IRM PROCEDURAL UPDATE

DATE: 03/05/2025

NUMBER: ts-21-0325-0308

SUBJECT: New BMF Transcripts; TDS Letters

AFFECTED IRM(s)/SUBSECTION(s): 21.2.3

CHANGE(s):

IRM 21.2.3.2.1. Added Form 990-T and Form 1041 to the list of new transcripts available for BMF.

(1) The tax return transcript contains significant data transcribed from the original return. Some reasons for requesting this transcript include:

- Documentation requirements for loans, grants, etc.
- Documentation requirements for social services.
- Respond to a notice from the IRS.
- File an amended return.
- Obtain financing for a mortgage.
- Obtain a lien release.

(2) The information displayed on the tax return transcript contains, but is not limited to:

- Type of return filed.
- Filing status.
- Tax shown on return.
- Adjusted gross income.
- Mortgage interest.
- Real estate tax deduction.
- Taxable income.
- Number of exemptions.
- Federal income tax withheld.
- Earned income credit.
- Self-employment income and tax.
- Tax due per return.
- Refund per return.
- Refundable credits.
- Total income.
- Business expenses.
- Wages paid.
- Designee’s Personal Identification Number (DPIN), Preparer’s Tax Identification Number (PTIN).

(3) TDS is programmed to display only four dependents. Taxpayers with more than four dependents may believe the preparer did not include all dependents on the return. Before referring the taxpayer back to the preparer, verify the actual dependents submitted on the return.

(4) Tax return transcripts will not show amendments or adjustments made to the account after the original return has posted. If adjustments have been made, offer to provide the record of account, see IRM 21.2.3.2.3, Record of Account. For BMF, the new Form 94X Series transcripts, as listed in paragraph 7, do display adjustments from amended returns.

(5) In some cases, the IRS may change the taxpayer’s reported figures on the originally filed return due to input errors, incomplete or missing information, or computational errors. The tax return transcript will show both:

- The taxpayer’s original figures, labeled "per return," and,
- The figures as corrected by the IRS, labeled "per computer."

(6) BMF transcripts include the following forms:

- Form 1065, U.S. Return of Partnership Income.
- Form 1120, U.S. Corporation Income Tax Return.
- Form 1120-H, U.S. Income Tax Return for Homeowners Associations.
- Form 1120-L, U.S. Life Insurance Company Income Tax Return.
- Form 1120-S, U.S. Income Tax Return for an S Corporation.

(7) TDS offers business taxpayers seven new tax return transcripts made possible through Inflation Reduction Act funding. These transcripts are also available to Business Tax Account users. These transcripts provide tax return information from the original return and the Form 94X Series also shows adjustments from amended returns. The transcripts are masked. The new transcripts are available for the following forms:

- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.
- Form 941, Employer's QUARTERLY Federal Tax Return.
- Form 943, Employer's Annual Tax Return for Agricultural Employees.
- Form 944, Employer's ANNUAL Federal Tax Return.
- Form 945, Annual Return of Withheld Federal Income Tax.
- Form 990-T, Exempt Organization Business Income Tax Return.
- Form 1041, U.S. Income Tax Return for Estates and Trusts.

(8) Refer to IRM 21.2.3.2, Types of TDS Transcripts, for information on TDS transcripts translated into other languages.

IRM 21.2.3.5.6. Renamed the title of the subsection, added cover letters and TDS letters content, and added guidance on how to generate cover letters.

Use of Letters when Providing a Transcript

(1) TDS offers two types of letters: a cover letter and letters located within the Transcript Letters section on the TDS home page.

a. Cover letters accompany the transcript and state the transcript requested was fulfilled
b. Transcript Letters is reserved for two specific situations as explained in: IRM 21.2.3.5.8.4.5, Verification of Non-Filing Letter for Identity Theft, and IRM 21.2.3.5.7.2, COVID-Related IRS Tools and Stimulus.

(2) When providing a transcript using the postal mail delivery method, a cover letter automatically accompanies the transcript. For the other delivery methods, refer to the SERP TDS Page How to Generate a Cover Letter for Transcripts in TDS, for how to add a cover letter to the transcript.

(3) A cover letter is not required if the assistor includes the transcript along with other correspondence based on the conversation with the taxpayer.