

IRM PROCEDURAL UPDATE

DATE: 07/23/2025

NUMBER: ts-03-0725-3517

SUBJECT: Tribal Tax Credit Scheme

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

CHANGE(s):

IRM 3.11.15.5.9(2) - Updated to include Section 6418.

(2) If a tax return is claiming these credits involving:

- Tribal Tax Credit
- Sovereign Tribal Federal Tax Credit or
- Native American Tribal Credit
- Section 6418

IRM 3.11.15.5.9(3)(4) - Corrected Line numbers and updated requirements for the Tribal Tax Credit Scheme.

(3) If any of the following conditions are present, and a statement is not attached identifying the 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 15, Schedule K, (Form 1065).
- Form 3800, Part III, Line 1zz, has an amount and is equal to line 15, Schedule K (Form 1065) amount with a Code "ZZ".
- Line 2, Column (h), Form 3800, Part III is greater than the sum of Column (h), Lines 1b, 1d, 1g, 1o, 1q, 1s, 1u, 1v, 1x, 1aa, and 1gg, and there is not a statement attached identifying the credit.
- Line 2, Column (h), Form 3800, Part III is greater than the sum of Column (h), Lines 1b, 1d, 1g, 1o, 1q, 1s, 1u, 1v, 1x, 1aa, and 1gg, and the difference between the two is equal to Line 13, Schedule K, Form 1065 with Code "ZZ"(Other Credits) or Line 1zz, Column (h), Form 3800, Part III, and there is not a statement attached identifying the credit.

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."

(4) If Line 1zz, Form 3800, Part III, has an amount or if Line 15, Schedule K (Form 1065) has an amount with code "ZZ" (Other Credits) and a statement is attached identifying the credit as one of the credits listed in paragraph (2) above, take the following action:

- a. "X" Line 15, Schedule K (Form 1065) entries for non-transcription.
- b. If Line 1zz, Column (h), Form 3800, Part III, amount or the Line 15, Schedule K (Form 1065) with Code "ZZ"(Other Credits) is included in the total of Line 2 Column (h), Form 3800, Part III, then reduce the amount claimed on Line 29, Form 1065 by the amount from Line 1zz Column (h), Form 3800, Part III or Line 15, Schedule K (Form 1065) with the Code "ZZ" (Other Credits) amount.
- c. If the reduction to line 29, Form 1065 is \$50 or less, detach Schedule K-1 and send it to SCRIPS for processing.
- d. If the reduction to Line 29, Form 1065 is more than \$50, do not detach Schedule K-1. The return will systemically go to ERS for processing and the Schedule K-1 (Form 1065) will be detached and sent to SCRIPS.

IRM 3.11.15.38(2) - Added a bullet list to clarify the requirements for the Tribal Tax Credit Scheme.

(2) See IRM 3.11.15.5.9, Tribal Credits Scheme, and take any actions that apply when any of the following conditions are present:

- 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).
- Line 2, Column (h), Form 3800, Part III is greater than the sum of Column (h) Lines 1b, 1d, 1g, 1o, 1q, 1s, 1u, 1v, 1x, 1aa, and 1gg and a statement is not attached identifying the credit.
- Line 2, Column (h), Form 3800, Part III is greater than the sum of Column (h) Lines 1b, 1d, 1g, 1o, 1q, 1s, 1u, 1v, 1x, 1aa, and 1gg and the difference between the two is equal to Line 15, Schedule K (Form 1065) with Code "ZZ" (Other Credits) or Line 1zz, column (h), Form 3800, Part III and a statement is not attached identifying the credit.
- A statement is attached identifying the credit on Line 1zz, column (h), Form 3800, Part III, or Line 15, Schedule K (Form 1065) with a Code "ZZ" (Other Credits) as a Tribal Tax Credit, Native American Tax Credit, Sovereign Tribal Tax Credit or Section 6418.