## IRM PROCEDURAL UPDATE

DATE: 07/02/2025

NUMBER: ts-03-0725-3458

**SUBJECT: Highly Questionable Tribal Credits** 

AFFECTED IRM(s)/SUBSECTION(s): 3.11.15

CHANGE(s):

IRM 3.11.15.5.7(5) - Added Note to include the Tribal Credits Scheme with IRM reference.

(5) Detach Schedules K-1 for current year (TY2024), two preceding years (TY2023 and TY2022) and future Schedules K-1. Process according to IRM 3.0.101, General - Schedule K-1 Processing.

**Note:** If Line 13, Schedule K (Form 1065) has the Code "ZZ" with an amount, see IRM 3.11.15.5.9, Tribal Credits Scheme, and take any actions that apply.

## IRM 3.11.15.5.9 - Added procedures for Tribal Credits Scheme per SERP Alert revised 06-27-2025.

- (1) There is currently a potential scheme that was identified with Tribal Credits being claimed. These credits are not allowed, regardless of the amount claimed or the type of documentation provided (including OARs). These non-valid credits are being claimed as "Other Credits" with Code "ZZ" and should be disallowed.
- (2) If a tax return is claiming these credits involving:
  - Tribal Tax Credit
  - · Sovereign Tribal Federal Tax Credit or
  - Native American Tribal Credit

**Edit Action Code 211** and correspond for a statement identifying the type of credit and the associated amount for the credit:

- Code "ZZ" on Line 13, Schedule K, (Form 1065).
- Form 3800, Part III, Line 1zz, has an amount and is equal to line 13, Schedule K (Form 1065) amount with a Code "ZZ".

**Note:** Use the following literal when corresponding for the statement identifying the type of credit and the amount of the credit: "Please provide a statement with the

name of the credit claimed on Line 13, Schedule K (Form 1065)with Code ZZ (other credits) or Form 3800, Part III, Line 1zz and the amount pertaining to the credit."

- (3) If Line 13, Schedule K (Form 1065) has an amount with code "ZZ" (Other Credits) and a statement is attached identifying the credit as one listed in paragraph (1) above, edit Line 13, Schedule K (Form 1065) entries for non-transcription.
- (4) If the Form 3800, Part III, line 1zz has an amount that is equal to Line 13, Schedule K (Form 1065)with Code "ZZ" and a statement is attached identifying the credit as one of the credits lines in paragraph (1) above, edit the Line 13, Schedule K (Form 1065) entries for non-transcription.

## IRM 3.11.15.17(3) - Added procedures for Tribal Credits Scheme with IRM reference.

(3) Only a Schedule K-1 (Form 1065) or an attachment to Form 1065 that has the information required on Schedule K-1 is acceptable. Refer to IRM 3.0.101 for complete instructions to edit and process Schedules K-1.

**Note:** Prior to detaching the Schedule K-1's, see IRM 3.11.15.5.9, Tribal Credits Scheme, and take any actions that apply.

**Note:** After editing Line I, detach current year (TY2024), two preceding years (TY2023 and TY2022) and future Schedules K-1.

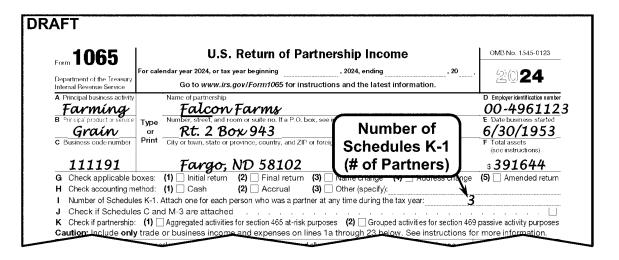


Figure 3.11.15-24

**Number of Partners** 

## IRM 3.11.15.38(2) - Added paragraph for procedures for Tribal Credits Scheme.

(2) If Form 3800, Part III, Line 1zz has an amount and the amount is equal to the amount on Line 12, Schedule K Form 1065 and has Code "ZZ", see IRM 3.11.15.5.9, Tribal Credits Scheme, and take any actions that apply.