

(3) Source Codes—Grouped by Category**NOVEMBER 2, 2006**

This is a two digit entry to identify the type of program being examined. All source codes are valid for area Examination Functions. Campus Examination Branches can only use the source codes marked by asterisk (*). See Exhibit 4.4.1-27 for more detailed explanations of the source codes.

Computer Identified Returns

- 01 Automatics - Computer identified (BMF) and tax shelter automatics (IMF). Since Source Code 01's are not opened due to the DIF score, returns related to Source Code 01 should be classified as Non-DIF related. Cases should be updated from 01 to a "Related" Source Code if the Source Code 01 return is being assigned to a group because the group is controlling a prior or subsequent year. AIMS will not allow you to update out of Source Code 01 until the status code is greater than 07.
- 02 DIF (Discriminant Function) - Computer identified returns, DIF scored

Campus Initiated Examination Program (EGC 5XXX)

- 03* Unallowable items — Returns identified for Unallowed Items Program initiated at campuses.
- 04* Multiple Filers — Returns identified for Multiple Filers Program initiated at campuses.
- 06* DIF CORR, Dependent Database, Married Filing Separately, Math Clerical Abatement Tip Income (Filed Returns)
- 08* Self-Employment Tax — Returns identified for the Self-Employment Tax Program initiated at campuses.
- 11* Alimony, Taxable Gain on Sale of Residence
- 14* High Underreporter — Underreporter returns identified and selected for initial contact by Examination Operations at the Campus as part of the fraud detection program.
- 20* Erroneous Refund
- 23* TEFRA Related — Returns identified for Minimum Tax Program initiated at campuses.
- 24* Substitute for Return
- 25 Non-Filer Strategic Initiative
- 26* Alternative Minimum Tax
- 30 Claims — Not Paid
- 31 Claims — Paid
- 32 Claims — Paid C/B
- 35 Claims
- 39 Tax Shelter Program
- 45 Reference and Information
- 46 Employee Returns
- 48* Related to Campus Unallowable — Used exclusively by Examination Operations in the Campus, to request returns related to an unallowable return under examination at the campuses.
- 64 Pickup Related to Forms 1065, 1041 and 1120S.
- 65 Collection Referrals
- 70* Ineligible (EITCRA)
- 73 Taxpayer Request
- 77* Federal/State Cooperative
- 80 NRP Current
- 85* Information Returns
- 91 NRP — Related Returns

Nonfiler

- 24* Refusal to File TDI: Known nonfiler. Any taxpayers with an unfiled tax return and there is a record of the taxpayer on Master File.
- 25* Non-Filer Strategic Initiative — High Income Non-Filer. (For FY 03 & 04 requisitions must be from MSC Only). Do not update from 25 to another source code or to 25 from another source code.

DIF Related Pickups

- 05 Filed returns (except prior and subsequent year pickups that fall under SC 10) related to a taxpayer under examination where the primary return was DIF/ADDAPT (Source Code 20 with Project Code 0158).
- 10 Filed prior and/or subsequent year pickups related to a taxpayer under examination where the primary return was DIF/ADDAPT (Source Code 20 with Project Code 0158).
- 12 Non-filed Delinquent Return or SFR DIF/ADDAPT (Source Code 20 with Project Code 0158) Related — All pickups of a non-filed delinquent return or substitute for return, related or non-related to the taxpayer under examination, including delinquent employment tax and excise tax returns resulting from package Examination coverage.

Non-DIF Related

- 32 Carryback Refund — Returns selected with Forms 1045 or 1139 after perusal of the new operating loss or investment credit year and the tentative allowance.
- 40 Filed prior and/or subsequent year pickups related to a taxpayer under examination where the primary return was Non-DIF selected.
- 44 Non-filed Delinquent Return or SFR Non-DIF Related — All pickups of a non-filed delinquent return, or substitute for return, related or nonrelated to the taxpayer under examination, including delinquent employment tax and excise tax returns resulting from package Examination coverage.
- 50 Filed returns (except prior and subsequent year pickups that fall under SC 40) related to a taxpayer under examination where the primary return was Non-DIF selected.
- 64* Pickup Related to Forms 1065, 1041 and 1120S - Other than Tax Shelter — This includes the pick-up of returns of partners grantors, beneficiaries, and shareholders who are affected by the examination of partnership, fiduciary, or S corporation returns. This includes returns located in the area or campuses that are related to a return that is not included in the Tax Shelter Program.

Claims

- 30* Claims for Refund/Abatement—Returns selected before refunds/abatement are scheduled because of a claim filed on Form 843, an amended return, a Form 1040X or 1120X, or an informal claim based on taxpayer correspondence. This code also covers claims on contributions to retirement and disability funds. This code should not be used for audit reconsideration cases. For audit reconsiderations, use the original source code if the case is still on AIMS and CC AMSTUR is input; use Source Code 73 if the cases has aged off of AIMS and CC AM424 is input.
- 31* Paid Claims for Refund—Use for claims that are selected for examination after the IRS refunds the money to the taxpayer. If this source code is applicable, the Revenue Base Protection Section must not be entered.
- 32* Carryback Refund—Returns selected with Forms 1045 or 1139 after perusal of the net operating loss or investment credit year and the tentative allowance.
- 35* Administrative Adjustment Requests (AAR's) — used to identify key case examinations of TEFRA flow-through entity returns that are caused by the filing of an amended return by the TEFRA entity.

Tax Shelters

- 17* Tax Shelter Program—All returns selected for examination of a tax shelter issue and included in the Tax Shelter Program. This does not include related returns held pending the completion of a Tax Shelter Program Case.
- 39* Tax Shelter Program - Related Pick-up—This includes the pick-up of returns of partners, grantors, beneficiaries, and shareholders who are affected by the examination of partnership, fiduciary and S corporation returns included in the Tax Shelter Program. This includes returns located within the area or campus that are related to a return included in the Tax Shelter Program.

Classification

- 20* Regular Classification—Returns selected under a Manual Classification Program. It also includes examinations initiated by reason of bankruptcy or receivership proceedings, and returns selected for the UIDIF Program. Examples are returns selected from an Excise Tax Return Listing or estate tax returns either centrally or locally classified. Must open in Status Code 06.

Source Code 20 with Project Code 0158 is categorized as DIF so returns related to SC 20 with Project Code 0158 should have a DIF related source code.

Source Code 20 for UIDIF cases are NOT categorized as DIF so returns related to SC 20 UIDIF should have a Non-DIF Related Source Code.

Fraud

- 88 Special Enforcement
- 90 Fraud Regular—Pick-up of any return for a join Examination and Criminal Investigation or for the purpose of referring such returns to the Criminal Investigation. Any return returned to Examination with no recommendation of fraud penalty should be coded with Source Code 70. Generally, returns that were already open on AIMS with another source code, should not be updated to 90. A fraud project code should be used to identify the case.

Research and Reference

- 45* Reference and Information—Return requested for reference or information purposes only. See IRM 4.4.1, Exhibit 1 for more information on Reference Returns.
- 80* NRP - Current — All cycles and all phases of NRP identified returns
- 91* NRP - Related Returns—A return related to a NRP return under Source Code 80 above, all cycles and all phases.

Miscellaneous Sources (Other than DIF)

- 46* Employee Returns—New IRS employees' returns
- 49 Preparer of Returns—Returns selected because of questionable tax practitioners
- 62 Information Gathering Projects— Use for all information gathering projects. Includes returns selected by MACS for CIP's.
- 73* Taxpayer Requests - Code Section 6501(d)—Request for prompt assessment, IRM 4.1.4 - Examination initiated at the request of taxpayer. This also includes taxable Form 1040X or 1120X and any return (Forms 1040X, 1120X and 843, etc.) selected after the refund is scheduled for another source code.

Information Items

- 60 Information Report—Returns identified because of an Examination Information Report outside of or within the area, where a valid election has not been made under Subchapter S, and collateral. Inadequate record cases which are a follow-up to letter 978 (DO) and Letter 979 (DO). Use Source Code 64 for PCS referrals. WRITTEN REASON FOR REQUEST REQUIRED.

Referrals

- 65* Collection Referrals/Others in Compromise, etc.
- 70* Referrals/Other Agency Requests (Do not include referrals of related cases, even if from another Exam group).
- 77 State Information (Including State Abstracts)—Examinations initiated from various state sources, generally under the various exchange programs.

IRP

- 85* IRP - Information Document Match—Use for all IRP information document matches

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