



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

2.3.41

DECEMBER 19, 2024

EFFECTIVE DATE

(12-19-2024)

PURPOSE

- (1) This transmits revised IRM 2.3.41, IDRS Terminal Responses, Command Code PIEST.

MATERIAL CHANGES

- (1) Update Exhibit 2.3.41-3 to add “Max ES Penalty” on line 5 & also update the Output Explanation Display section.
- (2) Change Wage & Investment (W&I) to Taxpayer Service (TS)

EFFECT ON OTHER DOCUMENTS

IRM 2.3.41, dated January 19, 2023 is superseded.

AUDIENCE

LMSB, SB/SE, TE/GE, TS.

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Chief Information Officer

2.3.41

Command Code PIEST

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2.3.41.1
(12-19-2024)
Program Scope and Objectives

- (1) CC PIEST is use to display estimated tax penalty on a tax module residing on the Taxpayer Information File (ITIF and BTIF only).
- (2) **Purpose:** This transmits revised IRM 2.3.41, IDRS Terminal Input, Command Codes PIEST
- (3) **Audience:** All IRS business areas.
- (4) **Policy Owner:** The Chief Information Officer (CIO) is responsible for overseeing all aspects of our systems that operate the nation's tax infrastructure.
- (5) **Program Owner:** Account Services, which is under the Director, Internal Management
- (6) **Primary Stakeholders:** Taxpayer Service (TS), Large Business and International (LB&I), Small Business Self-Employed (SB/SE), Tax Exempt and Government Entities (TE/GE), and Enterprise Operations (EOPS)
- (7) **Program Goals:** This IRM provides the fundamental knowledge and procedural guidance for employees who work penalty on IDRS. By following the processes and procedures provided by this IRM, employees will process taxpayer estimated tax penalty explanation in a manner that follows IRS policy and procedures while promoting the best interests of the Government.

2.3.41.1.1
(01-10-2023)
Background

- (1) Command Code PIEST was developed to provide taxpayers an estimate tax penalty explanation imposed by the Internal Revenue Code (IRC).

2.3.41.1.2
(01-10-2023)
Authority

- (1) **IRM 20.1**, Penalty Handbook, provides guidance to all areas of the IRS for all civil penalties imposed by the Internal Revenue Code (IRC). It sets forth general policy and procedural requirements for assessing and abating penalties, and it contains discussions on topics such as criteria for relief from certain penalties.

2.3.41.1.3
(01-10-2023)
Responsibilities

- (1) The Director, Business Support, is the director responsible for the servicewide civil penalty program.
- (2) The Director, Internal Management, is the director responsible for the IDRS Command Code.
- (3) Overall responsibility for civil penalty programs is assigned to OSP. OSP is a matrix organization residing in the Business Support (Small Business/Self Employed) Function. OSP is charged with coordinating policy and procedures concerning the civil penalty program administration, ensuring consistency with the penalty policy statement, reviewing and analyzing penalty information, researching penalty effectiveness on compliance trends, and determining appropriate action necessary to promote voluntary compliance.
- (4) Each and every taxpayer has a set of fundamental rights when dealing with IRS as provided in the Taxpayer Bill of Rights (TBOR). All employees handling penalty cases must do so in accordance with the TBOR as listed in **IRC 7803(a)(3)**. The TBOR can also be found at Taxpayer Bill of Rights on [irs.gov](https://www.irs.gov)

2.3.41.1.4
(01-10-2023)
**Program Management
and Review**

- (1) Every function in the IRS has a role in proper penalty administration. It is essential that each function conduct its operations with an emphasis on promoting voluntary compliance. Appropriate business reviews should be conducted to ensure consistency with the penalty policy statement (**Policy Statement 20-1**) and philosophy. Attention should be directed to penalty program coordination between offices and functions to make sure that approaches are consistent and penalty information is used for identifying and responding to compliance problems.

2.3.41.1.5
(01-10-2023)
Program Controls

- (1) SACS controls all the IDRS user accesses and permissions.

2.3.41.1.6
(01-10-2023)
**Terms/Definitions/
Acronyms**

- (1) Commonly used acronyms used within this IRM

Acronyms

Acronym	Definition
PIEST	Penalty and Interest Estimate Tax Explanation
ITIF	Individual Taxpayer Information File
BTIF	Business Taxpayer Information File

2.3.41.1.7
(01-10-2023)
Related Resources

- (1) IRM 20.1.1, Penalty Handbook, Introduction and Penalty Relief
- (2) 2.3.29 - IDRS Terminal Responses - Command Codes INTST, ICOMP, and COMPA
- (3) 2.3.40 - IDRS Terminal Responses - Command Code PICRD
- (4) 2.3.43 - IDRS Terminal Response - Command Code PIFTF
- (5) 2.3.44 - IDRS Terminal Responses - Command Code PIVAR

2.3.41.1.2
(01-01-2009)
**General Information for
CC PIEST**

- (1) Command code PIEST displays explanations of the computation of Estimated Tax Penalty. The computation uses only information accessed from the ITIF or BTIF tax module.
- (2) Only tax periods subsequent to 198212 and MFT's 02, 05, 30, 33, 34 and 44 will be considered.
- (3) For BTIF modules, only those that have a return posted cycle 198627 and subsequent can be considered for computation since the ESTIMATED-TX-BASE-AMT and other required elements were not extracted to the BTIF before then.
- (4) Special processing was added for ITIF tax periods 198712 through 198811 to grant a partial waiver of estimated tax penalty for those persons with wages who would have normally been assessed penalty. For tax periods 198812 and beyond, normal penalty criteria will be applied.

- (5) Command code PIEST will only attempt computation if master file has assessed the penalty (TC176). Command code PIEST's computation is basically a recompute of master file's computation plus consideration of any qualified TIF pending transactions.
- (6) For a complete computation, the module must not contain any of the restrictive conditions specified in the list of messages in See IRM 2.3.41.2.
- (7) The command code will allow the TIN, MFT, tax period and name control to be passed from a preceding command code such as TXMOD and other PINEX command codes; thus eliminating the requirement to always input the data on the screen.
- (8) The various screens associated with command code PIEST are shown in See Exhibit 2.3.41-1 through See Exhibit 2.3.41-3.

2.3.41.3
(01-01-2003)
Terminal
Responses—CC PIEST

- (1) **NOTE: WHEN ANY ONE OF THE FOLLOWING MESSAGES IS DISPLAYED—THERE IS NO FURTHER PROCESSING.**
- (2) *INVALID TIN* — The requested TIN does not meet the standard validity criteria or is not IMF or BMF.
- (3) *INVALID MFT* — The requested MFT code does not meet the standard validity criteria.
- (4) *INCONSISTENT MFT/TIN* — The MFT code input is inconsistent with the type of account input.
- (5) *ONLY MFT 02, 05, 30, 33, 34 AND 44 VALID FOR CC PIEST* — MFT 30, 02, 05, 33, 34 and 44 are the only types of tax valid for CC PIEST (MFT 05, 34 and 44 are only valid for tax period 198812 and subsequent).
- (6) *INVALID TXPD* — The tax period input does not meet the standard validity criteria.
- (7) *TAXPERIOD 198212 AND PRIOR INVALID FOR CC PIEST*— Any tax period 198212 and earlier is invalid for CC PIEST.
- (8) *ACCOUNT NOT ON TIF* — The requested TIN does not match an account on File.
- (9) *REQUESTED TIN MATCHES DUMMY ACCOUNT ON TIF* — The requested TIN matches a dummy account.
- (10) *REQUESTED TIN MATCHES MEMO ACCOUNT ON TIF* — The requested TIN matches a memo account.
- (11) *ENTITY INDICATOR RECORD NOT ON TIF* — There was no TIF Section TIF-02 on the tax module. Bad data on the module.
- (12) *INVALID FORMAT — CD ON POSTED RETURN* — This indicates bad data on the TIF tax module. Notify Campus Control Staff.
- (13) *TAX MODULE NOT ON TIF* — The requested MFT and tax period does not have a matching module for that account.

- (14) *REQUESTED TXPD MATCHES DUMMY MODULE ON TIF* — The requested module is a dummy module.
- (15) *REQUESTED TXPD MATCHES MEMO MODULE ON TIF* — The requested module is a memo module.
- (16) *UNABLE TO COMPUTE — NO POSTED RETURN ON TAX MODULE* — There is no posted return associated with this specific tax module.
- (17) *UNABLE TO COMPUTE — NO TC176 ON MODULE ON TAX MODULE* — Master file has not assessed estimated tax penalty on module.
- (18) *UNABLE TO COMPUTE — RESTRICTED TC ON MODULE* — Estimated tax penalty was manually assessed.
- (19) *UNABLE TO COMPUTE — NET OF TC176/177 IS ZERO* — Net amount of a qualifying transaction and its reversals is greater than zero.
- (20) *UNABLE TO COMPUTE — REVERSED TRANSACTION NET AMOUNT IS GREATER THAN ZERO* — The reversal amount is greater than the amount being reversed. Bad data on the tax module.
- (21) *UNABLE TO COMPUTE — MODULE SHOWS NO PENALTY IS DUE* — Self explanatory
- (22) *UNABLE TO COMPUTE — TOO MANY QUALIFYING TRANSACTIONS ON MODULE TO PROCESS* — Self explanatory
- (23) *UNABLE TO COMPUTE — PROGRAM ERROR CODE XX — NOTIFY N.O. PROGRAMMER* — Self Explanatory
- (24) *UNABLE TO COMPUTE — ESTIMATED TAX BASE AMT ON RETURN RECORD IS ZERO* — This usually indicates an old module prior to 1/1/1986 and the tax base amount was not extracted to the TIF. If the tax period is after 198512, this would indicate bad data on the module and the Campus Control Staff should be notified.
- (25) *UNABLE TO COMPUTE — BMF RETURN POSTED PRIOR TO CYCLE 198627* — Necessary data for computation of estimated tax penalty is not available for extraction to the TIF from master file for returns posted prior to July, 1986.
- (26) *BMF ACCESS RESTRICTED* — Employee is not authorized to access BMF accounts.
- (27) *IMF ACCESS RESTRICTED* — Employee is not authorized to access IMF accounts.

Exhibit 2.3.41-1 (01-01-2003)

Command Code PIEST Input Request Format

	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-79	
	1234567890	1234567890	1234567890	1234567890	1234567890	1234567890	1234567890	1234567890	
1	PIEST nnn-nn-nnnnv								1
2	nn yyvymm								2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20
21									21
22									22
23									23
24									24
	1234567890	1234567890	1234567890	1234567890	1234567890	1234567890	1234567890	1234567890	
	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-79	

ELEMENT NUMBER	LINE	POS.	ELEMENT NAME	FORMAT
1	1	1-5	COMMAND-CD	PIEST
2	1	7-18	Edited TIN and File Source	For BTIF: nn-nnnnnnnn For ITIF: nnn-nn-nnnn nnn-nn-nnnn*
3	2	1-2	MFT	nn
4	2	4-9	TAX-PRD	yyvymm

Exhibit 2.3.41-2 (01-01-2003)

Command Code PIEST Output Error Display

	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-79	
	1234567890123456789012345678901234567890123456789012345678901234567890								
1	PIEST nnn-nn-nnnnv								1
2	nn yyyymm								2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20
21									21
22									22
23									23
24									24
	1234567890123456789012345678901234567890123456789012345678901234567890								
	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-79	

ELEMENT NUMBER	LINE	POS.	ELEMENT NAME	FORMAT
1	1	1-5	COMMAND-CD	PIEST
2	1	7-18	Edited TIN and File Source	For BTIF: nn-nnnnnnn For ITIF: nnn-nn-nnnn nnn-nn-nnnn*
3	2	1-2	MFT	nn
4	2	4-9	TAX-PRD	yyyymm
5	24	1-80	Error Message	

Exhibit 2.3.41-3 (12-19-2024)**Command Code PIEST Output Explanation Display**

	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-80	
	12345678901234567890123456789012345678901234567890123456789012345678901234567890								
1	ESPCOMP	MATCH		vv vv	nnn-nn-nnnnv	nn yyyy	mm	yyyyddd	1
2	ESTAX BASE AMOUNT	zzz,zzz,zz9.99	PRIOR YEAR	ESTAX BASE AMOUNT	zzz,zzz,zz9.99				2
3	AMT DUE 1ST INSTALLMENT	zzz,zzz,zz9.99	F	PERCENTAGE OF FORGIVENESS	nn%				3
4	AMT DUE 2ND INSTALLMENT	zzz,zzz,zz9.99	LARGE CORPORATION						4
5	AMT DUE 3RD INSTALLMENT	zzz,zzz,zz9.99	MAX ES PENALTY						5
6	AMT DUE 4TH INSTALLMENT	zzz,zzz,zz9.99							6
7	PMTS RECVD	nnn mmddyyyy	zzz,zzz,zz9.99	nnn mmddyyyy	zzz,zzz,zz9.99				7
8		nnn mmddyyyy	zzz,zzz,zz9.99	nnn mmddyyyy	zzz,zzz,zz9.99				8
9		nnn mmddyyyy	zzz,zzz,zz9.99						9
10	COMPUTATIONS	FROM DT	TO DT	INSTALL BAL DUE	RATE	PENALTY			10
11		mmddyyyy	mmddyyyy	zzz,zzz,zz9.99	.nnnnnnnnnn	zzz,zzz,zz9.99			11
12		mmddyyyy	mmddyyyy	zzz,zzz,zz9.99	.nnnnnnnnnn	zzz,zzz,zz9.99			12
13		mmddyyyy	mmddyyyy	zzz,zzz,zz9.99	.nnnnnnnnnn	zzz,zzz,zz9.99			13
14		mmddyyyy	mmddyyyy	zzz,zzz,zz9.99	.nnnnnnnnnn	zzz,zzz,zz9.99			14
15									15
16				TOTAL PENALTY	zzz,zzz,zz9.99				16
17				MASTER FILE PEN AMT	zzz,zzz,zz9.99				17
18		AMOUNT WAIVED	zzz,zzz,zz9.99	=	zzz,zzz,zz9.99	X nn%			18
19		NET PENALTY	zzz,zzz,zz9.99	(TOTAL PENALTY LESS AMOUNT WAIVED)					19
20									20
21									21
22									22
23									23
24									24
	12345678901234567890123456789012345678901234567890123456789012345678901234567890								
	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-80	

NOTE: Amount fields are depicted in the above screen graph and following element specifications with z's and 9's. This represents suppression of leading zeros.

Exhibit 2.3.41-3 (Cont. 1) (12-19-2024)**Command Code PIEST Output Explanation Display**

ELEMENT NUMBER	LINE	POS.	ELEMENT NAME	FORMAT
1	1*	1-7	Literal	ESPCOMP
2	1	11-18	MF-MATCH-LITERAL	"MATCH" or "MISMATCH"
3	1	31-32	B.O.D. code	vv
4	1	33-36	B.O.D. client code	vvv
5	1*	47-58	Edited TIN and File Source	For BTIF: nn-nnnnnnn For ITIF: nnn-nn-nnnn nnn-nn-nnnn*
6	1*	61-62	MFT	nn
7	1*	64-69	TAX-PRD	yyyymm
8	1*	73-79	SCREEN-JULIAN-DT	yyyddd
9	2	1-17	Literal	ESTAX BASE AMOUNT
10	2	19-32	ESTIMATED-TX-BASE-AMT See continuation on next page	zzz,zzz,zz9.99

Exhibit 2.3.41-3 (Cont. 2) (12-19-2024)

Command Code PIEST Output Explanation Display

ELEMENT NUMBER	LINE	POS.	ELEMENT NAME	FORMAT
11	2	35–62	Literal	PRIOR YEAR ESTAX BASE AMOUNT
12	2	65–78	PRIOR-YR-EST-BASE-AMT	
13	3#	1–23	Literal	AMT DUE 1ST INSTALLMENT
14	3	27–40	INSTAL-DUE-AMT 1	zzz,zzz,zz9.99
15	3	42	FARMER-FISHERMAN-DISPLAY-CD	Blank or “F”
16	4##	1–23	Literal	AMT DUE 2ND IN- STALLMENT
17	4##	27–40	INSTAL-DUE-AMT –2	zzz,zzz,zz9.99
17A	4###	47–63	Literal	‘LARGE CORPORA- TION’
18	5##	1–23	Literal	AMT DUE 3RD IN- STALLMENT
19	5##	27–40	INSTAL-DUE-AMT –3	zzz,zzz,zz9.99
19A	5####	47-60	Literal	‘Max ES Penalty’
20	6##	1–23	Literal	AMT DUE 4th INSTALL- MENT
21	6##	27–40	INSTAL-DUE-AMT –4	zzz,zzz,zz9.99
20	6##	1–23	Literal	AMT DUE 5th INSTALL- MENT
21	6##	27–40	INSTAL-DUE-AMT–5	zzz,zzz,zz9.99
22	7	1–10	Literal	PMTS RECVD
23	7**	15–17*** 47–49***	TRANS-CD	nnn
24	7**	20–27*** 52–59***	TRANS-DT	mmddyyyy
25	7**	29–42*** 61–74***	TRANS-AMT	zzz,zzz,zz9.99
26	8****	1–12	Literal	COMPUTATIONS
27	8****	15–21	Literal	FROM DT
28	8****	24–28	Literal	TO DT

Exhibit 2.3.41-3 (Cont. 3) (12-19-2024)**Command Code PIEST Output Explanation Display**

ELEMENT NUMBER	LINE	POS.	ELEMENT NAME	FORMAT
29	8****	32-46	Literal	INSTALL BAL DUE
30	8****	52-55	Literal	RATE
31	8****	67-73	Literal	PENALTY
32	9****	15-22	EST-TX-FROM-DT	mmddyyyy or literal, see **** below
33	9****	26-33	EST-TX-TO-DATE	mmddyyyy or literal, see **** below
34	9****	35-48	EST-TX-UNDERPAYMENT-AMT	zzz,zzz,zz9.99 or literal, see **** below
35	9****	53-62	EST-TX-PNLTY-RATE-FACTOR	.nnnnnnnn or blank
36	9****	65-78	EST-TX-PNLTY-FOR-TBL-ENTRY	zzz,zzz,zz9.99 or blank
36A	15\$	15-39	Literal	'4TH QUARTER EXCEPTION MET'
37	16*****	30-42	Literal	TOTAL PENALTY
38	16*****	52-65	PINEX-EST-TAX-PNLTY-AMT	zzz,zzz,zz9.99
39	17*****	30-48	Literal	MASTER FILE PEN AMT
40	17*****	52-65	TX176-177-NET-AMT	zzz,zzz,zz9.99
15A	3	47-71	Literal	PERCENTAGE OF FORGIVENESS
15B	3	73-74	EST-TX-FORGIVENESS-PERCENT	nn
15C	3	75	Literal	%
41	18+	11-23	AMT-WAIVED-LIT	"AMOUNT WAIVED"
42	18+	26-39	PINEX-EST-TAX-PNLTY-AMT-WAIVED	zzz,zzz,zz9.99
43	18+	42	Literal	"="
44	18+	45-58	PINEX-EST-TAX-PNLTY-AMT	zzz,zzz,zz9.99
45	18+	61	Literal	"X"
46	18+	64-65	EST-TX-FORGIVENESS-PERCENT	nn
47	18+	66	Literal	"%"
48	19++	11-21	NET-PENALTY-LIT	"NET PENALTY"
49	19++	26-39	PINEX-EST-TAX-NET-PNLTY-AMT	zzz,zzz,zz9.99
50	19++	42	Literal	"("

Exhibit 2.3.41-3 (Cont. 4) (12-19-2024)**Command Code PIEST Output Explanation Display**

ELEMENT NUMBER	LINE	POS.	ELEMENT NAME	FORMAT
51	19++	43–74	Literal	“TOTAL PENALTY LES AMOUNT WAIVED”
52	19++	75	Literal	“)”

NOTES:

- * If multiple screens are output, elements 1 and 3 through 6 will be displayed on each screen.
 - # If FARMER-FISHERMAN-DISPLAY-CD is present, literal will read “INSTALLMENT AMT DUE” (Positions 27–40) because Farmer-Fisherman are only required to pay one installment for estimated tax.
 - ## These elements will not be present if the FARMER-FISHERMAN-DISPLAY-CD, is significant. All remaining lines will begin on line 4 (PMTS-RECVD, etc.).
 - ### Only displayed if BMF and LARGE-CORP-IND = 1.
 - #### Only displayed if MAX-EST-PNLTY-IND = 1 (Tax Module was assessed over the maximum legal penalty) effective 1/1/2025 & beyond.
 - ** Number of lines is dependent on volume of credits.
 - *** Presence of data is dependent on volume of credits.
 - **** Line number is dependent on the volume of items 13, 14 and 15 and number of computations needed (minimum of 4 for IMF non-Farmer/Fisherman). If taxpayer meets an exception replace items 22 through 24 with the literal “vvv QUARTER EXCEPTION MET” where vvv = 1ST, 2ND, 3RD or 4TH as appropriate for the quarter and blank out elements 25 and 26.
 - ***** Floating line—display 2 lines below last computation line.
 - ***** This value represents the net of all TC17X amounts computed by Master File. The literal and the amount will only appear if there is an ESCOMP MISMATCH screen.
 - + Floating line — display 2 lines below the total penalty line.
 - ++ Floating line — display below amount waived line.
 - \$ This is an optional line if present, floats. It will appear as the last line in the computation breakdown portion of the screen.
- Line 24 will contain system paging information if multiple screens are output.

NOTE: Elements 15A–C, 31–42, and +, ++ were added temporarily due to the waiver regarding estimated tax penalty processing (due to new W–4 form).

