



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

December 13, 2018

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MEMORANDUM FOR DIRECTOR, FIELD and CAMPUS EXAMINATION
DIRECTOR, REFUNDABLE CREDITS POLICY AND
PROGRAM MANAGEMENT

FROM: for Daniel R. Lauer Timothy J. Bilotta
Acting Director, SB/SE Examination-Field and Campus Policy

Digitally signed by Timothy J. Bilotta
Date: 2018.12.13 09:16:55 -08'00'

SUBJECT: Interim guidance adding new standard explanations for the Tax
Cuts and Jobs Act (TCJA) and PATH Act

The purpose of this interim guidance is to add 18 new standard explanations because of the Tax Cuts and Jobs Act (TCJA) and two new standard explanations because of the PATH Act. These standard explanations are shown in Attachment 1 – SBSE-04-1218-0038 and can be used immediately.

They will be incorporated into Report Generation Software (RGS). Prior to the RGS update, examiners can insert these explanations using the [custom paragraph](#) feature in RGS.

This guidance will be incorporated into IRM 4.10.10, Standard Paragraphs and Explanation of Adjustments, within two years of issuance.

If you have any questions, please contact me or a member of your staff may contact Cathy Demetra, Program Manager, Examination-Field and Campus Policy, Field Examination General Processes.

cc: [IRS.gov](https://www.irs.gov).

Attachment 1
SBSE-04-1218-0038

#3324 – Personal Casualty and Theft Loss (tax years 2018 and later) – Since you did not establish that the personal casualty or theft loss was attributable to a federally declared disaster, we have disallowed your deduction. You may only claim a personal casualty or theft loss that is not attributable to a federally declared disaster to the extent the loss does not exceed personal casualty or theft gains.

#7314 – Qualifying child or relative disallowed/Amount of credit for other dependents (tax years 2018-2025) – We adjusted the amount of the credit for other dependents shown on your return because we disallowed one or more of the individuals you claimed as dependents.

#7315 – Qualifying child or relative disallowed/Number of dependents for credit for other dependents (tax years 2018-2025) – We adjusted the number of individuals claimed for the credit for other dependents on your return because we determined one or more of them are not dependents.

#7316 – AGI changed – CTC/ACTC/Credit for other dependents adjusted (tax years 2018-2025) – The amount of child tax credit (CTC), additional child tax credit (ACTC) and credit for other dependents decreases for modified adjusted gross income above \$400,000 for married taxpayers filing jointly, or \$200,000 for all other taxpayers. Because we changed your modified adjusted gross income, your CTC, ACTC or credit for other dependents has been adjusted.

#7317 – CTC/ACTC/Credit for other dependents – Allowable dependent – Since we have changed your dependents qualifying for the child tax credit (CTC) or credit for other dependents, we have also adjusted the amounts of your CTC, additional child tax credit, or credit for other dependents.

#7318 – CTC/ACTC – Disallowed for SSN not valid for employment (tax years 2018-2025) – Because you have not shown that one or more children had a social security number that authorized the child to work in the United States before the due date of the tax return, we have adjusted the child tax credit and additional child tax credit.

#7319 – CTC/ACTC – Disallowed for noncitizen nonresident (all tax years) – Because you have not shown that one or more children were residents of the United States, we have adjusted the child tax credit (CTC) and additional child tax credit (ACTC). A child who is not a United States citizen or national must be a United States resident to be eligible for the CTC and ACTC.

#7320 – Credit for Other Dependents – Disallowed for noncitizen nonresident (tax years 2018-2025) – Because you have not shown that one or more dependents were residents of the United States, we adjusted the credit for other dependents. A dependent who is not a United States citizen or national must be a United States resident to be eligible for the credit for other dependents.

#7321 – Credit for Other Dependents – Allowed for noncitizen resident (tax years 2018-2025) – We allowed the credit for other dependents for each qualifying relative or qualifying child who was a United States resident and was issued a social security number or an individual taxpayer identification number on or before the due date of your tax return.

#7322 – Credit for Other Dependents – Allowed for U.S. citizen or national (tax years 2018-2025) – We allowed the credit for other dependents for each qualifying relative who was a United States citizen or national.

#7323 – TP/spouse TIN not issued by return due date – CTC/ACTC disallowed (tax years prior to 2018 filed after 2015) – Because you or your spouse, if married filing jointly, didn't have a social security number or individual taxpayer identification number issued on or before the due date of your return (including extensions), we disallowed the child tax credit or additional child tax credit you claimed.

#7324 – TP/spouse TIN not issued by return due date – CTC/ACTC/Credit for Other Dependents disallowed (tax years 2018-2025) – Because you or your spouse, if married filing jointly, didn't have a social security number or individual taxpayer identification number issued on or before the due date of your return (including extensions), we disallowed the child tax credit, additional child tax credit, or credit for other dependents you claimed.

#7325 – Dependent TIN not issued by return due date – CTC/ACTC adjusted (tax years prior to 2018 filed after 2015) – Because one or more of your qualifying children didn't have a social security number, individual taxpayer identification number, or adoption taxpayer identification number issued on or before the due date of your return (including extensions), we adjusted the child tax credit or additional child tax credit you claimed.

#7326 – Dependent SSN not issued before return due date – CTC/ACTC adjusted (tax years 2018-2025) – Because one or more of your qualifying children didn't have a social security number issued before the due date of your return (including extensions), we adjusted the child tax credit or additional child tax credit claimed.

#7327 – Dependent TIN not issued by return due date – Credit for Other Dependents adjusted (tax years 2018-2025) – Because one or more of your qualifying children or qualifying relatives didn't have a social security number, individual taxpayer identification number, or adoption taxpayer identification number issued on or before the due date of your return (including extensions), we adjusted the credit for other dependents you claimed.

#7328 – CTC/ACTC/Credit for Other Dependents Adjusted – No Ban – Recertification Required (tax years 2018-2025) – The next time you claim the child tax credit, additional child tax credit or credit for other dependents, you must complete and include Form 8862 with your tax return. If you claim any of these credits and include Form 8862, we will determine if you are entitled to the credit(s). We will delay any refund until we make that determination and may contact you for additional information.

If you do not include Form 8862 with the next tax return on which you claim the credit(s), we will disallow the credit(s).

#7329 – CTC/ACTC/Credit for Other Dependents – 2 Year Ban Asserted (tax years 2018-2025) – We determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the child tax credit, additional child tax credit, or credit for other dependents. Under Internal Revenue Code section 24(g)(1), you are restricted from receiving any of these credits for the two tax years after the most recent tax year of our final determination. If you claim any of the credit(s) after the two-year restriction expires, you must complete and include Form 8862 with your tax return. If you claim the credit(s) and include Form 8862, we will determine if you are entitled to the credit(s). We will delay any refund until we make the determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit(s) after the two-year restriction expires, we will disallow the credit(s).

#7330 – CTC/ACTC/Credit for other dependents – 10 Year Ban Asserted (tax years 2018-2025) – We determined you fraudulently claimed the child tax credit, additional child tax credit, or credit for other dependents. Under Internal Revenue Code section 24(g)(1), you are restricted from receiving any of the credits for ten tax years after the most recent tax year of our final determination. If you claim the credit(s) after the ten-year restriction expires, you must complete and include Form 8862 with your tax return. If you claim the credit(s) and include Form 8862, we will determine if you are entitled to the credit(s). We will delay any refund until we make the determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit(s) after the 10-year restriction expires, we will disallow the credit.

#7543 – TP/spouse/dependent TIN not issued by return due date – AOTC adjusted (returns filed after 2015) – Because you, your spouse if married filing jointly, or one or more dependents you claimed for American opportunity tax credit (AOTC) did not have a social security number (SSN), individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN) issued by the due date of your return (including extensions), we adjusted the AOTC claimed. To claim the AOTC, you (and your spouse if filing a joint return) and any dependent you claim for AOTC must have an SSN, ITIN or ATIN issued by the due date of your return (including extensions).

#7650 – TP/spouse/dependent SSN not issued by return due date – EIC adjusted (returns filed after 2015) – Because you, your spouse if filing a joint return, or one or more qualifying children you claimed for earned income credit (EIC) did not have a valid social security number (SSN) issued by the due date of your return (including extensions), we adjusted the EIC you claimed. To claim the EIC, you (and your spouse, if filing a joint return), and any qualifying child listed on Schedule EIC must have a valid SSN issued by the due date of your return (including extensions).