

IRM PROCEDURAL UPDATE

DATE: 03/20/2024

NUMBER: wi-03-0324-0436

SUBJECT: Updates to Line Numbers in Conversion Charts and Removed Prior Year References

AFFECTED IRM(s)/SUBSECTION(s): 3.11.217

CHANGE(s):

IRM 3.11.217.45(1) - Updated lines in the 2020-2018 and 2017 prior year conversion charts per SERP Feedback #18362.

(1) The following charts show information for converting Form 1120-S, U.S. Income Tax Return for an S Corporation (and other applicable forms and schedules) to the current year form (and schedule).

Prior Year Conversion 2022 - 2021

Form/Schedule	Action
Form 1120-S	• Change line 19 to 20 • Change line 20 to 21 • Change line 21 to 22 • Change line 22b to 23b • Change line 22c to 23c • Change line 23a to 24a • Change line 23b to 24b • Change line 23c to 24c • Change line 23d to 24z • Change line 24 to 25 • Change line 25 to 26 • Change line 26 to 27 • Change line 27 to 28

Prior Year Conversion 2020 - 2018

Form/Schedule	Action
Form 1120-S	• Change Line 19 to Line 20 • Change Line 20 to Line 21 • Change Line 21 to Line 22 • Change Line 22b to Line 23b • Change Line 22c to Line 23c • Change Line 23a to Line 24a

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	• Change Line 23b to Line 24b • Change Line 23c to Line 24c • Change Line 23e to Line 24z • Change Line 24 to Line 25 • Change Line 25 to Line 26 • Change Line 26 to Line 27 • Change Line 27 to Line 28
Form 8996	2020 • Change Line 6 to Line 7 • Change Line 7 to Line 8 • Change line 9 to Line 10 • Change Line 10 to Line 11 • Change Line 13 to Line 14 • Change Line 14 to Line 15 2019 and 2018 • Change Line 5 to Line 7 • Change Line 6 to Line 8 • Change Line 8 to Line 10 • Change Line 9 to Line 11 • Change Line 12 to Line 14 • Change Line 13 to Line 15

Prior Year Conversion 2017

Form/Schedule	Action
Form 1120-S Note: 2017 and Prior	• Line 19 to Line 20 • Line 20 to Line 21 • Line 21 to Line 22 • Line 22b to Line 23b • Line 22c to Line 23c • Line 23a to Line 24a • Line 23b to Line 24b • Line 23c to line 24c • Line 23d to Line 24z • Line 24 to Line 25 • Line 25 to Line 26 • Line 26 to Line 27 • Line 27 to Line 28
Form 8996	2017 • Change Line 5 to Line 7 • Change Line 6 to Line 8

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	• Change Line 8 to Line 10 • Change Line 9 to Line 11 • Change Line 12 to Line 14 • Change Line 13 to Line 15
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Prior Year Conversion - 2013

Form/Schedule	Action
Form 8941	• Change Line 1a to Line 1 • Change Line 1b to Line B (EIN)

Prior Year Conversion - 2012

Form/Schedule	Action
Schedule D, (Form 1120-S) Capital Gains and Losses and Built-in Gains, Page 1, Part I	• Change Line 1 to Line 1b
Schedule D (Form 1120-S), Page 1, Part II	• Change Line 8 to Line 8b
Form 8941	• Change Line 1a to Line 1 • Change Line 1b to Line B

IRM 3.11.217.43(2) - Updated the tax year in the second bullet and corrected the line number in the ninth bullet per SERP Feedback #18348.

(2) Do **not** correspond for Schedule K-1 if:

- Section 965 Returns - See IRM 3.11.217.2.11, Section 965 Returns (201712 through 202012), for more information.
- Form 1120-S is a TY2020 and prior tax period.
- Form 1120-S, Line 22 (line 21 on Form 1120-S 2022 form revision and prior), Ordinary Business Income (Loss), # [REDACTED]
- [REDACTED] # [REDACTED]
- There are attachments to the return in a standard format which may be used as a Schedule K-1.
- Re-entry return (Form 13596, Reprocessing Returns or Form 3893, Re-Entry Document Control, is attached to return).
- Amended (CCC "G") return.
- IRC 6020(b) return
- Examination Secured "Substitute for Return" (SFR) returns.

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- There are no entries on Form 1120-S, Lines 1 through 22 (line 21 on Form 1120-S 2022 revision).
- Form 1120-S has a Form 4251, Return Charge-Out, attached and is being processed as an original return
- Payee is a foreign entity.

IRM 3.11.217.17.17(1) - Updated the first "then" box, line 20 to line 21 per SERP Feedback #18347.

(1) Edit Page 1, Line 22 as follows:

Line 22 - Ordinary Income

If	Then
Line 22 is blank,	Subtract Line 21 (Total Deductions) from Line 6 (Total Income) and edit this amount to Line 22. Bracket if negative.
If Line 22 is the only entry on Page 1 of the return and the amount is positive ,	Edit the Line 22 amount to both Lines 5 and 6.
If Line 22 is the only entry on Page 1 of the return and the amount is negative ,	Edit the Line 22 amount to both Lines 19 and 21 as a positive amount.

Note: Correspond with the taxpayer if # [REDACTED] # no Schedule K-1 is attached. See IRM 3.11.217.43, Schedule K-1.

Exception: Do **not** correspond on Section 965 Returns. ERS will take care of any correspondence needed. See IRM 3.11.217.2.11, Section 965 Returns (201712 through 202012), for more information.

IRM 3.11.217.45(1) - Updated line numbers in prior year conversion charts per SERP Feedback #18346.

(1) The following charts show information for converting Form 1120-S, U.S. Income Tax Return for an S Corporation (and other applicable forms and schedules) to the current year form (and schedule).

Prior Year Conversion 2022 - 2021

Form/Schedule	Action
Form 1120-S	• Change line 19 to 20 • Change line 20 to 21 • Change line 21 to 22 • Change line 22b to 23b • Change line 22c to 23c

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	• Change line 23a to 24a • Change line 23b to 24b • Change line 23c to 24c • Change line 23d to 24z • Change line 24 to 25 • Change line 25 to 26 • Change line 26 to 27 • Change line 27 to 28
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Prior Year Conversion 2020 - 2018

Form/Schedule	Action
Form 1120-S	• Change Line 19 to Line 20 • Change Line 20 to Line 21 • Change Line 21 to Line 22 • Change Line 22b to Line 23b • Change Line 22c to Line 23c • Change Line 23a to Line 24a • Change Line 23b to Line 24b • Change Line 23c to Line 24c • Change Line 23e to Line 24z • Change Line 24 to Line 25 • Change Line 25 to Line 26 • Change Line 26 to Line 27 • Change Line 27 to Line 28
Form 8996	2020 • Change Line 6 to Line 7 • Change Line 7 to Line 8 • Change line 9 to Line 10 • Change Line 10 to Line 11 • Change Line 13 to Line 14 • Change Line 14 to Line 15 2019 and 2018 • Change Line 5 to Line 7 • Change Line 6 to Line 8 • Change Line 8 to Line 10 • Change Line 9 to Line 11 • Change Line 12 to Line 14 • Change Line 13 to Line 15

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Prior Year Conversion 2017

Form/Schedule	Action
Form 1120-S Note: 2017 and Prior	• Line 19 to Line 20 • Line 20 to Line 21 • Line 21 to Line 22 • Line 22b to Line 23b • Line 22c to Line 23c • Line 23a to Line 24a • Line 23b to Line 24b • Line 23c to line 24c • Line 23d to Line 24z • Line 24 to Line 25 • Line 25 to Line 26 • Line 26 to Line 27 • Line 27 to Line 28
Form 8996	2017 • Change Line 5 to Line 7 • Change Line 6 to Line 8 • Change Line 8 to Line 10 • Change Line 9 to Line 11 • Change Line 12 to Line 14 • Change Line 13 to Line 15

Prior Year Conversion - 2013

Form/Schedule	Action
Form 8941	• Change Line 1a to Line 1 • Change Line 1b to Line B (EIN)

Prior Year Conversion - 2012

Form/Schedule	Action
Schedule D, (Form 1120-S) Capital Gains and Losses and Built-in Gains, Page 1, Part I	• Change Line 1 to Line 1b
Schedule D (Form 1120-S), Page 1, Part II	• Change Line 8 to Line 8b
Form 8941	• Change Line 1a to Line 1 • Change Line 1b to Line B

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IRM 3.11.217.44(4) f - Removed references to 2020 revisions per SERP Feedback #18258.

(4) If the return meets the criteria in paragraph (2), process Form 8938 per the instructions below:

- a. Completely edit Form 1120-S.
- b. Edit CCC "2".
- c. Detach Schedules K-1.
- d. Pull the Form 8938 from the return and sequence to the back of the last page of Form 1120-S (after schedules and attachment pages), attaching the Form 8938 so that it is back- to- back with the parent return.
- e. Place the Form 1120-S in a designated basket.
- f. Only one Form 8938, Pages 1 and 2, can be processed. If multiple Forms 8938 are attached, select the form that has the highest account value in Part V, Line 23; or highest asset value in Part VI, Line 32, and delete the others.

Note: The Form 8938 can have multiple "Additional or Continuation Statements". Do not confuse the multiple additional or continuation statements with multiple Form 8938.