

IRM PROCEDURAL UPDATE

DATE: 08/07/2025

NUMBER: ts-03-0825-3547

SUBJECT: Tribal Tax Credit Scheme

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

CHANGE(s):

IRM 3.11.15.5.7(5) - Corrected Schedule K to Schedule K-1; Corrected Line 13 to Box 15.

(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 Box 15, Schedule K-1 (Form 1065) has the Code "ZZ" with an amount, see IRM 3.11.15.5.9, Tribal Tax Credits Scheme, and take any actions that apply.

IRM 3.11.15.5.9 - Updated Title and clarified procedures for the Tribal Tax Credit Scheme.

(1) There is currently a potential scheme that was identified with Tribal Tax Credits being claimed. These credits are not allowed, regardless of the amount claimed or the type of documentation provided (including OARs). The following list of non-valid credits are being claimed as "Other Credits" with Code "ZZ" and should be disallowed:

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

(2) If all 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:

- Box 15 on the Schedule K-1 has an amount,
- Code "ZZ" is notated.

Note: Do not detach and send the Schedule K-1 to SCRIPS for processing. ERS/Rejects will forward the Schedule K-1(s) (Form 1065) to SCRIPS for processing once a reply or no reply to correspondence action has been taken.

- a. When corresponding for the statement identifying the type of credit and the amount for the credit, use the following literal:

"Please provide an itemized statement with the name of the credit that was claimed on Form 1065, Schedule K-1, Box 15 with Code "ZZ" (Other Credits) and the amount of credit pertaining to the credit."

(3) If Schedule K-1, Box 15 has an amount with the Code "ZZ", and a statement **IS** provided identifying the credit as one of the non-valid credits listed in paragraph (1), take the following action:

- Edit an asterisks (*) just left of Box 15 on the Schedule K-1(s) if an amount is present with Code "ZZ".
- Detach the Schedule K-1(s) and send to SCRIPS for processing.

IRM 3.11.15.24.6(4) - Input reference to Tribal Tax Credit Scheme.

(4) There is currently a potential tax 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). The following list of non-valid credits are being claimed as "Other Credits" with Code "ZZ" and should be disallowed:

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

See IRM 3.11.15.5.9 Tribal Tax Credit Scheme for more information.

IRM 3.11.15.38(2) - Added Tribal Tax Credit Scheme instructions and Elective Payment Election Amount from Form 3800 - Added new procedural section to reference the Tribal Tax Credit Scheme.

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

- Box 15 on the Schedule K-1 has an amount and the Code "ZZ" is notated.

- Box 15 on the Schedule K-1 with the Code ZZ and a statement is provided identifying the credit as a Tribal Tax Credit, Native American Tax Credit, Sovereign Tribal Tax Credit or Section 6418.