

IRM PROCEDURAL UPDATE

DATE: 07/08/2025

NUMBER: ts-03-0725-3469

SUBJECT: Tribal Tax Credit Scheme

AFFECTED IRM(s)/SUBSECTION(s): 3.12.15

CHANGE(s):

IRM 3.12.15.2.16 - Added new procedures for Tribal Tax Credit Scheme.

(1) There is currently a potential scheme that has been identified with Tribal Credits being claimed. These credits are highly questionable and cannot be allowed, regardless of documentation provided (including OARs). These non-valid credits are being claimed as Other Credits and should be disallowed.

- Tribal Tax Credit
- Native American Tax Credit
- Sovereign Tribal Tax Credit

(2) If any of the following conditions are present, SSPND 211 and correspond for statement identifying the type of credit and the associated amount for the credit:

- Line 15, Schedule K, Form 1065, with Code "ZZ" (Other Credits) and an amount is present.
 - Line 1zz, column (h), Form 3800, Part III, has an amount and Line 15, Schedule K, Form 1065, has an amount with a Code "ZZ" (Other Credits).
 - The difference of Line 2, Column (h), Form 3800, Part III and the sum of Column (h) Lines 1b, 1d, 1g, 1o, 1q, 1s, 1u, 1v, 1x, 1aa, and 1gg is equal to Line 15, Schedule K Form 1065, with Code "ZZ" (Other Credits) or Line 1zz, column (h), Form 3800, Part III.
- a. Use the following literal when corresponding for the statement identifying the type of credit and the amount for the credit:
"Please provide a statement with the name of the credit claimed on Line 15, Schedule K (Form 1065) with Code "ZZ" (Other Credits) and or Line 1zz, column (h), Form 3800, Part III, and the amount pertaining to the credit."

IRM 3.12.15.2.16.1 - Added Tribal Tax Credit Scheme - Reply/No Reply to Correspondence procedures.

(1) **Reply** - If Line 1zz, Form 3800, Part III, has an amount and Line 15, Schedule K, Form 1065, has an amount with a Code "ZZ" and the statement identifies the credit as one of the credits listed in IRM 3.12.15.2.16, Tribal Tax Credit Scheme, take the following action:

- a. "X" the Line 15, Schedule K (Form 1065) entry.
- b. If Line 1zz, Column (h), Form 3800, Part III amount is included in the total of Line 2, Column (h), Form 3800, Part III, then reduce the amount claimed in Field 07EPE by the amount from Line 1zz, Column (h), Form 3800, Part III.
- c. Assign the TPNC 90 when Error Code 730 generates with the following literal:
We changed your tax and/or credits because the credit claimed for Native American Tax Credit, Tribal Tax Credit, or Sovereign Tax Credit on Line 15, Schedule K (Form 1065), with a Code "ZZ" and/or Line 1zz, Form 3800, Part III is not valid tax credit and has been disallowed.
- d. Once the TPNC has been assigned detach the Schedule K-1 (Form 1065) and send to SCRIPS for processing.

No Reply - If Line 1zz, Form 3800, Part III, has an amount and Line 15, Schedule K (Form 1065) has an amount with a Code **ZZ** and no statement identifying the credit is received take the following action:

- a. "X" the Line 15, Schedule K (Form 1065) entry.
- b. If Line 1zz, Column (h), Form 3800, Part III amount is included in the total of Line 2, Column (h), Form 3800, Part III, then reduce the amount claimed in Field 07EPE by the amount from Line 1zz, Column (h), Form 3800, Part III.
- c. Assign TPNC 90 when Error Code 730 generates with the following literal:
We changed your tax and/or credits because we did not receive the additional information we requested. The credit claimed on Line 15, Schedule K (Form 1065) with a Code "ZZ" and or Line 1zz, Form 3800, Part III was disallowed.
- d. Detach the Schedule K-1 (Form 1065) and send to SCRIPS for processing.

IRM 3.12.15.20.25 - Added paragraph for new procedures for Error Code 730 pertaining to Tribal Tax Credit Scheme.

(1) Fields Displayed

Field Designator on Form 1065	Field Name
07L24	Interest due under the look-back method computed long-term contracts (attach 8697).
07L25	Interest due under the look-back method- income forecast (attach Form 8866)
07L26	BB AAR imputed underprint

07L27	Other Taxes
07L28	Total balance due. Add lines 24 through 27.
>>>>>	Underprint Amount

(2) **Invalid Conditions** Error Code 730 generates when:

- The difference between Balance Due/Overpayment Taxpayer # [REDACTED] # [REDACTED].
- Tax period is 202301 or after.

(3) **Correction Procedures**

- Correct coding error, transcription errors, and misplaced entries.
- Compare the displayed fields with the return and attachments. If incorrect, overlay the screen with the correct information.
- If a discrepancy of # [REDACTED] # between the taxpayer's figures and the computer's figures still exists after all actions above for math verification have been taken and all the necessary corrections have been made send TPNC 75.
- If Error 730 generates due to Field 07EPE being reduced due to invalid claim of Tribal Credit, see IRM 3.12.15.2.16, Tribal Tax Credit Scheme, and ensure all actions have been taken prior to assigning the TPNC.
- Valid TPNCs for Error Code 730 are 75 and 90. See Exhibit 3.12.15-26, Taxpayer Notice Codes (TPNC), for more information.

IRM 3.12.15.20.31 - Added paragraph for new procedures for Error Code 739 pertaining to Tribal Tax Credit Scheme.

(1) **Field Displays**

Field Designator	Field Name
07L28	Balance due. Add lines 24 through 27
>>>>>	Underprint
07EPE	Elective Payment Election. Form 3800
>>>>>	Underprint
07L30	Payment
07B/D	Amount Owed/Overpayment
>>>>>	Underprint

(2) **Invalid Conditions** Error Code 739 generates when:

Any line marked with a # is for Official Use Only

- The difference between Balance Due/Overpayment Taxpayer and Balance Due/Overpayment Computer # [REDACTED] # .
- Tax period is before 202301.

(3) Correction Procedures

- Correct coding errors, transcription errors, and misplaced entries.
- Compare the displayed fields with the return and attachments. If incorrect overlay the screen with the correct information.
- If you are processing a 2022 Tax Year Form** and the taxpayer has indicated an "Elective Payment "or "Deemed Payment" by writing "IRA22DPE" on an attachment or on Form 1065, Line 29 dotted portion, refer to the instructions found at IRM 3.12.15.2.17 , Elective Payment Election (EPE) and Credit Transfers.

Note: Do not continue processing return. Ensure that Action Code 450 is entered and the return with EPE is held for LB&I review.

- If there is an amount present on Form 1065, Line 29 and Form 3800, is not attached, SSPND using Action Code 211 and correspond using letter 1355C.
- Form 1065, Line 29 has an amount and Form 3800, is attached, and the Taxpayer has figured or transferred Part III Form 3800 incorrectly send TPNC 73.
- If Error 739 generates due to Field 07EPE being reduced due to invalid claim of Tribal Credit, see IRM 3.12.15.2.16, Tribal Tax Credit Scheme, and ensure all actions have been taken prior to assigning the TPNC.
- If a discrepancy of # \$ [REDACTED] # between the taxpayer's figures and the computer's figures still exists after all actions above for math verification have been taken and all the necessary corrections have been made send TPNC 73.
- Valid TPNCs for Error Code 739 are 73, 76 and 90. See Exhibit 3.12.15-26, Taxpayer Notice Codes (TPNCs), for more information.

(4) Suspense Correction:

- **No Reply** to correspondence, then disallow the amount claimed in Field 07EPE. Enter CCC "3" and send TPNC 76.