



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

3.49.8

AUGUST 11, 2023

EFFECTIVE DATE

(08-11-2023)

PURPOSE

- (1) This transmits revised IRM 3.49.8, *Statistics of Income Processing, Statistical Editing of Corporation Tax Returns*.

MATERIAL CHANGES

- (1) This section of the Internal Revenue Manual (IRM) is revised due to changes in the program procedures and requirements in the Statistics of Income 2022 Program.
- (2) Editorial changes made throughout the IRM for clarification. Reviewed and updated plain language, grammar, and any form or line references.
- (3) IRM 3.49.8.1(1) - Updated year from 2017 to 2022.
- (4) IRM 3.49.8.1(2) - Updated submission processing campuses to exclude Cincinnati.
- (5) IRM 3.49.8.2.2(6) - Added instruction for rounding dollar amounts.
- (6) IRM 3.49.8.2.2(6)(b) - Added additional example for rounding dollar amount.
- (7) IRM 3.49.8.2.2(7) - Added editing instructions for percentages.
- (8) IRM 3.49.8.2.3(2)(a) - Deleted line reference.
- (9) IRM 3.49.8.2.3(3) - Updated information for clarity.
- (10) IRM 3.49.8.2.4(2) - Deleted symbols 'G', 'NC', and 'P'.
- (11) IRM 3.49.8.2.4(5) - Added procedures and descriptions for the File Menu.
- (12) IRM 3.49.8.2.4(6) - Added procedures for Error Encountered.
- (13) IRM 3.49.8.2.4(7) - Moved from 3.49.8.2.4(5) due to new additions for this section. Updated the order of the Lookup tables. Added Bests, F4562, and F851 to the list of Lookup tables. Deleted Mergent's NAICS from the list of Lookup tables.
- (14) IRM 3.49.8.2.4(7)(b) - Deleted general key information for accesses lookup.
- (15) IRM 3.49.8.2.4(8) - Moved from 3.49.8.2.4(6) due to new additions for this section. Added About, Form Assignments Lookup, Kit Assignments Lookup, Editor Review Status and Reload Tif Images to the list of Help Options.
- (16) IRM 3.49.8.2.4(9) - Moved from 3.49.8.2.4(7) due to new additions for this section. Added Managers Reports, Editor Program Codes Report, Personal BBTS, and Personal OFF-4K to the list of Report options.
- (17) IRM 3.49.8.2.5(1) - Updated information for clarity.
- (18) IRM 3.49.8.2.7(5) - Added descriptions for error types.
- (19) IRM 3.49.8.2.8(1) - Added Form 8844.

- (20) IRM 3.49.8.3.1(1) - Updated year from 2017 to 2022.
- (21) IRM 3.49.8.3.2(c) - Updated information for clarity.
- (22) IRM 3.49.8.3.3(c) - Deleted instruction regarding information found on form attachments.
- (23) IRM 3.49.8.3.3(h) - Deleted instruction regarding editable fields for Section 965.
- (24) IRM 3.49.8.3.4(2) - Updated information for clarity.
- (25) IRM 3.49.8.5.3(1) - Removed table.
- (26) IRM 3.49.8.5.3(3) - Updated information for clarity.
- (27) IRM 3.49.8.5.9(2) - Updated information for clarity.
- (28) IRM 3.49.8.5.13(1) - Deleted Previous Record from the list of Help keys.
- (29) IRM 3.49.8.9(7) - Added F8 key to the list of Operational keys. Deleted F10, down arrow, F6, up arrow, page down, F7, and ALT+L from the list of Operational keys.
- (30) IRM 3.49.8.11(1)(a) - Updated page reference for Form 1120 from page 3 to page 4.
- (31) IRM 3.49.8.12(2)(d) - Updated symbol '/' to '@'.
- (32) IRM 3.49.8.12(2)(e) - Updated symbol '\-' to '!'.
- (33) IRM 3.49.8.12.1(3) - Updated industry code 522120 to 522180.
- (34) IRM 3.49.8.12.2(3)(a) - Updated industry code 522120 to 522180.
- (35) IRM 3.49.8.12.2(3)(b) - Updated industry code 522120 to 522180.
- (36) IRM 3.49.8.12.2(6) - Deleted instruction for pipeline operations or sales. Moved from 3.49.8.12.2(8) due to deletions for this section.
- (37) IRM 3.49.8.12.2(7) - Deleted instruction for geophysical surveying and mapping services. Moved from 3.49.8.12.2(9) due to deletions for this section.
- (38) IRM 3.49.8.12.2(8) - Moved from 3.49.8.12.2(10) due to deletions for this section.
- (39) IRM 3.49.8.12.2(9) - Moved from 3.49.8.12.2(11) due to deletions for this section.
- (40) IRM 3.49.8.12.2(10) - Moved from 3.49.8.12.2(12) due to deletions for this section.
- (41) IRM 3.49.8.12.2(11) - Moved from 3.49.8.12.2(13) due to deletions for this section.

EFFECT ON OTHER DOCUMENTS

IRM 1.13.8, dated 06/27/2019, is superseded.

AUDIENCE

Intended audience is SOI tax examiners at the Ogden and Kansas City Submission Processing Campuses.

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3.49.8

Statistical Editing of Corporation Tax Returns

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3.49.8.1
(08-11-2023)
**Program Scope and
Objectives**

- (1) **Purpose:** Section 3.49.8 of the Internal Revenue Manual (IRM) provides instructions for editing, perfecting data, and coding the industrial activity of selected corporations who filed Form 1120 series returns for use in the 2022 Corporation Statistics of Income program. Special instructions are provided when line references differ between the current and prior year.
- (2) **Audience:** The primary users of this IRM section include economists, statistical assistants, and tax examiners at both the headquarters office of the Statistics of Income Division in Washington, D.C. and at the IRS submission processing campuses in Ogden and Kansas City.
- (3) **Policy Owner:** Director, Statistics of Income Division.
- (4) **Program Owner:** The Statistics of Income Division, an organization within Research, Applied Analytics, and Statistics, is responsible for the administration, procedures, and updates related to the Statistics of Income (SOI) Program.
- (5) **Primary Stakeholders:** Areas within the IRS affected by the SOI program include the IRS submission processing campuses and enterprise computing centers.
- (6) **Program Goals:** A division within the office of Research, Applied Analytics, and Statistics (RAAS), the Statistics of Income Division is responsible for formulating and executing the overall statistical policies and programs of the Internal Revenue Service (IRS). Its goals include:
 - formulating and executing the statistical policies, practices, and programs of the IRS;
 - collecting, analyzing, safeguarding, and disseminating information on Federal taxation in support of tax administration, economic policy development, and financial analysis;
 - serving a broad range of users in the IRS, the Federal government, the public, and the nonprofit sectors;
 - providing statistical support within the IRS for a broad range of program evaluation and measurement analytics; and
 - leading efforts to modernize Federal statistical programs and practices through engagement with the Federal statistical community.

3.49.8.1.1
(06-27-2019)
Background

- (1) The Ogden Submission Processing Campus (OSPC) receives the files directly from MCC for pre-edit processing. All the Business Master File (BMF) data items are stored in the database although not used in editing. All data items for electronic returns are also stored on a database for use in editing.
- (2) XML Relational Database (XRDB) is a database created by extracting data from electronically filed returns received by IRS in a XML format. The data are then mapped, loaded, and stored into ORACLE database tables.
- (3) Statistical editors in two submission processing campuses access the database through terminals connected to the OSPC via the Consolidated Data Network (CDN) telecommunications lines. Each selected and reformatted record contains some pre-loaded items from XRDB if filed electronically, as well as some prior year SOI data. The editors then complete the editing and resolving of any tests which may fire during the edit process.

3.49.8.1.2
(06-27-2019)

Terms and Acronyms

- (1) Below are words that require interpretation and their definitions.

ACRONYMS AND ABBREVIATIONS	DEFINITION
BMF	Business Master File
CDN	Consolidated Data Network
EIN	Employer Identification Number
MCC	Martinsburg Computing Center
MeF	Modernized e-File
NAICS	North America Industry Classification System
N.O.	National Office (Washington, D.C.)
QR	Quality Review
QUASR	Quality Analysis and System Review
RET_ID	Return Identification Number
SCPL	Service Center-Cycle-Page-Line Count (SOI generated number)
SOI	Statistics of Income Division
TIF / TIFF	Tagged Image Format File
XRDB	XML Relational Database

3.49.8.1.3
(06-27-2019)

Related Resources

- (1) IRM 1.13, Statistics of Income

3.49.8.2
(06-27-2019)

General Procedures

- (1) The following general procedures will be used while editing corporation returns.

3.49.8.2.1
(06-27-2019)

Editors

- (1) **Editor ID** — Each editor is assigned a unique editor number which allows access to the system and provides anonymity.
- (2) **Reviewers** — Editors selected to reconcile quality review returns should be designated as a reviewer. Reviewers have special system access to functions which enable them to perform quality review analysis
- (3) **Lead Editors** — One or more editors are designated as Leads and identified as such through their editor ID. These lead editors have special system privileges and responsibilities.

3.49.8.2.2
(08-11-2023)
Entering Data

- (1) The editing program consists of two screens and is referred to as split-screen editing. One screen is referred to as the TIF image. This is the image of the return by page. The second screen is referred to as the Edit screen. This is where editors enter the data. Editors can select which side the TIF image is displayed on from the File menu.
- (2) All data entered are stored to database tables.
- (3) Entries are right justified after pressing [ENTER]. In addition, commas appear in money amount fields after the [ENTER] or [Test F10] button is pressed.
- (4) Do not enter leading zeros except when instructed.
- (5) Key negative amounts with a negative sign preceding the number. For example, a taxpayer entry of (742) would be keyed as -742.
 - a. Each negative entry on a tax return must be evaluated to determine whether it should be edited as a positive or a negative (increase or decrease). For example, if all entries on the deduction side of the income statement are shown in parentheses then do not edit them as negative numbers because the taxpayer is just indicating that they are all subtracted. If only one amount is shown as a negative, then edit it as a negative.
 - b. Some fields may be designated on the system as positive only. If a negative is entered, the field will be outlined in red and the message "Positive Only" will appear. If the taxpayer has reported the item as a negative, check the edit manual in the appropriate section for instructions. If unable to determine how to edit this field, mark for lead.
- (6) Enter all money amounts in whole dollars using rounding rules. The following are examples:
 - a. 473.06 is keyed as 473
 - b. -731.74 is keyed as -732
 - c. .03 is left blank
 - d. -.85 is keyed as -1
- (7) Unless otherwise instructed on percentages, edit the first two places after the decimal point using rounding rules. The following are examples:
 - a. .5755 is keyed as .58
 - b. .4732 is keyed as .47
- (8) When editing a Yes/No field, enter 'Y' or '1' for Yes or 'N' or '0' for No. Press [Enter] if null values are allowed.

3.49.8.2.3
(08-11-2023)
Navigation

- (1) **Edit Order** — The forms and schedules selected for editing are displayed in a specific predetermined order. Generally, attached Forms and Schedules are edited first. In many cases the bottom line of a form displays on the screen of a form to follow.
- (2) **Restrictions** — Users may navigate back and forth within a form as needed. No tests will fire until either the [TEST (F10)] button at the bottom of the screen is clicked or the [F10] key is pressed. Tests will begin to fire in the order predetermined by National Office. All fired tests must be resolved before moving to the next form.

- a. If [F12] is pressed on a form, it will go to the first line of the previous form/schedule.
- b. Occasionally, the editor may find it necessary to go back further than usual. In these cases, a particular record may be re-opened so the editor may go back as far as needed to reopen and re-edit. However, the system will take the editor through all screens from the point the return was re-opened and some tests will re-fire regardless of having passed previously. The editor must re-test all re-opened form/schedules. The fast forward key can be used to move the cursor forward to the last field on the screen unless it hits a null field. The [TEST (F10)] button will re-test each re-opened form/schedule.

- (3) **Special Function Keys** — These function keys will help navigate through the edit system and TIF image of the tax return.

3.49.8.2.4
(08-11-2023)

Screens (Edit / Display)

- (1) **Screen Design** — To the extent possible, edit screens look like the pages of the tax return. Not all tax items are edited. The non-editable items are generally not on the screen; therefore, be extremely careful to edit the amount from the correct line.
- (2) **Symbols** — The following symbols or letters may be present to the left of a screen field or right of the screen prompt:

SYMBOL	DESCRIPTION
CALC	This is the field from which the Calc. screens associated with the related schedule may be accessed.
B	This item is displayed only on this screen, but may be changed by backing up to a previously edited screen.
b	This item may be updated on the current screen or back navigate to the previously edited screen by pressing [Page Up].
*	This is a must enter entry field.

- (3) **Generated Items** — Some items are not edited, but are system computed. These items are designated by a lighter colored font. They appear on the screen, but the cursor bypasses them. They are display only and cannot be changed. However, the components used to generate this amount may be changed.
- (4) **The Back Navigate Process** — If an item is displayed which was originally edited from another form or schedule, it may not be changed on the display screen. A 'B' in the left margin identifies these items. Navigate back to the originating form to make any changes. Items marked with a 'b' are not display only and can be changed on the current edit screen or back navigate to the originating form.
 - a. With the cursor on the correct item, press [ALT+b]. The system will go back to the originating form and the cursor will be on the first field of that form.

- b. Proceed through the form using the [ENTER] key when there are no changes to make and the [BACKSPACE] key to clear a field or make a change. Tests will re-fire when the [Test (F10)] button is pressed.
 - c. When all tests have been passed or accepted and [Test (F10)] is pressed, fast forward through the forms/schedules until back at the screen that was exited. The new amount displays.
- (5) **File Menu** — this menu can be accessed using a left mouse click on “File” or pressing [ALT+F] during editing. The following options are available for editors:

FILE OPTION	DESCRIPTION
Swap Sides	Switch the position of the edit screen and TIF viewer.
Themes	Choose from Light or Dark themes for the edit screen.
Cut, Copy, and Paste	These options will remove, copy, and insert information into the edit screen.
Exit	Close the edit application.

- (6) **Error Encountered** — If an error occurs which causes the program to crash, then an Error Encountered pop-up will appear. A comment describing the steps that caused the error to occur must be entered before clicking ‘Continue’ or ‘Close Application’.
- (7) **Lookup Tables** — The Lookup tables can be accessed by left clicking the mouse on the lookup menu or pressing [ALT+L] during editing. There are 14 Lookup tables available.
- a. The following are the available Lookup tables in the order found from the drop-down arrow of the Lookup tab along with a brief description of its function:

TABLE	DESCRIPTION
Prior Year	Prior-year data for the schedule currently being edited or browsed. Available for all schedules on the main form.
Prior Year Corp Name Lookup	Displays corporation names for the prior two years.
Allocation Dictionary	Dictionary of allocation codes for cost of goods, income, deductions, assets, liabilities, and Form 8825 (1120-S only).
Bests Lookup	Browse and load annual statement information for returns.
Country Codes	All possible country codes in alphabetical order and their alpha codes used in the corporation study.

TABLE	DESCRIPTION
F4562 Amortization Lookup	Dictionary of amortization codes for the Form 4562.
F851 Lookup	Displays the corporation names and EINs from Form 851.
8925 NAICS Lookup	Searchable list of NAICS codes and descriptions.
Industry Codes	Searchable list with all possible industry codes and a description of the industry.
State Lookup	Form 1120-S returns only.
Tests Fired	Test number and the error status. The UP ARROW [↑], DOWN ARROW [↓], [PAGE UP], and [PAGE DOWN] keys are used while in the test lookup table.
Test Numbers	Page number reference for each test number in the editing manual.
TRR Calc. Browse	Browse PY Total Receipts Calculator results from anywhere within the return.
Required Forms Page Numbers	Display/Set TIF page numbers for Forms/ Schedules required to be edited.

b. The lookup tables use the following general keys:

GENERAL KEY	FUNCTION
[↓]	scroll down one line
[↑]	scroll up one line
[PAGE DOWN]	scroll down a screen
[PAGE UP]	scroll up a screen
Mouse	positions cursor at: SEARCH FIELD
[F10]	during editing-exits and enters code (only for IC/CC)
[F10]	during browse-exits without entering code (IC/CC)
[ESC]	cancels, exits and returns to edit screen

c. The SOI Industry Code lookup tables are available to facilitate industry coding. The Lookup may be accessed at any time by pressing [ALT+F6] , or by clicking on 'Lookup then 'Industry Codes' (or cursor down). When the cursor is in the FIND position, enter the full name of the item or a string of selected characters/numbers. A listing of applicable SOI industry codes will appear. There may be several index items for each SOI industry code, so the index items are grouped and highlighted by SOI industry code. The following tips can be helpful when using the online lookup:

1. Type "ELECTRI" instead of "ELECTRICAL" or "2111" instead of "211110".
 2. Type "CON" to display all industries containing the letters "CON" somewhere within the name (**contract**, **coconut**, & **consulting**).
 3. Type "OIL GAS FIELD" to search for terms with all three terms included (Oil and Gas field Services).
 4. Use [\] "Starts with" before a term to only capture words in the description that starts with the search term. Type "\CON" to display all codes with descriptions that contain words starting with "CON" (contract & consulting).
 5. Use [\-] "Does not start with" to display all codes with descriptions that do not contain a certain term. This should be used with another search term. Type "TRACT\CON" to find terms that exclude the word "contract".
 - d. To choose a code, position the cursor on that value and enter it in the field by pressing the [F10] key. The originating screen displays and the field (industry code or country code) now contains the value you selected.
 - e. If you are in the query table and do not wish to select a value, press [ESC]. The originating screen displays and the value of the field (SOI industry code or country code) remains unchanged.
- (8) **Help Options** — There are ten help options available for the editors from the **HELP** drop down list:
- a. About
 - b. Comments
 - c. Form Assignments Lookup
 - d. Kit Assignments Lookup
 - e. MOTD
 - f. View Control
 - g. View Comments
 - h. Editing Manual
 - i. Editor Review Status
 - j. Reload Tif Image

Note: Access the help tables by clicking the mouse on **HELP** at the top of the screen, or pressing [ALT+H]. View all comments while editing by pressing [ALT+F11] or by clicking on **HELP**, then **View Comments**.

- (9) **Reports Options** — The following user options are available under the **Reports** drop-down:
- a. Calendar - Monthly Production Calendar Report
 - b. Manager Reports
 - c. Editor Program Codes Report
 - d. Personal BBTS
 - e. Personal OFF-4
 - f. Personal OFF-4B (Ogden Only)
 - g. Personal OFF-4K (KC Only)

Note: Access the reports by clicking the mouse on **Reports** at the top of the screen or by pressing [ALT+SHIFT+m/d] and either Calendar or Manager Reports.

3.49.8.2.5
(08-11-2023)

Editing Pre-loaded Data

- (1) If the return was filed electronically, then the electronic data mapped by SOI will be displayed.
- (2) Pre-loaded E-Filed Data — All pre-loaded data must be reviewed for acceptability. **It is important to review this data against the image of the tax return to ensure that data were loaded correctly.** Data is loaded into database tables and displayed on the edit screen in a form or schedule for editing. Calc screen data will be loaded to the database and displayed only if the calc. screen is accessed.

3.49.8.2.6
(06-27-2019)

Consistency Test

- (1) **Validation Checks** — Consistency tests run only after the [Test (F10)] button has been pressed. Messages display at the top of the screen describing the error(s). In addition to consistency tests, system messages appear at the bottom of the screen for invalid entries, such as negative characters, invalid codes, etc. Invalid entries may also be designated with a red box outlining the invalid entry.
- (2) A single field may have numerous tests run on it. Tests are run in a specific sequence and each fired test must be resolved before the next test is performed.
- (3) When a test fires, the process stops and a message appears giving the test number, reference page for the edit manual, and a brief description of the condition. Wherever it may be helpful, computed amounts, out-of-balance amounts and other useful items are displayed in the message area. All fired tests must be resolved as they fire. On each error or validation test type, use the editing instructions to decide whether to correct or accept the test.
- (4) **Test Types** — There are six types of tests which appear in the error message. All tests begin with a Letter Prefix followed by numbers:
 - a. **M - Must Correct Tests** — The system prevents further editing until the error is resolved; however, the return may be marked for lead or exited at this point.
 - b. **E - Error Tests** — An error of some kind may exist on the return. All resolution instructions should be followed before accepting the test.
 - c. **V - Validation Tests** — Unusual conditions which are not as likely to be in error exist and need to be double checked. They may be accepted according to instructions for the particular test.
 - d. **L - Longitudinal Tests** — These tests check increases in specified items on the record versus prior year data. **"L" tests, if corrected, reduce further review at the National Office.** These tests may be accepted the according to instructions for the particular test.
 - e. **A - Automatic Tests** — Amounts may change based on certain criteria. A message displays stating "AXXX has been fired. Money amounts may change".
 - f. **W - Warning Tests** — These test fire only on Calc. Screens and are identical to M Tests that fire on the consolidated form, except they may be accepted. For correction instructions, see the corresponding M test (same test # with an M prefix).

3.49.8.2.7
(08-11-2023)
Test Resolution

- (1) No test will fire on a form until [F10] or the [TEST (F10)] button at the bottom of the form is pressed. However, the form must be tested before the edit system will move to the next edit screen. All fired tests must be resolved as they fire. On each error or validation test type, use the editing instructions to decide whether to correct or accept the test.
- (2) Use the following steps to **correct a Test**:
 - a. Press the [HELP] button in the test message box to view test correction procedures in the online edit manual.
 - b. Verify all editing is correct as reported for all affected entries.
 - c. Press the [ENTER] key or [c] to correct the test. Use the up arrow and/or the [ENTER] keys to position the cursor on the field to change.
 - d. Key in the correct amount. This will automatically clear the field.
 - e. Use [ENTER] to move forward through the form.
- (3) **Accepting Tests** — When an 'E', 'V', or 'L' test should be accepted by using the [a] key or mouse to select [ACCEPT].
- (4) **Must Tests** — Must tests may not be accepted. However, if a must test has fired, there may be times when it is necessary to exit the system. Use the following procedures:
 - a. **Exiting a Record with a Fired Must Test** — If a must test has fired and there is a need to exit the system, without marking the return for lead, to research the problem:
 1. Press [ESC] to exit the return.
 2. Continue the EXIT process.
 3. The record will remain marked as incomplete.
 4. To access the record later, choose EDIT from the 1120 Main Menu and enter the SCPL then press continue.
 5. The system will go back to the form where editing was left off. Either resolve the error or mark for lead.
 - b. **Marking a Fired Test Record for Lead Editor Review** — If a test cannot be resolved or has instructions to mark for lead, use the [ALT+F8] or the mouse to click "EXIT" then "MARK FOR LEAD EDITOR".
 - c. **Exiting a Record to Re-Open** — To resolve a test it may be necessary to re-edit a portion of the return. It is possible to re-open a return by using the following procedure: Press [ALT+o] use the mouse to click "EXIT" then "RE-OPEN THIS RETURN". The Re-Open Screen then displays.
- (5) **Error Type** — There are four types of errors. They describe the status of tests that have fired.
 - a. **Error (E)** — Test has not been accepted or corrected. It is still in error and must be resolved.
 - b. **Accepted (A)** — The test has been accepted. No correction was necessary.
 - c. **Corrected (C)** — The reason that caused the test to fire has been corrected.
 - d. **Use FDIC (F)** — 'Use FDIC' was selected. No change was made due to criteria not being met.

3.49.8.2.8
(08-11-2023)
Un-edited Forms

- (1) The following credit Forms will not be edited along with the return to which it is attached. The data from these forms will still be collected and processed by SOI. The data will be loaded or inserted into our database and error corrected by National Office since few forms are reported. **During pre-edit, editors will still need to identify and select these forms at Form Selection** although they are not required to edit them. If the form is present but no money amounts are reported, then do not select the form and leave a comment. Make sure to leave a comment. This process applies to Forms 6478, 8609-A, 8820, 8826, 8834, 8844, 8845, 8864, 8874, 8881, 8882, 8896, 8910, 8911, and 8936.

Note: If no money amounts are reported, then do not select the form and leave a comment.

3.49.8.3
(06-27-2019)
Getting Started

- (1) This section provides general editing instructions for all return types.

3.49.8.3.1
(08-11-2023)
SOI Processing Main Menu

- (1) There are two user tabs available to lead editors from the main 2022 Corporation Processing Screen (Returns Processing and Misc. Tools). Within each of these tabs, additional options are available based on the user type "L" = Lead, "R" = Reviewer, and "E" = Editor.
- (2) The following user options are available under the **Returns Processing** tab:
 - a. **"L,E" Edit** — Select this option when accessing a record on the database for editing. You may also re-enter a return through this option if a return is in "I" status.
 - b. **"L,E" Quality Review** — Select this option to second edit a return selected for QR.
 - c. **"L,E" Browse (Returns)** — Select this option to review either a selected schedule or the entire return.
 - d. **"L,E"PY Browse** — Select this option to browse a PY return using the CY SCPL.
 - e. **"L,E" Re-Open (Returns)** — Editors and leads select this option to release returns and make editing corrections.
 - f. **"L" Drop** — Leads or Statistical Assistants (SA) select this option to reset all tables for an SCPL.
 - g. **"E" Reject** — Select this option to reject a return using a valid reject reason code.
- (3) The following user options are available under the **Misc Tools** tab:
 - a. **"L" Communication Log** — Leads select this option to access returns marked for Lead by editors.
 - b. **"L" OFF17, Special Industry Review** — Leads select this option to perform review of selected industry codes.
 - c. **"L,R" Quality Review Status** — Leads and Reviewers select this option to access the Quality Review system.
 - d. **"L,E" QUASR Performance Status** — Editors select this option to view their personal QR data. Leads can view the report for all team members.

3.49.8.3.2
(08-11-2023)
**Return Identification
Screen**

- (1) From the 1120 Main Menu, after selecting EDIT, entering an SCPL, and pressing [CONTINUE], the Return Identification Screen displays when entering the EDIT mode for the first time:
- a. **RETURN-TYPE** — Use the mouse and select the return type that matches the return document:

RETURN TYPE	RETURN TYPE NUMBER
1120-S	02
1120-L	03
1120-RIC	04
1120-F	05
1120-REIT	06
1120-PC	07
1120 Consolidated	08
1120 Non-Consolidated	20
1504(c)	09, 10, 14

Please be sure to verify the return type. It is important to select the correct return type on this screen. If the incorrect return type is selected, the return will need to be dropped by a lead or Statistical Assistant (SA). This will delete all editing that has been performed on the return.

A consolidated return is a single income tax return containing combined financial data for a parent corporation and one or more subsidiary corporations. The return name may include the words "and subsidiaries", "and consolidated subsidiaries", "and affiliated companies" or the like. A consolidated return may be identified when the "Consolidated Return" box 1A is checked on the front page of the return; a Form 851 is present, separate returns are attached for the parent and each subsidiary, and/or attachments show reporting information for subsidiaries.

Electronic filed returns usually file a separate Form 1120 for each member of the consolidation.

Paper filed returns usually include supporting schedules which show the following items in detail for each corporation included in the consolidation: income, deductions, and computations of taxable income; reconciliation of earned surplus; and assets and liabilities at the beginning and end of the taxable year. Each of these schedules is usually prepared in column showing the breakdown of reported items. The following format is one commonly used by corporations in preparing their schedules:

Consolidated Total	Eliminations & Adjustments	Combined Total XY	X corp. (Parent)	Y corp. (Subsidiary)
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Most non-life insurance companies file on Form 1120-PC. However, certain small Other Insurance Companies (most often title insurance companies) file on Form 1120 or 1120-S. These returns should be edited at their regular edit location (they do not need to be sent to Ogden). The editor should select the appropriate return type and assign industry code 524210 or 524290.

If the return type needs to be changed to an 1120-L or 1120-PC it will need to be edited at the Ogden Processing Submission Center (OPSC). Exit the return and refer it to the lead editor as it will need to be assigned to OPSC. The return may need to be dropped and transferred to Ogden.

If the return was consolidated last year and is coded as non-consolidated this year (or vice versa), a system message appears alerting you to verify the return type.

If a return needs to be converted to a different return type then mark for lead with the Problem Description "Conversion".

- b. **REVISION YEAR** — Enter the form revision year of the Form 1120. If there are any questions or if something is not clear, mark return for lead.
 - c. **(STORED) TOTAL ASSETS** — The cursor prompts for total assets. Enter total assets from the Schedule L. If Schedule L is blank or not reported, then please edit from page 1, line D (1120, 1120-RIC), line E(1120-REIT), or line F(1120-S). Otherwise, edit as zero. Enter total assets from page 1 of the return when it matches end of year total assets from Schedule L, line 15d. If assets from page 1 and Schedule L do not match, enter from Schedule L. If the Taxpayer did not file Schedule L, enter the page 1 amount. Always pick up end of year total assets. For Form 1120-F, always enter total assets from page 7, Schedule L, end of year. If an incorrect amount is entered, then re-access this field by exiting and re-starting this return. This field may determine whether some tests will be performed. Some tests fire only if total assets are greater than \$250,000,000 (unless otherwise stated).
 - d. **REJECT SELECTION** — Select the [REJECT] option using the mouse.
 - e. **TEST [F10] SELECTION** — Select the TEST [F10] option using the mouse or [Enter] key to access the Form/Schedules Selections screen.
 - f. **EXIT SELECTION** — Select the [EXIT] option to exit the return.
 - g. While on the Return ID Screen, if it is necessary to go back to the previous field to make a change, use the mouse. If the [ESC] key is used on the Return ID Screen, all previously entered fields will have to be re-entered the next time the same SCPL is entered.
- (2) **Re-entering EDIT mode to continue** — After entering the SCPL and pressing the [Continue] button, the system will move to the screen last accessed with the cursor at the first field on the screen.

3.49.8.3.3
(08-11-2023)

Form/Schedule Selection Screens

- (1) A form/schedule selection screen unique to each return type displays. Carefully scan through the image/return, when a form is found to edit, use the mouse to select/check the form selection box related to that form/schedule. When a form is selected, the system will automatically load the current page number of the image next to the form in the 'Pg' box. The page number may also be typed into the 'Pg' box. The system then navigates to the designated page of form/schedule when the edit screen is accessed. Some schedules located on the

core pages of the 1120 and associated return types will have page numbers pre-loaded. If the pre-loaded page numbers are incorrect, you may type in the correct page number.

- a. The Forms Found section located at the top of the Form Selection screen will identify any Forms the system reasons is attached to the return. Editors should reconcile all Forms/Schedules in the Forms Found section with those selected for editing and leave a comment explaining why any Form shown in Forms Found was not selected for editing.
- b. If a Form/Schedule is blank or has no information reported on edit fields then do not select that Form/Schedule.
- c. Certain screens display for all returns and are excluded as options on the selection screen. These include the entity, other info, Sch. N, income/ deduction, taxes/payments, and balance sheet.
- d. Certain items are available on the form selection screen to be pre-edited. You may also mark that certain forms are attached while pre-editing or browsing the return. For forms that have multiples attached, there are boxes to edit the number of these forms that are attached. This number will then display when you get to the edit form to remind you how many forms you should edit.
- e. **Special Instructions for Form 3800** — When any of the following general business credit component forms are selected, check if the 3800 needs to be selected. The component forms are as follows:

FORM	TITLE
Form 3468	Investment Credit
Form 5884	Work Opportunity Credit
Form 6765	Credit for Increasing Research Activities
Form 8586	Low-income Housing Credit
Form 8835	Renewable Electricity Production Credit
Form 8846	Credit For Employer Social Security Taxes Paid on Certain Employee Cash Tips
Form 8820	Orphan Drug Credit
Form 8844	Empowerment Zone Employment Credit
Form 8941	Credit for Small Employer Health Insurance Premiums

- f. After selecting all forms and schedules needed, press the [F10] key to go to the next screen.

- (2) **Corrections to Form/Schedule Selections** — The form/schedule selection screen may be accessed at any point in the edit process to correct selections made on the first pass. Additional screens may be selected or previously selected screen may be de-selected. Press [ALT] and the right arrow key (or use the mouse) to access the “EXIT” menu in the banner at the top of the screen. Use the down arrow key to access the drop down list and place cursor on “Exit to form selection screen.” Any form already completed is marked with a ‘D’. Move the cursor to the point of correction and either clear the ‘check’ by using the mouse, or use the mouse to enter a ‘check’ depending on de-

selecting or selecting a form, and press either the [F10] key or the [DO] button to confirm your selection. Make as many changes as necessary.

Note: Only de-select a form/schedule that is not completed yet (i.e. marked with a 'check'). If you want to de-select a form that has been completed, you must release the return at or before the appropriate schedule. In following this procedure, you may select a form that would normally have been edited before forms or schedules you have already completed. Since forms need to be edited in a specific order, the system places you where you indicate, but takes you through all subsequent (selected) forms even if they have already been edited. You will need to press [TEST] at the bottom of each form [ENTER] through these forms to re fire all tests. Use the Fast Forward [↓] key to get to bottom of the screen faster or simply use the mouse to press the [TEST] button at any time.

3.49.8.3.4 (08-11-2023) Return Completion Screen

- (1) After the last form or schedule is edited, the Return Completion Screen will come up along with a comment box. Enter any applicable comments and [F10] to leave the comment box. To view all previous comments, use the [F8] key. If there are no comments to enter, use the [ESC] key to exit the comment box.
- (2) The system will display a screen with the buttons [FINISH], [EDIT], [MERGE] and [EXIT]. The [FINISH] button is highlighted except for a return worked as a 1504C then the [MERGE] will be highlighted. Press [ENTER], if editing is complete, to execute the Return Completion process. Use the mouse to select [EDIT] to go back into the return or [EXIT] to leave the return without completing it.
 - a. Computed amounts are generated at return completion. If any computed amount becomes negative, then a message will appear stating **Negative computed error. Notify N.O.** If a computed amount is in error, then a message will display **Computed data error. Notify National Office.** Notate the field and amount. Afterwards, press [ENTER] and a message will pop-up that says the return is incomplete. Acknowledge the message. It will automatically exit the return. Re-open the return to the form/schedule of the field in error. Verify that all amounts are edited correctly per edit instructions. If unable to correct the amount indicated in the message, then mark the return for lead and enter the information from the message in the mark for lead screen.

3.49.8.4 (06-27-2019) Rejecting Records

- (1) **Rejecting from the Return ID Screen** — Do not just use the reasons as listed on the reject code screen as they are too abbreviated to use alone. If you are on your initial pass through the RETURN ID SCREEN for a record and you can determine that the return needs to be rejected, select the [REJECT] button at the bottom of the return-id screen.
 - a. The REJECT CODE SELECTION SCREEN displays a drop down listing of valid reasons why a return may need to be rejected. Use the [↑], [↓] or the mouse to make your selection, and press [ENTER].
 - b. A screen with DATA ELEMENTS TO VERIFY ON REJECT CODED RETURNS displays. Edit corporation name, EIN, ending accounting period, date incorporated, prior year EIN, PBA code and SOI industry code according to instructions for the entity and other information screens for the appropriate form type.

- c. After entering all necessary data, the return comment field automatically displays for you to document why the return was rejected. After entering any comments, press [F10].
- (2) **Rejecting While in the Return** — If you have begun editing the return and realize that it should have been rejected, press [ALT+r] or mouse click to EXIT then “Exit to Reject Screen”.
 - a. The REJECT CODE SELECTION SCREEN displays. Follow steps 1(b) through (c) above to reject code the record.
- (3) If a return is rejected in error, then the lead editor must drop the return.

3.49.8.5
(06-27-2019)
**Work Screens and
Enhancements**

- (1) Several online editor aids simplify some of the more cumbersome and time-consuming editing processes. These include work screens for industry coding, consolidating non-consolidated income statements and balance sheets and allocating amounts out of catch-all fields on the income statement and balance sheet. Some of the enhancements are the lookup screens, online general calculator, online comments field, on-line help screens and return information screen.

3.49.8.5.1
(06-27-2019)
Industry Sources Screen

- (1) This work screen was designed for two reasons: 1) provide a screen of data items that may aid you in selecting an industry code and 2) record the results of research in the database for future use. The work screen will automatically appear following the Form Selection screen (for non-consolidated returns) or the Total Receipts Calculator (for consolidated returns) in the navigation order. The [Test (F10)] button must be pressed to leave this work screen.
- (2) This section only gives instructions related to accessing and using the Indy Sources screen.
 - a. The Indy Sources screen displays:
 - 1. Current SOI Industry code from current and 2 prior year files.
 - 2. PBA Code from current and 2 prior year files.
 - 3. Largest Sub from current and 2 prior year files.
 - 4. Total Assets from current and 2 prior year files.
 - 5. Gross Receipts from current and 2 prior year files.
 - 6. Total Dividends + Interest from current and 2 prior year files.
 - b. Industry Code comments must be entered for all returns. Enter information about research method. Use the [F8] key to display current year comments. The [F8] key allows the user to access all comments, including industry code comments from prior years (when available). Use the [ESC] key to return to the Indy Sources screen.
 - c. For Consolidated returns: The Total Receipts (TRR) Calculator must be used prior to completing Indy Sources. The editing system will automatically bring up the TRR Calc. and Indy Sources after Form Selection has been completed.
 - d. Once Indy Sources has been completed, press [Test (F10)] to proceed to the next form.
- (3) The **Industry Code Lookup Table** may be entered while in the Indy Sources screen by pressing the [Indy Code Lookup [(ALT+F6)]] button or at any time during editing by using the Lookup Menu.

- (4) Changes to the SOI industry code must be made through the Indy Sources screen. Any time the industry code is researched, whether changed or not, record any research on the Indy Sources screen.

3.49.8.5.2

(06-27-2019)

**Calculator Screens
(Calc. Screens)**

- (1) The Corporation SOI study requires consolidated data. On occasion, the taxpayer files returns for the individual corporations within the group without providing a consolidated return. In these cases, the editor adds amounts across all returns or attachments and edits the sum. Calc. screens aid in this process. If a calc. screen is accessed for an e-filed return, the e-filed data will be loaded into the calc. edit screen.
- (2) Calc. screens are provided for the income statement, balance sheet, Forms 4562, 4797, 8825 and 8916-A. All return types will have calc. screens for their associated Forms 4562, and 4797. The 1120-RIC, and 1120-REIT will not have the calc. screens available for the income and balance sheet, but do have the online general calculator available.
- (3) To access the calc. screens:
 - a. The field from which you may access the calc. screen for a particular schedule is identified with a 'C' to its left. Position the cursor on this field and press the [F4] key to access calc. screens or click on the [CALC] button.
 - b. A calc. screen displays a list of all items that may be edited for that screen. The calc. screen covers the existing numerical fields on the screen so it appears that the original screen is being edited. An indicator shows the subsidiary number at the top. Edit these fields for the first return or attachment using the appropriate editing instructions in this manual. The calc. screens may enforce positive only, numeric, etc. element constraints, i.e., the same constraints as the regular edit screens.
 - c. Enter an amount on each appropriate field of the calc. screen. Test may fire within each calculation screen. If the totals do not add up, a warning message "**Out of balance by : [difference]**", will display. The [ENTER] key can be pressed to continue. If the [ESC] key is pressed on any item on the calculation screen the question "**Do you want to exit the calculation process?**" displays to confirm the exit.
 - d. Items that came from previously edited schedules are not included on the calc. screens. By definition, they have already been edited. Income is an example of having items (Total Dividends) that were previously edited and therefore the totals for subs could not be tested. However, you may use the back navigate process described in Section 8.2.4:(4) if you need to return to them after the calc. screen process is complete.
 - e. When [ENTER] is pressed on the last field of the first calc. screen, a blank calc. screen displays for entering the next subsidiary's information. The calc. screens for each subsidiary are numbered to keep track of them.
 - f. Blank calc. screens continue to display until all subsidiaries' information is edited. [ALT+F12] and [ALT+F10] keys can be used to go backward and forward between each SUB (calculation screen). A message displays when you are at the first or last sub group. When you have finished entering all data, press [F10]. Every field will be summed across all subsidiaries. The cursor will be positioned at the first field on the screen from which you exited and you must complete the form.

- g. To erase a whole subsidiary, press [F5] while positioned on that subsidiary within the calc. screen.
 - h. To retrieve the calc. screens, press [F4]. Changes can be made, and when you press [F10], all amounts will be re-calculated and displayed. You may retrieve the calc. screens and make changes as often as needed until you have exited the last screen associated with the schedule.
- (4) If it is necessary to make changes to a field after all calculations have been totaled, you do not need to re-enter the calc. screens. Any changes can be made directly on the screen.
- (5) **Online general calculator** — When [F11] is pressed, a "mini" on-line general calculator in the form of a pop-up window displays on the edit screen. This calculator can be used on all money fields on any return, schedule, or attachment. The display shows the total amount entered. The general calculator operates like a standard adding machine.
- To move the calculator, use the mouse to click on the dark blue banner at the top of the calculator. Click and hold the left mouse button and drag the calculator to the desired location on the screen.
- After each amount, press [ENTER] to add or [-] to subtract. Pressing [F8] clears the entire calculation, [F6] reverses the sign of the current entry and [F5] clears the current entry.
- a. When [F11] and [Enter] are pressed, the amount from the edit screen for the line item entry from which the calculator was accessed, if it is a numeric field, is entered on the calculator screen.
 - b. To exit the calculator without bringing an amount forward, press [ESC]. Press [F10] to load total amount, from calculator, onto edit screen.
 - c. When [F9] is pressed, the entire contents of the general calculator tape are printed, even the entries and calculated values that are not currently displayed.
 - d. The Backspace key removes the last character from the display. [F3] will increase or decrease respectively the number of digits where the decimal point display is positioned. The default is set at zero.

3.49.8.5.3
(08-11-2023)
Allocation Screens

- (1) The allocation screens are available for the following forms and their corresponding fields:
- a. Income Statement — Other Income, Other Deductions, Farm Income
 - b. Form 1125-A, Cost of Goods — Other Costs, 263A Costs
 - c. Balance Sheet — Other Current Assets, Other Investments, Other Assets, Other Current Liabilities, Other Liabilities
 - d. Form 8825 — Other Expenses
- (2) Refer to editing instructions for further information on the specific fields to which amounts may be moved from these "other schedule" attachments.
- (3) After the form is completed and in balance, the cursor moves to the ALLOCATION field. If you need to allocate amounts from an "other" field, press the [Allocation] button or the [F3] key. Otherwise, press [Test (F10)] or [F10] to bypass the allocation process and continue to the next form
- a. The [PAGE DOWN] and [PAGE UP] keys will allow you to move back and from between allocation fields within the form (refer back to (1) for these fields).

- b. An allocation pop-up utility will display a list of items from schedules available to allocate if the return was e-filed. The utility may be used to allocate by way of the utility's right-hand column, where allocation codes should be entered.
- (4) Each allocation screen for a particular **source field** (the field from which money amounts are moved) "pops up" over the existing screen. On the right, the screen lists fields where amounts may be moved: **destination fields**. Each field has a unique two letter code assigned to it. The left side of the screen is a worksheet for allocation amounts to these coded fields. Both positive and negative amounts may be allocated; see Exhibits 3.49.8-58 for income statement restrictions and 3.49.8-63/64 for balance sheet restrictions.
 - a. Go through the appropriate taxpayer attachments and determine money amounts that need to be moved. Then, enter the code and money amount on the allocation screen.

Example: If \$10,000 should be moved from Other Costs to Rents: on the Other Costs ALLOCATION SCREEN, enter "RT [ENTER] 10000 [ENTER]."

- b. A highlight bar indicates where the cursor is positioned for allocation entries. At this point, [ALT+L] can access prior year info; using the mouse to click on [ALLOCATION] will access prior year allocations.

On e-filed returns, the list of items with descriptions and amounts for a source field will appear below the aforementioned allocation utility. An allocation code may be entered on the right-hand column of this list to conduct an allocation for a particular item. The allocated item will then be highlighted yellow to signify that you made an allocation.

- (5) A running total of the source field is displayed at the top of the allocation screen. This running total displays how much is left for allocation in a particular source field.
- (6) Enter as many items as you find that require allocation to another field. They may be entered in any order, within each allocation screen. More blank fields will display when you press [ENTER] on the last field. To change or correct an entry:
 - a. The Backspace key or [CTRL +U] clears an individual field (either the money amount or code field).
 - b. The [F5] key deletes an allocation (both the money amount and code fields).
- (7) After you complete entering amounts for allocations within the first source field, press [PAGE DOWN] to display the next source field. Upon completion of allocations, press the [ESC] key, which will prompt the following question: "**Do you want to exit the allocation process?**" **YES/NO**. You must answer either Yes or No to confirm the exit. Alternatively, you may press [F10] to complete the allocation process. After either of these actions is performed, the following step occurs:
 - a. All amounts for each code are summed.
 - b. The summed amounts are added to the destination field and subtracted from the source field.

Example: The summed gross receipts amount is subtracted from Other Income and subsequently added to Gross Receipts. However, for allocations

made for Intangible Drilling Cost and Amortization, the amounts are not subtracted out of Other Deductions. In these cases, these amounts only act as a flag to signify that such items are present.

- c. The originating screen will display the cursor on the Allocation field. All necessary tests will run and you will be prompted to resolve any failed tests.
 - d. The allocations you made will cause corresponding source and destination fields to be in a bold red font. When you editing for the form is complete, enter [C] in the allocation field and press [ENTER]. A message may pop up notifying you that money amounts were moved. You will notice that allocations will conduct automatic computations; there is no need to manually recalculate any amounts.
 - e. If you deem that additional items need to be allocated, then go back to the form and press [F3] to re-enter the Allocation screens.
- (8) Unless otherwise instructed in the edit manual, movement from other categories should always be made through the allocation screens. The screens may be accessed as many times as deemed necessary. Changes must be made by re-accessing the ALLOCATION SCREENS using the [F3] key. For this reason, it is recommended that a schedule be perfected before any allocations are made.
- (9) Certain tests only fire after allocations have been completed. See the specific form instructions for these associated tests.

3.49.8.5.4
(06-27-2019)
Online Comments

- (1) Note any peculiar taxpayer entries, confusing situations, or instruction in the editing manual in comment windows accessed from any point on the return by pressing [F6]. **Access Current Year comments by pressing [F8]**. Use the mouse to select **HELP** then 'View All Comments' or press [F8] to access online comments from prior years when available.
- (2) After entering all comments, press [F10] to save them. [ESC] exits the screen without saving comments. Use the Backspace key or to erase all comments.
- (3) This screen displays automatically before the completion of a return. The comment screens can also be viewed in the browse mode.
- (4) When a comment has been entered the comment will display with:
 - a. The date the comment was made.
 - b. The form the comment was made on because of this comment should be entered on the applicable form.
 - c. "ED1" for first edit, "ED2" for second edit, or the Editor number if the comment was made by an editor with SA, Lead, or Reconciler access.
- (5) Once a comment is entered and saved the comment cannot be deleted or edited.

3.49.8.5.5
(06-27-2019)
Fast Forward Key

- (1) When the fast forward (down arrow) key [↓] is pressed on an un-edited form or schedule, the program will zero-fill all numeric fields. The down arrow process will stop when a character field is encountered on some schedules, notably the Form 4797, Schedule D, Income/Deduction, Schedule J, and Balance Sheet, the down-arrow will not zero-fill when editing.

- (2) When a form or schedule has already been edited, this key moves the cursor forward to the last field on the screen unless it hits a null field.
- (3) The [ENTER] key must be hit before the [↓] key can be used again. The [Test (F10)] button must be pressed at the end of the screen to move to the next screen.

3.49.8.5.6
(06-27-2019)

Fast Backward Key

- (1) To move back several screens re-open the return at the designated schedule and re-edit from there.

3.49.8.5.7
(06-27-2019)

Online Help Screens (Test Correction Procedures)

- (1) Test correction procedures from the online editing manual are available to assist with correcting tests as they fire by pressing the [Help] button inside the appropriate test message box. Online help is also available with using the Total Receipts Calculator and can be accessed anytime during editing by accessing the **HELP** or use the mouse to click on the Help menu and select 'Editing Manual'.

3.49.8.5.8
(06-27-2019)

Return Information Screen

- (1) During editing, some return information might be helpful. Select **HELP**, then 'View Control' or [ALT+T] is selected by the mouse during the editing process, the return information will be displayed on top of the editing screen. Click on the [EXIT] icon or press ESC key to return to the regular editing screen. This information is available to lead editors and N.O. analysts only.

3.49.8.5.9
(08-11-2023)

Prior Year Lookup

- (1) The Prior Year Lookup function displays current year data for all fields as well as data on any 1120 schedule from the two prior years.
- (2) In order to access the prior year lookup, press [ALT+J] or click on the **LOOKUP** menu on any schedule and then select 'Prior Year'. A different form may be selected to view PY data once in the PY lookup feature. For any schedules with allocation screens, the prior year allocations can be accessed by pressing the [ALLO BROWSE] button.
- (3) While in the Prior Year Lookup for the balance sheet or income and deductions press the [Allocation] button at the bottom of the screen, to access the lookups for the allocation screens Allocation look-up for Form 1125-A can only be accessed from the income / deduction statement form.

3.49.8.5.10
(06-27-2019)

Asset, Liability, Income, Deduction and Other Costs Code Lookups

- (1) The asset and liability code lookups display all dictionary items for their respective sides of the balance sheet. The columns are arranged in the order of current asset/liabilities, non-current asset/liabilities, and running schedule (see 3.49.8.43 for more information). The income and deduction code lookups display all dictionary items for their respective sides of the income statement. The other costs code lookup display all dictionary items that may be allocated within 1125-A. The two-letter code refers to the field to which the amount is allocated.
- (2) [ALT+F5] gives you the allocation dictionary after dictionary is open click the mouse in the "Search On" box and enter a specific term.
- (3) If the lookups were entered from the allocation screens, pressing [F10] next to a term enters the code into the code field. For the balance sheet, pressing [ENTER] toggles between current/non-current/ and running schedule codes.

- (4) Allocations should be made on the sub-consolidated level if the total of the subsidiary statements plus eliminations equals the amount reported for the field. If these amounts do not match, and the consolidated statement does, edit from on the consolidated level. Some terms in the dictionary should only be allocated for certain industry codes. The term will appear with the specific industry code in brackets.
- For non-consolidated returns, allocate according to the industry code edited for the return.
 - For consolidated returns with 21 or more subsidiaries and amounts **are not** pre-loaded on allocation screen, or no consolidated statement is attached, allocate according to the industry code edited for the return.
 - For consolidated returns with 21 or more subsidiaries and amounts **are** pre-loaded on the allocation screen, allocate according to the industry code for each subsidiary.
 - For consolidated returns with 20 or fewer subsidiaries allocate according to the industry code for each subsidiary.
- (5) When searching for a term, it is recommended that you search for a portion of one word within the reported term.

Example: If you are conducting a search on a reported term: "collateralized mortgage obligations ", you should search for:

- "obligation" instead of "obligations" or
- "collateral" rather than "collateralized".

- (6) Only allocate terms found in the Dictionary. If you believe there to be a mistake or inconsistency, mark for lead. When in doubt, leave the amount where it was reported unless the following applies;
- Any term not specifically found in the Dictionary but appears similar or related and is associated with an amount of over \$15 million (on the Income Statement) or \$25 million (on the Balance Sheet) or high reporting frequency should be marked for lead** to notify National Office for research. If a term is not found in the Dictionary and does not meet either of the aforementioned requirements, leave the amount where it was reported.

Exception: When a single money amount is accompanied by a description of a series of like items followed by "etc.", allocate the amount to the destination field. Otherwise, when a single money amount is accompanied by a series of unlike items and the amounts cannot be properly separated, leave the amount where it was reported.

- (7) The Dictionary terms use a series of symbols and guidelines, which are important to know for purposes of navigating the Dictionaries.

- / - Slashes are used to represent "and/or".

Example: The term "Fixed assets/capital" may be deciphered to read as any of the following:

- Fixed assets
- Fixed capital
- Fixed assets and capital

- () - Parentheses are used to represent an optional presence.

Example: The term “ESOP (expense)” may be deciphered to read as either of the following:

- ESOP
- ESOP expense

- c. [] - Brackets are used to represent a note to the editor. Information enclosed within brackets may note anything from industry codes to edit manual page references.

When one or more industry codes are enclosed in brackets, please only allocate the term and associated amount when the industry code falls within the listing of codes.

Example: The term “Contracts [236110 - 238900]” should only be allocated within industry codes that fall between 236110 and 238900.

Exceptions to the allocation may be enclosed in brackets. Please remember to leave these exceptional items where they were reported.

3.49.8.5.11
(06-27-2019)
Test Number Lookup

- (1) The test number lookup is an online page reference for all tests in the editing manual. Press [ALT+U] or click on **LOOKUP** and select ‘Test Numbers’. All test numbers will display in alpha-numerical order. Search for a specific test number reference entering the test number and then pressing the [F10] key.
- (2) If more than one page number is listed for a specific test, it means that there are form types which have separate editing instructions for that test. The page numbers are listed in numeric order and correspond to the order the form types are listed in the manual.

3.49.8.5.12
(06-27-2019)
Reserved

- (1) This subsection is reserved for future use.

3.49.8.5.13
(08-11-2019)
Help Keys

- (1) Listed below are some examples of the more common functions / keys used during editing.

Function	Key
Delete	F5
Delete Backwards	Backspace
Enter Comments	F8
Exit	Esc
SOI Calculator	F11

3.49.8.6
(06-27-2019)
Exiting the Return

- (1) After completing all mandatory and selected forms and schedules for any return type, a return exit screen displays. On this screen, [FINISH], [EDIT], and [EXIT] buttons will display.

- a. To get back into the return, click on the [EDIT] button with the mouse. From here the editor can follow the usual procedures for re-editing an already completed form or schedule.
 - b. If the return is complete, click on the [FINISH] button as instructed. It is at this point that the record is marked on the system with an edit status code of 'C' for complete.
- (2) To exit a return during editing use the [ESC] key or click on the "EXIT" menu in the banner at the top of the screen.

Note: There are some screens that cannot be exited from. In these cases, a message displays preventing your exit.

- (3) The EXIT MENU option allows options for exiting the return. To choose an option, use the down arrow key to access the drop-down list and place cursor on your choice and press [ENTER]. (or use the mouse to select the menu and menu options).
- a. MARK FOR LEAD EDITOR [ALT+F8] — This is to mark a problem return for lead editor review. One case would be the presence of an unresolved Must Test. The editing status is set to "L" for Lead Editor review.
 - b. EXIT TO FORM SELECTION SCREEN [ALT+G] — This is where changes to form selection are made while in the edit process.
 - c. EXIT TO REJECT SCREEN [ALT+R] — Used for rejecting a return after starting it.
 - d. RE-OPEN THE RETURN [ALT+O] — To re-edit a portion of the return, the re-open option is available without exiting to the main menu.
 - e. BROWSE THE RETURN [F6] — To browse the return, this option is available without exiting to the main menu.

3.49.8.7 (06-27-2019) Lead Editor Options

- (1) The lead editors have special system privileges and responsibilities on the system. Each submission processing campus defines program responsibilities for its senior editors which involves monitoring editing progress, answering editor questions, contacting National Office analysts when needed, etc. The utilities are available under the "Misc Tools" Menu and include:
- Communication Log
 - Quality Review Status
- (2) **Review Records Marked for Leads** (Misc. Tools) — When an editor has trouble resolving an error on a record, the editor has the option to exit the return and designate it as needing lead editor review. The record is given an edit status of "L" - needing lead editor review. Each submission processing campus sets up a system for handling lead editor review records.
- a. To access returns that have been marked for lead select "Communication Log" in the Misc Tools tab. Five tabs will display, "Communication Logs", "Log Detail" and "SA Logs", "Lead Logs", and "Analyst Logs".
 - b. A list of SCPLS will display along with:
 1. The Comm Log number
 2. Unit
 3. Status – displays who the SCPL is assigned to Lead, S.A., Analyst or Back to Lead.

4. ED – displays 1 for first editor, 2 for second editor, 3, 4, or 5 for 1504C returns.
 5. CC – displays when the return is a Critical Case record.
 6. Return Type – displays the type of return.
 7. Schedule – displays where the return was marked for lead.
 8. Problem – displays the problem type selected by the editor.
 9. Problem Description – displays the problem description that correlates to the problem type.
 10. Analyst – displays the name of the S.A. or Analyst who the SCPL is assigned to.
 11. SA Date – the date the SCPL was assigned to the S.A.
 12. The last column will have a Y if the comm log is in review
- c. To navigate:
1. To view a comm log, use the mouse or Up and Down arrow keys to choose the SCPL. Click on the “Detail” tab.
 2. Use the scroll bar on the right of the screen to scroll down or up a full screen.
 3. Use [ESC] to exit.
- d. The Log Detail Screen will display the same information listed above, as well as the comments made by the editor. There are buttons on the bottom for:
1. Prev – the system will go to the previous comm log in the list.
 2. Send Log – the system will forward the comm log to the S.A.
 3. Browse SCPL – the system will allow the TIF and edited data to be browsed.
 4. Cancel – the system will return to “Lead and S.A. List”
 5. Next – the system will go to the next comm log in the list.
- (3) **Reset tables for an SCPL (Dropping Returns)** (Returns Processing Menu) — Lead editors have the responsibility of deleting any records which were edited erroneously. To reset tables for a given SCPL, select “DROP”(from the Main Menu - Returns Processing). Enter an SCPL, ED and press [CONTINUE]. Enter an EIN.
- (4) **1504C - Presence of Insurance companies when not expected.** — When an editor begins a return and then realizes it has insurance subsidiaries (Form 1120L and/or 1120PC) mark for lead to determine the correct return type. Reset the record by having a lead editor choose “DROP” from the main menu. This deletes the record from the database. The return can then be re-edited using the correct return type.
- (5) **Changing Return Type.** — Once the record is dropped, it is deleted from the database; the editor may re-access the return through EDIT mode and change the return type on the return id screen.
- (6) **Communication Log** (Misc. Tools) — To facilitate better communication between the submission processing campuses and the National Office, a two-way on-line communication log is available. Choosing COMMUNICATIONS LOG allows the editor and lead editor to report a problem and review broadcast messages from the N.O. If editing cannot be completed until an answer to a comm. log is received, mark the return for lead editor review until

an answer has been provided. Please provide a solution when sending all comm. logs to N.O. In addition, only send comm. logs for QUASR mis-matches on returns with Total Assets greater than \$50 million.

Report problems and view messages from National Office with the top screen. Respond to problems reported with the bottom screen. A 'Y' in the "in review" area means that the question or problem is currently being reviewed. Users can query problems based on different criteria.

Communication log key chart:

GENERAL KEY	FUNCTION
[F6]	— Initiate or respond to problem
[F10]	— Commit problem or response
[↑][↓]	— Navigate up and down log entries
[PAGE DOWN]	— Scrolls down 16 lines
[PAGE UP]	— Scrolls up 16 lines
[ESC]	— Exit

Use the following codes to identify the problem type:

CODE / DESCRIPTION	CODE / DESCRIPTION
0 — suggestion	5 — unworkable image
1 — taxpayer reporting problem	6 — pre-loaded data problem
2 — test problem	7 — dictionary
3 — system problem	8 — mark for lead
4 — edit manual problem	9 — other program

3.49.8.8
(06-27-2019)
Re-opening The Return

- (1) When balancing is achieved on schedules, users are restricted from routinely re-accessing and changing amounts.
- (2) The editor may re-open the schedules for re-edit two ways:
 - a. To re-open a return that you are currently editing, press [ALT+o] or use the mouse to access the **EXIT** menu in the banner at the top of the screen and click on "Re-Open this return".
 - b. Choose "Re-Open" in the 1120 Main menu under "Returns Processing". Enter an SCPL and select an edit-1-2 and click on [CONTINUE] to re-open a return already completed. The re-open screen displays. A return that has been closed out (Release Date has been set) cannot be re-opened for re-edit by editors. The re-open screen shows all forms and schedules in navigation order, and their respective edit status; "D" for done or "X" for not yet complete. Move the mouse to the earliest point on

the return that re-access is needed and click on the box for re-open. The system responds with the question "Do you want to re-open from?" to verify that the correct schedule was re-opened. If incorrect, use the mouse to click on the [CANCEL] box. If correct, use the mouse to select [OK].

- (3) The designated schedule and all subsequent schedules are now coded 'X'. The original editor may re-access the record through Edit Mode and will be placed on the newly re-opened schedule. If the re-open process was entered from within the return (on the Exit Menu Screen) the system automatically navigates to the re-opened form. It is not necessary to exit the return. All previously edited amounts appear on the screens and changes may be made as necessary. The editor must re-test (by pressing the [TEST (F10)] button) all previously edited screens so that tests will be re-fired.

3.49.8.9
(08-11-2023)
Browse Mode

- (1) Users may browse returns at any time. Choosing BROWSE:
After entering the SCPL, the user is prompted to choose first or second edit. The Return ID screen with the SCPL of the return you wish to review then displays. Press [ENTER]. A Browse Form Selection Screen then displays all form and schedules in navigation order.
 - a. Forms which have not been selected (edited) cannot be browsed.
 - b. To begin browsing from a particular form or schedule, position the cursor and press [ENTER]. The schedule then displays with the cursor in the upper left-hand corner. After the screen has been browsed, the remaining forms or schedules for this return follow.
 - c. To exit browse at any time, press [ESC]. This automatically returns you to the Browse Form Selection Screen.
- (2) While in browse, the allocation and calculation screens can be accessed via the Allo / Calc buttons (will display only when allocation or calculation has been performed). To access any of the lookup screens (including Indy Research), press the [ALT+L] buttons. See (7) for some available keys.
- (3) When browsing, it may be necessary to see any automatic processing that may have taken place on the record when it was initially edited. See Exhibit 3.49.8-19 for a list of automatic tests.
- (4) After browsing is complete, [ESC] back to the main menu.
- (5) **Remember, no updating is allowed while in Browse Mode.** If changes need to be made, exit browse mode with the [ESC] key and enter Re-open mode to re-open the return at the point where corrections need to be made.
- (6) Editors can browse any return assign to their campus. Lead editors may designate the editors as being able to browse only their own returns or any returns for their campus. The leads may change the browse code setting by accessing the "Automated Selection Information" menu under the Reports, QUASAR function. Then they must access the "Change Editor Review Status" in order to change the browse code.
- (7) Operational keys in browse include:

KEY	FUNCTION
[ALT+F3]	Enter the Farm Income Allocation view.
[F3]	On income statement or balance sheet: allocation screens display.
F4]	Calc screens display on income statement, balance sheet, Form 1125-A, Schedule D, Schedule M-1, Schedule M-3, Form 1118, Form 4562, Form 4797, and Form 8916A.
[ESC]	In allocation or calc screens: exits the work screens and returns to the form. Anywhere else: displays the browse exit screen.
[F8]	Displays pop-up comments window.

3.49.8.10
(06-27-2019)
Industry Coding

- (1) The industry code should indicate the type of business activity from which the corporation received its income, or the largest portion of its income if it was consolidated or engaged in more than one business activity. If a company is consolidated or engaged in more than one kind of activity.

3.49.8.11
(08-11-2023)
Priority Listing

- (1) The industry codes for statistical returns are determined by using sets of rules which are applied generally in the following order of priority:
 - a. Non-consolidated Returns & Subsidiary Returns
 1. Specific guidelines, except combinations of business activities
 2. Taxpayer's schedules
 3. Taxpayer's business activity/product or service (provided it is complete and consistent) found on **Page 2 of Form 1120-S, Page 4 of Form 1120, and Page 1 of Form 1120-F**
 4. Reference materials (such as Mergent's, Best's, and the internet) when conflicting information is present
 5. Specific guidelines – combinations of business activities
 6. Taxpayer's PBA Code
 - b. Consolidated Returns
 1. Exceptions to the Total Receipts Rule
 2. Total Receipts Rule

3.49.8.12
(08-11-2023)
**Industry Code
Identification Tools**

- (1) The NAICS United States manual can be useful in determining the exact code. The corresponding SOI Industry Code will have to be determined, using the list of codes once the appropriate NAICS code is found. The NAICS United States manual is available on-line from the **HELP** menu in the editing application
- (2) The Industry Code Lookup utility is available to assist in determining the correct Industry Code. This utility lists all possible industry codes and gives a description of the industry. When in the Indy Sources Screen, press [Alt-F6] or

the Industry Code Lookup may also be accessed by clicking on **LOOKUP**, then 'Industry Codes' from the menu at the top of the screen.

Enter a code or a term in the appropriate search field. Select the condition(s) for the search if needed to limit search results. Search using part of a word, term or code for best results. Two or more terms can be searched if separated by a space. Scroll up or down the list of industry codes until you locate the correct code or description. Use the following example methods for research:

- a. Type "**ELECTRI**" instead of "**ELECTRICAL**" or "**2111**" instead of "**211120**".
- b. Type "**CON**" to display all industries containing the letters "CON" somewhere within the name (**contract**, **coconut**, & **consulting**).
- c. Type "OIL GAS FIELD" to search for terms with all three terms included (Oil and Gas field Services).
- d. Use [@] "Starts With" before a term to only capture words in the description that starts with the search term. Type "@CON" to display all codes with descriptions that contain words starting with "CON"(contract & consulting) .
- e. Use [!] "Does not start with" to display all codes with descriptions that do not contain a certain term. This should be used with another search term. Type "TRACT !CON" to find terms that exclude the word "contract".

3.49.8.12.1
(08-11-2023)

Total Receipts Rule

- (1) Consolidated returns (those with subsidiaries that file the same type of tax form as the parent) are single returns containing combined financial data for a parent company and one or more subsidiary or affiliated companies. The **companies in the group may be engaged in different kinds of industrial activities, but you must assign a single industry code** to indicate the **one predominant activity of the whole group**. Use the Total Receipts Rule or Exceptions to the Total Receipts Rule using the combined receipts (**after inter-company eliminations**) and other relevant information for all the companies in the group. However, if the return does not report which subsidiary(s)/ company(s) inter-company eliminations are from, code according to the total receipts reported. Financial information for each company in the group should be entered into the Total Receipts Calculator.
- (2) Except for those returns with exceptions to the Total Receipts Rule, the industry code selected should be the industry code for the business activity accounting for the largest percentage of the corporation's total receipts. The Total Receipts Rule is a two step process: (a) identifying the company(s) accounting for the largest percentage of the total receipts and (b) identifying the business activity of the company(s). "Total receipts" is the sum of the following entries:
 - a. Gross receipts less returns and allowances
 - b. Dividends
 - c. Interest
 - d. Rents
 - e. Royalties
 - f. Other Income

- (3) Each company's percentage of total receipts can be calculated by adding the components in a – f above for the individual company, then dividing it by the consolidated total for the components (the TR Calc will perform this calculation).

Note: Since the Cost of Goods Sold (COGS) for some corporations in the Finance (except insurance), Management of Companies (holding companies), and Real Estate industries (522110, 522180, 522130, 522210-523900, 531190-531390, 551111, & 551112) is deleted and subtracted from Gross Receipts during the editing process, it is necessary to perform this calculation before performing the total receipts calculation. Therefore, if a return has subsidiaries that require deleting COGS, subtract the amount in Cost of Goods from Gross Receipts and calculate the total receipts equation using the new total for Gross Receipts. Remember, to also perform this calculation before editing Form 1125-A.

- (4) Pre-edit the Schedule C. If Intercompany Dividends are eliminated from Dividends during editing they should also be eliminated on the Total Receipts Calculator.
- (5) **For Finance Industries:** pre-edit other income and allocate to specific income fields if other income is larger than dividends plus interest. Also, pre-edit the balance sheet for "other" fields that need to be allocated.
- (6) A Total Receipts Calculator (TR Calc.) is available online for computing the Total Receipts Rule. TR Calc. help instructions can be found by clicking the [HELP] button (in the Consolidated Totals section) after entering the calculator. **The Total Receipts Calculator must be used for all consolidated returns. All subs should be entered into the Calculator (including inactive subs).** The editing system will automatically bring the TR Calc up after exiting Form Selection. TR Calc can be returned to at any time during editing.
- (7) The "**Consolidated Totals**" section of the calculator must be completed first. Next, the "**Subsidiary**" (bottom) section of the calculator must be completed. **Every subsidiary contributing 5% or more to the total must be industry coded.** If an industry code for a sub contributing less than 5% (including inactive subs) is not provided, use 900000 (not allocable). Once the "Sub List"/"Sub Details" sections are complete, the [Update Summary Alt-F9] button will be enabled. Press this button to see a summary of the information in the "Sub List" section. Once the industry with the largest percentage of total receipts is determined, press the [Largest Sub Info F3] button to enter the single largest sub or the single largest of a group of subs accounting for the largest percentage of total receipts. Most of the information in this calculator will be preloaded if the return was filed electronically; however, all preloaded information **must** be verified.

3.49.8.12.2
(08-11-2023)
Exceptions to the Total Receipts Rules

- (1) In some cases, it is not necessary or possible to code according to the Total Receipts Rule. These cases are listed in (2) through (13), below.
- (2) Returns with no "Gross Income" but having "Deductions" are coded according to any available information pertaining to the business activity.

- a. For companies that are going out of business, please use the prior year SOI Industry Code to industry code these returns. Signs of a company going out of business are a dramatic decrease in total assets and a negative net income.
- (3) **Banking**
 - a. Mutual savings banks are coded **522180**.
 - b. Most other banks and trust companies are coded **522110**, except for bank holding companies, **522180** or **551111**.
- (4) **Open-End Investment Fund** (Form 1120 RIC) are coded **525910**. These returns are filed on Form 1120-RIC (which is titled "Regulated Investment Companies" on the form). If the taxpayer files Form 1120 and business activity is regulated investment company code "Other Financial Vehicles", **525990**
- (5) **Real estate investment trusts (REITS)**, are coded **525990** if they are mortgage REITS. Equity REITS should be coded **531110**, **531114**, **531120**, **531130**, or **531190** based on the content of the portfolio.
- (6) **Combinations of Manufacturing and Installation** (Construction) are usually coded for Manufacturing, especially if the construction involves the installation of the manufactured articles. Examples of such combinations are passenger and freight elevators or industrial furnaces and machinery. This rule includes the manufacturing and installation by contract. Code for construction only when the installation receipts are clearly predominant, at least 75% of total receipts.
- (7) **Combinations of Manufacturing and Trade** are coded for manufacturing when most of the receipts are from whatever is manufactured by the related company. If the manufactured good is made in a foreign country (which can sometimes be determined using outside sources), and only distributed in the U.S., then code for wholesale. Form 1125-A should be checked for large cost of labor and Other Deductions & Other Costs should be checked for large contract labor before considering manufacturing. Also, consider that labor may have been reported as Salaries and Wages. If Salaries and Wages are very large and there is other evidence of manufacturing (i.e., third party sources) consider manufacturing. If cost of labor/contract labor or large Salaries and Wages with other evidence of manufacturing is not present or is small compared to the other 1125-A items, then the return likely **should not** be coded for manufacturing. If manufacturing or wholesale trade cannot be determined, mark for Lead.
- (8) **Real Estate** - Returns showing rents as the largest single item of total receipts should **not** automatically be coded as real estate. Rent is a normal source of receipts in other industries also. For example, the actual operation of warehousing, pipeline transportation, and piers, as well as real estate, would normally show rents from real property but should be coded for the warehousing, pipeline transportation, etc. Rental of rooms, clothing, vending machines, automobiles without drivers, and construction and other equipment are coded as services. If the primary source of income of a manufacturer of business machines is rents, code for manufacturing.
- (9) **Publishers** - returns of newspapers or periodicals or other publishing which show advertising as the largest single item of total receipts are not coded as advertising, but are classified in the publishing industries as **newspapers (513110)**, or **periodicals (513120)**, or **miscellaneous publishing (513190)**.

- (10) **Electric Power Generation, Transmission and Distribution, 221100, Natural Gas Distribution, 221210, and Combination Electric and Gas Services, 221500** have specific rules for both unconsolidated and consolidated returns. Code according to the following procedure:
- a. For both non-consolidated and consolidated returns, determine whether the largest percentage of Total Receipts is from the sum of industry codes **221100, 221210, and 221500** or from some other individual industry code.
 - b. If the largest percentage of Total Receipts is from some other individual industry code, then code according to the rules in this Handbook.
 - c. If the largest percentage of Total Receipts is from the sum of industry codes **221100, 221210, 221500**, then code as follows:
 1. If 80 percent or more of this sum is from Electric services, code, **221100**.
 2. If 80 percent or more of this sum is from Gas production and distribution, code **Natural Gas Distribution, 221210**.
 3. If neither Electric services nor Gas production and distribution account for 80 percent or more of this sum, code **Combination Electric and Gas Services, 221500**.
- (11) **Health Maintenance Organization (HMO's)** — If a company designates itself as an HMO, then it is important to determine whether they primarily are providing medical services or insurance premiums.
- a. If the company files an 1120 PC, then it should be coded **524129**.
 - b. If the company files a form other than an 1120 PC, then determine whether it is primarily providing medical services or insurance premiums.
 1. If the company primarily provides medical services, then code it **339110, 621410, 621420, 621491, 621492, 621498, 621610, 621900, 623000 or 624200**. To identify these companies, look in "other" schedules (such as Other Deductions and Other Costs) for items that may be associated with medical services. Examples of such items are medical supplies and medical equipment (bandages, hospital beds, X-rays, etc.).
 2. If the company appears to provide medical insurance premiums code it **524210**. If a health plan, it should be coded **524290 (Insurance plan administrative services)**.
 3. If the company provides a combination of medical services and insurance premiums or it is difficult to distinguish its largest service, then mark return for Lead.

