IRM PROCEDURAL UPDATE

DATE: 04/21/2025

NUMBER: ts-21-0425-0462

SUBJECT: Updates to Various Reason Codes

AFFECTED IRM(s)/SUBSECTION(s): 21.6.4

CHANGE(s):

IRM 21.6.4.4.2 Corrected year in paragraph 2 for taxpayers eligible for additional standard deduction.

(2) A taxpayer and/or spouse who is age 65 or older (for tax year 2024, born before January 2, 1960) and/or blind is entitled to a higher standard deduction. The taxpayer checks a box on the Form 1040 to select the reason for the additional standard deduction(s). Refer to the table below to determine the correct standard deduction amount.

Filing Status	Number of Boxes Checked	Standard Deduction 2024	Standard Deduction 2023	Standard Deduction 2022	Standard Deduction 2021	Standard Deduction 2020
Single	0 1 2	$14,600 $16,550 $18,500	$13,850 $15,700 $17,550	$12,950 $14,700 $16,450	$12,550 $14,250 $15,950	$12,400 $14,050 $15,700
Married Filing Jointly or Qualifying Widow(er)	0 1 2 3 4	$29,200 $30,750 $32,300 $33,850 $35,400	$27,700 $29,200 $30,700 $32,200 $33,700	$25,900 $27,300 $28,700 $30,100 $31,500	$25,100 $26,450 $27,800 $29,150 $30,500	$24,800 $26,100 $27,400 $28,700 $30,000
Married Filing Separately	0 1 2 3 4	$14,600 $16,150 $17,700 $19,250 $20,800	$13,850 $15,350 $16,850 $18,350 $19,850	$12,950 $14,350 $15,750 $17,150 $18,550	$12,550 $13,900 $15,250 $16,600 $17,950	$12,400 $13,700 $15,000 $16,300 $17,600
Head of Household	0 1 2	$21,900 $23,850 $25,800	$20,800 $22,650 $24,500	$19,400 $21,150 $22,900	$18,800 $20,500 $22,200	$18,650 $20,300 $21,950

IRM 21.6.4.4.12 Added instruction to use reason code 045 when the sole reason for the adjustment is to change the AMT. Added link to IRM 21.6.7.4.1.3 (1)(c) for additional information on reason codes and ripple effect changes.

(1) Alternative Minimum Tax is reported on Form 1040, U.S. Individual Income Tax Return, or Form 1040-SR, U.S. Income Tax Return for Seniors, Schedule 2, Additional Taxes.

(2) The exemption amounts for the alternative minimum tax are subject to limitations based on the total alternative minimum taxable income. See the Instructions for Form 6251, Alternative Minimum Tax - Individuals, for details. The maximum exemption amounts for the alternative minimum tax are as follows:

Filing Status	Tax Year 2024	Tax Year 2023	Tax Year 2022	Tax Year 2021
Married filing jointly / Qualified widow(er)	$133,300	$126,500	$118,100	$114,600
Single / Head of household	$85,700	$81,300	$75,900	$73,600
Married filing separately	$66,650	$63,250	$59,050	$57,300

(3) Taxpayers can offset the entire regular tax liability and AMT liability by personal nonrefundable credits.

(4) Use reason code 045 if the sole reason for the adjustment is to change the AMT. See IRM 21.6.7.4.1.3(1)(c), Reason Code (RC), for information on reason codes and ripple effect changes.

IRM 21.6.4.4.14.2 Added paragraph 4 with reason codes that may be used with self-employment income and or tax adjustments.

(4) The following reason codes may be used when adjusting self-employment income and/or tax:

Reason Code	Description
012	Schedule C - Business Income
018	Schedule E - Real Estate Rentals
019	Schedule F - Farming Income
044	Self-employment Tax

IRM 21.6.4.4.14.5.1 Added instruction to use reason code 047 when Adjusting Form 4137, Social Security and Medicare Tax on Unreported Tip Income.

(1) Input the following to adjust the account:

- TC 29X to adjust the tax.
- Item reference number 891 to increase or decrease **primary unreported tip income** (PRIM–UNRPRTD–TIP–INC).
- Item reference number 892 to increase or decrease **secondary unreported tip income** (SECND–UNREPRTED–TIP–INC).

  Note: The smaller of Form 4137, line 6 or line 10, is the item reference number 891 or 892 amount.

- Item reference number 898 to increase or decrease **primary Medicare tip income** (PRIM–MEDICARE–INC).
- Item reference number 899 to increase or decrease **secondary Medicare tip income** (SECND-MEDICARE-INC).

  Note: Form 4137, line 6, is the item reference number 898 or 899 amount.

(2) When tip income exceeds the yearly limitation, or when Medicare is less than the tip income, the adjustment will result in an unpostable condition 189, reason code 8.

If	Then
Tax Year 2024	Item reference number 891 or 892 cannot exceed $168,600.
Tax Year 2023	Item reference number 891 or 892 cannot exceed $160,200.
Tax Year 2022	Item reference number 891 or 892 cannot exceed $147,000.
Tax Year 2021	Item reference number 891 or 892 cannot exceed $142,800.

(3) Use reason code 047.