Updated return due date criteria for Form 1040-NR fiduciary returns, per SERP feedback #19567. Added reminder for Notice 2020-23.
IRM 21.7.12.8	IPU 24U0642 issued 05-13-2024. Updated routing procedures for Form 4720-A amended returns and correspondence to include ANMF transcripts. Revised (6) to include discontinuation of Form 4720-A.
Exhibit 21.7.12-1	IPU 24U0393 issued 03-13-2024. Updated the EEFax number for Exempt Organization Accounts.

EFFECT ON OTHER DOCUMENTS

IRM 21.7.12 dated August 22, 2023 (effective October 1, 2023) is superseded. Interim Procedural Update (IPU) 24U0393 issued 03-13-2024 and IPU 24U0642 issued 05-13-2024 are incorporated in this publication.

AUDIENCE

The primary users of this IRM are Taxpayer Services (TS) Customer Account Services Employees.

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Taxpayer Services Division

21.7.12

Non-Master File (NMF) Adjustments

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21.7.12-1 Contact Information

21.7.12.1
(10-01-2020)
**Non-Master File (NMF)
Program Scope and
Objectives**

- (1) **Purpose:** This IRM describes the process for certain returns not processed using a pipeline system for entry on the Master File (MF). These accounts must be recorded on a separate system called the Automated Non-Master File (ANMF) database. Non-Master File (NMF) accounts are a collection of revenue accounting transactions whose sole purpose is to provide a means for the assessment of taxes and collection of revenue.
 - The Taxpayer Services (TS) and Small Business/Self Employed (SB/SE) Business Operating Divisions (BOD) are responsible for taxpayer relationships by:
 - Providing general tax related information,
 - Providing information on the status of taxpayer returns/refunds/accounts, and
 - Adjusting taxpayer accounts, when appropriate.
 - These responsibilities are divided into three subordinate units:
 - Customer Assistance, Relationships, and Education (CARE)
 - Customer Account Services (CAS)
 - Compliance
 - To ensure taxpayer inquiries and accounts are addressed correctly, Taxpayer Assistance Centers (TAC), Accounts Management (AM), and Compliance Services use the guidelines provided in IRM 21, Customer Account Services.
- (2) **Audience:** accounts. The primary users of this IRM are Accounts Management (AM) Customer Service Representatives (CSRs) and Tax Examiners (TEs) who process Individual and Business Non-Master File returns processed to Non-Master File, responds to Non-Master File telephone calls and requests for adjustments to NMF accounts.:
- (3) **Policy Owner:** The policy owner is the Director, Accounts Management, Taxpayer Services Division.
- (4) **Program Owner:** The program owner is Process and Program Management (PPM), Accounts Management, Taxpayer Services.
- (5) **Primary Stakeholders:** The primary stakeholders are Taxpayer Services (TS), Small Business Self Employed (SBSE) and Tax Exempt Government Entities (TEGE).
- (6) **Program Goals:** Goals, measures and operating guidelines are listed in the yearly Program Letter. Quality data and guidelines for measurement are referenced in IRM 21.10.1, Embedded Quality (EQ) for Accounts Management, Campus Compliance, Tax Exempt/Government Entities, Return Integrity Verification Operation (RIVO) and Electronic Products and Support Services

21.7.12.1.1
(10-01-2020)
Background

- (1) This IRM provides procedures for processing Non-Master File accounts. Employees in Accounts Management (AM) respond to taxpayer inquiries and phone calls as well as process claims and other taxpayer requests.

21.7.12.1.2
(10-01-2020)
Authority

- (1) Refer to IRM 1.2.1.13, **Policy Statements for Customer Account Services Activities**, for information.
- (2) The following list of Internal Revenue Codes (IRC) provide additional instructions:

- IRC 49.429-1
- IRC 167(g)
- IRC 168(k)
- IRC 460(b)
- IRC 663(b)
- IRC 992(b) and (c)
- IRC 1161
- IRC 1491
- IRC 4981
- IRC 4982
- IRC 5881
- IRC 5891
- IRC 6038(b)
- IRC 6201
- IRC 6305

Note: Additional IRCs are cited in the IRM where they are applicable to the issue covered.

21.7.12.1.3
(03-18-2021)
Roles and Responsibilities

- (1) The Chief, Taxpayer Services has overall responsibility for the policy related to this IRM which is published on a yearly basis.
- (2) Additional information is found in IRM 1.1.13.7.3, Accounts Management, and IRM 21.1.1, Accounts Management and Compliance Services Overview
- (3) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *Taxpayer Bill of Rights*.

21.7.12.1.4
(10-01-2017)
Program Management and Review

- (1) IRM 1.4.16, Accounts Management Guide for Managers, provides guidance for program management and review of programs assigned to Accounts Management.

21.7.12.1.5
(10-01-2017)
Program Controls

- (1) **Program Effectiveness:** Program effectiveness is determined by Accounts Management's employees successfully using IRM guidance to perform necessary account actions and duties.
- (2) **Program Controls:** Goals measures and operating guidelines are listed in the yearly Program Letter. Quality data and guidelines for measurement is referenced in IRM 21.10.1, Embedded Quality (EQ) Program for Accounts Management, Campus Compliance, Field Assistance, Tax Exempt/Government, Return Integrity Verification Operation (RIVO) and Electronic Products and Services Support.

21.7.12.1.6
(10-01-2019)
**Terms/Definitions/
Acronyms**

- (1) The *Acronym Database* or *ReferenceNet - Legal and Tax Research Services* pages provide an Acronym Database to research acronyms found within this IRM.

Note: The most common acronyms used are spelled-out within the IRM subsections.

21.7.12.1.7
(10-01-2020)
Related Resources

- (1) The following list of IRM references provide additional instructions:

- IRM 1.1.13.7.3, Accounts Management (AM)
- IRM 1.4.16, Accounts Management Guide for Managers
- IRM 3.17.46, Automated Non-Master File Accounting
- IRM 21.2.1.5, Non-Master File
- IRM 21.5.2.4.23.9, Moving Assessments
- IRM 13, Taxpayer Advocate Service
- IRM 20.1, Penalty Handbook
- IRM 20.2, Interest
- IRM 21, Customer Service Account Services
- IRM 21.8.1, IMF International Adjustments
- IRM 21.8.2, BMF International Adjustments
- IRM 25.6, Statute of Limitations

Note: Additional IRMs are cited in the IRM where they are applicable to the issue covered.

21.7.12.2
(06-26-2023)
**Non Master File (NMF)
Overview**

- (1) Non-Master File is a system of accounting which provides for not only outstanding liabilities but for all types of return and tax adjustment processing that cannot be processed on Master File. See IRM 3.17.46.1.1, Background, for additional information.
- (2) Non-Master File Assessments are made as remainder assessments per IRC 6201.
- (3) Non-Master File assessments are input on the Automated Non-Master File (ANMF). This is an independent research database which does not interface with Integrated Data Retrieval System (IDRS). ANMF was introduced in 1991 and contains all open, closed and archived Non-Master File (NMF) accounts processed.
- (4) Many forms that were previously processed to NMF have been moved to Master File (MF). See prior revisions of this IRM for more information.
- (5) As of October 31, 2018, all Non-Master File (NMF) processing has been centralized in the Kansas City Submission Processing Center (KCSPC). For more information regarding the types of accounts established on ANMF, see IRM 21.2.1.5, Non-Master File.
- (6) Forward the following requests to NMF Accounting (list is not all inclusive):
 - new assessments
 - documents to establish accounts
 - moving payments
 - applying credits.

Send these requests to NMF Accounting Kansas City Submission Processing Center (KCSPC) use specific guidance provided in the subsequent IRM sections, as applicable. For routing details, see Exhibit 21.7.12-1, Contact Information.

- (7) NMF notices are generated in KCSPC and mailed to the taxpayer. These notices contain an **N** after the Taxpayer Identification Number (TIN). They can also be identified by a tax class (third digit) of 6 in the Document Locator Number (DLN). There are three different ANMF/NMF notices. They are not computer paragraph (CP) notices, but rather are identified by a form number in the bottom right hand corner. The three notices are listed below.
 - a. First notice - Form 6335, NMF First Notice.
Note: There are no second or third NMF notices.
 - b. Fourth notice - Form 4840, NMF Fourth Notice.
 - c. Annual reminder notice - Form 9774, Annual Reminder Notice for ANMF/NMF.
- (8) A domestic toll-free number 1-833-972-8965 and an international telephone number 267-466-4777 appear on all NMF notices. Calls are routed based on the type of call (individual/business). Business calls are routed to Cincinnati Accounts Management Campus (CAMC) and individual calls are routed to Philadelphia Accounts Management Campus (PAMC) for resolution.
- (9) International Business and International Individual calls are referred to AM BMF/IMF International teams, these accounts include;
 - Foreign Investment of Real Property Tax Act (FIRPTA)
 - Form 8288, U.S. Withholding Tax Return for Disposition by Foreign Persons of U.S. Real Property Interests
 - Form 8288-A, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests
 - Form 8804, Annual Return for Partnership Withholding Tax (Section 1446)
 - Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax
 - Form 8813, Partnership Withholding Tax Payment Voucher (Section 1446)
- (10) If calls relating to NMF notices are received on a number other than 1-833-972-8965 or 267-466-4777, employees can answer questions if the employee has the ability and expertise to do so. If not, ask the taxpayer to call 1-833-972-8965 (domestic callers) or 267-466-4777 (callers outside the United States) where a specialist will be available to help. **THE NMF TOLL-FREE AND NON TOLL-FREE NUMBERS ARE FOR TAXPAYERS AND AUTHORIZED REPRESENTATIVES. DO NOT REFER CALLS ON OTHER ISSUES.**

Exception: Employee Plans (EP) have their own toll-free number, 877-829-5500
- (11) If the caller identifies themselves as an **IRS employee**, return the call. Explain you are unable to assist and instruct him/her to direct questions to their lead, manager or designated Subject Matter Expert (SME) for technical support.

Note: This applies only to IRS employees asking *work-related* questions. You may respond to the employee's questions that are not related to his/her official duties (e.g., about organizations with which the employee is affiliated). You must follow normal disclosure rules.

- (12) NMF Adjustment/Correspondence cases consist of responses or inquiries received from taxpayers concerning accounts housed on the Automated Non-Master File system. Taxpayer inquiries can be for issues related to IMF, BMF or International.

Reminder: You must follow Policy Statement P-21-3, if a final quality and timely response cannot be initiated within 30 days of the IRS received date. See IRM 21.3.3.3.4, Quality and Timely Responses, for additional guidance.

- (13) NMF correspondence is routed to NMF teams in Accounts Management as follows:

<u>If The Issues Are:</u>	<u>Then Route to:</u>
Business Master File (BMF) and BMF International Issues which include: <ul style="list-style-type: none"> • Form 1120- IC DISC • Form 8404 (EIN) • Form 8697 • Form 8866 • BMF NMF Civil Penalty Assessment • Form 8612 • Form 8613 • Form 8725 • Form 8831 • Form 8924 • Form 8928 • Form 8876 • FIRPTA Issues on accounts prior to January 1, 2006 • Form 1040-NR filed by a Fiduciary (Estate and Trust) • Form 926 • Issues concerning IRC 1161 of the Taxpayer Relief Act of 1997 • IRC 663(b) elections 	Cincinnati Accounts Management Campus (CAMC) (For routing details, see Exhibit 21.7.12-1, Contact Information)

<u>If The Issues Are:</u>	<u>Then Route to:</u>
<p>Individual Master File (IMF) and IMF International Issues which include:</p> <ul style="list-style-type: none"> Individual Taxpayer Accounts of \$1 Billion or more - After January 1, 2010 <p>Note: Prior to January 1, 2010 Individual Taxpayer Accounts of \$100 Million or more were processed on NMF.</p> <ul style="list-style-type: none"> Form 1040-NR returns incorrectly processed to IMF Master File Child Support Obligation (processed in Submission Processing) IMF NMF Civil Penalty Assessment Form 8404 (SSN) Form 8697 Form 8866 	<p>Philadelphia Accounts Management Campus (PAMC) (For routing details, see Exhibit 21.7.12-1, Contact Information)</p>

- (14) When an adjustment is required, the adjustment document is prepared and forwarded to the ANMF team in KCSPC Accounting for input to NMF.
- (15) All adjustment documents and forms sent to Non-Master File (NMF) Accounting for processing must have a copy of a current NMF transcript or computer display copy attached. Any document received without a transcript attached is returned to the originator. The transcript identifies whether it is a Non-Master File (NMF) account. Transcripts attached to the documents ensure timely processing of refunds, credits and abatelements to the ANMF database.

Note: Adjustments are sent to the address on the User Friendly NMF transcript, which should show Kansas City campus. A User-Friendly NMF transcript can be requested on ANMF.

21.7.12.3
(10-01-2019)

**Non-Master File (NMF)
Adjustments Research**

- (1) Use ANMF to research cases. In addition, check MF using IDRS command codes (CCs) SUMRY and/or TXMOD with definer "N" to show when a case has been assigned to the field or correspondence/call is received by an employee. NMF tax account codes can be found in Section 7 of Document 6209, IRS Processing Codes and Information.
- (2) Transaction Code (TC) 130 or a V- freeze **can** indicate a NMF account is present. IDRS command codes (CCs) IMFOLE, BMFOLE or ENMOD display this TC. **A TC 130 in Blocking Series (BS) 200-299 indicates a NMF account.**
- TC 130 is applied to MF accounts to prevent refunds when there are other balance due accounts present.
 - TC 130 is generally input by the campus Collection Function and creates a V- Freeze.

- c. TC 130 is followed by a designation number of the campus which input the TC 130.

Caution: These cases are **not worked** in Accounts Management and must be routed per the instructions in IRM 21.1.7-16, Computer Paragraph (CP) Notices - Routing Guide (TC 130 / CP 188 / CP 44). If the NMF case is in status 22 or status 26 route the case per IRM 21.3.3.4.8.2, Campus Collection Function Correspondence/Inquiry/Notice, or IRM 21.3.3.4.9.2.1, Compliance Criteria for Amended Returns/Claims and/or Balance Due Correspondence.

- (3) Employees must be alert for inquiries when the taxpayer has received a notice with an "N" after the Taxpayer Identification Number (TIN) or a Document Locator Number (DLN) with a tax class (third digit of DLN) of 6. If so, research NMF. If additional research is needed, the employee prepares a Form 4442 and routes via EEFax. See Exhibit 21.7.12-1, Contact Information for routing details to the following campuses:

If:	Route to:
Business and Business International Non-Master File	Cincinnati
Individual and Individual International Non-Master File	Philadelphia

- (4) A TC 300 for .00 posted to a zero balance MF account does not necessarily mean no tax is due. Perform NMF research before providing the taxpayer a complete response.
- A zero balance MF account with a TC 400 and a M- freeze could indicate the account was transferred to NMF.
 - TC 400 can indicate a "false credit" posted to the account to zero out the liability and move the balance to another MF or NMF account.
 - Perform further research on the BS (9th and 10th digit of DLN). See the table below for possible scenarios.

TC 400 with a BS of	Indicates
00	A transfer from MF to NMF.
05	An Offer in Compromise, MF to NMF.
09	A special project transfer from MF to NMF.
99	An overflow account necessitating a move to NMF. See IRM 3.17.46, Automated Non-Master File Accounting, for additional information on overflow accounts.

- (5) Complete Form 12810, Accounts Transfer Request Checklist, to request an assessment be moved from MF to NMF, or NMF to MF. Route to KCSPC, see Exhibit 21.7.12-1, Contact Information, for more information. Also, see IRM 21.5.2.4.23.9, Moving Assessments, for further guidance.

21.7.12.4
(10-01-2014)
**Taxpayer Advocate
Service**

- (1) The Taxpayer Advocate Service (TAS) provides assistance to taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems the IRS has not resolved through normal channels or believe that an IRS system or procedure is not working as it should.
- (2) Refer taxpayers to the Taxpayer Advocate Service (TAS), (see IRM Part 13, Taxpayer Advocate Service) when the contact meets TAS criteria (see IRM 13.1.7.2, Introduction to TAS Case Criteria, and you cannot resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer these cases to TAS, unless they meet TAS criteria and the taxpayer asks to be transferred to TAS. Refer to IRM 13.1.7.5, Same-Day Resolution by Operations. When referring cases to TAS, use Form 911, Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order), and forward to TAS in accordance with your local procedures.
- (3) For additional information on TAS see IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.

21.7.12.5
(10-01-2014)
**General Non-Master File
(NMF) Procedures**

- (1) The following subsections contain information for designated employees in Accounts Management who prepare documents for input to ANMF and answer NMF toll-free and non-toll-free calls.

21.7.12.5.1
(10-01-2023)
**NMF Toll-Free and
Non-Toll-Free Number**

- (1) The toll-free and non-toll-free numbers for NMF IMF and BMF changed on January 4, 2021.
 - The new number for domestic (IMF and BMF) NMF is 1-833-972-8965.
 - The new number for international (IMF and BMF) NMF is 267-466-4777 (Outside the United States).
- (2) The new telephone numbers will be included in future notices the taxpayer receives.

Reminder: If you are contacting the taxpayer, make them aware of the new telephone number.

- (3) Calls to these numbers are routed to either the Cincinnati BMF NMF Team or Philadelphia IMF NMF Team based on the type of call. Taxpayers are instructed to leave a message regarding Non-Master File only. Any messages related to Non-Master File will be returned within (3) three business days.
- (4) Employees must respond to all questions regarding Accounts Management Non-Master File (AM NMF). If the message is regarding an issue not related to AM NMF or the employee does not have the expertise to answer the NMF questions for the specific case type, prepare Form 4442, Inquiry Referral, with all necessary information and EEFAX it to the appropriate campus. See IRM 21.3.3.4.15, Taxpayer Inquiry Referrals, IRM 21.1.7-17, Forms - Routing Guide, and/or IRM 21.7.12.3, NMF Adjustments Research, for additional information.

Example: Taxpayer leaves a message on the AM BMF NMF line that is an AM IMF NMF issue - transship referral to Philadelphia IMF NMF Team using

Form e4442/4442, Inquiry Referral, EEFax (Enterprise E-Fax). Philadelphia will return the call to the taxpayer.

Example: Taxpayer leaves a message on either AM NMF line (IMF/BMF) relating to another business units Non-Master File issue, or a Master File issue - Prepare Form e4442/4442, Inquiry Referral, EEFax (Enterprise EEFax), and forward to appropriate area.

- (5) If any of the situations below are indicated, see IRM 21.1.1.3.1 , Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns and IRM 5.19.1.5.1.1, NMF Notice Responses.

Note: Outgoing calls resulting from messages on the NMF phone lines should not be transferred to other functional areas. When a transfer is needed follow the Form 4442 referral process in (5) above, after **all NMF actions are complete**.

- a. Inability to pay
- b. Additional time to pay is needed
- c. Installment agreement requested
- d. Bankruptcy
- e. Taxpayer is deceased or incarcerated

- (6) Whenever an adjustment to an account is required, prepare the proper form and route to the Kansas City Submission Processing Center (KCSPC) NMF Accounting. For routing details, see Exhibit 21.7.12-1, Contact Information.

- (7) For specific case information see the following sections of this IRM.

21.7.12.5.2
(10-01-2020)
NMF Overassessment

- (1) An overassessment (OA) is the portion of the assessment more than the correct tax liability. The method of adjusting OAs varies, depending on whether the amount has been paid, or whether the taxpayer has a balance owed on another module.

Note: The amount to be abated is not limited to the outstanding balance on the module, but before issuing a refund or allowing a credit, check to ensure all penalty and interest accruals are up to date and the Refund Statute Expiration Date (RSED) has not expired.

- (2) Adjust OAs by:

- a. **Abating** the OA
- b. **Crediting** the overpayment if the liability has been paid, but should be applied to another liability of the same taxpayer for some other tax period or type of tax
- c. **Refunding** the OA if the liability has been paid and should not be applied as a credit to another liability

- (3) When an overassessment is determined, prioritize the application of the credit as follows:

1. Abatement of the outstanding amounts created from the assessment document.

2. Credit to any other outstanding liabilities for the same taxpayer for any taxable periods. The credit must be applied by the collection statute expiration date (CSED).

Reminder: The oldest 23C date must be paid first. If the 23C dates are identical apply to the oldest tax period first.

3. Refund of any excess amount not needed for “a” or “b” in (2) above.
- (4) Use Form 1331-B, Notice of Adjustment, to adjust the account based on a review of the research information received.
- (5) Action required:
 - Prepare abatements for entire amounts of OAs.
 - Indicate the necessary TCs on the posting copy of Form 1331-B.
 - Insert principal and interest in the correct columns, if a payment has been made and a refund is in order.
 - Enter the appropriate refund line item number (Section I area on Form 1331-B).
 - Prepare Form 3753, Manual Refund Posting Voucher, when the disposition of the OA results in a refund to the taxpayer.

Reminder: All unpaid portions of assessed tax must be abated before any portion of the total OA can be credited or refunded.

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refund.

- Route to the Kansas City Submission Processing Center (KCSPC) NMF Accounting. For routing details, see Exhibit 21.7.12-1, Contact Information.

21.7.12.5.3
(10-01-2020)

NMF Assessments

- (1) Assessments are tax increases that post to NMF taxpayer accounts. Assessments may be the result of:
 - Original Returns
 - Amended Returns
 - Math Errors
 - Substitute For Returns (SFR)
 - Claims for credit, refund or abatement
 - Tax Audits
 - Tax Reconsiderations (e.g., after a request from the taxpayer after an audit or from a collection function)

This list is not all inclusive.

- (2) The following are examples of NMF assessments;
 - Current Assessments
 - Deficiency Assessments
 - Quick Assessments
 - Prompt Assessments
 - Jeopardy Assessments
 - Additional Assessments

- (3) The ANMF system only accommodates one abstract number per assessment/account.

Reminder: Complete Form 1331-B, Notice of Adjustment, to abate an NMF assessment or portion of the assessment. Also, include the required NMF transcripts when routing to the appropriate Kansas City Submission Processing function found in Exhibit 21.7.12-1, Contact Information.

21.7.12.5.3.1
(10-01-2020)
Current Assessments

- (1) Current assessments are assessments of paid or unpaid tax liability, except deficiency assessments or additional assessments resulting from regular examination.
- (2) Remittances received with the tax returns are assessed as current assessments, regardless of whether the return is:
- Full paid
 - Overpaid
 - Part paid
 - Delinquent
 - Tentative
 - Subject to installment privileges

21.7.12.5.3.2
(10-01-2020)
Deficiency Assessments

- (1) Deficiency Assessments are deficiencies in income, estate, gift taxes, and certain excise taxes (including assessable penalties and interest), assessed on the basis of determination made by:
- Examination findings
 - Appeals findings
 - Tax Court decisions (IMF may be processed to MFT 31)
- (2) This category also includes:
- Transferee assessments
 - Assessments based on remittances received with signed waivers indicating agreement on Examination deficiencies
 - Assessments based on remittances tendered by taxpayers as payments on Examination deficiencies, as opposed to deposits made under IRC 6603. For additional guidance on IRC 6603 see IRM 20.2.4.9.2, IRC 6603 Deposits.

Note: If an undesignated remittance is made in the full amount of a proposed liability, such as an amount proposed in a revenue agent's or examiner's report, the undesignated remittance will be treated as a payment of tax. Do not mail a notice of deficiency; the taxpayer does not have the right to petition the Tax Court for a redetermination of the deficiency (Rev. Proc. 2005-18 section 4.03).

21.7.12.5.3.3
(10-01-2020)
Quick Assessments

- (1) Generally, pursue quick assessments if the assessment statute is within 60 days or less. Requests for quick assessments are made by telephone or fax when the statute or bar date expiration is within 10 days. For additional guidance see IRM 4.23.11.10 , Quick Assessments.
- (2) Quick assessments are made to assess:

- Additional taxes and agreed deficiencies when the statutory period will expire before assessment procedure can be completed under normal processing
- Deficiencies involving bankruptcy and receivership cases under IRC 6871
- Additional and delinquent taxes in bankruptcy cases
- Over \$100,000 agreed deficiency that cannot be assessed within 30 days from the agreement date under normal processing procedures

- (3) See IRM 3.17.244.5, Corrections of Math Errors on Returns Involving Quick and Prompt Assessments (Form 3552), if additional guidance needed.
- (4) For an explanation of the difference between a quick assessment and a prompt assessment see the note in the subsequent subsection.

21.7.12.5.3.4
(10-01-2020)

Prompt Assessments

- (1) Prompt assessments are made on the basis of an administrative determination that an assessment cannot be delayed, but the account does not qualify for a jeopardy or quick assessment.
- (2) Notices sent for prompt assessments are not mailed to the taxpayer but instead are hand delivered. The same form and interest computation are used with a quick assessment.

Note: The difference between the terms “quick” and “prompt” is the notice on a quick assessment is sent to the taxpayer, while on a prompt assessment, the notice is sent to an IRS employee, usually a revenue officer. Otherwise, the procedure for input is the same.

- (3) See IRM 3.17.244.5, Corrections of Math Errors on Returns Involving Quick and Prompt Assessments (Form 3552), if additional guidance is needed.

21.7.12.5.3.5
(10-01-2020)

Jeopardy Assessments

- (1) Jeopardy assessments are made in situations where prior to the assessment of a deficiency or tax it is determined that collection of such deficiency or tax, would be endangered if regular assessment and collection procedures are followed.
- (2) Jeopardy assessments are made under IRC 6851, IRC 6861 and IRC 6862. They include assessments on (this list is not all inclusive):
 - Current returns
 - Cases involving termination of taxable periods
 - Deficiencies
 - Additional or delinquent taxes

21.7.12.5.3.6
(10-01-2020)

Processing Additional NMF Assessments

- (1) Additional assessment cases could be generated from various sources, including Form 3870, **Request for Adjustment**, Form 3465, **Adjustment Request**, taxpayer letters and remittances. Most NMF assessments worked in Accounts Management are additional assessments.
- (2) Action required:
 1. Research all necessary Index Card files or request NMF transcripts, if necessary.

Note: The Index Card file is used to record NMF activity which is not processed through the ANMF system. The source documents for input to this system are Information Only Returns, No-Remit NMF Extensions of Time to File, and numerous foreign returns and documents. See IRM 3.17.46.13.16, Index Card System, for more information.

2. Request the return, if filed (if necessary).
3. Manually compute applicable tax, penalty and interest.
4. Prepare Form 5734, **Non-Master File Assessment Voucher**, listing the increase in tax, penalty, and interest.
5. Attach Form 5734 to the front of the return or adjustment document.
6. Route the case to the appropriate Kansas City Submission Processing address for input to ANMF. See Exhibit 21.7.12-1, Contact Information, for routing information.

21.7.12.5.4
(10-01-2020)

Taxpayer Inquiry Letters

- (1) Analyze the letter to determine proper disposition. Use the table below.

If	Then
Questions are of a general nature and can be answered by Accounts Management	Correspond with or phone the taxpayer.
Questions concerning the law surrounding a specific IRS assessment (including protest of the assessment)	<ol style="list-style-type: none"> 1. Route to Exam. 2. Send Letter86C, Referring Taxpayer Inquiry/Forms to Another Office, to advise the taxpayer of the transfer, if routed to Area Office Exam. See IRM 21.3.3.4.2.1, Use of 86C Letter- Referring Taxpayer Inquiry/Forms to Another Office, for more information.
Questions concerning any Alcohol and Tobacco Tax and Trade Bureau (formerly ATF) forms	<ol style="list-style-type: none"> 1. Forward to: Alcohol and Tobacco Tax and Trade Bureau, (TTB) Room 8002 FOB 550 Main Street Cincinnati, OH 45202 ATTN: Chief, Technical Services 2. Send Letter86C, Referring Taxpayer Inquiry/Forms to Another Office, to advise the taxpayer of the transfer.

If	Then
<p>If during a taxpayer contact it is determined the case meets TAS Criteria and the issue cannot be resolved in the same day</p> <p>Note: The following two situations meet the definition of "Same Day Resolution:" The issue can be resolved within 24 hours or the IRS takes steps within 24 hours to resolve the taxpayer's issue.</p>	<p>Complete Form 911, Request for Taxpayer Advocate Service Assistance, and refer the taxpayer to the Taxpayer Advocate Service (TAS). See IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria, or IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.</p>

21.7.12.5.5
(10-01-2020)

Substantiation of Unapplied Credits

- (1) For cases where the taxpayer substantiates unapplied credits by sending in Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, Form 8288-A, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, or Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, follow guidance provided in IRM sections below:
 - IRM 21.8.1.22.1, Claims for FIRPTA Credits
 - IRM 21.8.1.23, Withholding Tax on Foreign Partners - Form 8804, 8805 and 8813
 - IRM 21.8.2.11.2, Claims for FIRPTA Credits and Section 1466(f) Credits
 - IRM 21.8.2.12.2, Form 1042
 - IRM 21.8.2.12.2.1, Form 1042-S
 - IRM 21.8.2.12.2.3, FATCA - Programming Affecting Certain Forms 1120-F
 - IRM 21.8.2.12.2.7, FATCA Form 1042-S Accounts Management Form 1120-F Amended Returns (New Form 1042-S Credits)
- (2) Verify and prepare Form 3809, Miscellaneous Adjustment Voucher, for the appropriate amount. The debit portion references the "6550 ACCOUNT" and no TC is needed. Credit the taxpayer's account using TC 800, and identify the source of credit in the "Remarks" section of the Form 3809 (i.e., Form 1042-S, Form 8805 and Form 8288-A) and identify Filing Location code (FLC) 18, 20, 21, 28, 29, 60, 66, 78, or 98, as appropriate.
- (3) If the credit transfer results in an overpayment, Form 3753, Manual Refund Posting Voucher, must be prepared for a manual refund, unless the taxpayer requests a credit elect to the next tax year or has an outstanding liability on another MF account or NMF account. See IRM 21.4.4.5.2, Preparation of Form 3753, Manual Refund Posting Voucher, for additional information. When the adjustment results in a refund that will include interest, manually compute interest using CC COMPAC for computing credit interest before January 1, 1999 and COMPA for interest beginning on or after January 1, 1999.

Note: On January 1, 1999, the overpayment and underpayment interest rates for non-corporate taxpayers were equalized.

- (4) For corporate overpayment interest rules, see IRM 20.2.4.10, Special Overpayment Interest Rules for Corporations. The currently supported interest software is Integrated Data Retrieval System (IDRS) CCs (e.g., COMPA) and Automated Computational Tool (ACT/DMI) InterestNet by Decision Modeling, Inc. See IRM 20.2.1.5, Interest Computation Tools and Reports: Manually and Systemically Calculated Interest.
 - a. Determine the amount of tax that was withheld. Then determine the correct tax rate and tax taking into account the applicable tax treaty rate in Pub 901, U.S. Tax Treaties.
 - b. Prepare four-part Form 5205, Information About Your Income Tax Refund.
 - c. Prepare Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.
 - d. Prepare the Forms 3809, the first one must credit the taxpayer's Non-Master File (NMF) account for the amount of interest paid using a TC 770 and debit (TC not necessary) the 6520 account. And the second Form 3809 must debit the taxpayer's NMF account for the amount of interest withheld using a TC 772 and credit the 4610 account using TC 700 transferring tax withheld on interest.
- e. Follow the chart found in IRM 20.2.1.6.2 , Command Code COMPA.
- (5) Prepare the Form 3753, Manual Refund Posting Document.
 - a. The overpayment amount is the amount of the available credit.
 - b. The TC 770 amount is the net interest (after the withholding is computed).
 - c. The TC 840 is the total of these two amounts.
- (6) Submit the refund document and related forms, along with the case itself, to the manager for review. After managerial review, forward the forms and a copy of the interest computation (COMPAC) or COMPAD / COMPAG to Accounting :
 - Form 1331-B, Notice of Adjustment
 - Form 5205, Information About Your Income Tax Refund
 - Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding

Caution: All adjustment work sent to Accounting must have a current ANMF transcript and the correct BOD code entered on the NMF documents.

21.7.12.5.6
(10-01-2020)
**Form 926, Return by a
U.S. Transferor of
Property to a Foreign
Corporation**

- (1) Form 926 is a return filed to report certain transfers of tangible and intangible property to a foreign corporation when required by IRC 6038B. Form 926 is processed under MFT 81.
- (2) Taxpayers making a transfer to a foreign trust, or taxpayers receiving certain large gifts or bequests from certain foreign persons, must file Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.

- (3) Taxpayers making a transfer to a foreign partnership may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships.
- (4) LB&I Exam no longer accepts Form 926 as Category A (CAT-A) classification, continue processing Form 926.

21.7.12.5.7
(05-15-2019)

**Additional Assessment
or Claim on Amended
Form 8404, Interest
Charge on DISC -
Related Deferred Tax
Liability**

- (1) Form 8404 is filed by shareholders of IC-DISCs to figure and report their interest owed on DISC-related deferred tax liability.
- (2) Form 8404 is due by the due date of the federal income tax return for the tax year that ends with or includes the Form 1120-IC-DISC's tax year end.
- (3) Form 8404 is processed under MFT 23.
- (4) Form 8404 for corporations, trusts, decedent estates and Individuals are filed with Kansas City Submission Processing Center.
 - Form 8404 for corporations, trusts, decedent estates are processed in Cincinnati.
 - Form 8404 for individuals are processed in Philadelphia.
- (5) A DISC shareholder may defer a portion of its income attributable to DISC activities by paying, in the manner described in IRC 992(c)(2)(B). Certain interest is charged based on the amount of tax postponed. The assessment of the interest is made via NMF when Form 8404, Interest Charge on DISC-Related Deferred Tax Liability, is filed.
- (6) If the shareholder underpays the interest because of an audit adjustment, amended return, carryback, etc., or because the original amount reported was based on an estimate or any other reason, the shareholder must file an amended Form 8404 to increase the assessment. Prepare Form 5734, Non-Master File Assessment Voucher, and route to Kansas City NMF Accounting for assessment. See Exhibit 21.7.12-1, Contact Information.
- (7) If the shareholder overpays the interest, Form 843, Claim For Refund and Request for Abatement, should be filed to claim the overpayment. Action required:
 - 1. Request the original Form 8404.
 - 2. Compute the amount by which interest will be decreased using the information on the Form 843. Refer to IRM 20.2, Interest, for methods of computing interest.
 - 3. Prepare Form 1331-B, Notice of Adjustment, noting the reason for the decrease in interest.
 - 4. Route to Kansas City NMF Accounting. See Exhibit 21.7.12-1, Contact Information.

21.7.12.5.8
(10-22-2020)

**Form 8697 - Interest
Computation Under the
Look-Back Method for
Completed Long-Term
Contracts Overview**

- (1) Form 8697 are processed as BMF or IMF for the following forms; Form 1120, Form 990T and Form 1040 to Master File.
- (2) As of July 2005, Form 8697 related to Form 1041 or Form 1065 are processed as BMF on Master File.

- (3) A Form 8697 is filed by an individual, corporation, estate, trust or a pass-through entity (partnership or S corporation) that is not closely held. See the *Instructions for Form 8697* for additional information on “Who Must File”.
- (4) Form 8697 is now filed as an attachment to the forms listed above.
- (5) If the Form 8697 is not treated as an attachment (by the taxpayer) and is filed separately requesting a refund, it will continue to be processed through NMF **only** when there is no return (TC 150) posted on Master File.

Note: These cases are usually BMF.

- (6) Refund requested on Form 8697 processes through normal procedures by Accounts Management unless it meets the exception above.
- (7) Form 8697 meets CAT-A criteria, see IRM 21.5.3-2, **Examination Criteria (CAT-A) – General**, for more information.
- (8) Taxpayers should not attach Form 8697 to their income tax return when requesting a refund of interest. They must follow instructions and correctly sign the signature section of Form 8697. Both spouses must sign the Form 8697 when filing jointly. For more guidance see IRM 21.7.12.5.8.4, Form 8697 - Processing a Claim for Refund, No TC 150 Posted on Master File (MF).
- (9) It should be filed separately with the IRS at one of the addresses below:

Individuals	Business
Internal Revenue Service 2970 Market St. Attn: Refund Inquiry Mail Stop 3-L08.151 Philadelphia, PA 19104	Internal Revenue Service 7940 Kentucky Dr. Mail Stop 6444G Florence, KY 41042

- (10) Form 8697 is due by the date or extended date of the applicable income tax return.
- (11) If the taxpayer owes interest (or no interest is to be refunded), the taxpayer should attach the Form 8697 to the applicable income tax return. In this case, the Form 8697 does not need to be signed. See IRM 21.7.12.5.8.3, Form 8697- With Additional Interest Due or if No Interest is Due to be Refunded, for additional guidance.
- (12) **BMF only**- Loose Form 8697 and correspondence are scanned into CII and controlled to 0244374812 for processing.

21.7.12.5.8.1
(10-01-2020)

**Form 8697 -
Submissions with TS
Return Integrity
Verification Operation
(RIVO) BMF IDT
Indicators**

(1) Beginning in 2017, RIVO implemented filters identifying accounts as potential ID theft prior to posting the return.

(2) Identify these returns by the following:

- No TC 150 posted
- At least one posted TC 971 AC 711 on the affected tax period
- Posted TC 973, suspending the return from posting

Note: A TC 973 may not be present on an account if Submission Processing deemed the return unprocessable.

- Letter 6042C sent / issued
- No posted TC 972 AC 711 or TC 971 AC 712/713/717 to the account

See IRM 25.23.11.6.3, **BMF Returns Selected for RICS Review**, for more information.

Note: Only RIVO employees have the authority to determine if the selected return is BMF IDT or not.

(3) Coordination with RIVO must be done prior to processing a Form 8697 if there are RIVO BMF IDT Indicators on the account.

(4) Send an e-mail to BMF IDT Resolution Team, see Exhibit 21.7.12-1, Contact Information, for the e-mail address.

(5) Include the following in the e-mail:

- In the **subject line** use "Form 8697 Review Requested / name control / Received Date", in MM/DD/YYYY format for example: Form 8697 Review Requested / ABC1 / 04052020
- In the **body** of the e-mail include:
 - EIN
 - MFT
 - Tax period
 - Related information to the Form 8697 such as; if this is the taxpayer's first time filing Form 8697 or if they have filed Form 8697 in prior years; if the information and amounts reported on the form were verified; the flow-through entity name and EIN (if applicable), provide the requested amount of interest owed / refunded.

(6) Allow 10 business days for RIVO to review and provide a response.

- RIVO employees determine whether or not they can validate the return.
- RIVO will take appropriate steps to reverse their indicators to post return if they can validate the return.
- RIVO case will remain open pending a response to Letter 6042C from TP if they cannot validate the return.

Note: If RIVO responds they cannot validate the return, CSRs working Form 8697 casework will follow the subsequent processing procedures. This may include treating the case as a "No Consideration" case, Send Letter 916C using proposed standardized language: *Our records show a Letter 6042C was previously sent to you. Before the IRS can process your Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, you must respond to that letter to avoid*

additional delays in the processing your tax return. For additional information, visit our website at www.irs.gov/ltr6042c.

- Take the appropriate case actions and include any notes in ANMF.
- Close your base.

21.7.12.5.8.2
(10-17-2014)

**Form 8697 - Interest
Computation Under the
Look-Back Method for
Completed Long-Term
Contracts**

- (1) IRC 460(b)(3) provides any interest required to be paid by the taxpayer is treated as an increase in tax imposed for the taxable year in which the contract was completed. The due date for Form 8697 is the same date that the related income tax return is due including extensions.
- (2) Look-Back interest owed to the taxpayer is not treated as an overpayment because it is not interest that has been paid. Interest the taxpayer received under the look-back method is treated as taxable income, not a reduction in tax liability. A Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, showing a look-back interest refund is not a tax return or claim for refund. It is a non-tax claim against the government to which IRC 6511 does not apply. IRC 6611, which allows interest on any overpayment of an internal revenue tax, does not apply to look-back interest due to a taxpayer. Under applicable regulations, rules similar to those under IRC 6611 apply. Accordingly, applying a rule similar to that of IRC 6611(e), the Service should allow no interest on the look-back interest refunds if it pays the look-back interest (or makes an offset) within 45 days after the taxpayer files the claim.

21.7.12.5.8.3
(03-04-2020)

**From 8697- With
Additional Interest Due
or if No Interest is Due
to be Refunded**

- (1) If interest is due to IRS, the taxpayer is instructed to file Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, with the related income tax return. A balance due Form 8697 is not to be filed separately. The amount due is included in the "total tax" (TC 150) line. Therefore, full paid (or for zero amount) originals are filed as an attachment to the related income tax return.
- (2) Prior to January 1, 2005, a separately-filed balance due Form 8697 or Form 8697 that was inadvertently detached from the related income tax return may have been processed under NMF procedures, resulting in possible duplicate assessments. Research Master File and Non-Master File and reverse any duplicate assessments on NMF.
- (3) Computer Condition Code (CCC) "K" indicates that a Form 8697 was attached to an original filed Form 1120. **CCC "K" is not edited on amended Forms 1120, Form 1120X or any other income tax return.**
- (4) If the ASER is expired or within 60 days of the expiration date, expedite the case to Statute for assessment of tax. Notate the case that it is a Form 8697 Look-Back interest assessment.
- (5) If a loose Form 8697 is received in Accounts Management, research as instructed in (3) above. Research the related income tax return and verify that the Form 8697 liability is included in the total tax liability. Request the appropriate income tax return if necessary.
- (6) If the liability is not included on the return, assess the look-back interest amount with a TC 290 and allow the computer to assess debit interest (TC

196) on the look-back interest amount. If interest is restricted on the module, compute interest on the TC 290 look-back interest amount and input with TC 340.

Note: Refer to IRM 20.2.11.12, Look-Back Interest, and subsequent subsections for guidance on computing Form 8697 interest.

- (7) If a balance due Form 8697 is filed separately before the related income tax return is posted, input a TC 930 push code to have the return sent to you after the TC 150 posts. See IRM 21.5.1.4.4.2, TC 930 Push Codes, for more information.
- (8) When the return is received, determine if the Form 8697 liability has been included in the TC 150 amount. If it has been assessed, attach Form 8697 to the return. If it has not been assessed, follow the instructions in paragraph (5) directly above.
- (9) A partnership may report look-back interest due. However, the TC 150 on the account of a Form 1065, U.S. Return of Partnership Income, cannot be greater than zero or it will unpost. If look-back interest is reported on a Form 1065, the return and Form 8697 are routed to Accounts Management for assessment as noted below:

If the return was filed	Then
On paper, Code and Edit tax examiners will edit CCC "X", detach the Form 8697, and photocopy page 1 of Form 1065.	Forward to Accounts Management for assessment.
Electronically, ERS will code the return with Action Code 420 and CCC "X" will be used to reject the return.	Rejects tax examiners will send a copy of the return along with Form 8697 to Accounts Management.

Note: A TC 290 for the dollar amount on the Form 8697 with blocking series 17 is used to include look-back interest due.

- (10) Per Treas. Regs. section 1.460-6(f)(1) and (2), estimated tax penalties do not apply to the increased tax reported on the taxpayer's return due to a balance

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the Form 8697 amount from the total TC 150 amount first, then calculate the appropriate ES Penalty amount. The ES Penalty is only calculated on the tax reported on the return and does not include the Form 8697 information. Adjust the ES Penalty amount as appropriate based on service center error and apologize for the inconvenience.

21.7.12.5.8.4
(03-04-2020)

**Form 8697 - Processing
a Claim for Refund, No
TC 150 Posted on
Master File (MF)**

- (1) Prior to January 1, 2005, all refunds claimed on Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, were processed NMF to MFT 69.
- (2) Beginning January 1, 2005, refunds claimed on Form 8697 relating to Form 1040, Form 1041, Form 1065 and Form 1120 are processed on the related income tax module if a TC 150 has posted. If a TC 150 has not posted on the BMF or IMF account, then the refund is processed on NMF.

Reminder: When researching IDRS for TC 150, ensure to review any freeze codes on Master File. See IRM 21.5.6.4, Freeze Code Procedures, for additional information.

- (3) Form 8697 requesting a refund may be filed before the due date of the related income tax return. When a Form 8697 or an amended return containing Form 8697 is received requesting a refund, research the appropriate income tax return module on Master File and Non-Master File (NMF) to determine if a manual refund was previously issued. If a refund was previously issued, advise the taxpayer. If not, continue processing.
- (4) Research MF and NMF to determine if a refund was previously issued. If a refund has been previously issued, notify the taxpayer. If it is determined that a refund has not been previously issued and a TC 150 has not posted to the related income tax account, process the claim for refund on ANMF. The related income tax return can be determined by the entry on Line 1 of Form 8697 below the heading of "filing year."
- (5) A Form 8697 claim for refund is **not** required to be filed with an income tax return and should not be rejected back to the taxpayer because a TC 150 did not post to Master File. If the form is received within 30 days of the due date of the respective income tax return due date, monitor the account for the posting of the original return for 30 days. If a TC 150 does not post, process the requested refund on Non-Master file.
- (6) Verify the taxpayer's calculation of the overpayment of tax. For each column of the Form 8697, Part I, if line 2 is a negative amount then line 6 generally should also be a negative amount. If line 2 is positive and line 6 is negative, refer to exam as Category A. For each column of the Form 8697, Part I, verify that if line 2 is a negative amount then line 6 should also be a negative amount. For each column of the Form 8697, Part II, verify that line 1 and line 2 amounts are either both negative or both positive.
 - Verify using command code IMFOLT for individual tax returns or BMFOLT for business tax returns, that the corresponding income tax return has sufficient tax liability for the decrease in tax. The decrease in tax is reflected as negative numbers on line 6, Part I, and line 7, Part II. The transaction code (TC) 150 plus/minus any adjustments, TC 290

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- (7) After comparing the liabilities as described in the previous paragraph, determine if discrepancies exist between the liabilities reported by the taxpayer on the overpaid or amended Form 8697 and the related income tax accounts.

If	And	Then
Discrepancies exist		Close to Examination using local routing procedures.
NO discrepancies exist	IMF - The claim is BMF - The claim is	Refer to Examination as CAT A criteria.
NO discrepancies exist	IMF - The claim is BMF - The claim is	Process following normal adjustment procedures.

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- (8) If no CAT A criteria are found, research MF and NMF for any outstanding balance due. If an outstanding balance due is found, prepare Form 2424, Account Adjustment Voucher, to offset to the balance due. Ensure that accrued penalties and interest have been taken into consideration when offsetting the credit. Only offset enough credit to full pay any account that shows an outstanding balance due. See IRM 20.2.4, Overpayment Interest, and IRM 20.2.5, Interest on Underpayments, for additional information regarding offsets and interest.
- (9) For estimated tax computation procedures, see IRM 20.1.3.2.6, Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts.
- (10) For Form 8697 interest computation procedures for cases assessed on NMF, see IRM 20.2.11.12, Look-Back Interest. Input TC 290 for \$.00 with credit reference number 251, which generates a TC 766 credit for the amount of look-back interest. Interest allowable on the look-back interest amount is manually computed and input with TC 770.
- (11) If the Refund Statute Expiration Date (normal RSED period) is expired on the account and you are inputting an adjustment with TC 766 with CRN 251 that will result in an overpayment and a refund on the account, you must input the RSED date shown on the account (minus one day) in the “**RFSCDT**” field on ADJ54. You must input the RSED date minus one day, instead of the IRS received date of the claim, in order to prevent the refund from being systemically stopped by the computer and from generating a ST29 Transcript in the Statute unit.
- (12) If a return has not posted, the refundable interest is recorded as a refundable credit on Non-Master File MFT 69 . Use the following procedures when processing a claim for refund on Form 8697 and no TC 150 has posted to Master File:
- Complete Form 1331-B, **Notice of Adjustment**, and attach the following:
 - Form 8697
 - Look-back Excel calculation of interest
 - Add-on interest computation (COMPA)
 - Copy of completed manual refund Form 3753, Manual Refund Posting Voucher

- b. Complete Form 3753 using normal manual refund procedures as outlined in IRM 21.4.4.5, Preparation of Manual Refund Forms, and attach the following:
 - Form 8697
 - Look-back Excel calculation of interest
 - Add-on interest computation (COMPA)
 - INOLE and BMFOLI / IMFOLI
 - Current (less than 2 weeks old) ANMF transcript
 - First page of completed Form 1331-B
 - c. Complete Form 10869, Returns or Other Documents Transmittal, and attach the following:
 - Form 3753 and attachments
 - Form 1331-B and attachments
 - d. Route Form 10869 and attachments to Kansas City Submission Processing, Credit and Account Transfer. For routing details, see Exhibit 21.7.12-1, Contact Information.
- (13) Document AMS and/or CII of the action taken on the NMF account as required. Document the case with the following history items:
- Form 8697 NMF
 - Prepared Form 1331-B
 - Prepared Form 3753
 - TC840xxxxx (Input the money amount in whole dollars)
 - TC770xxxxx (Input the money amount in whole dollars)
 - TC766xxxxx (Input the money amount in whole dollars)
- (14) Monitoring of the manual refund must be completed as per IRM 21.4.4.6.1, Monitoring Manual Refunds, until the TC 840 posts. Once posted, update and close the IDRS base per IRM 21.4.4.6.1(2), Monitoring Manual Refunds.

21.7.12.5.9
(10-31-2019)
Form 8866 - Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method

- (1) Form 8866, **Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method**, is used to figure the interest due or to be refunded under the look-back method of IRC 167(g)(2) for property placed in service after September 13, 1995, that is depreciated under the income forecast method as described in IRC 167(g).

Exception: The look-back method does not apply to any property with an unadjusted cost basis of \$100,000 or less at the end of the recomputation year. (A recomputation year is generally the 3rd and 10th tax years after the tax year in which the property was placed into service.)

- (2) The income forecast method is generally limited to depreciation of:

- Motion Picture Film
- Video Tapes
- Sound Recordings
- Copyrights
- Books
- Patents

- (3) Form 8866 is a form similar to Form 8697. It is almost identical to the Part I, Regular Method, on Form 8697.

- (4) Prior to January 1, 2005, a Form 8866 claiming look-back interest was processed under Non-Master File with the interest issued using “manual refund” procedures. Effective January 1, 2005, look-back interest adjustments are processed under Master File and posted to the applicable income tax return for the taxpayer required to file Form 8866.

Exception: If the taxpayer is claiming a refund of interest and a TC 150 has not posted to Master File, the refund must be processed to NMF. See IRM 21.7.12.5.8, Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, for processing procedures for Form 8866, which are the same as those to process a Form 8697 claim for refund.

- (5) For additional information, see the *Instructions for Form 8866*.

21.7.12.5.9.1
(10-31-2019)
**Form 8866 Filing
Instructions**

- (1) If the taxpayer owes interest, or no interest is to be refunded, the taxpayer will attach Form 8866 to the income tax return. The Form 8866 is not required to have a signature and the paid preparer section does not have to be completed. The interest amount due should be included in the “total tax” (TC 150) line. A balance due Form 8866 is not filed separately unless the related income tax return has previously been filed and the balance amount on the Form 8866 was not included on the original return (TC 150).
- (2) If the taxpayer is due a refund, Form 8866 is filed separately.
- (3) Taxpayers **other than** partnerships will include any interest due in the amount to be entered for total tax (after credits and other taxes) on their income tax return, (for example, 2018 Form 1040, line 15; or 2018 Form 1120, Schedule J, line 9d, etc.). Next to the entry space, write “From Form 8866” and the amount of interest due.

Note: See the *Instructions for Form 8866* for more information.

- (4) For partnerships, Form 1065, taxpayers are instructed to write “From Form 8866” and any interest due in the bottom margin of the tax return. The taxpayer should attach a check or money order (indicating the EIN, daytime phone number and Form 8866) for the full amount payable to the United States Treasury.
- (5) A partnership may report look-back interest due. If look-back interest is reported on a Form 1065, generally the Form 1065 and Form 8866 are routed to Accounts Management.

Note: On the Form 1065 (MFT 06) input a TC 290 for the dollar amount on the Form 8866 with blocking series 17.

21.7.12.5.9.2
(10-22-2020)
**Form 8866 Refund
Request, No TC 150
Posted on Master file**

- (1) A claim for refund received on Form 8866, Interest Computation under the Look-Back Method for Property Depreciated under the Income Forecast Method, is processed in the same manner as a claim for refund received on Form 8697.
- (2) All Forms 8866 and Form 8866 correspondence scanned into CII are controlled to 0244374812 for NMF processing.

- (3) Follow the procedures in IRM 21.7.12.5.9 for processing a refund request received on Form 8866.
- (4) A Form 8866 claim for refund with no TC 150 posted is processed on Non-Master File (NMF) on MFT 69.
- 21.7.12.5.10
(10-01-2014)
MF Return Posted to NMF
- (1) Occasionally, a MF return is erroneously posted as a NMF return. Input these returns to MF as original or amended returns, depending on the information available.
- (2) Action required:
1. Research all related Index Cards if the return was not a balance due.
 2. Request a transcript of the ANMF account.
 3. Prepare Form 1331-B, **Notice of Adjustment**, to abate the NMF assessment.
 4. Input a credit transfer using Form 3809, **Miscellaneous Adjustment Voucher**, to transfer any payment to MF.
 5. Prepare a corrected return and route to MF as non-remit. Staple the NMF return behind it.
- 21.7.12.5.11
(03-18-2021)
Account Exceeds IDRS Page Limit-Transfer from Master File(MF) to Non-Master File (NMF)
- (1) When accounts on Master File exceed their page limitations, they must be moved to the Non-Master File account.
- (2) Check If the account is in zero or balance due status. To move an account from MF to the NMF a TC 150 must be present on the MF to generate a TC 400. A CP 96, Account Transfer-Out Transcript Notice, (IMF) or CP 296, Account Transfer-Out Transcript Notice (BMF) is generated on Control D known as the Service Center Recap. Kansas City Special Services Team will code it and forward it on to the Automated Non- Master File (ANMF) Team using Form 514-B, Credit Transfer Voucher for input to the ANMF system.
- (3) Check the account for a credit balance:
- a. Check CC IMFOL or BMFOL for credit availability (since CC TXMOD could include pending or deleted transactions).
Note: BMF accounts will generate a TC 400 even if the module is in credit balance.
 - b. Check for any open unpostables prior to taking any actions. Contact the Unpostable team, as applicable.
 - c. If the IMF account is in credit balance prepare a Form 3809, Miscellaneous Adjustment Voucher, to move that total (lump sum) credit amount into the NMF 4430 account so that the account will be at a zero balance.
Note: If there is a TC 388 on the account use CC MFREQ to bring the credit back (TC 389) prior to sending the Form 3809 to the Special Services Team in Kansas City.
 - d. The transaction date should be the same as the date the Form 3809 is prepared. Since this will post as a TC 820 it doesn't need to match the transaction date of a payment or anything else.
 - e. Forward the Form 3809 to Kansas City Special Services Team (Not KC NMF) for processing. See Exhibit 21.7.12-1, Contact Information, for more information.

- f. Once the transfer posts (4-6 weeks or longer due to SP being behind), the TC 400 will systemically generate.
- g. After the TC 400 posts, the account will systemically generate a CP 96 (IMF) or CP 296 (BMF) which is part of the Service Center Recap, which must be coded and then input by the ANMF Team. (See above)
- h. After the account has posted to ANMF, that credit can be moved **from** the 4430 account to the NMF module. The AM NMF team should prepare the Form 3809 to move the credit.

21.7.12.5.12
(10-01-2020)

Stopping NMF Notices

- (1) Follow the procedures below to stop NMF notices:
 - 1. Prepare Form 3177, Notice of Action for Entry on Master File, with TC 470 to notify Kansas City Accounting to stop notices when an adjustment is pending on any NMF account.
 - 2. Include the reason to stop notices and the amount of adjustment using the "Other" line of Form 3177.
 - 3. Include your name and phone number. This information is included in the History section of the NMF account when NMF inputs the TC 470.

21.7.12.6
(10-01-2018)

IMF Non-Master File (NMF) Procedures

- (1) The following subsections contain information for designated employees in Accounts Management who prepare documents for input to ANMF for adjustment to Individual accounts.
 - (2) Any cases or messages not related to Accounts Management IMF NMF must be forwarded to the appropriate area using Form 4442. See IRM 21.3.3.4.15, Taxpayer Inquiry Referrals, IRM 21.1.7-17, **Forms - Routing Guide** and/or IRM 21.7.12.3, NMF Adjustments Research, for additional information.
- Caution:** With the exception of Form 1040-NR returns incorrectly processed to IMF, do not move an account from Master File to Non-Master File without Headquarters approval.

21.7.12.6.1
(10-01-2014)

Joint Civil Penalty Assessment

- (1) Joint civil penalty assessments must be processed on NMF since MF civil penalty modules (MFT 13 or 55) cannot accommodate joint liabilities. These modules appear as MFT 28 on NMF. The reason can be identified by the abstract number. See IRM 3.17.46, Automated Non-Master File Accounting, for more information and procedures.

21.7.12.6.2
(06-26-2023)

Procedures for Individual Taxpayer NMF Accounts Of \$1 Billion or More - Overview

- (1) As of January 1, 2010, Form 1040, **U.S. Individual Income Tax Return**, with a module balance of \$1 billion or greater must be processed on ANMF. To provide this group of taxpayers the same level of service as other customers, a centralized team of contact representatives was established in the Philadelphia campus in November 2006. This team of representatives is considered the liaison for these taxpayers.

Note: Any Form 1040, **U.S. Individual Income Tax Return**, and Form 1040-X, Amended U.S. Individual Income Tax Return, with a module balance of \$100 Million or greater, for tax periods prior to January 1, 2010 must be processed on ANMF.

- (2) If an inquiry is received from taxpayers with taxes or payments of \$1 billion or more, provide the taxpayer with the telephone number of the team (see

paragraph 3 for domestic taxpayers and 4 for international taxpayers below) and complete Form 4442, Inquiry Referral. Send Form 4442 to the Philadelphia NMF (PAMC). For routing details, see Exhibit 21.7.12-1, Contact Information.

- (3) Domestic Taxpayers and/or their authorized representatives can leave a message on 833-972-8965 (toll-free) and an NMF employee must return their call within three (3) business days.
- (4) International Taxpayers and/or their authorized representatives can leave a message on 267-466-4777 (non-toll-free) and a NMF employee must return their call within three (3) business days.
- (5) Original returns, Form 1040-X, Amended U.S. Income Tax Return, Form 8802, **Application for United States Residency Certification**, Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, and other related correspondence are received at the address above.
- (6) This team conducts the following:
 - Locates and applies payments
 - Provides IRS communications
 - Secures taxpayer income verification
 - Secures transcripts of taxpayer accounts
 - Provides general guidance
 - Resolves account problems, and
 - Transfers payments between MF and NMF, etc.

Caution: Joint Committee Cases (JCC) **must** be expedited to Examination due to interest consideration, if over \$2,000,000.00 (aggregate).

21.7.12.6.2.1
(10-01-2017)

**Types of Individual
Master File (IMF) NMF
Account Work Received
- Paper**

- (1) Once mail is received in the Technical Unit, it is sorted by categories:
 - Original return without remittance
 - Original return with remittance
 - Amended return and/or Form 1040-X without remittance
 - Amended return and/or Form 1040-X with remittance
- (2) The types of work and instructions for these customer service representatives (CSRs) are provided in the following subsections.

21.7.12.6.2.2
(06-26-2023)

**Original IMF NMF Return
Without Remittance**

- (1) Take the following action on original return received without remittance:
 1. Date stamp the return.
 2. Update log to indicate name, SSN, tax year, etc., and make a copy of return.
 3. Open control base on 0545808198.
 4. Research IDRS for payments on MF and/or notices on primary and/or secondary SSNs.
 5. Input TC 594 closing code (cc) 84 on spousal MF.
 6. Input TC 971 action code (AC) 502 on CC ENMOD.

Note: TC 971 action code (AC) 502 indicates a case of \$100 million or more on NMF.

- (2) Take the following action, if the return shows an overpayment:

If	Then
Refund is requested	Prepare Form 3753, Manual Refund Posting Voucher, with authorized signature. Note: If the 45-day interest-free period is in jeopardy, EXPEDITE to Cincinnati NMF if the overpayment to be refunded is \$5,000 or more. Refunds of \$100 million or more must have prior approval from Examination.
Payment is located on Master File (MF)	Prepare all documents needed to transfer payments, credit elects, etc., from MF to NMF accounts and input history on MF to show moving credit to NMF. Make a special note to NMF that all credits have been verified and credits are being transferred from MF. Annotate the account "Taxpayer is NOT to be billed."
Credit elect is requested and under \$1 billion	Prepare Form 3809, Miscellaneous Adjustment Voucher, to transfer from the current NMF to MF for the next year.
Credit elect requested is \$1 billion or more	Prepare Form 3809, Miscellaneous Adjustment Voucher, to transfer credit elect to NMF. Input history on MF to indicate credit elect on ANMF.

- (3) If credit amounts are insufficient, indicate correct amount of bill to be issued to taxpayer.
- (4) Complete Form 3210, Document Transmittal, for all original returns and overnight/express mail to Kansas City ANMF.

21.7.12.6.2.3
(10-01-2014)

**Original IMF NMF Return
With Remittance**

- (1) Date stamp original return.
- (2) Prepare Form 3210, Document Transmittal, and hand carry payment to Campus Support.
- (3) Follow the same steps for original return without remittance as previously provided in IRM 21.7.12.6.2.2, Original IMF NMF Return Without Remittance.

21.7.12.6.2.4
(10-22-2020)

**Amended IMF NMF
Return Without
Remittance on
Automated Non-Master
File (ANMF)**

- (1) Amended return received without remittance. Take the following actions:
 1. Date stamp return.
 2. Check MF for any payments or balances.
 3. Check MF for TC 594 closing code (cc) 84 on spousal SSN.
 4. Check for TC 971 action code (AC) 502 on CC ENMOD.
 5. Open control base on CC ENMOD under 0545808198.
 6. Verify Power of Attorney (POA), if necessary.
 7. Prepare adjustment request.
 8. Transfer payment from MF and note "Bill to Taxpayer", if the adjustment results in a balance due.
- (2) If the adjustment results in an overpayment, see the table in IRM 21.7.12.6.2.2, Original IMF NMF Return Without Remittance.

21.7.12.6.2.5
(10-22-2020)

**Amended IMF NMF
Return with Remittance
on ANMF**

- (1) Take the following action if the return is received with remittance:
 1. Date stamp return.
 2. Complete Form 3210, Document Transmittal, and hand carry payment to Campus Support.
 3. Check MF for any payments or open balances.
 4. Check MF for TC 594 closing code (cc) 84 on spousal SSN.
 5. Check for TC 971 action code (AC) 502 on CC ENMOD.
 6. Open control base on CC ENMOD under 0545808198.
 7. Verify Power of Attorney (POA), if necessary.
 8. Prepare adjustment request.
 9. Transfer payment from MF and note "Bill to Taxpayer", if the adjustment results in a balance due.
- (2) If the adjustment results in an overpayment, see the table in IRM 21.7.12.6.2.2, Original IMF NMF Return Without Remittance.

21.7.12.6.2.6
(10-01-2014)

**Form 4868, Application
for Automatic Extension
of Time to File U.S.
Individual Income Tax
Return**

- (1) If Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, is received:
 - Date stamp form.
 - Input TC 460 on MF using Command Code REQ77 to indicate an extension was received. See *IDRS Command Code Job Aid* for proper input of the transaction code, extension date, transaction date, and DLN code.

21.7.12.6.2.7
(10-22-2020)

**Other Paper
Correspondence**

- (1) Take the following action for other correspondence:
 1. Date stamp correspondence.
 2. Open control base on CC ENMOD under 0545808198.
 3. Check POA, if necessary.
 4. Review for issues, then phone/write and make appropriate adjustments.
 5. Check MF for open balances or payments and check ANMF for same.
 6. Check for open control bases on MF.
 7. Check for TC 594 closing code (cc) 84 on spousal SSN.
 8. Check for TC 971 action code (AC) 502 on CC ENMOD.
 9. Prepare Form 4442, Inquiry Referral, to refer to Kansas City ANMF (if needed).

Reminder: You must follow Policy Statement P-21-3, if a final quality and timely response cannot be initiated within 30 days of the IRS received date. See IRM 21.3.3.3.4, Quality and Timely Responses, for additional guidance.

21.7.12.6.3
(06-26-2023)

**Telephone Calls
Received on Accounts
over \$1 Billion on NMF**

- (1) Take the following action on calls received from the POA or taxpayer:
 1. Verify POA on IDRS using Command Code CFINK.
 2. Review issue/request transcript from ANMF.
 3. Review MF for issue and check for TC 594 closing code (cc) 84 on spousal SSN.
 4. Check for TC 971 action code (AC) 502 on ENMOD.
 5. Complete Form 4442, Inquiry Referral, if needed, to refer to Philadelphia ANMF.
- (2) Take the following action on calls to POA and taxpayer:
 1. Verify the POA on IDRS using command code (CC) CFINK.
 2. Make two (2) attempts to reach caller.
 3. Follow the IRM 21.3.10.2, Practitioner Priority Service (PPS) Overview, when returning calls to practitioners.

21.7.12.6.4
(05-15-2019)

**Form 1040-NR Returns
Incorrectly Processed to
IMF**

- (1) If NMF Form 1040-NR is processed incorrectly as an Individual Master File (IMF) 1040-NR under an invalid Social Security Number (SSN), transfer the account from Master File (MF) to NMF using the following procedures:
 - a. Request original return or have the taxpayer provide a copy.
 - b. Abate the incorrect Master File tax, if necessary. Use hold code 4, source code 1, reason code 99 and the appropriate blocking series (BS) to freeze credits and notices.
 - c. Code the return for reprocessing by lining through the Document Locator Number (DLN), entering the TIN followed by the letter "N" in brown pencil, and correcting the Entity portion. "X" out multiple stamped received dates, other than the original IRS received date.

Reminder: Attach prints of the Master File adjustment.

- d. Route the return to the Kansas City Submission Processing Center Receipt and Control area for batching and numbering. Indicate on the routing slip that the return was incorrectly processed as Master File, and process as NMF (MFT 20).
 - e. Monitor for the posting of the NMF return if credits must be transferred from MF to NMF.
- Note:** Do not transfer credits until the return posts on NMF. If the account shows payments or credits, transfer them using Form 2424, Account Adjustment Voucher.
- (2) Process cases where payments were misapplied, and the taxpayer provided a copy of the front and back of the cancelled check or money order, using payment tracer procedures in IRM 21.5.7, Payment Tracers.

If	Then
Payment is located on MF and it posted as TC 610, TC 640, TC 660, TC 430, or TC 670	Prepare Form 2424, Account Adjustment Voucher, to debit MF and use corresponding credit transaction to credit NMF.
Payment on MF posted as TC 700, TC 710, TC 716, or TC 706	Prepare Form 3809, Miscellaneous Adjustment Voucher, to debit MF and use TC 820 to credit NMF.

21.7.12.7
(10-01-2014)
**BMF Non-Master File
(NMF) Procedures**

- (1) The following subsections contain information for designated employees in Accounts Management who prepare documents for input to ANMF for adjustment to business accounts.

21.7.12.7.1
(05-13-2024)
**Fiduciary Filed Form
1040-NR, U.S.
Nonresident Alien
Income Tax Return**

- (1) If the Form 1040-NR is being filed by an estate or trust, the fiduciary is responsible for filing the Form 1040-NR on behalf of the estate or trust.
- (2) Fiduciary filed Form 1040-NR returns will have some or all of the following characteristics:
- Name Line(s) may consist of numbers or a combination of letters and numbers.
 - Account, Trust Grantor or Nominee may be indicated.
 - Name line(s) may indicate Estate of.
 - No exemptions may be shown.
 - The return may have an Employer Identification Number (EIN) instead of a Social Security Number (SSN).
 - The box for Estate or Trust at the top of the form is checked.
 - The trust may show deductions for distributions made to U.S. or foreign beneficiaries.
 - Check IDRS for the filing of Form 3520 or Form 3520-A filed with the trust's name.
- Note:** A Form 3520 will not be filed under the foreign trust's name but the name of the trust may appear on line 2(a) of the Form.
- Trust may state that it is a grantor trust with a foreign owner
- (3) Every nonresident alien having fiduciary income, either effectively or not effectively connected with a trade or business in the United States, must file Form 1040-NR. Forms 1040-NR filed by individuals are processed on Master File. See IRM 21.8.1, IMF International Adjustments, for additional information.
- a. Effectively connected income is all income, gain, or loss that is derived in connection with the conduct of a trade or business within the United States. See IRM 21.8.1.12.10, Effectively Connected Income, for additional information.
 - b. Non-effectively connected income is income not effectively connected with a trade or business in the United States. See IRM 21.8.1.12.11, Treatment of Non-Effectively Connected Income and Certain Other Income, for additional information.

- (4) These forms are handled as Business Master File (BMF) NMF.
- (5) Fiduciary filed Forms 1040-NR are processed to Non-Master File under Master File Tax (MFT) 20 tax class 2.
 - a. Returns filed by a nonresident alien estate or trust that does **not** have an office in the United States are processed with Document Code 72 and have a due date that is 6 1/2 months after the end of the taxable year.
 - b. Returns filed by a nonresident alien estate or trust that has an office in the United States are processed with Document Code 73 and have a due date that is 4 1/2 months after the end of the taxable year.

Reminder: Notice 2020-23 extended the due date for filing 2019 tax returns and payments, as well as the first two 2020 estimated tax payments to Wednesday, July 15, 2020.

- c. The statute of limitations period is 3 years after the due date of the return or 3 years after the IRS received date, whichever is later.

21.7.12.7.1.1

(10-01-2019)

**Adjusting Fiduciary
Filed Form 1040-NR**

- (1) Process amended returns or claims filed for fiduciary Form 1040-NR as follows:
 - a. Request a transcript of the account from ANMF.
 - b. Request the original return.
 - c. Review the amended return or claim for CAT A criteria and route as appropriate. See IRM 21.8.2.2.12, Examination Criteria, for a listing of BMF International CAT A criteria.
 - d. Immediately prepare and forward a paper Form 3177, Notice of Action for Entry on Master File, with Transaction Code (TC) 470 to notify Accounting to stop notices. Refer to IRM 21.7.12.5.12, Stopping NMF Notices.
 - e. Prepare Form 1331-B, Notice of Adjustment, to decrease tax, penalty and/or interest. Route the completed Form 1331-B to Accounting for input.
 - f. Prepare Form 5734, Non-Master File Assessment Voucher, to assess tax, penalty and interest. Route completed form to Accounting for input.
 - g. Review the account for any outstanding balance due issues on both NMF and MF. See IRM 21.4.4.4.2, Outstanding Balances/Duplicate Refunds, for additional information.
 - h. Prepare Form 3809, Miscellaneous Adjustment Voucher, or Form 2424, Account Adjustment Voucher, whichever is appropriate, to transfer any payments not correctly posted to the account.
 - i. Prepare Form 3753, **Manual Refund Posting Voucher**, if the amended return or claim results in a refund. See IRM 21.4.4.4.2, Preparation of the Form 3753, Manual Refund Posting Voucher, for additional information.
- Note:** Form 1040-NR with interest require special handling. When the Service issues a refund to a non-resident alien that includes interest, the Service is required to withhold tax on that interest. See IRM 3.17.46.11.4.1, Form 1040-NR Manual Refunds with Interest, for more information.
- j. For name and/or address changes, prepare Form 2363, Master File Entity Change. Attach current Integrated Data Retrieval System (IDRS) and Automated Non-Master File (ANMF) transcripts and route to Accounting. See Exhibit 21.7.12-1, Contact Information, for additional routing guidance.

21.7.12.7.1.2
(10-01-2014)

**Form 1040-NR Claims
for Abatement of Penalty
and Interest**

- (1) Claims for abatement of penalty and/or interest are usually requested when the taxpayer's income was incorrectly classified and/or reported as effectively connected.
- (2) Process cases where the taxpayer adequately substantiates this claim as follows:
 - a. Request transcript of account from ANMF.
 - b. Request original return.
 - c. Verify the tax computation on page 4, Form 1040-NR.
 - d. Prepare Form 1331-B, Notice of Adjustment, to adjust penalties and interest as appropriate.

Note: You must enter the Taxpayer Identification Number (TIN) on the Form 1331-B and the Business Operating Division (BOD) code from Command Code (CC) TXMOD on all NMF documents.

21.7.12.7.1.3
(12-11-2018)

IRC 663(b) Elections

- (1) The executor of an estate or trust must submit a written election to treat any amount paid or credited to a beneficiary within 65 days following the close of the tax year as being paid or credited on the last day of the tax year.
- (2) The election is not valid if filed after the due date (or extended due date) of the Form 1040-NR Fiduciary.

Caution: See IRM 21.7.12.7.1, Fiduciary Filed Form 1040-NR, U.S. Nonresident Alien Income Tax Return to determine the due date of the return.

Note: Loose IRC 663(b) elections must be sent to Alpha Files, 333 Pershing Rd. Mail Stop 6700, Kansas City, MO 64108.

- (3) Once the election is made it is irrevocable.
- (4) If the election is timely filed, complete Form 9856, Attachment Alert, to attach the election to the last filed Form 1040-NR Fiduciary return.
- (5) If the election is not filed by the due date or extended due date of the Form 1040-NR Fiduciary return, issue a Letter 105C, Claim Disallowed, to inform the taxpayer that the election was not timely filed and provide information on how to file a timely election for future reference.

21.7.12.7.1.4
(10-01-2019)

**Section 1161 of the
Taxpayer Relief Act of
1997**

- (1) See the 10-01-2018 and prior revisions of this IRM for guidance on section 1161 of the Taxpayer Relief Act (TRA) of 1997.

21.7.12.7.2
(05-15-2019)
**Form 1120-IC-DISC,
Interest Charge
Domestic International
Sales Corporation
Return and Form
4876-A, Election to be
Treated as an Interest
Charge DISC**

- (1) A corporation files Form 4876-A, to elect to be treated as an Interest Charge Domestic International Sales Corporation (IC-DISC). The election must be filed within 90 days after the beginning of the tax year if it is the taxpayer's first tax year or during the 90 days preceding the first day of the tax year if this is not the taxpayer's first tax year. There are no indicators on MF or NMF to indicate that the Form 4876-A is being processed.
- (2) The Form 4876-A election determination is made by Kansas City Submission Processing. A "data file" is kept by Code and Edit during the processing of these forms. For additional information see IRM 3.11.16.38, Form 4876-A - Election To Be Treated as an Interest Charge DISC/Scope (KCSPC Only).
- (3) When a call is received concerning the status of the Form 4876-A, ask the taxpayer for the date the Form 4876-A was mailed and follow the chart below:

If	Then
Less than 30 days have lapsed since the form was mailed	<p>1) Notify the taxpayer that the Service has not had sufficient time to process the election request.</p> <p>2) Determine the number of days remaining for processing.</p> <p>3) Notify the taxpayer to allow "XX" number of days before making any additional inquiries.</p> <p>Example: A taxpayer files Form 4876-A on May 3, 2011. The Service receives an inquiry on the status of the election on May 24, 2011. The 30-day processing time has not yet expired. Notify the taxpayer to allow an additional 10 days to process the election request. If they have not received notification on the status of the Form 4876-A after those 10 days have expired they can then follow up on the status of the election request.</p>

If	Then
More than 30 days have lapsed since the form was mailed	<p>1) Prepare, print Form 4442, and forward to Code and Edit NMF Unit, See Exhibit 21.7.12-1, Contact Information for details.</p> <p>2) Notify the taxpayer that a response should be received within 30 days.</p> <p>Note: Submission Processing will initiate a letter to notify the taxpayer of the status of their Form 4876-A.</p>

- (4) Form 1120-IC DISC must be filed if the corporation elected, by filing Form 4876-A to be treated as an interest charge domestic international sales corporation (IC-DISC), and such election is in effect for the tax year the corporation is a former IC-DISC or the corporation is a former DISC.
- (5) The Form 1120-IC DISC return is due the 15th day of the ninth month after the tax year ends. The first Form 1120-IC-DISC filed by a corporation establishes the taxable year ending.

Note: No extension of time to file are allowed.

- (6) Penalties and interest associated with Form 1120-IC DISC are processed on NMF (MFT 23). In various instances, Accounts Management can be required to assess penalties and interest, resolve duplicate filing conditions, and process amended returns. Use the following information and procedures when processing this form.

21.7.12.7.2.1
(05-15-2019)
**Assessing Penalties,
Form 1120-IC-DISC**

- (1) Form 1120-IC DISC, filers can be liable for penalties assessed under IRC 6686. These penalties apply if the taxpayer fails to provide necessary information or fails to file a return.
- (2) The Document Perfection department determines if the corporation is liable for these penalties and routes Form 3465, Adjustment Request, to the Accounts Management department for assessment.
- (3) Action required:
 1. Review Form 3465, Adjustment Request, and compute the correct penalty assessment. See IRM 20.1.9, International Penalties.
 2. Prepare Form 5734, Non-Master File Assessment Voucher, to assess the penalty. Enter TC 240 in Item 10 to indicate a penalty assessment.
 3. Enter tax class 6, document code 55, and BS 190–199 as the adjustment DLN and route to Kansas City Submission Processing Center, (KCSPC) NMF Accounting. See Exhibit 21.7.12-1, Contact Information, for routing details.

21.7.12.7.2.2
(08-08-2016)

**Assessing Interest on
Form 1120-IC-DISC, IRC
992(c) Distributions**

- (1) Under certain circumstances, IRC 992(c) provides a corporation that fails to satisfy certain conditions to qualify as a Domestic International Sales Corporation (DISC) for a taxable year specified in IRC 992(a)(1) can qualify as a DISC for that taxable year if it makes a distribution to its shareholders. If the corporation makes the distribution after the 15th day of the 9th month after the close of the taxable year to which the distribution applies, the corporation must also pay a charge (which is treated as interest) within a 30-day period beginning with the day on which such distribution is made. See IRC 992(c)(2)(B).
- (2) Normally, the Clearing and Deposit department receives a payment and letter/form from the corporation identifying the payment as interest on a distribution made under IRC 992(c). This payment and letter/form are separated, and the payment is sent to Accounting/NMF for processing to the ANMF system. The letters and forms are sent to Accounts Management NMF for processing of Form 5734.
- (3) Actions required by Accounts Management Non-Master File:
 1. Prepare Form 5734, Non-Master File Assessment Voucher, to assess the payment as interest using TC 340.
 2. Research the ANMF database for the DLN of the latest Form 1120 series return filed by the corporation and request the return. If the DLN is not located on the ANMF database request a transcript from the index card system for the DLN of the original return. Then prepare a Form 2275 to request the return from files.
 3. Send the letter and return to the Exam Classification department. Note on the routing slip that the taxpayer is claiming benefits of IRC 992(c), the amount of interest assessed, and the date the payment was received.
 4. Route Form 5734 and a copy of the letter/form as backup documentation to support the assessment on Form 5734.

Note: If the original return is charged out to Exam, notate the routing slip with the same information in 3) above, and send the letter to the area where the return is charged.

21.7.12.7.2.3
(10-01-2014)

**Processing Form
1120-IC-DISC Duplicate
Filing Conditions**

- (1) When a return marked "amended" or "duplicate" is found in Submission Processing, it is sent to the Accounts Management department without being numbered.
- (2) Action required:
 1. Secure the original return, if not attached, using the DLN from the Form 1120-IC DISC, Alpha Index File, located in Files Function.
 2. Attach the amended return to the original return and send them to the Exam Classifier. (Form 1120-IC-DISC is nontaxable but is considered Exam criteria.)
 3. Line through "amended" or "duplicate" and input as the original, if there is no record of an original return being filed.

21.7.12.7.3
(10-22-2020)

**Form 1040-NR Filed by a
Fiduciary - Carryback
RINT/TENT Processing
(CAMC Only)**

- (1) A fiduciary who files a Form 1040-NR may also file a Form 1045, Application for Tentative Refund, (TENT) or an amended Form 1040-NR (RINT) to request a refund resulting from:
 - The carryback of a Net Operating Loss (NOL)
 - The carryback of a Net Capital Loss (NCL)
 - The carryback of an unused general business credit
 - The carryback of a net section 1256 contracts loss, or
 - An overpayment of tax due to a claim of right adjustment under IRC1341(b)(1)
 - (2) The processing of a RINT/TENT requires coordination between the Cincinnati BMF Non-Master File (NMF) team and the Cincinnati Carryback team.
 - (3) When a Carryback for Form 1040-NR filed by a Fiduciary is received in the BMF NMF team, notify the BMF NMF team manager. The BMF NMF team manager will coordinate the processing of the carryback with the Cincinnati Carryback team.
- Caution:** A RINT (Carryback Claims) or TENT (Tentative carryback application) must be processed expeditiously in order to meet the 45-day interest-free period. Additionally, a TENT is required to be processed within a statutory 90-day processing period.
- (4) RINT/TENT cases received for Form 1040-NR filed by a Fiduciary will be re-controlled to 0244374812 for NMF assistance. The transcripts necessary to complete the review of the RINT/TENT must be attached to the CII case.
 - (5) Upon completion of the review of the RINT/TENT by the carryback team, prepare Form 1331-B, Notice of Adjustment, and Form 3753, Manual Refund Posting Voucher, based on the information received from the Carryback team and forward to KCSPC NMF Accounting for processing. Exhibit 21.7.12-1., Contact Information, for additional routing guidance.

21.7.12.8
(05-13-2024)

**Exempt Organization -
Form 4720 Part II-A,
Taxes on Managers,
Self-Dealers,
Disqualified Persons,
Donors, Donor Advisors,
and Related Persons**

- (1) Form 4720-A, (MFT 66) is used to assess initial taxes on managers, self-dealers, disqualified persons, donors, donor advisors, and related persons.
- (2) For more information, see IRM 21.7.7.6.11.3, Form 4720-A.
- (3) Forward an original filed Form 4720-A to KCSPC NMF Accounting for processing. See the Exhibit 21.7.12-1, Contact Information, for routing instructions.
- (4) Forward all Form 4720-A amended returns and correspondence to Exempt Organization Accounts (EO Accounts) with a copy of the applicable ANMF account transcript. Route according to Exhibit 21.7.12-1, Contact Information.

Note: If you receive a request from EO Accounts for additional assistance, respond using the EEFax number found in Exhibit 21.7.12-1, Contact Information.

- (5) These forms are posted to Non-Master File.
- (6) Form 4720-A is obsolete as of December 31, 2019. For tax years beginning on or after January 1, 2020, Form 4720 was revised to incorporate taxes previously reported on Form 4720-A and moved to the Master File.

21.7.12.9
(01-06-2020)

**Estate Tax - Form 706
Series Returns
Processed on
Non-Master File**

- (1) The following Form 706 series returns are processed on NMF:
 - *Form 706-A*, United States Additional Estate Tax Return
 - *Form 706-D*, United States Additional Estate Tax Return - Under Code Section 2057
 - *Form 706-NA*, U.S. Estate (and Generation-Skipping Transfer) Tax Return
 - *Form 706-QDT*, U.S. Estate Tax Return for Qualified Domestic Trusts
- (2) Form 706 series are centralized in SBSE Compliance located in Cincinnati.
- (3) Prepare Form 4442 Inquiry Referral . Control the case to IDRS 0283000000 and route according to the Exhibit 21.7.12-1, Contact Information.
- (4) If the taxpayer has an Estate Tax technical or account question, the taxpayer must call 866-699-4083 to speak to an E&G Tax examiner.

21.7.12.10
(01-27-2020)

**Excise Non-Master File
(NMF) Procedures**

- (1) The following subsections contain guidance for NMF Excise Tax cases:
 - Form 8612 , Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts and Form 8613, Return of Excise Tax on Undistributed Income of Regulated Investment Companies Processing
 - Form 8725, Excise Tax on Greenmail
 - Form 8831, Excise Taxes on Excess Inclusions of REMIC Residual Interests
 - Form 8924, Excise Tax on Certain Transfers of Qualifying Geothermal or Mineral Interests
 - Form 8928 , Return of Certain Excise Taxes Under Chapter 43 of the Internal Revenue Code
 - Form 8876, Excise Tax on Structured Settlement Factoring Transactions

21.7.12.10.1
(01-27-2020)

**Form 8612, Return of
Excise Tax on
Undistributed Income of
Real Estate Investment
Trusts and Form 8613,
Return of Excise Tax on
Undistributed Income of
Regulated Investment
Companies Processing**

- (1) Form 8612, Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts (REITs), is used by a REIT to compute and pay the excise tax on undistributed income imposed under IRC 4981.
- (2) The Form 8612 is recognized by the follow:
 - Tax class 6
 - Document code 21
 - Blocking series with remittance 400-499; without remittance 000-099
 - MFT 89
 - Abstract Number 192
- (3) Form 8613, Return of Excise Tax on Undistributed Income of Regulated Investment Companies (RICs), is used by a RIC to compute and pay the excise tax on undistributed income under IRC 4982.
- (4) The Form 8613 is recognized by the following:
 - Tax class 6
 - Document code 22
 - Blocking series with remittance 500-999; without remittance 300-499
 - MFT 14
 - Abstract Number 193

- (5) REITs and RICs must distribute a certain percentage of their ordinary income (taxable income) and their capital gain net income to their shareholders. The 4 percent excise tax is applied against the excess of the required distributions (line 4) over the actual distributed amounts (line 8).
- (6) Taxpayers must file Form 8612 and Form 8613 . Both forms are due by March 15 following the calendar year to which the excise tax liability applies.
- (7) Taxpayers can request an extension of time to file by filing Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, by the return due date.
- (8) Route all Form 7004, NMF extension requests to KCSPC. See Exhibit 21.7.12-1 for more information.
- (9) REITs and RICs are subject to late filing and payment penalties. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties.
- (10) Both forms are processed on ANMF. Follow normal ANMF procedures for any adjustments required.
- (11) If an amended Form 8612 or Form 8613 is received, accept the forms as filed and process the request using established guidance.

21.7.12.10.2
(01-27-2020)

**Form 8725, Excise Tax
on Greenmail**

- (1) Form 8725, Excise Tax on Greenmail, is used to report and pay the 50 percent excise tax imposed under IRC 5881. The term “greenmail” means any amount a corporation (or any person acting in concert with a corporation) pays directly or indirectly to acquire its stock from any shareholder if:
 - a. The transferring shareholder held the stock for less than two years before entering into the agreement to make the transfer of stock.
 - b. The shareholder, any person acting in concert with the shareholder, or any such persons made or threatened to make a public tender offer for stock of the corporation at some time during the two-year period ending on the date of acquisition.
 - c. The acquisition was made under an offer that was not made on the same terms to all shareholders.
- (2) Form 8725 is due by the 90th day following receipt of any portion of the greenmail. (A separate Form 8725 must be filed for each agreement to transfer stock.) It is subject to late filing and payment penalties. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties.
- (3) Taxpayers can request an extension of time to file by filing Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, by the return due date.
- (4) Form 8725 is subject to late filing and payment penalties. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties, for more information.
- (5) The amount of (excise) tax (line 6) is a flat 50 percent of the total gain or other income (line 5).
- (6) The tax period is the “Date of initial receipt of greenmail” listed at the top of Form 8725. For example, if the taxpayer enters November 2019, the tax period is 201911.

- (7) Form 8725 can be filed under either an Employer Identification Number (EIN) or Social Security Number (SSN), depending on the type of entity filing the return.
- (8) Returns are processed to ANMF located in KCSPC ANMF.
- (9) The Form 8725 is recognized by the following:
 - Tax class 6
 - Document code 21
 - Blocking series 000–099 without remittance; 400–499 with remittance
 - MFT 27
 - Abstract Number 216
- (10) For resolution of taxpayer questions and issues on Form 8725, forward an encrypted e-mail with complete details of the taxpayer's question, tax period, form, etc., to the Cincinnati NMF Planning and Analysis (P&A) Analyst, and carbon copy the BMF NMF Team manager. The P&A Analyst will forward the case to the NMF HQ analyst who will contact the Form 8725 Technical Specialist for assistance with resolving the issue.

Note: Request all applicable NMF transcripts that is needed when forwarding the case to the Form 8725 Technical Specialist for assistance.

- (11) Follow normal ANMF procedures for any adjustments required.

21.7.12.10.3
(01-27-2020)

**Form 8831, Excise Taxes
on Excess Inclusions of
REMIC Residual
Interests**

- (1) Form 8831, Excise Taxes on Excess Inclusions of REMIC Residual Interests, is used to report and pay excise taxes on any transfer of a residual interest in a REMIC to a disqualified organization, or any transfer of a residual interest to a pass-through entity.
- (2) Due to the small number anticipated nationwide, these returns are processed at KCSPC on ANMF.
- (3) The due date of the return is based on the section of the return required to be completed by the taxpayer.

If	Then
Sections B or C are completed	The due date is April 15 of the year following the calendar year in which the residual interest is transferred to a disqualified organization.
Part II is completed	The due date is the 15th day of the 4th month following the close of the tax year of the pass-through entity during which the disqualified person is a record holder.

- (4) An extension of time to file can be requested by filing Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns.

- (5) Form 8831 is processed to ANMF as:
 - Tax class 6
 - Document code 21
 - Blocking Series 000 - 099 without remittance; 400 - 499 with remittance
 - MFT 89
 - Abstract number 221
- (6) Form 8831 is subject to late filing and late payment penalties. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties.
- (7) The Estimated Tax penalty does not apply to Form 8831.
- (8) All refund claims, amended returns, or claims requiring penalty computations are routed to the BMF NMF Team in Accounts Management.
- (9) When correspondence or a telephone call from the taxpayer is received on Form 8831, which have "RTC Receivership", written across of the form, (Resolution Trust Corporation Receivership) cases, be certain the first notice was generated to the taxpayer (either the original first notice, if no amended return, or the first notice after an amended return was processed) When correspondence or a telephone call from the taxpayer is received on
- (10) Prepare Form 3177, Notice of Action for Entry on Master File, and forward for input of TC 530 Closing Code (cc) 15 to the Kansas City Accounting NMF Unit. (Per an inter-agency agreement between IRS and the Federal Depositing Insurance Corporation (FDIC), no annual reminder notice is required.)
- (11) For resolution of taxpayer questions and issues on Form 8831, forward an encrypted e-mail with complete details of the taxpayer's question, tax period, form, etc., to the Cincinnati NMF Planning and Analysis (P&A) analyst and carbon copy the BMF NMF Team manager. The P&A Analyst will forward the case to the NMF HQ analyst who will contact the Form 8831 Technical Specialist for assistance with resolving the issue.

Reminder: Include all applicable ANMF transcripts when forwarding the case for technical assistance.

- (12) Follow normal ANMF procedures for any adjustments required.

21.7.12.10.4
(01-27-2020)

Form 8924, Excise Tax on Certain Transfers of Qualifying Geothermal or Mineral Interests

- (1) Form 8924, Excise Tax on Certain Transfers of Qualifying Geothermal or Mineral Interests, is used to report and pay the excise tax on certain transfers of qualifying geothermal or mineral interests. This form was created because of a tax provision in the Tax Relief and Health Care Act of 2006, PL 109-432, section 403(c)(2)(c).
- (2) The Form 8924 is applicable only for specific, eligible federal lands as described in IRC Section 403(a) of Public Law 109-432. The eligible federal lands subject to the filing of a Form 8924 are located in Montana.
- (3) The return is due by the 90th day following the taxable transfer. See IRM 3.17.46.6.32, Form 8924, Excise Tax on Certain Transfers of Qualifying Geothermal or Mineral Interests, for additional information.
- (4) Forms 8924 are subject to late filing and late payment penalties. Refer to IRM 20.1.2.2, Failure to File a Tax Return or to Pay Tax - IRC 6651, for more information.

mation. An extension of time to file can be requested by filing Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns.

- (5) Forms 8924 are processed to NMF as:
- Tax class 6
 - Document code 40
 - Blocking Series (BS) 300 - 399 without remittance; BS 400 - 499 with remittance
 - MFT 41
 - Abstract number 012
- (6) Route all amended returns, claims and correspondence the NMF team in Accounts Management.
- (7) For resolution of taxpayer questions and issues on Form 8924, forward an encrypted e-mail with complete details of the taxpayer's question, tax period, form, etc., to the Cincinnati NMF Planning and Analysis (P&A) Analyst and carbon copy the BMF NMF team manager. The P&A Analyst will forward the case to the NMF HQ analyst who will contact the Form 8924 Technical Specialist for assistance with resolving the issue.

Reminder: Include all applicable ANMF transcripts when forwarding the case for technical assistance.

- (8) Normal ANMF procedures must be followed for any adjustments required.

21.7.12.10.5
(01-27-2020)

**Form 8928, Return of
Certain Excise Taxes
Under Chapter 43 of the
Internal Revenue Code**

- (1) Form 8928, Return of Certain Excise Taxes Under Chapter 43 of the Internal Revenue Code, is used to report and pay the excise tax on certain failures by group health plans or employers. The due date of the return is dependent on the Section as follows:

Section	Due Date of Form 8928
4980B or 4980D	On or before the due date for the person's federal income tax return [single employer or other person responsible for providing or administering benefits under the plan (such as an insurer or TPA)]. On or before the last day of the seventh month following the end of the plan year (multi-employer or multiple employer plans).
4980E or 4980G	On or before the 15th day of the fourth month following the calendar year in which the non-comparable contributions were made

See IRM 3.17.46.6.33, Form 8928, Return of Certain Excise Taxes Under Chapter 43 of the Internal Revenue Code, for additional information.

- (2) Forms 8928 are subject to late filing and late payment penalties. Refer to IRM 20.1.2.3, Failure to File a Tax Return or to Pay Tax - IRC 6651, for more information. An extension of time to file can be requested by filing Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns.

(3) Forms 8928 are processed to NMF as:

- Tax class 6
- Document code 39
- Blocking Series (BS) 000–099 without remittance; BS 400-499 with remittance
- MFT 41
- Appropriate abstract numbers:

Abstract Number	Section
126	4980B
127	4980D
128	4980E
137	4980G

- (4) All amended returns, claims and correspondence are routed to the NMF team in Accounts Management.
- (5) A Form 8928 filed to claim a refund or credit must include a detailed statement of the reason(s) for the refund claimed. The statement must include the reason(s) for filing the claim and provide supporting documentation. Review the claim to determine if the required statement has been included.

If	And	Then
The taxpayer is filing a claim for refund	The required statement is not included	Return the claim to the taxpayer with a 916C Letter. Include in an open paragraph that a detailed statement of the reason(s) for claiming a refund must be included with the claim
The taxpayer is filing a claim for refund	The required statement is included	Follow the guidance in (6) below
The taxpayer is reporting an increase		Follow the guidance in (6) below

- (6) For resolution of taxpayer questions and issues on Form 8928, forward an encrypted e-mail with complete details of the taxpayer's question, tax period, form, etc., to the Cincinnati NMF Planning and Analysis (P&A) Analyst, and carbon copy the BMF NMF Team manager. The P&A Analyst will forward the case to the NMF HQ analyst who will contact the Form 8928 Technical Specialist for assistance with resolving the issue.

Reminder: Include all applicable ANMF transcripts when forwarding the case for technical assistance.

- (7) Normal ANMF procedures must be followed for any adjustments required.

21.7.12.10.6

(01-27-2020)

**Form 8876, Excise Tax
on Structured
Settlement Factoring
Transactions**

- (1) Form 8876, Excise Tax on Structured Settlement Factoring Transactions, is used to report and pay 40 percent excise tax imposed under IRC 5891. The Excise tax is equal to 40 percent of the undiscounted amount of the payments being acquired, over the total amount actually paid to acquire them. The return is due by the 90th day following the receipt of structured settlement payment rights in a structured settlement factoring transaction. (A separate Form 8876 must be filed for each date on which you received structured settlement payment rights in one or more structured settlement factoring transactions.)
- (2) An extension of time to file can be requested by filing Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns.
- (3) Forms 8876 are subject to late filing and late payment penalties. Refer to IRM 20.1.2.2, Failure to File a Tax Return or to Pay Tax - IRC 6651, for more information.
- (4) Forms 8876 can be filed under either an EIN or SSN, depending on the type of entity filing the return. Returns are processed to NMF as follows:
 - Abstract number 234
 - Blocking Series (BS) 000-099 without remittance; BS 400-499 with remittance
 - Document code 21
 - MFT 27
 - Tax Class 6
- (5) For resolution of taxpayer questions and issues on Form 8725, forward an encrypted e-mail with details of the taxpayer's question, tax period, form, etc., to the Cincinnati NMF Planning and Analysis (P&A) Analyst and carbon copy the BMF NMF Team manager. The P&A Analyst will contact the Form 8876 Technical Specialist for assistance with resolving the issue.
- (6) Request all applicable NMF transcripts that will be included when forwarding the case to the Form 8725 Technical Specialist for review.

Exhibit 21.7.12-1 (03-13-2024)**Contact Information**

Unit	Mailing Address	EEFAX	Organizational Mailbox
Kansas City SP NMF Accounting (KCSPC) (only manual refunds)	333 W. Pershing Rd. NMF Mail Stop 6250 P-6 Kansas City, MO 64108	888-981-6483	*TS SP Manual Refunds Kansas City
Kansas City SP NMF (all other NMF documents)	333 W. Pershing Rd. NMF Mail Stop 6263 P-6 Kansas City, MO 64108	888-981-6483	*TS KCSPC Non-Master File Team
Cincinnati BMF NMF(CAMC)	7940 Kentucky Dr. NMF Team 403 Mail Stop 6444G Florence, KY 41042	855-322-6635	N/A
Estate Tax (Form 706)	Cincinnati E&G Tax Team Mail Stop 824G 7940 Kentucky Drive Florence, KY 41042-2915	855-386-5128	N/A
Exempt Organization Accounts (Form 4720-A)	Ogden Accounts Management EO Accounts Mail Stop 6710 1973 North Rulon White Blvd. Ogden, UT 84404-6185	877-792-2864	N/A
Philadelphia IMF NMF (PAMC)	2970 Market St. NMF Team 501 Mail Stop BLN 4-P08-141 Philadelphia, PA 19104	866-434-7054	N/A
Credit and Account Transfer (KCSPC) (Forms 10869 and 12810)	333 W. Pershing Rd Mail Stop 6262 P-6 Kansas City, MO 64108	866-830-1371	*TS KCSPC ACO Transfer Team
Code and Edit NMF (KCSPC)	333 W. Pershing Rd. Mail Stop 6140 C-1 Kansas City, MO 64108	888-981-6478	*TS EEF KCSPC C&E NMF
BMF IDT - RIVO (Only Form 8697)	N/A	N/A	*TS EEF BMF IDT Resolution Team
Kansas City Special Services Team (Form 3809)	N/A	866-830-1371	N/A

