

[CLICK HERE](#) to return to the home page



- [4.10.10 Standard Paragraphs and Explanation of Adjustments](#)
 - [4.10.10.1 Program Scope and Objectives](#)
 - [4.10.10.1.1 Background](#)
 - [4.10.10.1.2 Authority](#)
 - [4.10.10.1.3 Responsibilities](#)
 - [4.10.10.1.4 Terms](#)
 - [4.10.10.1.5 Acronyms](#)
 - [4.10.10.2 Multiple Standard Explanations](#)
 - [4.10.10.3 Index of Standard Explanations](#)
 - [4.10.10.4 Additions, Deletions or Revisions of Standard Explanations](#)
 - [Exhibit 4.10.10-1 Index to Standard Explanations](#)
 - [Exhibit 4.10.10-2 Standard Explanations](#)

Part 4. Examining Process

Chapter 10. Examination of Returns

Section 10. Standard Paragraphs and Explanation of Adjustments

4.10.10 Standard Paragraphs and Explanation of Adjustments

Manual Transmittal

June 09, 2022

Purpose

(1) This transmits revised text for IRM 4.10.10, Examination of Returns, Standard Paragraphs and Explanation of Adjustments.

Material Changes

(1) This IRM has been updated to incorporate the provisions of Interim Guidance SBSE-04-1221-0060, by revising and adding the following standard explanations to Exhibit 4.10.10-2, Standard Explanations:

- Revised: 1110 - Trade or business
- Revised: 7306 - Child tax credit disallowed - qualifying child
- Revised: 7307 - Child tax credit qualified exemption/dependent
- Added: 1124 - Non-employee compensation - tax year 2020 and forward
- Added 6320 - Sick and family leave credit - no indication of a business activity
- Added 8244 - SE tax assessed on NEC; fillable amounts
- Added 8723 - Premium tax credit (PTC) - tax year 2021

(2) Minor editorial changes have been made throughout this IRM.

Effect on Other Documents

This material supersedes IRM 4.10.10, Examination of Returns, Standard Paragraphs and Explanation of Adjustments, dated September 10, 2021. The following Interim Guidance Memorandum is incorporated into this IRM: SBSE-04-1221-0060, Interim Guidance Revising and Adding Standard Paragraph Explanations, dated December 8, 2021..

Audience

Examination personnel in SB/SE, LB&I and W&I

Effective Date

(06-09-2022)

Lori L. Caskey

Director, Examination Field and Campus Policy

SE:S:DCE:E:HQ:EFCP

Small Business/Self-Employed Division

4.10.10.1 (11-30-2017)

Program Scope and Objectives

- (1) **Purpose.** This IRM section provides guidance on the use of standard explanations, which provide specific reasons for the examiner's adjustment in a particular situation. Standard explanations are given an explanation number and listed under a common category.
- (2) **Audience.** This IRM applies to examiners in Small Business and Self-Employed (SB/SE) Field and Campus, Large Business and International (LB&I), and Wage and Investment (W&I).
- (3) **Policy Owner.** The Director, Examination Field and Campus Policy, who is under the Director, Examination Headquarters.
- (4) **Program Owner.** Field Examination General Processes (FEGP), which is under the Director, Examination Field and Campus Policy.
- (5) **Contact Information.** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section - Outside of Clearance.

4.10.10.1.1 (11-30-2017)

Background

- (1) This IRM provides the standard explanations that will be used in the preparation of most examination reports for office examination and can be used on field examinations. Report Generation Software (RGS) provides standard explanations automatically for statutory adjustments. See IRM 4.10.8, Report Writing, for more detailed information regarding RGS standard explanations.
- (2) Campus Examination/AUR functions should also use the explanations for report writing as appropriate.
- (3) The standard explanations have been approved by Chief Counsel and are approved for use in preparing statutory notices.

4.10.10.1.2 (11-30-2017)

Authority

- (1) By law, the Service has the authority to determine the correct tax liability as prescribed by the Internal Revenue Code (IRC). The IRC is found at Title 26 of the United States Code (USC).

4.10.10.1.3 (11-30-2017)**Responsibilities**

- (1) The Director, Examination Headquarters, is the executive responsible for providing policy and guidance for Field, Speciality and Campus examination operations and ensuring consistent application of policy, procedures and tax law to effect tax administration while protecting taxpayers' rights. See IRM 1.1.16.5.5, Examination Headquarters, for additional information.
- (2) The Director, Examination Field and Campus Policy, reports to the Director, Examination Headquarters, and is responsible for the delivery of policy and guidance that impacts the field examination processes. See IRM 1.1.16.5.5.1, Field and Campus Policy, for additional information.
- (3) Field Examination General Processes (FEGP), which is under the Director, Examination Field and Campus Policy, is the group responsible for providing policy and procedural guidance on standard examination processes to field employees. See IRM 1.1.16.5.5.1.1, Field Examination General Processes, for additional information.
- (4) All examiners must perform their professional responsibilities in a way that supports the [IRS Mission](#). This requires examiners to provide top quality service and to apply the law with integrity and fairness to all.
- (5) Income tax examiners and their managers should thoroughly acquaint themselves with the information contained in this IRM, as well as other resources, such as those listed in IRM 4.10.1.1.7, Related Resources.

4.10.10.1.4 (11-30-2017)**Terms**

- (1) The following table contains a list of terms used throughout this IRM.

Term	Definition
Standard Explanation	The standard explanations provide specific reasons for the examiner's adjustment in a particular situation and will be used in the preparation of most examination reports. The standard explanations have been approved by Counsel and are approved for use in preparing statutory notices. Standard explanations are given an explanation number and listed under a common category.

- (2) For other commonly used terms related to the examination process, see IRM 4.10.1.1.5, Terms.

4.10.10.1.5 (11-30-2017)**Acronyms**

- (1) The following table lists commonly used acronyms and their definitions used throughout this IRM:

Acronym	Definition
AAR	Administrative Adjustment Request
ACTC	Additional Child Tax Credit
AGI	Adjusted Gross Income
AMT	Alternative Minimum Tax
AOTC	American Opportunity Tax Credit
CTC	Child Tax Credit
EITC	Earned Income Tax Credit
FEGP	Field Examination General Processes
FICA	Federal Insurance Contributions Act
FMV	Fair Market Value
FPL	Federal Poverty Line
HCTC	Health Coverage Tax Credit
H of H	Head of Household
IRC	Internal Revenue Code
MAGI	Modified Adjusted Gross Income
MFS	Married Filing Separate
NIIT	Net Investment Income Tax
QBID	Qualified Business Income Deduction
PTC	Premium Tax Credit
RGS	Report Generation Software
SE	Self Employment
SRP	Shared Responsibility Payment
U.S.	United States

4.10.10.2 (11-30-2017)

Multiple Standard Explanations

- (1) There are occasions when multiple standard explanations are needed to explain the specific reason for an adjustment, as well as additional information that must be communicated to the taxpayer. For example, when the earned income tax credit (EITC) is disallowed or reduced, the taxpayer must file Form 8862 to claim the credit in the future. In this situation, standard explanations are available to explain the specific reason for the EITC adjustment, as well as provide information related to the need to file Form 8862 to claim the EITC in the future.
- Example:** The taxpayers did not verify they had a qualifying child for EITC purposes. The examiner determined the error was **not** due to reckless or intentional disregard of the rules and regulations. To adequately explain the adjustment and provide the taxpayers with information regarding the need to file Form 8862 the next time they claim the credit, standard explanation numbers 7603, No qualifying child, and 7647, Earned Income Tax Credit - Disallowed No Ban - Recertification Required, should be used in the preparation of the report. Standard explanation number 7603

provides the specific reason why the credit was disallowed and number 7647 provides additional information related to the recertification.

Example: The taxpayers did not verify their foster child lived in their home for 12 months for EITC purposes. The examiner determined the error was due to reckless or intentional disregard of the rules and regulations. To adequately explain the adjustment, standard explanation numbers 7602, Household not maintained, and 7648, Earned Income Tax Credit - 2 Year Ban Asserted, should be used in the preparation of the report. Standard explanation number 7602 provides the specific reason why the credit was disallowed and number 7648 provides additional information related to the 2 year ban and recertification.

- (2) A maximum of three standard explanations can be included in RGS. If more than three standard explanations are needed for an adjustment, they should be included on a Form 886-A, Explanation of Items, which is attached to the examination report.

4.10.10.3 (08-28-2006)

Index of Standard Explanations

- (1) *Exhibit 4.10.10-1* consists of a list of common categories of standard explanations by category number and subject. This index is consistent with the index on RGS.
- (2) *Exhibit 4.10.10-2* contains the Master List of Standard Explanations currently used in Examination Report Writing. The system currently in use is RGS. All reports should be prepared using this system.

4.10.10.4 (04-04-2008)

Additions, Deletions or Revisions of Standard Explanations

- (1) The Master List of Standard Explanations' numbering is for Headquarters control and for subsequent identification in case of additions, deletions or revisions to the list. In any correspondence with Headquarters concerning the explanations, reference should be made to the category number in this chapter. See *Exhibit 4.10.10-1*.
- (2) Requests to include additional explanations in the IRM, that are peculiar to and frequently used in an area, territory or campus, should be submitted to the Headquarters Analyst for approval.

Exhibit 4.10.10-1

Index to Standard Explanations

Standard Paragraph Group	
ID	Group Heading
1	CUSTOM EXPLANATION
2	INCOME
3	EXCLUSIONS FROM INCOME

Standard Paragraph Group**ID Group Heading**

4	DEDUCTIONS
5	CREDITS AND OTHER PAYMENTS
6	TAX AND PENALTIES
7	OTHER

Standard Paragraph Section

Section Code	Section Label	Group Key
100	Custom Explanation	1
1100	Earned Income	2
1200	Indirect method	2
1300	Nontaxable Income	2
1400	Other Income	2
1500	Reimbursements and Allowances	2
1600	Rental Income	2
1700	Unearned Income	2
2100	Discharged Student Loans	3
2300	Excess Foreign Living Expense. - IRC 912	3
2400	Hardship Area Camp Exclusion - IRC 911	3
2500	Income Earned/Puerto Rico	3
2600	Income Earned/U.S. Possessions	3
2700	Scholarships and Fellowships	3
3000	Alimony	4
3100	Bad Debts	4
3200	Capital Gains and Losses	4
3300	Casualty and Theft Losses	4
3400	Self Employment Health Insurance	4
3500	Compensation-Wages-Salaries	4
3600	Contributions	4
3700	Cost of Goods Sold	4
3800	Depreciation	4
3900	Educational Expense	4
4000	Entertainment	4
4100	Exemption	4
4200	Gifts	4
4300	Insurance	4
4400	Interest Expense	4
4500	Losses	4
4600	Medical and Dental	4

Standard Paragraph Section		
Section Code	Section Label	Group Key
4700	Moving Expense	4
4800	Office in the Home	4
4900	Passive Activities	4
5000	Rental Expense	4
5100	Repairs	4
5200	Taxes	4
5300	Tools	4
5400	Travel and Transportation	4
5500	Work Clothes	4
5600	Miscellaneous Expenses	4
5700	Individual Retirement Arrangements/Keogh	4
5800	Farm	4
5900	Legal Expenses	4
6000	Natural Resources	4
6100	Net Operating Loss	4
6200	Adoption Credit	5
6300	Miscellaneous Credit	5
6400	General Business Credit	5
6500	Child Care Credit	5
6600	Reserved	5
6700	Elderly Credit	5
6800	Reserved	5
6900	Excess FICA Taxes Credit	5
7000	Foreign Tax Credit	5
7100	Low Income Housing Credit	5
7200	Investment Tax Credit	5
7300	Child Tax Credit	5
7400	IRC 6020(b)	5
7500	Education Credit	5
7600	Earned Income Credit	5
7700	Gasoline and Special Fuels	5
7800	Electrical Vehicle Credit	5
7900	Health Coverage Tax Credit	5
8000	Alternative Minimum Tax	6
8100	Penalties	6
8200	Self-Employment and FICA Tax	6
8300	Standard-Itemized Deductions	6
8400	Tax Computations	6
8500	Filer Bridge Program (W&I Campus Only)	7
8700	Affordable Care Act (ACA)	7

Standard Paragraph Section		
Section Code	Section Label	Group Key
8800	Reserved	7
8900	Aliens	7
9000	Community Property Laws	7
9100	Computational Errors	7
9200	Corporations	7
9300	Filing Status	7
9400	General	7
9500	No Response	7
9600	Partnerships	7
9700	Home Distributorships	7
9800	Appeals Division	7
9900	SC Unallowable Items	7

Exhibit 4.10.10-2**Standard Explanations**

Number	Standard Explanation Title	Standard Explanation Text
1101	Commissions, fees, tips	Compensation received for services, including fees, commissions, tips, gratuities and similar items, is includible in income.
1102	Business or profession - computation	Taxable income received from your business or profession has been adjusted as shown in the enclosed computation.
1103	Gross receipts	Business gross receipts in the amount shown are includible in income.
1104	FICA tax paid by employer	The FICA (social security and Medicare) taxes paid on your behalf and not withheld from your wages are additional income to you.
1105	Gross receipts not included	Business gross receipts were not included in the amount shown.
1106	Form W-2	We have adjusted your gross wages to agree with the amounts shown on Form(s) W-2.
1107	Supplemental comp./bonuses	Supplemental compensation and bonuses are includible in gross income.

Number	Standard Explanation Title	Standard Explanation Text
1108	Constructive receipt	Income is constructively received when it is credited to your account, or unconditionally set apart for you, or otherwise made available so that you could draw upon it at any time. Based on an analysis of your records and accounts, income is adjusted to reflect the income constructively received.
1109	Non-employee compensation	We have adjusted your income to include amounts shown in box 7 on Form 1099-MISC.
1110	Trade or business	Income from your trade or business should be reported on Schedule C and is subject to self-employment tax. You reported this income on your return as wages or other income. We have adjusted your return accordingly and included the income from your trade or business on the proper schedule.
1111	Deferred compensation	Nonqualified deferred compensation is includible in income when actually or constructively received (provided that such compensation was not required to be included in income in an earlier year under IRC 409A).
1112	Taxable income	It is determined that the following taxable income items were not reported on the filed tax return. An adjustment is made to report these items as income on your tax return. Accordingly, your taxable income is increased in the amounts and for the tax years shown.
1113	Sale of real estate	Income derived by an individual from the sale of real estate originally purchased as unimproved land and subsequently improved and developed primarily for sale to customers in the ordinary course of trade or business constitutes income from a trade or business. This income should be included in computing net earnings from self employment.

Number	Standard Explanation Title	Standard Explanation Text
1114	Unsubstantiated SE income - Sch C gross receipts	<p>Since the record keeping requirements under IRC 6001 have not been met, and you have not complied with our request for substantiation of your Schedule C gross receipts, we are disallowing the self employment income claimed on your return. The earned income credit and self employment taxes have been adjusted accordingly.</p>
1115	Additional documentation - Sch C income and expenses; fillable	<p>We have received the information you sent us on _____. We are unable to change our determination since we need additional documentation to verify your Schedule C income and expenses. Please provide the necessary items needed to substantiate your business income and/or losses. Acceptable verification would be: Cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), record keeping books, computer printouts, ledgers, log books, receipts, bills (paid), etc.</p> <p>The enclosed report reflects the proposed disallowance of the self-employment income claimed and a reduction of the self-employment taxes paid. We have also proposed to disallow the following deductions and/or credits:</p> <p>_____ Filing Status (changed to either single or married filing separately) _____ Exemption(s) _____ Earned Income Credit _____ Child Care Credit _____ Schedule C Expenses</p> <p>If you have any questions, you may call the number on the enclosed letter.</p>

Number	Standard Explanation Title	Standard Explanation Text
1116	Sch C partial disallowance	We have adjusted your Schedule C gross receipts based on the substantiation you provided for our review. Unsubstantiated income has been removed and in turn will affect your earned income credit as well as your self-employment tax.
1117	Sch C gross income and SE tax removed	Because we determined that the activity described on your Schedule C does not meet the guidelines of carrying on a trade or business within the meaning of IRC 162, we moved your gross income to line 21 of the Form 1040 (other income) and adjusted your self-employment tax to zero.
1118	Wages moved from Sch C to Line 7	Only statutory employee wages may be reported on Schedule C and offset by expenses. Since your employer did not indicate on Form W-2 that you are a statutory employee, we disallowed your Schedule C income and expenses and have adjusted your return to include these wages on Line 7 of Form 1040. If you claimed the standard deduction, you may benefit from itemizing your deductions and reporting your employee business expenses on Line 21 of Schedule A.
1119	Wages moved - expenses allowed on Sch A	Only statutory employee wages may be reported on Schedule C and offset by expenses. Since your employer did not indicate on Form W-2 that you are a statutory employee, we disallowed your Schedule C income and expenses and have adjusted your return to include these wages on Line 7 of Form 1040 and these expenses on Line 21 of Schedule A as employee business expenses, which are subject to the 2 percent adjusted gross income limitation.

Number	Standard Explanation Title	Standard Explanation Text
1120	Statutory employee-separate Sch C	The income earned as a statutory employee should not be combined with other gross receipts on Schedule C. If you earned both gross receipts and income as a statutory employee in the same trade or business, you must file separate Schedules C, and the business expenses should be reported on the appropriate Schedule C.

Number	Standard Explanation Title	Standard Explanation Text
1121	Tip income	<p>The enclosed reports reflect changes to your tax liabilities based on tip income you received but did not report to your employer or on your income tax return.</p> <ul style="list-style-type: none">- Form 4549, Income Tax Examination Changes, shows the additional income tax and any applicable penalties due to the addition of the tip income.- Form 2504, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, reflects your share of the FICA (social security and Medicare) tax due on the additional tip income, plus penalties.- Form 4137, Social Security and Medicare Tax on Unreported Tip Income, provides details of the computation of the FICA taxes and the corresponding penalty.- Lead Sheet (Unreported Tip Income) shows how we determined the amount of tip income you received. <p>If you agree with the adjustments shown on the enclosed reports, please sign the Form 4549 and Form 2504 and return them to us in the enclosed envelope.</p> <p>If you have information about your tip income that is different from the information we received from your employer(s), please send it to us. We will review it and notify you as to our decision.</p>

Number	Standard Explanation Title	Standard Explanation Text
1122	Sch C net income disregarded	We have determined that the activity described in your Schedule C (1) was not engaged in with sufficient regularity and continuity; or (2) was engaged in for the primary purpose of generating tax benefits through the use of the refundable earned income credit. Therefore, we have disregarded your Schedule C and the business net profit reflected thereon for all federal tax purposes.
1123	Sch C activity/gross income and SE tax removed	Because we determined that the activity described on your Schedule C does not meet the guidelines of carrying on a trade or business within the meaning of IRC 162, we removed your gross income and adjusted your self-employment tax to zero.
1124	Non-employee compensation - tax year 2020 and forward	We have adjusted your income to include amounts shown in box 1 on Form 1099-NEC.
1201	Net Worth - computation	In the absence of adequate records, your taxable income for the taxable year(s) shown above has been computed on the basis of increase in net worth, with adjustments for nontaxable items of income and non-deductible expenditures if any. Accordingly, your taxable income is increased in the amount(s) shown above.
1202	Bank Deposits - computation	In the absence of adequate records, your taxable income for the taxable year(s) shown above has been computed by reference to bank deposits and cash payments, plus personal and other nondeductible expenditures if any. Thus, it is determined you had additional gross business income for the taxable year(s). Accordingly, your taxable income is increased in the amount(s) shown above.

Number	Standard Explanation Title	Standard Explanation Text
1203	Source & application - computation	In the absence of adequate records, your taxable income for the taxable year(s) shown above has been computed by reference to the source and application of funds method. Thus, it is determined you had additional gross business income for the taxable year(s). Accordingly your taxable income is increased in the amount(s) shown above.
1204	Reasonable estimates from known sources of income	We have computed your unreported taxable income using reasonable estimates based on known sources of income and deductible expenses.
1205	Additional income from source indicated (examiner must specify)	From records and information available, it has been determined that you received additional income in the amount shown from the sources indicated.
1301	General nontaxable income	This item is not subject to Federal income tax.
1302	Child support payments-nontaxable	Amounts you receive for child support are not taxable.
1303	Wages of others not taxable to you	You can only include on your tax return your wages and those of your spouse if you file a joint return. You cannot include the wages of any other individual on your tax return.
1304	Foster care payments	You received qualified foster care payments and you did not exceed the limitations on the number of individuals for whom such payments can be excluded from gross income.
1401	Fair market value of noncash income items	Income in any form other than cash is includible in income at its fair market value.
1402	Refunds – state income tax	A refund of any part of your state income tax that you deducted in prior years, and which reduced your federal income tax in those years, is includible in income in the year you received the refund.

Number	Standard Explanation Title	Standard Explanation Text
1403	Bad debt recovery	The recovery of a bad debt that you deducted in prior years, and which reduced your federal income tax in those years, is includible in income in the year you recover the debt.
1404	Forgiven debts	The amount of your debt which was cancelled or forgiven is includible in income.
1405	Constructive dividends	The corporate funds or benefits you received are taxable as constructive dividends in the amounts shown in the accompanying computation.
1406	Miscellaneous income reported on Form 1099-MISC	We have adjusted your income to include the amount shown on Form 1099-MISC.
1407	Form W-2G	We have adjusted your income to include the amounts shown on Form W-2G.
1408	Guaranteed payments/collective bargaining agreements	Payments received from your employer during periods of unemployment under a collective bargaining agreement that guarantees you full pay during the year are taxable.
1409	Lockout/strike benefits	Strike and lockout benefits paid by the union from union dues, including both cash and fair market value of goods received, are includible in income.
1410	Supplemental unemployment benefits/company financed plans	Supplemental unemployment benefit payments received from a company-financed supplemental unemployment benefit fund are subject to income tax.
1411	Bartering	You must treat a credit for goods and services offered for exchange in a barter operation as income when you receive that credit.
1412	Goodwill - sale of business	The gain on the sale of your business is increased due to an adjustment to the valuation of the goodwill. See the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
1413	Repossession - nonrecourse financed equipment	Repossession of nonrecourse-financed equipment results in ordinary income where gain, equal to nonrecourse liability over adjusted basis is less than depreciation taken.
1414	IRC 482 income allocated	In accordance with IRC 482 of the Internal Revenue Code, to clearly reflect the income of the entities we have allocated income and deductions between the two entities. Your income has been increased as shown in the attached computation.
1415	Original issue discount	Retirement of bonds issued with "original issue discount" generally results in ordinary income in the following situations: (1) retirement of a short-term OID instrument (but only to the extent of "accrued" OID); (2) retirement of an OID instrument issued by a natural person before June 9, 1997; (3) retirement of an OID instrument issued before July 2, 1982, by an issuer that is not (i) a corporation or (ii) a government or political subdivision thereof; (4) retirement of an OID instrument that was issued with the intention to call before maturity; or (5) retirement of OID instrument issued prior to May 28, 1969 (but only to the extent of "accrued" OID).
1416	Interest income - periodic interest on principal not due to death	Interest on principal left on deposit with an insurance company that can be withdrawn by you is taxable to you when credited to your account.
1417	State municipal securities	Any profit from the sale of state or municipal securities is includible in taxable income.

Number	Standard Explanation Title	Standard Explanation Text
1418	Installment election interest in excess of \$1000	Up to \$1,000 of interest on installment payments of life insurance proceeds (paid due to a death occurring before October 23, 1986) may be excluded each year from the beneficiary spouse's income. The additional interest must be included in the beneficiary spouse's income.
1419	Foreclosure - mortgage exceeds basis	We included the amount you realized on foreclosure of a nonrecourse mortgage to the extent that the mortgage indebtedness exceeded the adjusted basis.
1420	Foreclosure - fair market value of property exceeds basis	We included the amount you realized on foreclosure of a recourse mortgage to the extent that the fair market value of the foreclosed property exceeded the adjusted basis.
1421	Like kind exchange	To qualify as a nontaxable exchange under IRC 1031, the transaction must be an exchange of qualified property solely for property of like kind rather than a sale of property. Because you did not meet the requirements of a nontaxable exchange, we adjusted your taxable income as shown.
1422	Nonqualifying prop. exchanged not used in trade/business	Since the property you exchanged was not held for use in a trade or business or for investment, the transaction does not meet the requirements of a like-kind exchange; the gain you realized is includible in income.
1423	Nonqualified prop. in nontaxable transactions yields boot	Because you received nonqualified property (Boot) in addition to qualified property, the gain you realized on the exchange is includible in income, to the extent of the fair market value of the Boot.
1424	Assumed liab. less than those relieved of boot	Since you were relieved of more liabilities than you assumed in the exchange, the excess is treated as Boot and includible in income.

Number	Standard Explanation Title	Standard Explanation Text
1425	Assignment of income-does not avoid recognition	Assigning the property that generates income to another will not avoid the recognition of income by the taxpayer making the assignment since the income was earned before the transfer. The income will be taxed to the person who earns it.
1426	General nontaxable income adj'd/computation	Your income has been adjusted as shown in the accompanying computation.
1427	Unemployment compensation	The total amount of unemployment compensation received is fully taxable and must be included in gross income.
1428	Unemployment	The total amount of unemployment compensation received is fully taxable and must be included in gross income. For tax year 2009, you do not have to pay tax on unemployment compensation of up to \$2,400 per recipient. Amounts over \$2,400 are still taxable.
1429	Recovery of an amount previously deducted in prior year	Since you recovered an amount deducted in a prior year, we included it in your gross income.
1430	Taxable part of social security benefits included in income	We included in your income the taxable part of your social security benefits, as shown in the attached computation.
1431	Taxable part of tier I RR benefits included in income	We included in your income the taxable part of your tier I railroad retirement benefits, as shown in the attached computation.
1432	Adjusted taxable part of social security railroad ret. benefits	Since we changed your adjusted gross income, we adjusted the taxable part of your social security benefits and/or your tier I railroad retirement benefits, as shown in the attached computation.
1433	Fringe benefits	Fringe benefits provided to you in connection with the performance of your services are includible in your gross income as compensation for services, unless specifically excluded by law. We have adjusted your income to include the fair market value of these fringe benefits.

Number	Standard Explanation Title	Standard Explanation Text
1434	Fringe benefits (excluded)	You have included certain fringe benefits on your return. These items are not subject to Federal income tax so we have removed them.
1435	Educational assistance payments	In general, a maximum of \$5,250 of employer provided educational assistance payments may be excluded from an employee's gross income. The payments may be for tuition, books, supplies, fees, and equipment. Your income has been adjusted to include amounts received over the limitations.
1436	Educational assistance payments (limited on exclusion)	Excludable employer provided educational assistance payments may not cover tools or supplies (other than textbooks) you retain after completion of the course. We have disallowed the expense for the tools and/or supplies.
1437	Employer's educational assistance-meals, lodging, transportation	Excludable employer provided educational assistance payments may not cover the cost of meals, lodging, or transportation. We have disallowed these expenses.
1438	Employer provided housing	The fair market value of housing provided by your employer must be included in income. We have determined the local value of your housing to be as shown.
1439	Form 1099-R	The Form 1099-R filed with your return indicates that the distribution does not qualify as a lump sum distribution. Your special averaging method has been disallowed.
1440	Lump sum distribution - (ten-year averaging)	If an individual receives separate lump sum distributions from an employer's qualified profit sharing and pension plan within one year, the individual must elect lump sum treatment as to all distributions or none will be entitled to special averaging.

Number	Standard Explanation Title	Standard Explanation Text
1441	Lump sum distribution - (take-over or reorganization)	Since no separation actually occurs when an employee remains in the same job following a take-over or a reorganization, the distribution does not qualify for special averaging.
1442	Lump sum distribution - (not treated as capital gain)	Since you elected not to treat any part of your lump sum distribution as capital gain, the entire amount of the distribution must be entered on Form 4972, Tax on Lump Sum Distributions. We have adjusted your tax as shown on the enclosed report.
1443	Lump sum distribution - (pension plan terminated)	Since your employer has terminated its pension plan and your lump sum distribution was not the result of a separation from employment, your lump sum distribution does not qualify for special averaging.
1444	Pension income (Form 4972 disallowed)	Pension income that you reported on Form 4972, Tax on Lump Sum Distributions, does not qualify for special treatment and must be included in income. Your special ten-year averaging method has been disallowed.
1445	Lump sum distribution - (capital gain treatment not elected)	Because you did not elect capital gain treatment on the capital gain portion of your lump sum distribution, all of your distribution is ordinary income. Your income has been adjusted.
1446	Lump sum distribution - (not participant in plan for five years)	Since you were not a participant in the pension plan for at least five full taxable years preceding the taxable year the distribution was received, your distribution does not qualify as a lump sum distribution. Your special averaging method has been disallowed.

Number	Standard Explanation Title	Standard Explanation Text
1447	Lump sum distribution - (amount not rolled over to an IRA)	When you rollover part of a qualified lump sum distribution to an Individual Retirement Account (IRA), the part not rolled over must be included in your gross income as ordinary income in the year you receive it. The amount you keep does not qualify for either capital gain treatment or special averaging.
1448	Lump sum distribution - (not employee separation)	Since your lump sum distribution was not the result of separation from employment, your special ten-year averaging method has been disallowed.
1449	Interest on life insurance proceeds	Generally when life insurance proceeds payable by reason of death of the insured are received by you in installments, the part of the installment that is considered interest is includible in your income. However, up to \$1,000 of interest on installment payments of life insurance proceeds (paid due to a death occurring before October 23, 1986) are excludible each year from the beneficiary spouse's income.
1450	Employee educational assistance	You may not exclude employee educational assistance for courses leading to advanced academic or professional degrees unless the education is employment-related education. Therefore, the amount of assistance you received has been added to your gross income.
1451	Child's unearned income Form 8814	You previously timely filed Form 8814, Parents Election to Report Child's Interest and Dividends, with your tax return. This is an irrevocable decision to report unearned income of your child on your return. Per the election we are now including your child's unreported unearned income on your return.
1452	Cancellation of your student loan	The cancellation of your student loan is includible in income.

Number	Standard Explanation Title	Standard Explanation Text
1453	Original return - omission of income	We recently received your original return for the tax year shown above and are processing your return. However, due to questionable issues and/or omissions of income, we are proposing to adjust the tax return you filed as shown in this report.
1454	Adjusted taxable amount of distribution	Your income has been adjusted to reflect the correct amount of the taxable distribution as reported on Form 1099-R.
1456	Benefits taxable income adjusted	Your income has been adjusted to reflect the correct taxable portion of your Distribution, Payments, or Benefits.
1457	Covenant not to compete income	Consideration received for a covenant not to compete results in income.
1458	Unreported unemployment compensation (tax year 2020)	We have made an adjustment to your income to include all taxable unemployment compensation you received. Based on the American Rescue Plan Act of 2021, unemployment compensation of up to \$10,200 for individuals (for married filing joint returns, this exclusion is up to \$10,200 per spouse), is only excludable from taxable income when adjusted gross income (AGI) is less than \$150,000 (for all filing statuses).
1501	Moving reimbursement in excess of moving expense includible	Any part of reimbursements and allowances received from your employer for moving expenses that exceeds actual expenses is includible in income.
1502	Reimbursements are income/expenses not deductible	These expenses are not deductible by you, so the reimbursements or allowances you received from your employer for them are includible in your income as compensation.
1503	Lodging not a condition of employment/taxable	Since you were not required to accept lodging on your employer's premises as a condition of your employment, the value of the lodging is includible in income.

Number	Standard Explanation Title	Standard Explanation Text
1504	Meals and lodging cash allowances are income	Cash allowances received from your employer for meals or lodging are includible in income. You may exclude from gross income advances or reimbursement amounts paid by your employer under an accountable plan to the extent of substantiated business expenses.
1505	Not established on business premises and employee convenience/value of meals is taxable	Since you did not establish that the meals were furnished (a) on your employer's business premises, and (b) for your employer's convenience, the value of the meals is includible in income.
1506	Not established employee convenience/condition of emp/value of lodging taxable	Since you did not establish that the lodging was furnished (a) on your employer's business premises, (b) for your employer's convenience, and (c) as a condition of your employment, the value of the lodging is includible in income.
1507	Unclaimed reimbursements/no deduction for expense allowed	Since you did not claim from your employer a reimbursement to which you are entitled, you may not claim a deduction for the expenses to which that reimbursement applies.
1508	Foreign taxes paid by employer are includible in income	Foreign taxes paid by your employer on your behalf are includible in income.
1509	Family allowance payments from foreign government	Family allowance payments received from a foreign government are includible in income.

Number	Standard Explanation Title	Standard Explanation Text
1510	Non-accountable plan-subject to 2 percent limitation	Your reimbursement for employee business expenses must be included in income and wages because your arrangement did not meet one of these conditions: (1) you did not pay or incur deductible expenses while performing services as an employee for your employer, (2) you did not substantiate the elements of your expenses to your employer, or (3) you were not required to return any excess payments received. Your expenses under a Nonaccountable plan are deductible only as a miscellaneous itemized deduction, subject to the two (2) percent adjusted gross income limitation.
1511	Per diem allowance more than government rate	Reimbursement you received from your employer as a per diem allowance that is more than the applicable government rate must be included in income.
1601	Income as shown	Rental income in the amount shown is includible in income.
1602	Advance rents	Advance rent is includible in rental income in the year received, regardless of the period covered or the accounting method used.
1603	Cancellation payments	Payment received for cancellation of a lease is rental income in the year received.
1604	Adjusted as shown in computation	Rental income reported on your return has been refigured as shown in the enclosed computation.
1605	Security deposits/refundable	Since the security deposits were not refundable, they constitute rent paid in advance and are taxable income in the year of receipt.
1606	Forfeited security deposits	Forfeited security deposits not previously reported are includible in taxable income

Number	Standard Explanation Title	Standard Explanation Text
1607	Lessee improvements intended as rent	Because the improvements made by the lessee, which became the property of the lessor on termination of the lease were intended as rent, they are includible in income.
1608	Lessee improvements in lieu of rent	Improvements to property made by a lessee in lieu of rent are treated as rent in the year they are made.
1609	Lessee improvements - liquidation of rent	Where buildings constructed or improvements made by a lessee represent a full or partial liquidation of lease rentals, the value of the buildings or improvements is taxable as rent in the year the lease is terminated.
1610	Min. annual royalty	To qualify as advanced royalties paid according to minimum royalty provisions, royalties paid must be substantially uniform in amount and paid at least annually for life of lease or at least 20 years. Since your payments do not meet these requirements, they are not deductible.
1611	Advance royalty for coal are not deductible	Since an engineering analysis shows that your coal reserves are inadequate or cannot be mined profitably, your advance royalty payments for coal are neither a deductible expense nor amortizable.
1612	Transfer of interest	Payments for transfers of interest in oil, gas and mineral-producing properties which are keyed to production are includible as ordinary income.
1613	Personal use-limitation	Your expenses are limited to your rental income. The limitation is applicable because the property was used personally by you, your relatives, your friends or your business associates for more than the greater of: 14 days or ten (10) percent of the number of days the unit was rented at fair market value.

Number	Standard Explanation Title	Standard Explanation Text
1701	Alimony includible	Alimony or separate maintenance payments you received are includible in income.
1702	Embezzled funds includible	Embezzled funds are includible in income.
1703	Gambling winnings	Your gross gambling winnings are includible in income.
1704	Prizes and awards	Prizes and awards are includible in income.
1705	Interest income	All interest income is includible in income unless specifically exempted by law.
1706	Unreported pension income	You did not report all the pension income reported to you on Forms 1099-R. Your income has been adjusted to include the amount(s) shown on Form 1099-R that were omitted from your original return.
1707	Annuity includible	The annuity you received is includible in income.
1708	Corporate funds / dividends	The corporate funds you received are taxable as dividend income.
1709	Form 1099-DIV	We have adjusted dividend income to reflect the amounts shown on Form 1099-DIV.
1710	Imputed interest income/below market interest rate	It has been determined that you had imputed interest income per IRC 7872 from a loan/loans with a below market interest rate (low or no interest rate charged). Therefore, interest income as shown in the attached computation has been added to your taxable income for the year.
1711	Dividend income - FMV of property received	We adjusted your dividend income to reflect the fair market value of the property received from a corporation.
1712	Constructive dividends	You received constructive dividends in the amounts shown in the accompanying computation.
1713	Liquidating distribution	We adjusted the liquidating distribution you received, as shown in the accompanying computation.

Number	Standard Explanation Title	Standard Explanation Text
1714	Interest on exchange bonds/redeemed H bonds interest	This adjustment amount represents interest on current-income series H bonds that were received in exchange for qualified U.S. Savings Bonds (for example series E, F, and J bonds) or savings notes. Reporting for Federal income tax purposes of interest accrued on the exchanged bonds and notes is deferred until the H bonds are redeemed, disposed of, or reach final maturity. Interest received on the H bonds, however, is reportable as income for the year in which that interest is received.
1715	Interest income - Form 1099-INT	We adjusted your interest income to reflect the amounts shown on Form 1099-INT.
1716	Interest on arbitrage bonds	The interest on arbitrage bonds obligations which are defined in IRC 148, is includible in income.
1717	Municipal securities sale profit	Any profit from the sale of State or municipal securities is includible in income.
1718	Form 1099-G	We have adjusted your income to include amounts shown on Form 1099-G.
1719	Dividend income - earnings and profit distribution	Since the distribution you received is out of earnings and profits of the distributing corporation, it is includible in taxable income as a dividend.
1720	Dividend included as shown	Dividend income is includible in your income in the amount shown.
1721	Alimony or separate maintenance income other than cash	Alimony or separate maintenance may include payments to third parties made on your behalf by your former spouse if such payments were made pursuant to a divorce or separation instrument. The payments shown in the enclosed schedule are includible in income.

Number	Standard Explanation Title	Standard Explanation Text
1722	Interest income reduced, bonds used for education	Subject to limitations based on your filing status and modified adjusted gross income (Modified AGI), you may exclude all of the accrued interest from Series EE United States Savings Bonds issued after 1989, if they are redeemed to finance the higher education for yourself, your spouse, or your dependents. Your interest income has been reduced accordingly.
1723	Interest income increased, bonds used for educ. but other req not met	Since you (1) exceeded the modified adjusted gross income (AGI) limitations, or (2) filed as married filing separately, the exclusion for the accrued interest income from Series EE United States Savings Bonds issued after 1989 is limited or eliminated even though they were redeemed to finance the higher education for yourself, your spouse, or your dependents. Your income has been increased to include this interest income.
1724	Minor child investment income/tax rate of parent used	You were under age fourteen (14) and had investment income of more than twice the amount in effect for the taxable year for the limitation on the standard deduction for certain dependents, so we have recomputed part of your tax at the income tax rate of the appropriate parent
1725	Debt forgiveness	Debt forgiveness is includible in your taxable income.
1726	Gambling winnings omitted	You failed to report all the gambling winnings reported to you on Form W-2G. We have adjusted your income to include the amounts shown on Form W-2G that were omitted from your original return.

Number	Standard Explanation Title	Standard Explanation Text
2101	Loan forgiven	To be excluded from income, a student loan forgiven on or after January 1, 1983, must have been made by the federal government, a state or local government, or by an educational institution pursuant to any of those governments and the loan must state that part or all of it would be forgiven if the individual worked for a certain period of time, in a certain profession, for one or more of a broad class of employers. A loan forgiven after August 5, 1997, also may be excluded from income if it was made by an educational institution or charity refinancing a loan, but only if it was made in connection with a program of an educational institution encouraging students to serve in occupations or areas with unmet needs, and the program was under the direction of a government body, or a charity or educational institution that did not make a loan. Since your loan does not meet these qualifications, the amount forgiven may not be excluded from income.
2102	Loan cancellation	The cancellation of your student loan is excludable from income in the amount shown.
2103	Student loan debt discharged due to the death or disability of the student	We adjusted your taxable income to remove the discharge of student loan debt due to the death or disability of the student.
2301	Expenses attributable to tax-exempt income	According to IRC 265(a)(1), expenses attributable to tax-exempt income are not deductible. The portion of your mortgage interest and/or real estate taxes allocable to your tax-exempt living quarters allowance has been disallowed in full.

Number	Standard Explanation Title	Standard Explanation Text
2302	Foreign post differential	The income exclusion you claimed on your tax return relating to your "Foreign post differential" has been disallowed. IRC 912(1)(c) provides an exclusion from gross income for allowances with the specific exception of the post differentials.
2401	Unearned income not excludable	Unearned income, such as dividends, interest, pensions, and capital gains, is not excludable under IRC 911.
2402	Foreign income not excludable/not a resident of a foreign country	Since you did not establish that you were a bona fide resident of a foreign country or countries for the entire tax year, or were physically present in a foreign country or countries for at least 330 days during 12 months in a row, the income you earned in a foreign country or countries is not excludable.
2403	Income from U.S. Government or agencies as comp. not excludable	Income received from the U.S. government or any of its agencies or instrumentalities as compensation for services performed by you as an employee, regardless of where the services were performed, is not excludable under IRC 911.
2404	Resident aliens/exclude income outside U.S./physical presence test	Resident aliens may be able to exclude income earned in a foreign country or countries under the physical presence test.
2405	Business transacted in U.S. directly related to business abroad	Compensation for services performed while in the United States on business is not excludable income under IRC 911.
2406	Physical presence test not met	Since you were not physically present in a foreign country or countries for 330 full days during 12 months in a row, the income you earned in a foreign country or countries is not excludable under IRC 911.

Number	Standard Explanation Title	Standard Explanation Text
2407	Personal service (30 percent) excludable	Since you were engaged in a trade or business abroad in which both personal services and capital were material income-producing factors, a reasonable allowance as compensation for your personal services, of not more than 30 percent of your share of the net profits from the trade or business, is considered to be earned income. Accordingly, it is eligible for exclusion from gross income under IRC 911.
2408	Physical presence test-determining	In determining a full day of physical presence in a foreign country, do not count days of travel involving points within the United States or any of its territories, or travel over international waters for more than 24 hours or more.
2409	Income received abroad during another tax year	For purpose of IRC 911(a)(1), limitation, income received in one tax year for services performed abroad during another tax year must be attributable to the tax year in which the services were performed. This income may be excluded in the year of receipt, provided: <ul style="list-style-type: none"> (a) It is received no later than the year following the year in which the services were performed, and (b) The amount, when added to the excluded income for the year for which it is earned, is not more than the maximum limitation for that year.
2410	Prorated to ratio of qualifying days to total days	Since your qualifying period for the exclusion of income did not include a full tax year, you must prorate the limitation on the maximum earned income exclusion according to the ratio that the number of qualifying days in the tax year bears to the total number of days in the tax year.

Number	Standard Explanation Title	Standard Explanation Text
2411	Reimbursement subject to limitation	The allowances or reimbursements you received are considered items of earned income subject to the limitation that applies on excludable income for the year.
2412	Restricted country /limitation general definition	Since all or part of the earned income from a foreign country(ies) was earned in a restricted country, none of the foreign income earned within that country over the qualifying period will be eligible for the foreign income exclusion.
2413	Limitation/computation	Foreign income earned is excludable subject to the limitation of IRC 911. The excludable part of your income earned that is foreign earned income is shown in the attached computation.
2414	Bona fide residence for entire year/income excludable	Since you were a bona fide resident of a foreign country or countries for the entire tax year, your foreign earned income is excludable subject to the limitation of IRC 911.
2415	Physical presence, income excludable by Sec 911	Since you were physically present in a foreign country or countries for 330 full days during 12 months in a row, your foreign earned income is excludable under IRC 911.
2416	Income earned by U.S. citizens in territories not excludable	Income earned in U. S. territories is not excludable under IRC 911.
2417	Income from service org. and other nonappropriated bases overseas	Amounts you received from employment by armed service organizations and other nonappropriated fund activities at U. S. military bases overseas operated under official instructions or regulations are not excludable under IRC 911.

Number	Standard Explanation Title	Standard Explanation Text
2418	Limits on income/housing exclusion/deduction	There are limits on income earned in restricted areas. If travel to a foreign country is restricted in the case where there have been regulations issued that (a) have been adopted under the Trading with the Enemy Act or the International Emergency Economic Powers Act, and (b) include provisions generally prohibiting U.S. citizens and residents from engaging in transactions related to travel to, from, or within a foreign country.
2419	Citizen or res. alien & filed joint with NR alien spouse	Since you are a citizen or resident alien of the United States and filed a joint return with your nonresident alien spouse, you must include your spouse's worldwide income on your return.
2420	Physical presence test/bona fide residence	If you qualify under either the bona fide residence or the physical presence test and your tax home is in a foreign country, you may exclude earned income from a foreign country as allowed under IRC 911(b).
2421	Adjusted housing cost amount	We adjusted your housing cost amount as shown.
2422	Bona fide residence-physical presence	We have disallowed the exclusion for income earned abroad since you did not establish that you were: (a) a bona fide resident of a foreign country or countries for an entire tax year or; (b) physically present in a foreign country or countries for at least 330 full days during a period of 12 consecutive months
2423	Adjusted expenses refigured	Since we have adjusted expenses related to foreign earned income, we have refigured your allowable foreign earned income exclusion as shown.
2424	Business expenses-excluded income (1982 fwd)	The exclusion of foreign earned income must be reduced by the portion of business expenses allocable to the excluded income.

Number	Standard Explanation Title	Standard Explanation Text
2425	Valid election not made	The IRC 911 exclusion you claimed has been disallowed in full. To qualify for the exclusion, you must make a valid election on a timely filed tax return, an amended return for the first taxable year for which your election is to be effective, or on a tax return filed within one year after the due date of the return. Since your tax return was not timely filed and was not filed within one year of the date it was due, you have not made a valid election and may not claim the IRC 911 exclusion. However, in certain circumstances, elections not made in compliance with the rules will be honored (see Treas. Reg. 1.911-7(a) for further instructions).
2426	Not eligible for Sec 911/flight personnel	You are not eligible for the IRC 911 exclusion. United States citizens who reside outside the United States and who are employed as flight personnel by various airline companies with flights originating and terminating in the United States have a regular place of employment (home base) in the United States, regardless of where they are residing. They do not have a tax home in a foreign country as required by IRC 911.
2427	Lodging provided by employer - FMV income	The fair market value of housing provided by your employer must be included in income.
2428	Australia / U.S. closing agreement	You are not entitled to claim the IRC 911 exclusion due to the closing agreement you signed. In it you agreed to be subject to U.S. taxation instead of Australian tax under article 9 of the agreement between the United States and Australia relating to the establishment of a joint defense space research facility.

Number	Standard Explanation Title	Standard Explanation Text
2501	Entire calendar year residency test not met	Since you were not a bona fide resident of Puerto Rico for at least an entire calendar year, your income from sources within Puerto Rico is not excludable.
2502	Two-year residency test not met	Since you were not a bona fide resident of Puerto Rico for the 2 years immediately preceding your change of residence from Puerto Rico, your income from sources within Puerto Rico is not excludable.
2503	SE Tax, Puerto Rico net earnings	According to IRC 1402(a)(6), net earnings from self-employment from sources in Puerto Rico are subject to self-employment tax, even though the income from these sources is otherwise excluded from gross income for federal income tax purposes.
2601	IRC 931/income excluded for "specified territory "	An individual taxpayer who is a U.S. citizen is entitled, under IRC 931, to exclude from gross income the following items derived from the "specified territory" of the United States, which is American Samoa: (a) income derived from sources within any specified territory, (b) income effectively connected with the conduct of a trade or business within any specified territory, (c) subject to the limitation that the taxpayer shall not be allowed any deduction or credit properly allocable or chargeable against amounts excluded under IRC 931.
2602	IRC 931/IRC 151	U.S. citizens who have income excludable under IRC 931, as well as income effectively connected with the conduct of a trade or business in a specified territory are not allowed any deductions or credits (except the deduction under IRC 151 relating to personal exemptions) for items that are properly allocable to the income that is excludable under IRC 931.

Number	Standard Explanation Title	Standard Explanation Text
2701	Compensation past, present or future services	Since the payments you received represent compensation for past, present, or future services, they are not excludable from income.
2702	Limitations - paid by employer/not excludable	Educational benefits paid or provided by your employer in exchange for services are includible in income.
2703	Limitations - not established as scholarship/fellowship	Since you did not establish that the amount received was a scholarship or fellowship grant, it is not excludable from income.
2704	Adjusted as shown/computation	We adjusted your scholarship or fellowship exclusion as shown.
2705	Compensation for services-grantor's benefit	An amount received for study and training is not excludable as a fellowship or scholarship grant if it represents payment for services subject to the direction or supervision of the grantor, or for activities performed primarily for the grantor's benefit. Since the amount you received was for such services or activities, it is not excludable from income.
2706	Compensation for spouses, dependent children/graduate level	Tuition reductions furnished by educational institutions to spouses and dependent children of employees are not excludable from income when the education is at the graduate level. Therefore, the amount of the tuition reduction you received has been added to your gross income.
2707	Qualified tuition and related expenses/room/board/laundry	Only the amount of a scholarship received for qualified tuition and related expenses, such as fees, books, supplies, and required equipment, is excludable from income. Amounts received for incidental expenses such as room and board, travel, laundry, and similar expenses must be included in income.

Number	Standard Explanation Title	Standard Explanation Text
2708	Travel/clerical help, research	The amount included in your scholarship or fellowship for travel, research, clerical help, and/or non-required equipment must be included in income. We have adjusted your income to include this amount.
2709	Future services required	Federal grants for tuition and related expenses received with a requirement for future service cannot be excluded from gross income under current law.
2710	Limitations-tuition	Tuition reductions furnished by educational institutions to their employees are not excludable from gross income when the education is at the graduate level. Therefore, the amount of the tuition reduction you received has been added to your gross income.
3001	Insurance premiums not alimony unless assigned rights	Premiums paid on your life insurance policy are not deductible as alimony unless the policy has been assigned to your former spouse, who is the irrevocable beneficiary.
3002	Amounts paid to former spouse not alimony	Since the amounts paid to your former spouse are not alimony, they are not deductible.
3003	No written agreement	Since you did not make the payments to your spouse as a result of a written divorce or separation agreement, they are not deductible as alimony.
3004	Child support-not alimony	Since these payments are for child support, they are not deductible as alimony.
3005	Arrears apply first to child support/adjusted	When a payment for both alimony and child support is less than the amount called for in the decree, the payments are first applied to child support and any remaining amount is deductible as alimony.

Number	Standard Explanation Title	Standard Explanation Text
3006	Delinquent child support payments are not alimony	Delinquent payments for child support made under a divorce decree are considered reimbursements to your former spouse for child support furnished during periods when payments were in arrears. These reimbursements are not deductible.
3007	Excess payments not alimony	No alimony deduction is allowed for any amount paid in excess of the amount specified in the decree or agreement.
3008	Lump sum cash or property settlement not alimony	Lump-sum cash paid as a property settlement is not deductible as alimony.
3011	Payments made were not alimony	Since you did not establish that the amount shown was (a) alimony and (b) paid, it is not deductible.
3012	Additional deduction allowed	You are allowed an additional deduction for alimony.
3013	Excess alimony income reported	The alimony income you reported was in excess of the amount which should have been reported. We have adjusted your alimony income accordingly.
3014	Payment not made in taxable year	Since the alimony was not paid during the tax year, it is not deductible.
3015	Adjusted to amount shown in computation	We have adjusted your alimony deduction as shown.
3016	Adjusted to amount verified as paid	We have adjusted your alimony deduction to the amount verified as paid.

Number	Standard Explanation Title	Standard Explanation Text
3018	Requirements for alimony after 12/31/84	For tax years beginning after December 31, 1984, alimony must meet the following requirements: (1) The payment is in cash, (2) The parties do not designate that the payment is not alimony, (3) If the parties are separated under a decree of divorce or separate maintenance, the parties are not members of the same household when the payments are made, (4) There is no liability to make any payment (in cash or property) after the death of the recipient spouse, and (5) The payment is not treated as child support.
3019	Recaptured excess alimony payments	Your excess alimony payments previously deducted have been recaptured and added to your income. See the attached computation.
3020	Alimony income verification	From records and income information available it has been determined that you received alimony income in the amount shown. If you do not agree that the amount shown must be reported as taxable income by you, please send us verification of the actual amount you received along with a copy of your divorce decree or separate maintenance agreement, as well as any modifications to them. This verification could be a copy of court payment records or a copy of legal actions you have instituted to enforce collection of court ordered alimony payments which were in arrears.

Number	Standard Explanation Title	Standard Explanation Text
3021	No verification of alimony deduction	We cannot allow the Alimony Deduction until verification of the deduction is provided. Acceptable documents are: a complete copy of Divorce Decree and/or any modifications of the decree, copies of cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), money orders or pay statements showing wage garnishments and information to verify that you are current with child support (if applicable.) The Social Security number of the recipient is also required.
3022	Alimony income/deduction for agreements signed after 12/31/2018	We adjusted your alimony income or deduction. Alimony and separate maintenance payments are excluded from income and are not deductible for divorce or separate maintenance agreements executed after December 31, 2018.
3023	Alimony income/deduction for agreements revised after 12/31/2018	We adjusted your alimony income or deduction because your divorce or separate maintenance agreement was revised after December 31, 2018. The law provides that alimony and separate maintenance payments are excluded from income and are not deductible if the agreement was modified after December 31, 2018 and the modification expressly provides the amendments of the Tax Cuts and Jobs Act of 2017 apply, even if entered into before that date.

Number	Standard Explanation Title	Standard Explanation Text
3101	Noncorporate lender-disallowed-not established business use	In the year of payment, the noncorporate guarantor, endorser, or indemnitor of a noncorporate obligation may deduct the loss sustained upon his/her payment of the obligation as a business bad debt, provided he/she can establish that (a) the agreement to guarantee such debt was entered into in the course of the guarantee's trade or business; and (b) the borrower's obligation to the person to whom the payment was made was worthless at the time of payment. Since your loss did not reflect these circumstances, we have disallowed it.
3102	Forgiven loans are not bad debts	Loans which you made and later forgave are not deductible as bad debts.
3103	Addition to reserve disallowed	Since the bad debt reserve is adequate, we have disallowed your addition to the reserve.
3104	Transfer of funds to business is contribution to capital not loan	The claimed business bad debt resulting from the transfer of funds is a capital loss because the transferred funds were contributions to capital rather than a loan.
3105	Specific charge-off method-only debts becoming worthless in tax year	Since you use the specific charge-off method for your bad debt deduction, only debts which become worthless during the taxable year are allowed.
3106	Not established a bad debt and your loss-not allowed	Since you did not establish that the amount shown was (a) for bad debt, and (b) your bad debt loss, we have disallowed it.
3107	Additional deduction allowed	You are allowed an additional deduction for bad debts.
3108	Adjusted as shown/computation	We have adjusted your bad debt deduction as shown.
3109	Worthlessness not established during taxable year	Since the debt did not become worthless during the tax year, no deduction is allowed.

Number	Standard Explanation Title	Standard Explanation Text
3110	Cash method-not in income	Since you used the cash method (reporting income only when received), and had not included uncollectible interest, rents, fees, salaries and wages in income, you may not claim them as bad debts.
3111	Gift-not a debt	The deduction claimed is not allowable as a bad debt since it was in the nature of a gift.
3112	Collection effort not demonstrated	Since you have not shown that all reasonable steps were taken to collect the debt, no deduction is allowed.
3113	Debtor/Creditor relationship not established	Since you did not establish that the amount shown was a bad debt arising from a true debtor-creditor relationship based upon a valid and legally enforceable obligation, we have disallowed it.
3114	Nonbusiness short-term capital loss	Your nonbusiness bad debt can be deducted only as a short-term capital loss. Capital losses are deductible only to the extent of capital gains plus \$3,000 (or \$1,500 for married filing separate). We have adjusted your loss accordingly. You may carry any unused loss forward to future years.
3115	Partially worthless-not a bad debt	Because your nonbusiness bad debt was not wholly worthless in the current year, it cannot be deducted. No deduction is available for partial worthlessness of nonbusiness bad debts.
3116	Valid enforceable obligation or fixed sum	Because there was no valid enforceable obligation to pay a fixed or determinable sum of money, your bad debt deduction is not allowed.
3117	Corp capital contribution	No bad debt deduction is allowable on the guarantee of the corporate obligation (business or nonbusiness) if, at the time the obligation was entered into, the payment was a capital contribution.

Number	Standard Explanation Title	Standard Explanation Text
3118	Loss limitation	Both principal and interest amounts of the debt on which you are the guarantor are subject to loss limitation on business or nonbusiness bad debts. The interest on the debt cannot be deducted as interest.
3119	Business bad debt	Your individual business bad debt deduction is limited to payments under guarantees arising out of your business.
3120	Guarantor	Your bad debt deduction is denied because you, as guarantor, failed to show that you had received reasonable consideration for the guarantee agreement.
3121	Income never included	A cash-basis taxpayer may only claim a bad debt deduction for accounts receivable and notes receivable related to goods and services that are unpaid and uncollectible if such items have been included in gross income on the return for which the deduction is claimed, or for a previous year. Since it has not been established that your claimed deduction was previously included in income, your taxable income is increased by the amount of that deduction.
3122	Addition to reserve for bad debts after 1986	All taxpayers, other than financial institutions, certain farm credit institutions and finance companies, must use the specific charge-off method for bad debt expenses. Your bad debt deduction has been adjusted to the amount of the debts that became uncollectible this year.
3201	Adjusted as shown/computation	We have adjusted your net gain (or loss) from the sale or exchange of assets, as shown in the accompanying computation.
3202	Form 1099-S	Income from Form 1099-S is includible in income as shown.

Number	Standard Explanation Title	Standard Explanation Text
3203	Adjusted net capital gain/adjust AMT	Since we adjusted your net capital gain (or loss) the alternative minimum tax is recomputed as shown.
3204	Separate return	Since you and your spouse filed separate returns, your deduction for net capital losses is limited to the lower of (1) excess of your capital losses over your capital gains or (2) \$1,500.
3205	Holding period 6 months or less	Since you held this property for one year or less, the gain (or loss) is a short-term capital gain (or loss).
3206	Additional loss allowed	You are allowed an additional deduction for the capital loss shown.
3207	Maximum rate on capital gain	After May 6, 1997 the maximum rate of tax on your net capital gain may be 10 percent, 20 percent, 25 percent, 28 percent or a combination of those rates. Thus, your taxes have been adjusted accordingly. After May 6, 2003, and beginning before January 1, 2009, the 20-percent rate is reduced to 15-percent, the 10-percent rate to 5-percent (0 percent for taxable years beginning after 2007).
3208	Holding period 12 months or more	If you sold or exchanged property that is a capital asset held for more than one year, the gain or loss is considered a long term capital gain (or loss).
3209	Inventory items	Because the property was held by you primarily for sale to customers in the ordinary course of your trade or business, it does not qualify as IRC 1231 property, and the gain you realized is includible as ordinary income.
3210	Proceeds not reinvested	Since the proceeds from involuntary conversion were not reinvested in replacement property similar or related in service or use, the gain you realized is includible in income.

Number	Standard Explanation Title	Standard Explanation Text
3211	Proceeds exceed cost	Since the conversion proceeds exceed the cost of replacement property acquired during a prescribed replacement period, the gain you realized shall be recognized and is includible in income.
3212	Ordinary income	The excess of capital losses over capital gains is deductible from ordinary income. Since this deduction is limited to the lesser of (1) the excess or (2) \$3,000, your deduction has been adjusted as shown.
3213	Excess over \$3,000 carry forward	The portion of your excess capital losses over capital gains which exceeded \$3,000 is carried over to the succeeding year(s) and is computed as shown.
3214	Sale of personal residence/reporting	You must report the sale of your personal residence, even though you purchased a qualifying replacement residence or incurred a loss.
3215	Adjusted basis/computation	We adjusted the basis of your new residence.
3216	Taxable gain on sale of residence	We have adjusted your return to include the taxable gain on the sale of your personal residence. The gain is taxable because your replacement cost is less than the one you sold.
3217	Gain on sale of residence/exclusion after May 6, 1997	After May 6, 1997, the gain on the sale of your main home can be excluded up to a maximum of \$500,000 (filing joint), and \$250,000 (filing single), if certain rules are met. Therefore, your gain is adjusted as shown.
3218	Gain on sale of residence	Because you or your spouse have not owned and used the principal residence for period aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange, the entire gain from the sale or exchange of the principal residence is taxable as computed.

Number	Standard Explanation Title	Standard Explanation Text
3219	Involuntary conversion/related party	After June 8, 1997, you cannot postpone the gains on the involuntary conversion because you acquired replacement property or stock from a related party and your total realized gain for the tax year on the involuntarily converted properties on which there is a realized gain of more than \$100,000. Therefore, the gain is includible in income.
3220	Involuntary conversions realized gain	You cannot offset the gain with any losses when determining whether the total gain is more than \$100,000. Thus the realized gain is recomputed as shown.
3221	Sale of small business stock/rollover capital gain	After August 5, 1997 you can choose to rollover the capital gain from the sale of qualified small business stock held for more than 6 months.
3222	Qualified business stock/rollover capital gain	You did not meet the requirement to choose to rollover the capital gain from the sale of qualified business stock. Therefore, we have recomputed your capital gain as shown.
3223	Termination of right or obligation	After September 4, 1997, the cancellation, lapse, expiration or other termination of a right or obligation with respect to property that is a capital asset is treated as a sale. Thus, any gain or loss is treated as a capital gain or loss.
3224	Real estate investment trust	After August 5, 1997, a real estate investment trust can keep its long term capital gains and pay the tax on them in the same way as a mutual fund.
3301	Lesser of FMV decrease or adjusted basis	Your casualty loss is the lesser of (a) the decrease in the fair market value of the property as a result of the casualty, or (b) the adjusted basis of the property.

Number	Standard Explanation Title	Standard Explanation Text
3302	Definition of casualty-since not a casualty loss disallowed	A casualty is the complete or partial destruction or loss of property resulting from fire, storm, shipwreck or other casualty that is (a) identifiable; (b) damaging to property; and (c) sudden, unexpected, or unusual in nature. Since your loss is not a casualty, it is not deductible.
3303	Deductible only in year occurred	Your casualty loss is deductible only in the taxable year in which the casualty occurred. Since your casualty loss did not occur in the taxable year you claimed the deduction, and did not occur in a Federally declared disaster area, we have disallowed it.
3304	Insect attach-shrubs	Since the trees, shrubs, etc., on your property were damaged or destroyed by disease instead of by a casualty, you cannot deduct their value as a casualty loss.
3305	Moth/termite damage	The cost of repairing termite or moth damage is not deductible as a casualty loss.
3306	Deterioration not a casualty	Normal progressive deterioration is not deductible as a casualty loss.
3307	Indirect related expenses not a part of casualty	Expenses indirectly connected with a casualty, such as the cost of care for personal injuries, fuel, moving, or rental of temporary quarters, are not deductible as casualty losses.
3308	Insurance proceeds reduce loss	Insurance proceeds or any other recovery received, or expected to be received, reduce your casualty or theft loss deduction.
3309	Casualty loss/disaster area	Since you have a casualty loss in a Federally declared disaster area, you can deduct the loss on your return for the year immediately preceding the year in which the disaster occurred.

Number	Standard Explanation Title	Standard Explanation Text
3310	Owner of property not TP	Since you did not own the damaged, destroyed, or stolen property, you cannot deduct the casualty or theft loss.
3311	Theft loss deductible-discovered	A theft loss is deductible in the tax year in which the theft loss is discovered.
3312	Not established a casualty occurred and loss sustained	Since you did not establish that (a) a casualty or theft occurred, and (b) any loss was sustained, the claimed loss is not deductible.
3313	Additional deduction allowed	You are allowed an additional deduction for the casualty or theft loss shown.
3314	Itemized deduction only/did not itemize	Since a casualty or theft loss is normally deductible as an itemized deduction, and you claimed the standard deduction, we have disallowed the casualty loss. The standard deduction, however, may be increased by any disaster loss deduction, equal to any net disaster loss” representing your personal casualty losses attributable to a Federally declared disaster occurring before January 1, 2010 in a disaster area, net of your personal casualty gains, as provided under IRC 165(h)(3).
3315	Decrease in FMV or basis not established/adj'd to reasonable amt	Since you did not establish the amount of the decrease in the fair market value of the property as a result of the casualty, or your adjusted basis in the property, we have adjusted your deduction to an amount determined reasonable.
3316	Loss items not a theft	Since you did not furnish evidence that the item was stolen or otherwise lost as a result of a casualty, we have disallowed the theft loss deduction.
3317	FMV before loss greater than expected insurance proceeds	A casualty loss deduction is not allowable since you have not shown that the fair market value immediately before the loss was more than you received or expect to receive as insurance proceeds or other compensation.

Number	Standard Explanation Title	Standard Explanation Text
3318	Claim for insurance not filed	Insurance proceeds or any other recovery received reduces your casualty or theft loss deduction. Since you chose not to file a claim for reimbursement with your insurance company, we have disallowed your loss to the extent that reimbursement could have been received.
3319	Loss on personal residence	The amount shown on your return as a casualty loss resulting from damage to your personal residence is not allowed because it has not been established that any deductible loss within the meaning of IRC 165 was sustained during the taxable year.
3320	Theft loss decreased FMV less than cost	The deduction shown on your return as a theft loss is decreased because the fair market value of the items stolen was less than their cost, and under IRC 165 a theft is limited to the lesser of cost or fair market value at the time of theft.
3321	Deduction decreased-loss limitation	The deduction shown on your return as a casualty loss is decreased because the fair market value of the items destroyed was less than their cost, and under IRC 165 a casualty loss is limited to the lesser of cost or decrease in fair market value.
3322	AGI changed	For each casualty and theft loss, you must reduce that loss by \$100 (for taxable years beginning on or before December 31, 2008), \$500 (for taxable years beginning after December 31, 2008, and before January 1, 2010), or \$100 (for taxable years beginning after December 31, 2009) and by ten (10) percent of your adjusted gross income. Since your adjusted gross income was changed, we adjusted your casualty or theft loss accordingly.
3323	Buyer resistance loss	You cannot claim a casualty loss based on a decrease in value due to buyer resistance.

Number	Standard Explanation Title	Standard Explanation Text
3324	Personal casualty and theft loss (tax years 2018 and later)	Since you did not establish that the personal casualty or theft loss was attributable to a federally declared disaster, we have disallowed your deduction. You may only claim a personal casualty or theft loss that is not attributable to a federally declared disaster to the extent the loss does not exceed personal casualty or theft gains.
3401	Adjusted to correct percentage	Your deduction for self-employed health insurance has been adjusted to reflect the correct percentage. For taxable years: beginning in 1999 through 2001----- - 60 percent beginning in 2002----- 70 percent beginning in 2003 and thereafter----- 100 percent
3402	Limited to net income from self-employment adjusted	Your deduction for self-employed health insurance is limited to your net earnings from self-employment from the business for which your medical plan is established. Because we changed your self-employment income and/or expense and those changes affected your net income from self-employment from the business, we have also adjusted your insurance deduction.
3501	Unreasonable or excessive	No deduction is allowed for any compensation that is unreasonable or excessive. See the accompanying computation.
3502	Unreasonable or excessive compensation	No deduction is allowed for any compensation that is unreasonable or excessive.

Number	Standard Explanation Title	Standard Explanation Text
3503	Accrual-basis TP	Even though you are an accrual-basis taxpayer, you cannot deduct salaries, wages and other expenses owed to a related person until the tax year you make the payment and the amount is includible in the income of the person paid.
3504	Not established compensation/paid	Since you did not establish that the amount shown was (a) compensation, and (b) paid, the amount is not deductible.
3505	Additional deduction allowed	You are allowed an additional deduction for compensation expenses.
3506	Not paid in tax year	Since the compensation expenses were not paid during the taxable year, they are not deductible.
3507	Not incurred in tax year	Since the compensation expense was not incurred during the taxable year, we have disallowed your deduction.
3508	Salary capitalized	You cannot deduct salaries and other compensation incurred for constructing capital assets. They must be included in the basis of the constructed asset and recovered through depreciation deductions.
3601	Not a qualifying organization	Since the reported contribution was not made to a qualified organization, we disallowed it.
3602	Time contributed	You may not deduct the value of time or services donated to charitable causes.
3603	Foreign organization	Since these contributions were made directly to a foreign organization, they are not deductible.
3604	Bingo, raffle tickets or other games of chance	Amounts paid for raffle tickets, to play bingo, or to engage in other games of chance are not deductible as contributions.
3605	Specific individual benefits	Since this contribution was made for the benefit of a specified individual, it is not deductible.

Number	Standard Explanation Title	Standard Explanation Text
3606	Dues	Membership dues paid to a fraternal or veterans organization are not deductible.
3607	Tuition costs	Since these costs are personal tuition expenses, they are not deductible.
3608	Property at FMV/computation	A deduction for a contribution of property to a qualifying organization is measured by the fair market value of that property at the time the gift is made. The attached computation shows the value determined for the donated property.
3609	Property/ordinary income/computation	Your contribution of property (which, if sold on the date contributed, would have resulted in ordinary income or short-term capital gain) is deductible to the extent shown in the attached computation.
3610	Inventory items donated	Since the donated property consisted of inventory items, the deduction is limited to your cost.
3611	Limitations/see computation	Your contributions that are more than the maximum limitations are not deductible. See the attached computation.
3612	Not established a contribution and paid	Since you did not establish that the amounts shown were (a) contributions, and (b) paid, the amounts are not deductible.
3613	Additional deduction allowed	You are allowed an additional deduction for charitable contributions.
3614	Item deductions only-did not itemize-no deduction	Since contributions are deductible only as itemized deductions, and you did not itemize, we disallowed the deduction.
3615	Not made during year	Since the contributions were not made during the tax year, they are not deductible.
3616	Adjusted as shown in computation	We adjusted your contribution deduction as shown in the attached computation.
3617	Auto expenses computed at standard rate	We figured your allowable deduction for charitable contributions related to the use of an automobile in connection with rendering gratuitous services, at the applicable standard rate per mile.

Number	Standard Explanation Title	Standard Explanation Text
3618	Travel expenses	Per IRC 170(j), no charitable deduction is allowed for travel expenses, including transportation, meals and lodging, unless there is no significant element of personal pleasure, recreation, or vacation in the travel.
3619	Auto exp. allowed to extent of out of pocket expense	The car expenses reported are allowed only to the extent that they represent out-of-pocket expenditures for such items as gas, oil, and parking fees. Depreciation, insurance, and the pro rata portion of general repairs and maintenance expenses cannot be deducted.
3620	Substantiation lacking/reasonable amount allowed	You are required to substantiate each reported contribution. Since you did not substantiate all contributions reported, we adjusted your deduction to the amount verified or determined reasonable based on all available information.
3621	Property at FMV reasonable amount allowed	The contribution of property to a qualifying organization is measured by the fair market value of that property at the time the gift is made. Based on available information, we adjusted your reported deduction to an amount determined reasonable.
3622	Percentage limitations	We have adjusted your charitable contributions to conform with the percentage limitations.
3623	Requirements of IRC 170 not met	The amount shown on your return as a deduction for charitable contributions is not allowable in full because it has not been established that the total amount was paid during the tax year or that the unallowable items met the requirements of IRC 170.

Number	Standard Explanation Title	Standard Explanation Text
3624	Not paid during year	It has not been established that the amount shown on your return as a charitable contribution was paid during the tax year. Therefore, this deduction is not allowable.
3625	Limitation on clothing and personal goods	A deduction for charitable contributions in the of clothing and personal and household goods is limited to the fair market value of these items at the time of donation. Since these items, particularly clothing, have very little resale value, your deduction has been reduced to reflect a reasonable amount.
3626	Cash contribution over \$250	Since you have not provided a written acknowledgement or payroll records for each qualified organization to which you gave a contribution of \$250 or more in cash, as required by IRC 170, we have disallowed the deduction.
3627	Contribution of property	To be allowed a deduction for property as a contribution, you must show (a) the name and address of the qualifying organization(s), (b) provide a list of what was donated, and (c) show the fair market value of each item on the date of contribution. Since you have not met these requirements, we have adjusted the amount as shown.
3628	Fair market value exceeded	If you pay more than the fair market value to a qualifying organization for merchandise, goods, or services, the amount you pay that is more than the value of the item may be a charitable contribution.
3629	Appraisal fee	An appraisal fee that you pay to find the fair market value of donated property is not deductible as a charitable contribution. However, it may be claimed as a miscellaneous deduction subject to the 2 percent limitation.

Number	Standard Explanation Title	Standard Explanation Text
3630	Political parties	Contributions to political parties and candidates do not qualify as charitable contributions.
3631	College or university limited to 80 percent	Eighty percent of a payment to a college or university for the right to purchase tickets to athletic events is deductible as a charitable contribution. No deduction is allowed for the amount that is for the actual cost of any tickets purchased.

Number	Standard Explanation Title	Standard Explanation Text
3632	Carryover contributions, DDB Rule 101 and 102	<p>We have disallowed the amount you claimed on Line 18 of Schedule A as a carryover contribution from a prior year. You may only carry over amounts that you were not able to deduct on your tax return for the five succeeding tax years. Our records indicate that you did not meet this requirement; therefore we have recomputed your tax liability.</p> <p>If you believe our records are incorrect and you have any information you would like us to consider regarding the amount you entered on Line 18 of Schedule A, please submit it.</p> <p>If the amount on Line 18 of Schedule A originated from another tax return please provide a copy of that return. If the return is too large to photocopy and mail to us, you must at least provide copies of pages 1 and 2 of Form 1040 and Schedule A.</p> <p>If the amount on Line 18 of Schedule A was entered in error and actually belongs on another line of Schedule A you must provide the correct line number, a description of the deduction and verification that the amount claimed on Line 18 was paid.</p> <p>Examples of acceptable verification are cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), statements and receipts showing the date the expense or deduction was paid, the amount and the payee's name. You may send photocopies of the information you wish us to consider. If you send copies of cancelled checks, however, you must send copies of the front and back of each check.</p>

Number	Standard Explanation Title	Standard Explanation Text
3633	AGI changed - contributions changed	Contributions are limited if they exceed a certain percentage of your adjusted gross income (AGI). Since your AGI was changed, we adjusted your deductible contributions accordingly.
3634	College or university athletic event seating (taxable years after 12/31/2017)	We disallowed your charitable deduction for your payment in exchange for athletic seating. No charitable contribution is allowed for a payment to an institution of higher education in exchange for the right to purchase tickets or seating at an athletic event.
3701	Beginning inventory changed	We adjusted your income because of the change to your beginning inventory.
3702	Ending inventory changed	We adjusted your income because of the change to your ending inventory.
3703	Purchases understated	Since your purchases were understated, your income has been decreased.
3704	Purchases overstated	Since your purchases were overstated, your income has been increased.
3705	Merchandise/personal use	We reduced your purchases by the amount shown. This figure represents the merchandise which was withdrawn for personal use.
3706	Not established purchases and made during tax year	Since you did not establish that the amount shown was for purchases, and made during the tax year, the amount is not includible in the cost of goods sold.
3707	Additional deduction allowed	You are allowed an additional deduction for purchases.
3708	Purchases not made during tax year	Since the purchases were made before or after the tax year, the amount for purchases may not be included in the cost of goods sold.

Number	Standard Explanation Title	Standard Explanation Text
3709	Full absorption method	The cost of goods produced or manufactured by you must be determined by using the full absorption method of inventory costing which includes direct and indirect production costs. We have recomputed your inventory and cost of goods sold accordingly.
3710	Overhead expenses allocated	Both work in process and finished goods inventories must include allocable overhead expenses. We have adjusted your inventory to reflect these expenses.
3711	Beg/End inventory not valued on same basis	Since your beginning and ending inventories were not valued on the same basis we have adjusted the cost of goods sold and income.
3712	Unallowable valuation method	Since you used an unallowable method to value your inventory we have changed your inventory valuation method and adjusted the cost of goods sold and income accordingly.
3713	Inventory valuation method	Except for those taxpayers who use the LIFO method, all items included in inventory should be valued at either cost or the lower of cost or market value. Those taxpayers using the LIFO method must value their inventory at cost. We have adjusted your inventory accordingly.
3714	Cost of goods sold-unreported income	In the absence of proof of specific amounts, we have computed your unreported income and have approximated the cost of goods sold as shown.
3715	Reasonable COGS amount determined	Because you did not furnish sufficient information, we adjusted cost of goods sold to an amount determined to be reasonable for your business according to the gross receipts you reported.

Number	Standard Explanation Title	Standard Explanation Text
3716	Merchandise or equipment sold	Businesses involving the sales of merchandise or equipment cannot expense the cost of merchandise or equipment until it is sold. The deduction you took for all purchases made during the year has been disallowed and an inventory has been established.
3717	Cost must be capitalized per IRC 263A	These costs must be capitalized in accordance with IRC 263A.
3718	Costs must be included in inventory costs per IRC 263A	These costs must be included in inventory costs in accordance with IRC 263A.
3719	COGS disallowed/lack of substantiation	Cost of goods sold has been disallowed due to lack of substantiation.
3720	COGS subject to uniform capitalization rules per IRC 263A	The cost of goods produced or manufactured by you are subject to the uniform capitalization rules under the provisions of IRC 263A. We have recomputed your inventory and cost of goods sold accordingly.
3801	Maximum IRC 179 expense (for tax years prior to 2010)	Your deduction for IRC 179 expense is limited to the maximum amount. For taxable years beginning in 2001 or 2002, the maximum amount is \$24,000. For taxable years after 2002 and before 2008, the maximum amount starts at \$100,000 and is indexed annually for inflation as follows: taxable year 2003 - \$100,000; taxable year 2004 - \$102,000; taxable year 2005 - \$105,000; taxable year 2006 - \$108,000; and taxable year 2007 - \$125,000. For taxable years 2008 and 2009 the maximum amount is \$250,000.
3802	Maximum IRC 179 expense (for tax years after 2009)	Your deduction for IRC 179 expense is limited to the maximum amount. For taxable years beginning 2010 through 2016, the maximum amount is \$500,000. The \$500,000 amount is indexed annually for inflation for taxable years beginning after December 31, 2016. For taxable year 2017 the maximum amount is \$510,000.

Number	Standard Explanation Title	Standard Explanation Text
3803	IRC 179 election not timely	Your deduction for IRC 179 expense has been disallowed, because you did not timely make the election. For any taxable year beginning after 2002, a taxpayer is permitted to make an election under IRC 179 without the consent of the Commissioner on an amended Federal return for that taxable year. This amended return must be filed within the time prescribed by law for filing an amended return for that taxable year.
3804	Personal use items	You cannot claim depreciation on your home, automobile, or other such items used for personal purposes.
3805	Land	Land cannot be depreciated.
3806	Portion of year property not owned	You cannot claim depreciation for that part of the taxable year you did not own or use the property.
3807	Property not owned	You cannot claim depreciation on property you do not own.
3808	Depreciation out	Since this property has been or should have been fully depreciated in prior years no depreciation is allowed.
3809	Election to amortize capital expenditures not timely	Taxpayers may elect to amortize certain capital expenditures, under the authority of IRC 169, IRC 171 and IRC 174, as provided by the applicable statute. Since you failed to make your election for amortization of these capital expenditures in a timely manner, we have disallowed your deduction for amortization, as shown in the attached computation.
		Under the authority of IRC 195, IRC 248 and IRC 709, taxpayers may elect to amortize certain capital expenditures paid or incurred on or before October 22, 2004, over a 60 month period. Since you failed to make your election for amortization of these capital

Number	Standard Explanation Title	Standard Explanation Text
3810	Capital expenditures amortized/other than required months or deducted other than required amount	<p>expenditures in a timely manner, we have disallowed your deduction for amortization, as shown in the attached computation.</p> <p>Under the authority of IRC 248 and IRC 709, taxpayers may elect to deduct certain capital expenditures paid or incurred after October 22, 2004, not in excess of \$5,000, and amortize the remaining balance of these capital expenditures over a 180 month period. Under the authority of IRC 195, taxpayers may elect to deduct certain capital expenditures paid or incurred after October 22, 2004, in taxable years beginning before January 1, 2010, not in excess of \$5,000, and amortize the remaining balance of these capital expenditures over a 180 month period. For capital expenditures paid or incurred in a taxable year beginning in 2010, the maximum amount under IRC 195 is increased to \$10,000. Since you failed to make your election for deduction and amortization of these capital expenditures in a timely manner, we have disallowed your deduction and amortization, as shown in the attached computation.</p> <p>Taxpayers may elect to amortize certain capital expenditures, under the authority of IRC 169 and IRC 174, as provided by the applicable statute. Since you utilized a time period other than 60 months, we have recomputed your amortization deduction, as shown in the attached computation.</p> <p>Under the authority of IRC 195, IRC 248 and IRC 709, taxpayers may elect to</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p>amortize certain capital expenditures over a 60 month period. Since you utilized a time period other than 60 months, we have recomputed your amortization deduction, as shown in the attached computation.</p>
		<p>Under the authority of IRC 248 and IRC 709, taxpayers may elect to deduct certain capital expenditures paid or incurred after October 22, 2004, not in excess of \$5,000, and amortize the remaining balance of these capital expenditures over a 180 month period. Since you utilized a time period other than 180 months or utilized an amount exceeding \$5,000, we have recomputed your deduction and amortization, as shown in the attached computation.</p>
		<p>Under the authority of IRC 195, taxpayers may elect to deduct certain capital expenditures incurred after October 22, 2004, in taxable years beginning before January 1, 2010, not in excess of \$5,000, and amortize the remaining balance of these capital expenditures over a 180 month period. For capital expenditures incurred in a taxable year beginning in 2010, the maximum amount under IRC 195 is increased to \$10,000. Since you utilized a time period other than 180 months or utilized an amount exceeding \$5,000 (or \$10,000 for capital expenditures incurred in a taxable year beginning in 2010), we have recomputed your deduction and amortization, as shown in the attached computation.</p>
		<p>Under the authority of IRC 195, taxpayers may elect to deduct certain capital</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p>expenditures paid or incurred after October 22, 2004, in taxable years beginning before January 1, 2010, not in excess of \$5,000, and amortize the remaining balance of these capital expenditures over a 180 month period. For capital expenditures paid or incurred in a taxable year beginning in 2010, the maximum amount under IRC 195 is increased to \$10,000. Since you utilized a time period other than 180 months or utilized an amount exceeding \$5,000 (or \$10,000 for capital expenditures incurred in a taxable year beginning in 2010), we have recomputed your deduction and amortization, as shown in the attached computation.</p>
3811	Goodwill	<p>Goodwill acquired before August 11, 1993 cannot be depreciated.</p>
3812	Property not used in a trade or business	<p>Since the property is not used in a trade or business, or for the production of income, no depreciation is allowed.</p>
3813	Capital improvements	<p>You cannot claim depreciation on equipment or other business assets to the extent the equipment or assets are used to construct your own capital improvements.</p>
3814	Items held for sale	<p>You cannot claim depreciation on items held for sale to customers.</p>
3815	Property converted to rental use	<p>The depreciable basis for property converted from personal use to rental use is the lower of its cost or fair market value on the date of conversion.</p>
3816	Cost/basis not established	<p>Since you did not establish (a) the cost or other basis of the assets, and (b) that it is depreciable, no depreciation is allowed.</p>
3817	Additional deduction allowed	<p>You are allowed an additional deduction for depreciation.</p>

Number	Standard Explanation Title	Standard Explanation Text
3818	Major repairs/improvements	The cost of major repairs or improvements to property that increase its value or prolong its life is a capital expenditure. It must be added to the cost or other basis of the property and depreciated over the applicable recovery period.
3819	Capital expenditure	The cost of an asset having an expected life of more than one year is a capital expenditure that must be depreciated over the applicable recovery period. Although the claimed expense has been disallowed, depreciation has been allowed as shown.
3820	Depreciation not taken in prior years	The depreciation you failed to deduct in prior years is not deductible in the current or any later tax year.
3821	Component method	<p>For buildings placed in service before 1981, you may not depreciate a used building using the component method of depreciation unless the cost is properly allocated to the various building components based on their value and useful lives. Since you have not verified the cost breakdown satisfactorily, we have recomputed your depreciation deduction.</p> <p>For a building placed in service after 1980 you may not depreciate the building using the component method of depreciation. Since you have utilized the component method, we have recomputed your depreciation deduction</p>

Number	Standard Explanation Title	Standard Explanation Text
3822	Covenant not to compete	For contracts entered into before August 11, 1993, the portions of the cost of a business attributable to goodwill and going concern were nondepreciable. Because the cost of goodwill and covenant not to compete are grouped and not separable, it is not possible to ascertain the portion of the cost allocable to the covenant not to compete. No depreciation is allowable.
3823	IRC 1250 property	Since you sold IRC 1250 property on which you claimed accelerated depreciation, part of the gain as shown on the attached computation is ordinary income.
3824	IRC 1245 property	Gain on the disposition of depreciable personal property used in a trade or business (IRC 1245 property) is taxable as ordinary income to the extent of the depreciation deductions allowed or allowable.
3825	Amortization expense change to allowable method	We have changed your amortization expense to an allowable method. See attached computation.
3826	No ACRS before 1981/after 1986	Property placed in service before 1981 and after 1986 does not qualify for accelerated cost recovery system (ACRS) depreciation.
3827	IRC 179 election/disallowed as a current expense	Since you did not make a special election under IRC 179, we have disallowed the deduction as a current expense.
3828	IRC 179 expense/property does not qualify	We have disallowed the deduction you claimed for a IRC 179 expense because the property does not qualify as IRC 179 property.

Number	Standard Explanation Title	Standard Explanation Text
3829	Property no longer used in business	Since the property on which you elected the IRC 179 deduction ceased to be used predominately in a trade or business at any time before the end of the property's recovery period, the difference between the IRC 179 deduction and what would have been allowable under modified ACRS is includible in income in the taxable year in which the property is not used predominantly in a trade or business.
3830	Modified ACRS before 1987	The Modified ACRS Depreciation does not apply to property placed in service before 1987 unless you have elected these rules for property placed in service after July 31, 1986 and before 1987. Your property does not qualify for the Modified ACRS Depreciation.
3831	Modified ACRS for automobile	Because you used Modified ACRS for your business automobile, the depreciation and tax credit limits of IRC 280F apply. Your deduction is further limited to your business use percentage therefore, we have adjusted your depreciation as shown in the attached computation.
3832	Auto use 50 percent or less	Since you did not use the listed property more than 50 percent for business or work, your deduction under IRC 179 and/or a portion of your depreciation are disallowed.
3833	Auto use less than 50 percent	Since you did not use the listed property more than 50 percent for business or work, your deduction under IRC 179 and/or your depreciation are disallowed.

Number	Standard Explanation Title	Standard Explanation Text
3834	IRC 197 intangibles	IRC 197 intangibles acquired after August 10, 1993 (or after July 25, 1991, if a valid retroactive election has been made under Treas. Reg. 1.197-1T) are ratably amortizable by the purchaser over a 15 year period. Most acquired intangibles, such as goodwill and covenant not to compete, are IRC 197 intangibles. Accordingly we have corrected your amortization deduction as shown in the attached computation.
3901	Maintain/improve skills	Since you have not established that the educational expenses were either required by your employer or the law or incurred to maintain or improve skills required in your employment, they are not deductible under Treas. Reg. 1.162-5.
3902	Minimum education requirements	Since these expenses were incurred to meet the minimum educational requirements for qualification in your employment, they are not deductible under Treas. Reg. 1.162-5.
3903	Qualify for new trade or business	Since the courses you took are part of a program of study that may lead to qualifying you for a new trade or business, the expenses are not deductible under Treas. Reg. 1.162-5.
3904	Re-entering trade/business	Since you were absent from work for more than a year, educational expenses incurred during your absence are not deductible under Treas. Reg. 1.162-5.
3905	Unemployed	Educational expenses incurred while you are not employed, or not actively engaged in a trade or business, are not deductible under Treas. Reg. 1.162-5.
3906	Dependent education expense	Educational expenses incurred for a dependent are not deductible under Treas. Reg. 1.162-5.
3907	Personal reasons	Since these educational expenses were incurred for personal reasons, they are not deductible.

Number	Standard Explanation Title	Standard Explanation Text
3908	Travel/personal reasons	Since these travel expenses were incurred primarily for personal reasons, they are not deductible as educational expenses other than meals and lodging during the time spent participating in deductible educational pursuits under Treas. Reg. 1.162-5.
3909	Establish payment as ordinary and necessary	To be allowed a deduction for educational expense, you must furnish information to establish (a) payment was actually made during the taxable year, and (b) the expense was ordinary and necessary to your employment. Since your deduction does not reflect these circumstances, we have disallowed the amount shown.
3910	Additional deduction allowed	You are allowed an additional deduction for employee educational expenses.
3911	Must claim as itemized deduction	Since these educational expenses are deductible only as itemized deductions, and you did not itemize, no deduction is allowed under Treas. Reg. 1.162-5.
3912	Not paid during tax year	Since the educational expenses were not paid during the taxable year, they are not deductible.
3913	Computation	We have adjusted your educational expense deduction as shown in the accompanying computation.
3914	Auto expense	We figured your allowable deduction for car expense mileage for educational purposes at the standard rate.

Number	Standard Explanation Title	Standard Explanation Text
3915	Work to school travel	Since your attendance in school is not temporary, your deductible transportation expense relating to education is computed using only the expense between your place of work and the school. If you go home before going to school, you may deduct the expense of going from home to school only to the extent it does not exceed the expense from work to school. Since the deduction you claimed was not computed correctly, we have adjusted your expense.
3916	Amount verified	We have adjusted your educational expense deduction to the amount verified as paid.
3917	Home to school - nonwork day	Since your attendance in school is not temporary you may not deduct the cost of transportation between your home and school on a nonworking day. We have adjusted your deduction to disallow this expense.
3918	Travel as education	Educational expenses in the form of travel are not deductible when the travel itself serves as the education. We have disallowed this deduction.
3919	Adjusted gross income changed	Only the educational expenses exceeding 2 percent of your adjusted gross income are deductible. Since other adjustments made in this report effect your adjusted gross income, we have also adjusted your educational expense.
3920	Expenses exceeding AGI limitation	You may only deduct educational expenses that exceed 2 percent of your adjusted gross income. Since you did not verify expenses exceeding this limitation, your deduction has been disallowed.

Number	Standard Explanation Title	Standard Explanation Text
3921	Tuition and fees	<p>Since you did not establish the amount shown was</p> <p>(a) Tuition and fees, and</p> <p>(b) Paid,</p> <p>the amount shown is disallowed.</p> <p>Educational institutions that receive payments for qualified tuition and fees are required to file Form 1098-T, Tuition Statement, with the IRS and furnish a copy to the student.</p>
3922	Student loan interest	<p>Since you did not establish the amount shown was</p> <p>(a) Student loan interest, and</p> <p>(b) Paid,</p> <p>the amount shown is disallowed.</p> <p>Financial, governmental, and educational institutions that receive qualified student loan interest payments during a calendar year are required to file Form 1098-E, Student Loan Interest Statement, with the IRS, and furnish a copy to the borrower.</p>
4001	Deduction for dues disallowed	<p>For tax years beginning January 1, 1994, you are not allowed a deduction for dues (including initiation fees) for membership in any club organized for business, pleasure, recreation, or other social purposes.</p>
4002	Not required by employer	<p>Since expenses you incurred were not required by your employer, they are not deductible.</p>
4003	Business benefit not established	<p>Since you did not establish that a business benefit could reasonably be expected as the result of incurring these entertainment expenses, they are not deductible.</p>
4004	Records and receipts not adequate	<p>Since you did not maintain adequate records and receipts to document your deduction, we have adjusted your expense(s), as shown in the attached computation.</p>

Number	Standard Explanation Title	Standard Explanation Text
4006	Payment not established as ordinary or necessary (verbose)	To be allowed a deduction for entertainment expenses, you must furnish information to establish that (a) payment was actually made during the taxable year, and (b) the expense was ordinary and necessary to your business or profession. Since you did not establish the above for all of your deductions, we have disallowed the amount shown.
4007	Adequate records description/not established/disallowed	To be allowed a deduction for entertainment expenses, you must maintain adequate records to establish the (a) amount of each expenditure, (b) date the entertainment took place, (c) location of the entertainment, (d) business purpose for the entertainment, and (e) business relationship to you of the person entertained. Since you did not establish the above for all of your deductions, we have disallowed the amount shown.
4008	Additional deduction allowed	You are allowed an additional deduction for business entertainment expenses.
4009	Not established as ordinary and necessary/disallowed	Since you did not establish that these entertainment expenses were ordinary and necessary to your business or profession, they are not deductible.
4010	Not paid during year	Since the entertainment expenses were not paid during the taxable year, they are not deductible.
4011	Adjusted/see computation	We have adjusted your entertainment deduction as shown in the accompanying computation.
4012	Not incurred during year/disallowed	Since the entertainment expense was not incurred during the taxable year, we have disallowed the deduction.

Number	Standard Explanation Title	Standard Explanation Text
4013	Not outside salesman/must itemize	An outside salesperson is a full-time employee who does his/her selling principally away from the employer's place of business. Since you do not qualify as an outside salesperson, the expenses claimed are not deductible in determining your adjusted gross income.
4014	Expense of spouse or client's spouse/not ordinary and necessary	You may not deduct the cost of entertainment allocable to your spouse or to the spouse of a business customer unless you can show that you had a clear business purpose rather than a personal or social purpose in incurring such expenses.
4015	Expense limit 50 percent deductible	The amount of otherwise allowable entertainment expenses must be reduced by 50 percent. We have adjusted your deduction to allow only the 50 percent which is deductible.
4016	Expense limit 50 percent deductible/tax year beginning after Dec. 1993	For tax years beginning after December 1993, the amount of the otherwise allowable entertainment expense must be reduced by 50 percent. We have adjusted your deduction to allow only the 50 percent which is deductible.
4017	Receipts or records inadequate/business expense over \$75	After September 30, 1995, receipts are required for all business expenses over \$75. Since you did not maintain adequate records or receipts to substantiate your deduction, we have adjusted your expense, as shown in the attached computation.
4018	Tickets limited to face value/non-luxury	Your deduction for tickets to entertainment events cannot exceed the face value of that ticket. It also cannot exceed the face value of non-luxury seating.

Number	Standard Explanation Title	Standard Explanation Text
4019	Deduction for entertainment disallowed	<p>After December 31, 2017, no deduction is allowed for:</p> <ul style="list-style-type: none"> a. An activity generally considered to be entertainment, amusement, or recreation, b. A facility used in connection with the above items (this includes dues or fees to any social, athletic, or sporting club or organization), and c. Membership dues with respect to any club organized for business, pleasure, recreation, or other social purposes.
4101	Services received in exchange for support/disallow exemption	Since this person provided you with housekeeping services and/or child care services in exchange for support, the exemption is being disallowed.
4102	Form 8332 not attached to return/disallow exemption	The dependency exemption(s) claimed for your child (or children) who did not live with you because of divorce or separation, has (have) been disallowed since Form(s) 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, or a similar statement was (were) not attached to your return.
4103	Former spouse-cannot claim	Since you were divorced or legally separated at the end of the tax year, you cannot claim an exemption for your former or estranged spouse.
4104	Spouse had income and taxpayer filed separate return	Since your spouse had gross income, you cannot claim an exemption for your spouse on your separate return.
4105	Spouse dependent of another taxpayer and taxpayer filed separate return	Since your spouse was another taxpayer's dependent, you cannot claim an exemption for your spouse on your separate return.
4106	Deceased spouse/claim only year of death	You cannot claim an exemption for your deceased spouse after the year of death.

Number	Standard Explanation Title	Standard Explanation Text
4107	Former spouse had custody/disallowed	Since your former spouse had custody of the child for a greater portion of the tax year than you did and you did not attach Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, or similar statement to your return, we disallowed the dependency exemption.
4108	Support test not met/computation	Since you did not provide over 50 percent of this person's total support, we disallowed the dependency exemption. See the attached computation.
4109	Support test not met/disallowed	Since you did not provide more than 50 percent of this person's total support, we disallowed the dependency exemption.
4110	Gross income equal to exemption amount	Since this person had gross income equal to or greater than the exemption amount, we disallowed the dependency exemption.
4111	Joint return filed by claimed dependent	Since this person filed a joint return, we disallowed the dependency exemption.
4112	Member of household test not met	Since this person was not a member of your household for the entire tax year, we disallowed the dependency exemption.
4113	Relationship violates local law	Since the relationship between you and this person is in violation of local law, we disallowed the exemption.
4114	Citizen or resident test not met	Since the person is neither a U.S. citizen or national, nor a resident of the United States, Canada, or Mexico, we have disallowed the dependency exemption.
4115	Additional exemption allowed	You are allowed an additional exemption for the person(s) listed.
4116	Not established entitled to exemption/disallowed	Since you did not establish that you are entitled to the exemption(s) for the person(s) listed, the exemption(s) is/are being disallowed.

Number	Standard Explanation Title	Standard Explanation Text
4117	Support test not met and no Form 2120 submitted	We have disallowed this exemption because you did not contribute more than one-half of the person's total support, nor did you establish that you were entitled to the exemption under a multiple support agreement.
4118	FRV of claimed dependent's lodging added to support	Since the person you claimed as a dependent lived in his/her own home, the fair rental value of his/her lodging must be added to other items of support to arrive at the cost of total support. We have disallowed the exemption because the support you provided is not more than one-half of total support.
4119	TP lived rent-free in dependents/FRV reduces support below 1/2	Since you lived rent-free in the home of the person you claimed as a dependent, the amount you spent for his/her support must be reduced by the fair rental value of your lodging. We have disallowed the exemption because the remaining amount, is not more than one-half of the total cost of support.
4120	Capital expenses-support/nonsupport	Capital expenditures, such as the purchase of a car, furniture, and household appliances purchased for personal and family reasons that benefit all members of the household are not considered items of support for tax purposes. Since your remaining contributions are not sufficient to constitute more than one-half of the person's total cost of support, the exemption claimed has been disallowed.

Number	Standard Explanation Title	Standard Explanation Text
4121	Household expenses must be allocated support test not met	Your contribution to the upkeep of a household cannot be considered as entirely for any one person when all persons living in the household benefited from it. We must assume that all persons equally shared the amount you furnished because you did not establish otherwise. Because you have not established that you furnished more than one-half of the cost of the total support of the person you claimed as a dependent, we have disallowed the dependency exemption.
4122	Household expenses offset personal expenses	Contributions by a member of a household apply first to the payment of his/her own share of the expenses, and then any excess which cannot be traced to a certain member is considered to apply pro rata to the expenses of all who did not provide their own full support. Under this method of distribution, you did not establish that you furnished more than one-half of the cost of the total support for the person you claimed. We have, therefore, disallowed the exemption.
4123	Student-must meet support test to claim as dependent	Even though your child is a student, you must still meet the support test. Any amount spent from your child's own funds, including his/her wages, on such things as clothing, education, medical and dental care, recreation, transportation, entertainment, and similar items, must be added to the total cost of support in determining whether you furnished more than one-half of the support. Since you did not establish that you furnished more than one-half of the cost of total support for your child, we have disallowed the dependency exemption.

Number	Standard Explanation Title	Standard Explanation Text
4124	Decree specifies can claim but did not provide \$600	Although your pre-1985 decree of divorce or separate maintenance specifies you may claim the exemption for your child, we have disallowed it because you provided less than \$600 for his/her support.
4125	Dependent of another TP after 1986	You may not claim a personal exemption for any year that you can be claimed as a dependent by another taxpayer.
4126	No personal exemption specified levels after 1987	The benefit of the personal exemption is phased out for individuals whose adjusted gross income is above specified levels. See the enclosed computation.
4127	Total cost of support not established-cannot determine 1/2	To determine whether you contributed more than one-half of the cost of the total support of the person you claimed as a dependents support, it is necessary to know the cost of total support. Since you have been unable to show the cost of total support, we disallowed the exemption.
4128	Tax-free income is support to the extent it is used for support - disallowed as support test not met	Payments such as social security benefits pensions, and State welfare benefit payments received by a person claimed as a dependent are part of that person's support unless it is shown otherwise. These payments are support to the extent that the payments are used for support. Since these payments represent more than one-half of the claimed person's total support, we disallowed the exemption.
4129	Spouse exemption disallowed-no info on income or dependency	The exemption claimed for your spouse is disallowed, since you did not establish that your spouse had no gross income and was not the dependent of another taxpayer.
4130	U.S./Japan treaty rule/see computation	Under the provision of the United States/Japan Income Tax Treaty, the deduction has been disallowed because it is not permitted under the current treaty.

Number	Standard Explanation Title	Standard Explanation Text
4131	Spouse filed separate return	Since your spouse filed a separate return, you may not claim an exemption for your spouse.
4132	Disallow exemption/claimed by another taxpayer	We are disallowing the exemption claimed since another taxpayer has also claimed this dependent on his/her tax return.
4133	Partial exemption disallowed	The partial exemption shown on your return has been disallowed because the Internal Revenue Code does not provide for partial exemptions.
4134	Identify exemptions disallowed	We disallowed your claim to an exemption for the following persons:
4135	Custody of dependent-prior to 1/1/2005	The parent having custody for the greater part of the calendar year is entitled to the dependency exemption unless he or she expressly waives the right to claim the exemption. This applies to cases of legal separation, divorce, separation by written agreement, and to cases where the parents live apart during the last 6 months of the calendar year. Since you did not have custody, and the custodial parent did not waive the right to claim the exemption, we disallowed the dependency exemption.
4136	Custody of dependent waived-prior to 1/1/2005	The parent having custody is entitled to the dependency exemption unless he or she waives the right to claim the exemption. Since you signed a waiver, we disallowed the exemption.
4137	Student over 23 after 1988	You may not claim a dependency exemption for a student who will reach age 24 in the calendar year, unless that student's gross income is less than the exemption amount.

Number	Standard Explanation Title	Standard Explanation Text
4138	Exemptions limited if income more than dollar amount of FS	The amount you can claim for your exemptions is reduced if your adjusted gross income is more than the dollar limit for your filing status. Your adjusted income is more than that limit, so we reduced the amount you can claim. We have attached a Personal Exemption Worksheet to show you how we figured the change.
4139	Limitation on exemptions does not apply-AGI less than FS limit	The amount you can claim for your exemptions is reduced if your adjusted gross income is more than the dollar limit for your filing status. Since your adjusted gross income is less than the limit, this reduction does not apply to you, and you can claim more for your exemptions than you did. We increased the amount of your exemptions and attached a Personal Exemption Worksheet to show you how we figured this change.
4140	Not established entitled to exemption/disallowed	Since you did not establish that you are entitled to the exemption(s), it/they is/are being disallowed.
4141	Verification of parent entitled to exemption - prior to 1/1/2005	Please provide a complete copy of your divorce decree, decree of separate maintenance, written separation agreement or any other written agreement relating to custody or the dependency exemption, including any relevant modifications. If you are the noncustodial parent, please provide a copy of the release of claim to exemption signed by the custodial parent.
4142	Exemptions/credits - DDB Rule 112 - prior to 1/1/2005	Our records show that we received two or more federal individual income tax returns, including yours, using the same social security number(s) claiming one or more of the following: <ol style="list-style-type: none"> <li data-bbox="1065 1829 1425 1856">1. dependency exemption(s) <li data-bbox="1065 1871 1305 1898">2. education credit <li data-bbox="1065 1913 1300 1940">3. child care credit

Number	Standard Explanation Title	Standard Explanation Text
4.	dependent tax credit The duplicated social security number(s) is:	<hr/> <p>We have disallowed the dependency exemption and any of the above credits that you may have taken on your return. If you do not agree with our determination and have documentation that you would like us to review, please submit those documents from the list below that you believe will support your claim for the dependent.</p> <p>For Dependents who live with you:</p> <ol style="list-style-type: none">1) A copy of the birth certificate and social security card for each person claimed.2) School, medical, or other records to determine the place of residence of each person claimed as a dependent.3) A record of income or other record of support received for each person claimed as a dependent, including wages, payments from social service agencies, Social Security, V.A. benefits, and child support.4) A record of amounts contributed to household expenses by each person living in the household with the person claimed as a dependent.5) If you were divorced or legally separated, a complete copy of your divorce decree, decree of separate maintenance, written separation agreement, or any other written agreement, relating to custody or the dependency exemption, including any relevant modifications.

Number	Standard Explanation Title	Standard Explanation Text
blank	blank	<p>Other Dependents:</p> <p>1) A computation of the total cost of the support of the person claimed as well as cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), and receipts to verify amounts you spent for the person's support, if claiming a dependent under a multiple support agreement, provide a signed statement (Form 2120, Multiple Support Agreement) from each person who provided over 10 percent of the support of the person you claimed, confirming that he or she did not claim an exemption for the person whom you claimed. Statements should include his/her name, address and social security number.</p> <p>2) A written statement showing the amount provided by any person or agency (such as, Social Security, social service agencies, Veterans Administration) that provided funds for the claimed person's support.</p> <p>3) If you were divorced or separated, a complete copy of your divorce decree, decree of separate maintenance, written separation agreement, or any other written agreement, relating to custody or the dependency exemption, including any relevant modifications.</p> <p>4) A Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, or similar written statement, signed by the custodial parent, agreeing not to claim an exemption for the child.</p> <p>5) A copy of the birth certificate and social security card for all dependents.</p>

Number	Standard Explanation Title	Standard Explanation Text
4143	Noncustodial parent - taxable years beginning after 12/31/04	We have disallowed the dependency exemption for one or more of your children. Generally, a noncustodial parent is not allowed to claim an exemption for a child unless the custodial parent releases a claim to exemption on Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, or a substantially similar statement, and the noncustodial parent attaches a copy of the release to his or her return. Since you did not provide a copy of the release, we disallowed the exemption.
4144	Custodial parent released exemption - taxable years beginning after 12/31/04	We have disallowed the dependency exemption for one or more of your children, because you signed a Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, or substantially similar statement releasing a claim to exemption.
4145	Tie-breaker rule for two or more taxpayers claiming a child as a qualifying child - tax years beginning after 12/31/04 and before 1/1/09	We have disallowed one or more of the following child-related benefits under the tie-breaker rule that applies when two or more taxpayers claim the same child as a qualifying child: <ol style="list-style-type: none"> 1) the dependency exemption, 2) head of household filing status, 3) the child and dependent care credit, 4) the child tax credit, 5) the earned income credit, 6) the exclusion for dependent care assistance.

Number	Standard Explanation Title	Standard Explanation Text
4146	Student-must meet support test to claim as dependent before 1/1/2005	Even though your child is a student, you must still meet the support test. Any amount spent from your child's own funds, including his/her wages, on such things as clothing, education, medical and dental care, recreation, transportation, entertainment, and similar items, must be added to the total cost of support in determining whether you furnished more than one-half of the support. Since you did not establish that you furnished more than one-half of the cost of total support for your child, we have disallowed the dependency exemption.
4147	Student over 23 after 1988 and before 1/1/2005	You may not claim a dependency exemption for a student who will reach age 24 in the calendar year, unless that student's gross income is less than the exemption amount.
4148	Tie-breaker rule for two or more taxpayers who may claim a child as a qualifying child - tax years beginning after 12/31/08	We have disallowed one or more of the following child-related benefits under the tie-breaker rule that applies when two or more taxpayers may claim the same child as a qualifying child: <ol style="list-style-type: none"> 1) The dependency exemption, 2) Head of household filing status, 3) The dependent care credit, 4) The child tax credit, 5) The earned income credit, 6) the exclusion for dependent care assistance.
4201	Gifts to superiors	Gifts made to your superiors are not deductible.
4202	Limited \$25 to any one individual	Business gifts allowed as deductions may not exceed \$25 to any one individual per year.

Number	Standard Explanation Title	Standard Explanation Text
4203	Not established a gift and paid/disallowed	Since you did not establish with contemporaneous records, that the amount shown was (a) for business gifts, and (b) paid, it is not deductible.
4204	Additional deduction allowed	You are allowed an additional deduction for business gifts.
4205	Unreimbursed business gifts	Unreimbursed business gifts are deductible only as miscellaneous itemized deductions. Miscellaneous deductions are deductible to the extent that they exceed 2 percent of your adjusted gross income. Since changes made elsewhere in this report effect your adjusted gross income, we have adjusted your miscellaneous deduction.
4301	Personal residence insurance	House and household insurance premiums on your personal residence are not deductible.
4302	Auto insurance disallowed since TP used standard rate	Since you used the standard mileage rate to compute your automobile expense deduction, we have disallowed the automobile insurance expense deduction
4303	Auto insurance reduced due to personal use	You cannot deduct automobile insurance expense for the amount attributable to personal use.
4304	Failed to establish qualifies and was paid	Since you did not establish that the amount shown was (a) insurance expense, and (b) paid, the amount is not deductible.
4305	Additional allowed	You are allowed an additional deduction for insurance expenses.
4306	Not paid during year	Since the insurance expenses were not paid during the taxable year, they are not deductible.
4307	Not incurred during taxable year	Since the insurance expense was not incurred during the taxable year, we have disallowed the deduction.
4401	Not legally liable/disallowed	The interest expense you claimed is not deductible since you are not legally liable for the debt.

Number	Standard Explanation Title	Standard Explanation Text
4402	Avg. unpaid balance method/computation	If an interest charge on your installment contract cannot be established, the deduction is the lesser of (a) 6 percent of the average unpaid balance of your contract, or (b) the aggregate carrying charges which are properly attributable to such taxable year. We have, therefore, adjusted your interest expense deduction as shown.
4403	Points paid by borrower for services	Points you paid as a borrower as compensation for specific services that the lender performs in connection with your account are not deductible as interest.
4404	Points paid by seller	Points paid by a seller are not deductible if the points were not subtracted from the purchase price of the residence in computing its basis.
4405	Interest to purchase tax exempts	You cannot deduct interest paid on a loan used to purchase or hold tax-exempt securities.
4406	Int. paid on loan to purchase/single premium annuity/endowment/life	You cannot deduct interest paid on a loan used to purchase or hold a (a) single premium annuity contract purchased after March 1, 1954; (b) single premium endowment contract; or (c) single premium life insurance policy.
4407	Tax penalties not interest	Tax penalties are not deductible as interest.
4408	Accrual TP ratable deduction computation	Since you are an accrual-basis taxpayer, you must deduct your interest expense ratably over the period for which it accrues. We have adjusted your interest expense deduction as shown.
4409	Parsonage or military housing allowance/IRC 265(a)(6)	Members of clergy and military personnel are allowed to deduct mortgage interest and property taxes on their homes even though they received a parsonage allowance or military housing allowance that is excludable from income per IRC 265(a)(6).

Number	Standard Explanation Title	Standard Explanation Text
4410	Points paid to refinance a home mortgage/not deductible in full	Points paid to refinance your home mortgage are not deductible in full in the year paid but must be deducted ratably over the period of the loan because such points are for repaying the taxpayer's existing indebtedness and are not paid in connection with the purchase or improvement of the home.
4411	Not established interest and paid/disallowed	Since you did not establish that the amount shown was (a) interest expense, and (b) paid, the amount is not deductible.
4412	Additional deduction allowed	You are allowed an additional deduction for interest expense.
4413	Personal interest not deductible	Personal interest is not deductible under IRC 163(h).
4414	Not paid during year	Since the interest expense was not paid during the taxable year, it is not deductible.
4415	Not incurred in year	Since the interest expense was not incurred during the taxable year, no deduction is allowed.
4416	Adjusted to amount verified as paid	We have adjusted your interest expense to the amount verified as paid.
4417	Evidence not presented/adjusted	Since you did not furnish acceptable documentary evidence, such as statements from banks, finance companies, etc., to verify the interest paid during the year, we have adjusted your interest expense deduction.
4418	Contingent liability	Your deduction for interest expense on a contingent liability is denied.
4419	Imputed	We have computed interest in accordance with IRC 483 because no provision was made for adequate stated interest on the sale or exchange of your property.
4420	Points must be paid by taxpayer/not from loan proceeds	The points must be paid directly by the taxpayer and may not be from loan proceeds, thus the deduction is disallowed.

Number	Standard Explanation Title	Standard Explanation Text
4421	Accrual basis TP/cash basis for interest deduction	Accrual basis taxpayers are placed on the cash basis for the interest deduction owed to related cash basis taxpayers per IRC 267(a).
4422	Not bona fide debt	The deduction shown on your return as interest is disallowed because it has not been established that the amount was for interest on a bona fide debt.
4423	Interest paid on debt/tax exempt bonds or obligations	Deduction for interest paid on a debt, incurred or continued, to purchase or carry tax exempt bonds or other tax exempt obligation is generally denied, per IRC 265(a).
4424	Investment expense limited	Your deduction for investment expense has been limited to your net investment income.
4425	Points on a home mortgage loan/secured	Points on a home mortgage loan for the purchase or the improvement of and secured by a principal residence are deductible in the year paid to the extent that payment of the points is an established practice in the areas involved and the amount does not exceed the generally charged amount in the area, per IRC 461(g)(2).
4426	Second residence interest expense/not rented or leased	A second residence may also be treated as a qualifying residence for interest expense purposes if it was not for rent or lease during the tax year unless (a) the rented portion is used by a tenant primarily for residential purposes, (b) the rented portion is not a self-contained residential unit containing separate sleeping space and toilet and cooking facilities, and (c) the total number of tenants renting (directly or by sublease) the same or different portions of the resident at any time during the taxable year does not exceed two.

Number	Standard Explanation Title	Standard Explanation Text
4427	Points not fully deductible in year paid	You cannot deduct the full amount of points paid to refinance your home mortgage in the year paid because such points were not paid in connection with the purchase or improvement of the home. You must spread the points over the life (term) of the mortgage. Generally you can deduct an equal portion in each year of the mortgage.
4428	Home equity interest deductible	Home equity indebtedness is all debt (other than acquisition debt) that is secured by a qualified residence to the extent it does not exceed the lesser of \$100,000 (\$50,000 if married filing separately) or the fair market value of the residence reduced by any acquisition indebtedness. Interest on such debt is deductible even if the proceeds are used for personal expenses.
4429	Investment income interest	The amount you can deduct for investment income interest is limited to the amount of net investment income including investment interest income you receive. See attached computation.
4430	Home equity interest not deductible (tax years 2018 - 2025)	We disallowed your home equity interest deduction. Home equity interest is not deductible for tax years 2018 through 2025, unless the loan proceeds were used to buy, build, or substantially improve your main home or second home or to refinance such debt, and the other requirements and limitations are met.

Number	Standard Explanation Title	Standard Explanation Text
4431	Limitation on deduction for qualified residence interest	<p data-bbox="1065 191 1588 821">We adjusted your mortgage interest expense as shown in the attached computation. For tax years 2018 through 2025, interest is limited to the amount paid on no more than \$750,000 (\$375,000 in case of married filing separately) of new mortgage acquisition indebtedness incurred after December 15, 2017, unless the Binding Contract Exception applies. For indebtedness incurred on or before December 15, 2017, interest is limited to the amount paid on no more than \$1,000,000 (\$500,000 in case of married filing separately) of mortgage acquisition indebtedness.</p> <p data-bbox="1065 877 1588 1381">Under the Binding Contract Exception, a taxpayer who enters into a written binding contract before December 15, 2017, to close on the purchase of a principal residence before January 1, 2018, and who purchases such residence before April 1, 2018, is subject to the \$1,000,000 (\$500,000 if married filing separately) limitation. Additionally, the loan must be secured by your main home or second home, not exceed the cost of the home, and meet other requirements.</p>

Number	Standard Explanation Title	Standard Explanation Text
4501	Hobby loss/not for profit-no loss and order of exp. stated	You must include on your return income from an activity from which you do not expect to make a profit. From this income, you may deduct the following expenses in the order shown: (a) interest, taxes, and other deductible items without regard to the profitability of the activity; (b) operating expenses, except those in item (c) below (to the extent gross income from the activity exceeds deductions allowable under (a) above); and (c) depreciation and other basis adjustment items to the extent gross income from the activity exceeds deductions allowable under (a) and (b) above.
4502	Personal non business property	Since the property sold was not used in a trade or business or held as income producing property, the loss on the sale is not deductible.
4503	Loss between family members	Since the loss was incurred on the sale or exchange of property between members of the same family, it is not deductible.
4504	Loss on sale between TP and corporation. (50 percent stock)	Since the loss was incurred on sale or exchange of property between yourself and a corporation in which you are considered the owner of more than 50 percent of the value of the outstanding stock, it is not deductible.
4505	Loss not deducted on trade in	The loss from this trade-in or exchange is not deductible.
4506	Loss or sale of residence	A loss on the sale or exchange of your residence is not deductible.

Number	Standard Explanation Title	Standard Explanation Text
4507	Loss/wash sale	A loss from the sale or other disposition of stock or securities is not allowable if, within a period beginning 30 days before the date of sale or disposition and ending 30 days after the sale or disposition, you acquired or entered into a contract to acquire, substantially identical stock or securities.
4508	Loss/repossessions held for personal use	Losses on repossessions of property held for personal use are not deductible.
4509	Losses gambling limited to winnings	Your deduction for gambling losses cannot exceed the amount of your gambling winnings reported on your return.
4510	Abandonment loss disallowed	Since you did not meet your burden of proof concerning abandonment of property, i.e., shown an intention to abandon acted, in a manner consistent with that intention, and proved that abandonment actually occurred in the taxable year, your loss is disallowed.
4511	Not established loss qualifies as small bus. corp loss	We have disallowed the small business corporation loss you claimed because you have not established that the corporation qualifies as a Small Business Corporation.
4512	Small bus. corp. loss disallowed IRC 1362(d)	Since the election has been made by a small business corporation not to be treated as an S Corporation under the provisions of IRC 1362(d), we have disallowed the loss you claimed.
4513	Partnership loss limited to basis/computation	Since your distributive share of the partnership loss is limited to the extent of your adjusted basis, we have disallowed the amount in excess of your basis, as shown.
4514	Partnership interest sold/ordinary income-not capital loss computation	The sale of your interest in the partnership represents ordinary income instead of the capital gain reported, to the extent shown in the accompanying computation.

Number	Standard Explanation Title	Standard Explanation Text
4515	Not established a loss and sustained by you	Since you did not establish that the amount shown was (a) a loss, and (b) sustained by you, it is not deductible.
4516	Additional loss allowed	You are allowed an additional deduction for the loss shown.
4517	Loss disallowed/not at risk	The loss(es) you claimed cannot be allowed because it has not been established that you are at risk within the meaning of IRC 465 in the amount of the claimed loss(es).
4518	Not incurred during year	Since the loss was not incurred during the year, we have disallowed the deduction.
4519	Personal residence rented temporarily/loss disallowed	You did not establish that your intent in renting your personal residence prior to its sale was to convert it to business property. Since information provided indicates that the loss resulted from the sale of a personal residence, we have disallowed it.
4520	Worthless securities - year not established	Since you did not establish that the securities became worthless during the year, the loss is not deductible.
4521	Rental less FRV to friend or relative/no rental loss allowable	Expenses attributable to the rental of property to a friend or relative for less than fair rental value are allowable only in the amount of the income received from this source. You may not deduct a loss from such a rental.
4522	Personal property converted to business loss (computation shown)	A loss on the sale of personal property that had been converted to business use is measured by the difference between (a) the lower of its cost or fair market value at the date of conversion, reduced by any allowable depreciation for the period it was used for business purposes, and (b) the selling price.

Number	Standard Explanation Title	Standard Explanation Text
4523	Farm profit motive/no loss	For a farm loss to be allowable, you must show you intended to make a profit from your farming operations. This intent must be supported by actions that show that you entered into and operated your farming business in good faith for the purpose of making a profit. Since your operations do not indicate you satisfied this requirement, no loss is allowable.
4524	Forfeiture/personal residence down payment	Loss due to your failure to exercise an option to buy a personal residence (forfeiture of the down payment) is a personal expense and therefore is not deductible.
4525	Nonrecourse note not reasonable	Because your non recourse note is not reasonable in relation to the fair market value (FMV) of the underlying assets, the portion of the note in excess of the asset's reasonable fair market value is excluded from your basis. Therefore, the basis for your loss is decreased.
4526	Worthless securities - basis not established	The deduction shown on your return as a loss resulting from worthless stock is disallowed because it has not been established that the stock became worthless within the taxable year, nor has the basis of the stock been established. Your taxable income is increased accordingly.
4527	Abandonment loss/fully depreciated	Your abandonment loss is denied because the asset was fully depreciated.
4528	Related parties	Since the loss was incurred in a transaction between related parties, it is not deductible.
4529	IRC 1244 - Limitation	The excess of your IRC 1244 loss over the aggregate limit of \$100,000.00 for a joint return (\$50,000 for a single, separate, or head of household return) is treated as a loss from the sale or exchange of a capital asset.

Number	Standard Explanation Title	Standard Explanation Text
4530	IRC 1244 - Continuously held by TP	Since the IRC 1244 stock was not issued directly to you and was not held by you continuously from the date of issuance, your loss is treated as a loss from the sale or exchange of a capital asset.
4531	IRC 1244 - Written plan for pre-November 1978 stock	Since your IRC 1244 stock was not issued pursuant to a plan to offer only a stated dollar amount of stock during a period specified in the plan, or the plan was not a written plan, or the plan was not adopted by the corporation after June 30, 1958 and on or before November 6, 1978, or the stock was not offered within two years after the date the plan was adopted, your IRC 1244 loss is treated as a loss from the sale or exchange of a capital asset.
4532	IRC 1244 - did not meet requirements	If IRC 1244 stock becomes worthless, the shareholders may claim an ordinary loss rather than the usual capital loss with certain limitations and requirements as prescribed by law. Since you did not meet these requirements, we have increased your capital loss and decreased your ordinary loss.
4533	Completed transaction	Since your loss was not evidenced by a closed and completed transaction fixed by an identifiable event, it is not deductible.
4535	Demolition expenses: add to basis of land	Demolition of your building does not create a deductible loss. The basis of the land should be increased by the adjusted basis of the building, including demolition expenses.
4536	Ordinary loss disallowed	The loss you claimed does not qualify as an ordinary loss. We allowed a long term capital loss in the amount shown.

Number	Standard Explanation Title	Standard Explanation Text
4537	Rental less FRV to friend or relative/no rental loss allowable	When property is rented to a friend, relative, or other parties for less than its fair rental value, expenses attributable to the rental are allowable only to the extent of the income received and only as itemized deductions on Schedule A. You may not deduct a loss from that rental. Therefore, we adjusted your return based on the information you furnished, and figured your tax liability accordingly.
4538	Replacement cost-not allowable	Using replacement cost as a measure of your loss is not allowable.
4539	Loss on straddle disposition - disposition of less allowable	If you dispose of less than all of the positions of a straddle, you may not take into account any loss that you realized on such disposition (the loss position) after January 23, 1985, to the extent that there is any unrecognized gain in one or more of the following positions: (1) Successor positions, (2) Offsetting positions to the loss position, or (3) Offsetting positions to any successor position.
4540	Loss on straddle disposition - adjustment	Since you had unrecognized gain, we have adjusted your loss. Since we have adjusted the loss you claimed on the disposition of positions of a straddle, we have also adjusted your carryover loss.

Number	Standard Explanation Title	Standard Explanation Text
4541	IRC 1231	For tax years beginning after 1984, long-term capital gain treatment is allowed only for the part of the net section 1231 gain that is more than the total of net IRC 1231 losses from the 5 most recent preceding tax years that have not already been recaptured, using this rule, in the prior tax years. The part of the net IRC 1231 gain that does not exceed total net IRC 1231 losses described in the previous sentence is ordinary income. Only net IRC 1231 losses from tax years beginning after 1981 are used in making this calculation.
4542	Property transfer to spouse disallowed	No loss or gain is recognized on a property transfer after July 18, 1984, from an individual to a spouse. We have adjusted the loss (or gain) you claimed.
4543	Financial institution not federally insured	The loss on funds deposited in a qualified financial institution which becomes insolvent may be deductible as an ordinary loss if the funds were not federally insured. The amount of loss that may be deducted by a qualified individual making a IRC 165(l) election for the taxable year is limited to \$20,000 (\$10,000 if married filing separate). An adjustment has been made to your deduction because you exceeded the limitation for your filing status.
4544	Not an active trade or business	Because we determined that the activity described on your Schedule C does not meet the guidelines of carrying on a trade or a business within the meaning of IRC 162, we disallowed your loss.
4545	Limit on excess business losses	We adjusted your excess business losses as shown in the attached computation. Excess business losses are limited to \$250,000 (\$500,000 in case of a joint return). The threshold amount is indexed for inflation.

Number	Standard Explanation Title	Standard Explanation Text
4601	AGI increased/computation	Only the amount of medical expenses that exceeds a certain percentage of your adjusted gross income is deductible. Since your adjusted gross income has been changed, we have adjusted your medical expense deduction as shown in the accompanying computation.
4602	Life insurance	Premiums paid for life insurance policies are not deductible as medical expenses.
4603	Loss of earnings/Loss of limb, sight, etc.	Premiums paid for policies which reimburse you for loss of earnings or for the accidental loss of life, limb, sight, etc., are not deductible as medical expenses.
4604	Guaranteed specified amt. per day, week month, etc., not qualified	Premiums paid for policies that guarantee a specified amount each day, week, or month in the event of hospitalization are not deductible as medical expenses.
4605	Reimbursements reduce deduction	Your medical expense deduction is reduced by the reimbursements you actually received.
4606	Other than for TP, spouse or dependent	Since the medical expense was not paid for yourself, your spouse, or your qualified dependent, the amount is not deductible as a medical expense.
4607	Personal analysis as part of training	Payments for personal analysis required as part of your training are not deductible as medical expenses.
4608	Cosmetics, toiletries, etc.	Payments for cosmetics, toiletries, toothpaste, and like items are not deductible as medical expenses.
4609	Items not generally accepted as medicines	Payments for items that are not prescription drugs or insulin are not deductible as medical expenses.
4610	Special diets and foods substitute for regular diet	The cost of special foods or beverages that you substitute for those you normally consume is not deductible.
4611	Nursing home expense not allowed-primary purpose not medical	Since medical care is not the primary reason for your being in a nursing home, rest home, or other institution, the cost of meals and lodging is not deductible.

Number	Standard Explanation Title	Standard Explanation Text
4612	Travel for medical care-meals not deductible	The cost of meals while traveling to obtain medical care is not deductible.
4613	Transportation primarily for and essential to medical care	Amounts paid for transportation are allowable medical care expenses only if the transportation is primarily for and essential to medical care.
4614	Trip to improve general health or change environment	A trip taken to change environment or generally improve health is not deductible as a medical expense, even when the trip is made on the advice of a physician.
4615	Capital expenditures only to extent exceeds increase in FMV	Only the costs of permanent improvements made to property for medical reasons that are more than the increase in the fair market value of the property are deductible.
4616	Household help	The cost of a household assistant must be allocated between allowable nursing or other medical care activities, and nondeductible household cleaning, etc., expenses. Only the medical activity percentage of the cost is deductible as a medical care expense.
4617	Funeral expenses	Funeral and burial expenses are not deductible.
4618	Not established that medical expense and paid	Since you did not prove that the amount shown was (a) a medical expense, and (b) paid during the taxable year, the amount is not deductible. See IRC 213.
4619	Additional deduction allowed	You are allowed an additional deduction for medical expenses.
4620	Adjusted as shown in computation	We adjusted your medical expense deduction as shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
4621	Cancelled checks alone not adequate for drugs	Since many nondeductible items can be bought at drug stores, cancelled checks alone are not considered adequate verification of payment for drugs and medicines reported on your return. We have, therefore, reduced the amount you claimed to the expenses you verified as paid for drugs and medicines.
4622	Exemption disallowed-so, too, medical expenses claimed	Since we disallowed the exemption you reported, you may not deduct the medical expenses you paid for that individual.
4623	Not a qualifying expense	This item does not qualify as an allowable medical expense deduction per IRC 213.
4624	Auto expense or transportation to work (even if specially equipped)	The cost of transportation to and from work, even if your condition requires an extraordinary mode of transportation, does not qualify as a medical expense. It is a personal expense and is not deductible.
4625	Paid - by dependent	You may not deduct medical expenses paid by your dependent.
4626	Auto expense limited to gas and oil-no depreciation or repairs	Automobile expenses for medical travel are allowable only for out of pocket expenditures for such items as gas, oil, and parking fees. In the absence of evidence of actual expenses incurred, you can substitute the applicable standard rate.
4627	Allowed to extent verified	Your medical expenses have been allowed in the amount verified as having been paid during the taxable year.
4628	Acceptable evidence of med. expenses not furnished	Since you did not furnish acceptable documentary evidence, such as statements from doctors or hospitals, canceled checks, receipts, etc., to verify medical expenses paid during the year, we adjusted your medical expense deduction.

Number	Standard Explanation Title	Standard Explanation Text
4629	Acceptable evidence to establish medical insurance not furnished	Since you did not furnish acceptable documentary evidence, such as pay stubs, statements from insurance companies, etc., to verify medical insurance paid during the year, we have adjusted your medical expense deduction.
4630	Insurance reimbursement not verified	This deduction is disallowed since you did not indicate the amount, if any, received for reimbursement of medical expenses. In order to allow your deduction, we will require written verification from your insurance carrier stating the amount they paid for these expenses.
4631	Math error in medical deduction	We adjusted your return to correct a math error in your medical deduction. See attached corrected computation.
4632	Increase in AGI	Due to the increase in the amount of your adjusted gross income, your medical expense deduction is decreased. Therefore, your taxable income is increased.
4633	Deduct lodging expense but not meals	The cost of lodging while traveling to obtain medical care is allowable, up to \$50 for each night for each individual, but only if : (1) the trip is primarily for and essential to medical care, (2) the care is provided by a physician in a licensed hospital (or equivalent facility), (3) the lodging is not lavish or extravagant under the circumstances, and there is no significant element of personal pleasure, recreation, or vacation in the travel away from home. Since you have not established that the trip satisfied each required element, we have disallowed your deduction.

Number	Standard Explanation Title	Standard Explanation Text
4634	Meals not deductible	The cost of meals while you are away-from-home for medical care or for the alleviation of a specific condition is not deductible as a medical expense.
4635	Limitation on allowable away from home expense	The allowable away-from-home lodging expense for medical care is limited to \$50 per night for the individual seeking medical care and for an eligible person whose presence is medically necessary accompanying this individual.
4636	Personal pleasure while away from home for medical not deductible	Since lodging expenses for medical care are not deductible if there is any significant element of personal pleasure, recreation, or vacation in the away-from-home travel, we disallowed your deduction.
4637	AGI-expense limitation	Your medical expense is allowable only to the extent it exceeds 7.5 percent of your adjusted gross income. Therefore, we have adjusted your deduction as shown in the attached computation.
4638	Divorced or separated parents claim their paid expenses	If either parent claims a child as a dependent under the rules for divorced or separated parents, each parent may deduct the medical expenses he or she pays for the child. We have adjusted your deduction to the amount you paid.
4639	Animal expense	The cost of obtaining and maintaining an animal are deductible as medical expenses only for an animal that assists an individual with handicaps.
4640	Health/hospitalization Insurance claimed as adjustment to AGI	The portion of your health and hospitalization insurance you claimed as an adjustment to gross income, because you are self-employed, cannot also be included in your medical expenses. We made an adjustment to remove the duplicated amount.
4701	Reimbursement reduces deduction	We have reduced your moving expense deduction by the amount you received as a reimbursement.

Number	Standard Explanation Title	Standard Explanation Text
4702	Work test not met: 39 weeks	Since you were not a full-time employee in the general location of your new principal place of work for at least 39 weeks during the 12-month period immediately following your arrival, you cannot deduct moving expenses.
4703	One year limitation	Since the move did not take place within 1 year from the date you first reported for the new job, you must explain the reason for the delay in order to deduct moving expenses.
4704	Family members only	Since a servant, governess, chauffeur, nurse, valet, or personal attendant is not a member of your household, the moving expense for that individual is not deductible.
4705	Moving and storage expenses furnished in kind/military active duty	Moving and storage expenses that are furnished in kind by the military or cash reimbursements or allowances to the extent of expenses actually paid or incurred incident to a permanent change of station for a member of the U.S. armed forces on active duty are not includible in income.
4706	Living expenses incurred before move	Living expenses incurred before or after the move are personal and, therefore, are not deductible.
4707	Distance test not met: 50 miles	A moving expense deduction is allowed only when the distance between your new business location and your former residence is at least 50 miles farther than the distance between your former business location and your former residence.
4708	Work test not met: 78 weeks	Since you were not a full time employee or self-employed on a full-time basis for at least 78 weeks during the 24 months following the move (of which 39 weeks must be in the first 12 months), your moving expenses are not deductible.

Number	Standard Explanation Title	Standard Explanation Text
4709	Not established as moving expense and paid/disallowed	Since you did not establish that the amount shown was (a) a moving expense and (b) paid, the amount is not deductible.
4710	Additional allowance	You are allowed an additional deduction for moving expenses.
4711	Not paid in tax year	Since these moving expenses were not paid during the year, we disallowed your deduction.
4712	Adjusted / computation	We adjusted your deduction for moving expenses as shown in the attached computation.
4713	Auto expenses allowed at standard rate	We figured your allowable deduction for car expenses related to moving at the applicable standard rate.
4714	Foreign source excluded income/IRC 911/comp.	Moving expenses are directly related to the employment for which the move was made. To the extent that foreign source earned income from that employment is excluded from income under IRC 911, the moving expense is reduced. The amount disallowed is shown in the attached computation.
4715	Verification allowed to extent of	We adjusted your moving expense deduction to the amount verified as paid.
4716	Loss on sale of home	Neither home improvements made to help sell your home nor a loss on the sale of your home are deductible moving expenses.
4717	In-transit expense (insurance/storage)	We adjusted your moving expenses, because storing and insuring household goods and personal effects are in-transit expenses if incurred within any period of 30 days in a row after the day the goods and effects are moved from your er home and before delivery to your new home.

Number	Standard Explanation Title	Standard Explanation Text
4718	Allowed storage costs/home outside of U.S.	You are allowed a deduction for moving household goods and personal effects to and from storage and storing them for part or all of the time that your new place of work outside the United States continues to be your principal place of work. Your moving expenses were adjusted to reflect this allowance.
4719	Move exp allowed/spouse worked outside of U.S. at time of death	You are allowed a deduction for moving expenses for a move to a home in the United States, since you were the spouse or dependent of a person whose principal place of work at the time of death was outside the United States and the move was to a residence in the United States from a former residence outside the United States which (as of the time of the decedent's death) was the residence of you and the decedent.
4720	Moving exp disallowed/began more than 6 months after spouse death	For you to deduct moving expenses as the spouse or dependent of a person whose principal place of work at the time of death was outside the United States, your move must begin within 6 months after that person's death. Since your move began after this time period, your moving expenses are not deductible.
4721	Retirement relocation and allowed	You may deduct moving expenses for a move to a home in the United States in connection with your retirement if both your principal place of work and your home were outside the United States and its possessions. You are allowed a deduction for moving expenses as shown
4722	Payment exceeds moving expenses/not member of united services	If you are not a member of the united services, any amount you received from your employer for moving expenses that exceeds actual expenses is includible in income.

Number	Standard Explanation Title	Standard Explanation Text
4723	Moving expenses disallowed (non-military) (tax years 2018-2025)	We disallowed your moving expenses. Moving expenses are not deductible in tax years 2018 through 2025 unless you are a member of the U.S. Armed Forces on active duty who moves pursuant to a military order and incident to a permanent change of station.
4724	Moving expense reimbursement included in income (non-military) (tax years 2018-2025)	We included your moving expense reimbursement in your gross income. For tax years 2018 through 2025, moving expense reimbursements from your employer are not excludable from gross income.
4801	Prorated to reflect business portion used/percentage of time used	Since your deduction for office-in-the-home expense must be figured by dividing the expense for operating your entire home between the expense for the part used for personal purposes and the part used for business, we adjusted your deduction as shown in the attached computation.
4802	Necessary for work performance not established-disallowed	Since the business use of a part of your home is for your work as an employee, but the use is not for the convenience of your employer, we disallowed your deduction for an office-in-the-home.
4803	Personal portion of residence	You cannot deduct any expense for the personal part of your home as an office-in-the-home expense.
4804	Personal lawn care and landscaping	You cannot deduct any expenditures for personal items such as lawn care and landscaping as an office-in-the-home expense.
4805	Personal repairs	You cannot deduct any repairs made to the personal portion of your residence as an office-in-the-home expense.
4806	Not established office in home expense and paid/incurred	Since you did not prove that the amount shown was (a) office-in-the-home expense, and (b) paid or incurred, the amount is not deductible.

Number	Standard Explanation Title	Standard Explanation Text
4807	Additional deduction allowed	You are allowed an additional deduction for office-in-the-home expense.
4808	Itemized deduction only-did not itemize-cannot claim	Since these office-in-the-home expenses are deductible only as itemized deductions, and you did not itemize, we disallowed this deduction.
4809	Not established required by employer	We have disallowed your deduction for office-in-the-home expense because you have not established that it was for the convenience of your employer. Voluntary, occasional, or incidental use of part of your home in connection with your employment does not entitle you to a business deduction for the expenses incurred.
4810	Regular and exclusive test not met	Since the part of your home used for business was not used regularly and exclusively for that purpose, we disallowed your deduction for business use of your home.
4811	Gain recognized/computation/general deduction not met/disallowed	Employment and business related expenses attributable to the use of a distinct portion of a residence (e.g., den or office) are allowed only if the portion of the residence is exclusively used on a regular basis as the taxpayer's place of business, or as a place of business which is used by patients, clients, or customers. In addition, for an employee, the use must be for the convenience of the employer. Since you have not established that you meet these requirements we disallowed the deduction claimed.

Number	Standard Explanation Title	Standard Explanation Text
4812	Depreciation for office in home cannot be deferred	If a portion of the property was used for residential purposes and a portion of the property was used for non-residential purposes, only the gain allocable to the residential portion is excludable under IRC 121. However, no allocation is required if both the residential and non-residential portions of the property are within the same dwelling unit. Treas. Reg. 1.121-1(e)(1). In addition, a taxpayer cannot exclude the gain up to any depreciation allowed or allowable as a deduction for periods after May 6, 1997.
4813	Limits on deductions	The deduction for business use of your home is limited to the gross income from the business or rental use of the unit, reduced by the sum of the percentage of the otherwise deductible mortgage interest, real estate taxes, losses from casualty and theft, and deductions allocable to the business or rental activity but not allocable to the use of the unit itself. Expenditures required for the activity but not allocable to the use of the unit itself, such as expenditures for supplies and compensations paid to other persons, are not subject to the gross income limitation.

Number	Standard Explanation Title	Standard Explanation Text
4814	Test for home office	<p>In order to qualify for a home office deduction there are certain tests that have to be met. The office area must be used exclusively and regularly for business. Exclusively means you must use the area of your home only for conducting business. If any part of this area is used for personal purposes you have not met the exclusive use test. Regular use means that you use the exclusive business area on a continuing basis. The occasional or incidental business use of an area in your home does not meet the regular use test even if that part of your home is used for no other purpose.</p> <p>In addition, home office deductions are limited by IRC 280A to the gross income from that business activity reduced by the sum of the percentage of the otherwise deductible mortgage interest, real estate taxes, losses from casualty and theft, and deductions allocable to the business or rental activity but not allocable to the use of the unit itself.</p> <p>Since you have not met the requirements for the home office deduction for the above reasons, all the expenses have been disallowed.</p>
4815	Not established principal place of business	We disallowed the office-in-the-home deduction because your home is not your principal place of business.
4816	Rental to employer-home office expenses	If you rent all or part of your residence to your employer and use the rented portion when performing services for that employer, you cannot deduct home office expenses attributable to the rental.

Number	Standard Explanation Title	Standard Explanation Text
4817	Gross income limitation - IRC 280A	The portion of home office expense disallowed because of the gross income limitation under IRC 280A can be carried forward in the same business to subsequent taxable years. The expense that is carried forward to a subsequent taxable year will be subject to the gross income limitation in that year.
4818	Cannot deduct base rate of first telephone line after 1988	You cannot deduct the base rate of the first telephone line into your residence as an office-in-home-expense.
4819	Limitation on home office deductions	Home office deductions are limited, by IRC 280A, to the gross income from that business activity reduced by the sum of the percentage of the otherwise deductible mortgage interest, real estate taxes, losses from casualty and theft, and deductions allocable to the business or rental activity but not allocable to the use of the unit itself.
4820	Office-in-the-home disallowed as itemized deduction (2 percent misc. itemized not allowable)	We disallowed your office-in-the-home deduction. For tax years 2018 through 2025, miscellaneous deductions that are subject to the 2 percent adjusted gross income limitation are not deductible. Office-in-the-home expense is subject to the 2 percent adjusted gross income limitation, so it is not deductible.
4901	Excess loss denied	Passive losses and credits can be offset by passive income (or in the case of credits, to the tax attributable to net passive income). Passive losses are also allowed to the extent they qualify for the special allowance for rental real estate activities. They cannot be used to offset portfolio income. Since your losses from such activities were in excess of the passive income and the special allowance, the excess loss has been denied. You may carry forward the amount of the loss you were unable to claim.

Number	Standard Explanation Title	Standard Explanation Text
4902	Passive activity defined	Passive losses can only be offset against passive income. A passive activity is one involving the conduct of a trade or business in which you do not materially participate, or any rental activity unless the requirements of IRC 469(c)(7) are met in tax years beginning after December 31, 1993.
4903	Rental activity/IRC 469(c)(7)	Rental activities of any kind, regardless of material participation, are considered passive activities unless the requirements of IRC 469(c)(7) are met in tax years beginning after December 31, 1993.
4904	Partnerships and S corporations	Passive losses and credits include those passed through to partners and shareholders by partnerships and S corporations from activities that are passive to the taxpayer.
4905	Passive loss can be carried forward indefinitely	Although your loss and/or credit from a passive activity has been denied, it may be carried forward indefinitely.
4906	Mortgage interest expense/IRC 469(j)(7)	Under IRC 469(j)(7), Passive Activity Loss of a taxpayer shall be computed without regard to qualified residence interest. The mortgage interest expense that you incurred on your qualified residence is to be deducted on Schedule A as an itemized deduction, and not on Schedule E.
4907	Passive activity loss carryover	We have adjusted your passive activity loss as shown. This may affect your loss available for carryover to subsequent years. See the enclosed Form 8582, Passive Activity Loss Limitations, and Pub 925, Passive Activity and At-Risk Rules, containing information and examples for reporting losses from passive activities.
5001	Prorated to reflect personal and rental portion	You are entitled to deduct as rental expenses only those items which relate to the rental portion of your property.

Number	Standard Explanation Title	Standard Explanation Text
5002	Property not rented at time of expense	Since the expenses were incurred before the property was ready and available to be rented, they must be capitalized and recovered through depreciation.
5003	Verification not shown that expense is rental and paid	Since you did not prove that the amount shown was (a) rental expense, and (b) paid, the amount is not deductible.
5004	Additional deduction allowed	You are allowed an additional deduction for rental expenses.
5005	Not paid during year	Since the rental expenses were not paid during the taxable year, they are not deductible.
5006	Adjusted as shown	Your rental expense deduction has been adjusted as shown.
5007	Incurred other than during taxable year	Since the related expense was not incurred during the taxable year, we have disallowed the deduction.
5008	Conversion to personal-expenses are not deductible	Expenses incurred for the purpose of converting rental property back to personal use are personal, nondeductible expenditures.
5009	Loss/limited to amt. received for rent	Since you used your home as your personal residence while it was rented, your expense deductions are limited to the income you received as rent. You may not deduct a loss from this rental.
5010	Passive activity loss limited	Because the loss you deducted was determined to result from a passive activity, your loss is limited to the amount of income from all passive activities. The amount disallowed because of this may be carried forward to reduce passive activity income generated in future years.
5011	Non passive income limit - \$25,000	Active participants in rental activities are allowed to offset up to \$25,000 (\$12,500 if married filing separate) of nonpassive income with the net losses from all rental activities, subject to phase-out. Because your net loss from these activities was under the limitation, your expenses have been allowed as verified.

Number	Standard Explanation Title	Standard Explanation Text
5012	Net operating losses	You did not have enough nonpassive income (within the limitation) to absorb the net losses from the rental activities in which you actively participated. Your otherwise allowable losses are therefore treated as losses which are not from a passive activity, and are treated as net operating losses which will be carried back and forward in accordance with the rules applicable to net operating losses. See the attached computation.
5013	Deduction for bed and breakfast disallowed	You did not provide adequate verification to qualify your home as a Bed and Breakfast. Therefore, we have disallowed the deduction.
5014	Deduction for bed and breakfast allowed	We have allowed an additional deduction for your Bed and Breakfast.
5015	Non passive income limit - \$25,000 – modified AGI phase-out	Active participants in real property rental real estate activities are allowed to offset up to \$25,000 (\$12,500 if married filing separate) of non-passive income with the net losses from all rental activities, subject to phase-out. To qualify for the \$25,000 offset against wages and portfolio income, you must actively participate, own at least 10 percent and not be a limited partner. The \$25,000 exception is phased out at the rate of \$.50 for every dollar of modified AGI over \$100,000. Based on the calculation of your modified adjusted gross income, you are subject to the phase-out and the amount of your passive activity loss has been limited as shown on this report.
5101	Reconditioning or altering the property is not a repair	Amounts spent as part of a general plan of reconditioning, improving, or altering your property are not deductible as repairs.

Number	Standard Explanation Title	Standard Explanation Text
5102	Value of property increase life extended-not repairs	You may not deduct amounts spent which increase the value of property, extend its useful life, or make it adaptable to a different use.
5103	Not established that expense was for repairs and paid	Since you did not prove that the amount shown was (a) for repairs, and (b) paid, the amount is not deductible.
5104	Additional deduction allowed	You are allowed an additional deduction for repair expenses.
5105	Adjusted to the amount verified as paid	We have adjusted your deduction for repair expenses to the amount verified as paid.
5201	Federal taxes not deductible	You cannot deduct federal income tax, federal excise tax, federal social security tax, regulatory license fees, or water or gasoline tax.
5202	Social security taxes/employer	You are allowed as a trade or business expense your share of Social Security taxes as an employer.
5203	Sales taxes collected and incurred	You are allowed a deduction for sales taxes collected and included in income in the course of your trade or business.
5204	State and local tax deduction adjusted/disallowed amount on Form W-2	Since we have disallowed the income amount shown on your Form W-2, we have adjusted your state and local tax deduction claimed on Schedule A by the amount of state withholding shown on your Form W-2.
5205	Special assessments not taxes	Special assessments must be added to the cost of the property and are not deductible.
5206	Apportion real estate taxes between buyer/seller/computation	Real estate taxes in the year a property is sold must be apportioned between the buyer and the seller according to the number of days in the year that each held the property. See the accompanying computation.
5207	Ownership of property not by taxpayer	You cannot deduct taxes on property unless you own the property.

Number	Standard Explanation Title	Standard Explanation Text
5208	State income tax paid on exempt income	You cannot deduct state income tax on income (except interest) which is exempt or excludable for federal income tax purposes.
5209	Local sales tax not deductible after 1986 and prior to 2004	You may not deduct these taxes since they were the expenses of another taxpayer.
5210	Penalties are not deductible	Penalties are not deductible.
5211	Accrual basis	Since you are an accrual-basis taxpayer you must deduct your tax expense ratably over the period in which it accrues. We have adjusted your deduction, as shown in the accompanying computation.
5212	Foreign taxes-nonqualifying	The only foreign taxes you may deduct are income, war profits, excess profits, and real property. Since the tax you claimed is not in a deductible category, we have disallowed it.
5213	FICA tax-excess is a credit	We have disallowed the deduction you claimed for FICA tax. Excess FICA tax withheld from your wages is allowed as a credit against your tax liability.
5214	FICA taxes are not deductible	Your own FICA tax may not be claimed as a deduction.
5215	Income taxes w/h from wages are not deductible	Federal income tax withheld from wages is not deductible.
5216	Foreign tax claimed as credit	Since you claimed a tax credit for the foreign income tax you paid, we have disallowed your itemized deduction for that tax.
5217	Additional deduction allowed	You are allowed an additional deduction for taxes.
5218	Adjusted as shown in computation	We have adjusted this deduction for taxes, as shown in the accompanying computation.
5219	Not incurred during year	Since this tax expense was not incurred during the taxable year, we have disallowed it.
5220	Allowed to extent verified as paid	We adjusted your deduction for taxes to the amount verified as paid.

Number	Standard Explanation Title	Standard Explanation Text
5221	State gas tax is not deductible	State taxes on gasoline are not deductible.
5222	Auto registration fees	A deduction claimed for taxes is disallowed because the amount is for automobile registration fees which are not taxes.
5223	Real estate taxes	We reduced your real estate tax deduction by the amount of taxes allowed as a trade or business expense.
5224	Unallowable mortgage tax	If you received a mortgage when you acquired or refinanced real property and paid a tax on the mortgage, it is not a deductible real property tax but it is a capital expenditure added to the cost basis of the property. It is not allowable as an itemized deduction. Refer to IRC 162(a) and IRC 263(a).
5225	State and local income, sales and property taxes (tax years 2018-2025)	We adjusted your itemized deduction for taxes paid. State and local income, sales, and property taxes are limited in total to \$10,000 (\$5,000 if married filing separately) for tax years 2018 through 2025.
5301	Not established ordinary and necessary	Since you did not establish that these tools were ordinary and necessary in your employment, their cost is not deductible.
5302	Capitalize over useful life-not current expense	These tool costs are not deductible in the year of purchase, but must be capitalized and depreciated over their estimated useful lives.
5303	Lost/stolen - cost deducted in prior years and not allowed	Since the cost of these lost or stolen tools was deducted or should have been fully depreciated in prior years, we disallowed the deduction for them.
5304	Additional deduction allowed	You are allowed an additional deduction for work tools.
5305	Not bought during tax year	Since these work tools were not bought during the tax year, their cost is not deductible.
5306	Adjusted to amount verified as paid	We adjusted your deduction for work tools to the amount verified as paid.

Number	Standard Explanation Title	Standard Explanation Text
5307	Cost changed due to adjustment to AGI	The cost of tools is deductible only as a miscellaneous deduction. Miscellaneous deductions are subject to the 2 percent of adjusted gross income limitation. Since changes made elsewhere in this report affect your Adjusted Gross Income, we have adjusted your deduction for tools.
5308	Cost of tool not over 2 percent - denied	The cost of tools is deductible only as a miscellaneous deduction. Miscellaneous deductions are subject to the 2 percent of adjusted gross income limitation. Since the amount you verified for total miscellaneous deductions does not exceed this limit, your deduction for cost of tools has been adjusted accordingly.
5401	Used the standard rate/depreciation not deductible	Since you used the standard rate in figuring your car expenses for business purposes, the depreciation for this travel is not deductible.
5402	Allowed at standard rate	We figured your allowable deduction for business use of your automobile at the standard business mileage rate.
5403	Auto expense/actual method	Your allowable car expense deduction using the actual method is limited to the total expense times the percentage of the total miles driven for business purposes.
5404	Business travel/more than one year	You cannot deduct business travel expense paid or incurred for away from home assignments that last for more than one year at a single location. These assignments are no longer considered temporary.
5405	Commuting/home to any business location	The cost of commuting between your residence and your regular place of employment within the general area of your tax home is not deductible.

Number	Standard Explanation Title	Standard Explanation Text
5406	Cost of meals/overnight	The cost of meals are not deductible as travel expenses unless you were away from home overnight, or long enough that you needed to sleep or rest to properly per your duties. Therefore, we have adjusted your meals expenses deduction, as shown in the attached computation.
5407	Not away from tax home	Since you were not away from your tax home when you incurred the travel expenses, they are not deductible.
5408	Not established/amount, time, business purpose	To be allowed a deduction for any traveling expense, you must furnish information to prove: (a) the amount of the expense, (b) the time and place of the travel, (c) the business purpose of the travel, and (d) the time the expense was paid or incurred. Because you have not established all of the above, we have disallowed your deduction.
5409	Additional allowed	You are allowed an additional deduction for business travel or transportation expenses.
5410	Trans. (medical and charitable) since did not itemize cannot deduct	Since medical or charitable travel or transportation expenses are deductible only as itemized deductions, and you did not itemize, we disallowed the deduction.
5411	Not paid during year	Since the travel or transportation expenses were not paid during the taxable year, they are not deductible.
5412	Adjusted as shown/computation	We have adjusted your travel or transportation deduction as shown.
5413	Not incurred during year	Since the travel or transportation expense was not incurred during the taxable year, we disallowed the deduction.

Number	Standard Explanation Title	Standard Explanation Text
5414	Reimbursement not claimed from employer/no deduction	Since you failed to claim from your employer a reimbursement to which you are entitled for travel and transportation expense, you may not claim a deduction for these expenses.
5415	Adequate records and documentary evidence (IRC 274)	<p>No deduction is allowed for any expenditure for business travel away from home (including meals and lodging) unless you keep adequate records and documentary evidence to substantiate this expense. To meet the records requirement, you must maintain the following:</p> <p>(a) An account book, diary, or statement of expenses, with entries made at or near the time of each necessary business expense. You must show the amount spent, the time and place of travel, and the purpose of the business.</p> <p>(b) Available documentary evidence that will identify the expense, such as receipts paid bills, or canceled checks. Estimates do not qualify as substantiation of these expenses.</p> <p>Since it has not been shown that you meet all of the above requirements, we disallowed your deduction.</p>
5416	Tax home defined	Although "home" ordinarily means the place where you and your family live, your tax home is the entire city or general area in which your principal place of business, employment station, or post of duty is located. Since your expenses were incurred at your tax home, they are not deductible as away-from-home expenses

Number	Standard Explanation Title	Standard Explanation Text
5417	No tax home	If you move from job to job, maintaining no fixed place of abode or business locality, each place where you work becomes your principal place of business and your tax home. Therefore, you may not deduct your expenses for travel, meals, and lodging.
5418	Indefinite period	If your job at the new location is expected to last for an indefinite period (that is, if its end cannot be foreseen within a fixed and reasonably short period), that location then becomes your new tax home. Therefore, you may not deduct the expenses of travel, meals, and lodging while there, and any reimbursement or per diem received are includible in income.
5419	NR alien/no principal place of business in home country	As a nonresident alien, you are not allowed a deduction for travel and living expenses unless you had a principal place of business in your home country before coming to the United States, and were temporarily absent from it while in the United States.
5420	Family member expense/not deductible	A deduction for travel and transportation is allowable only for your own expenses. The part of the expense allocable to other members of your family is not deductible.
5421	No accounting to employer/reimbursement/verified expenses allowed	Since you did not account to your employer for your business expenses, they are subject to verification. Your employer's reimbursements have been included in your income, and expenses for meals, lodging, and other business items have been allowed in the amount verified.
5422	Business usage/portion allowed	Your expense was allowed in the amount determined to apply to business use.

Number	Standard Explanation Title	Standard Explanation Text
5423	Spouse expense/bona fide business purpose	No deduction is allowed for expenses attributable to a spouse accompanying the taxpayer on a business trip unless the spouse is an employee of the taxpayer, is traveling for bona fide business purposes, and the expenses are otherwise allowable.
5424	Convention not ordinary and necessary	Since you failed to show that your attending a convention benefited or advanced the interests of your business or your own work as distinguished from the business or work of another, your convention expenses within the United States are not deductible.
5425	Below 2 percent AGI	The amount you verified for total miscellaneous itemized deductions was below the 2 percent adjusted gross income floor. Therefore, we have disallowed your deduction for unreimbursed employee business expenses.
5427	Allowable meals at 50 percent	Only 50 percent of the otherwise allowable meals away from home are deductible. This applies to either the amount actually spent, or the standard meal allowance.
5428	No regular place of employment	Because you have no regular place of employment, the cost of commuting between your residence and any business location within the general area of your tax home is not deductible.
5501	Gen'l use/adaptable for	Since these work clothes are adaptable to general use, the cost cannot be deducted.
5502	Gen'l use/adaptable for/care expenses	Since these work clothes are adaptable to general use, the cost of caring for them is not deductible.

Number	Standard Explanation Title	Standard Explanation Text
5503	Gen'l requirements defined/since not met	To be allowed a deduction for work clothes, you must furnish information to prove, (a) payment was actually made during the tax year, (b) the clothes were ordinary and necessary to your business or profession, and (c) the clothes are not adaptable to general use. Since you did not meet these requirements, we disallowed the amount shown.
5504	Additional deduction allowed	We allowed an additional deduction for special work clothes purchased during the tax year.
5505	Itemized deduction only	Since the cost of these work clothes is deductible only as an itemized deduction and you did not itemize, we disallowed it.
5506	Not purchased during year	Since these work clothes were not bought during the tax year, their cost is not deductible.
5507	Adjusted as shown in computation	We adjusted your deduction for work clothes as shown.
5508	Work clothes suitable for general wear	Your work clothing is suitable for general wear and can take the place of ordinary clothing; therefore, the cost and expense of its maintenance are not deductible.
5509	Cost is miscellaneous deduction-less than 2 percent AGI	The cost of work clothes is deductible only as a miscellaneous deduction. Miscellaneous deductions are subject to the 2 percent adjusted gross income limit. Since the amount you verified for total miscellaneous deductions does not exceed this limit, your deduction for work clothes has been denied.
5510	Allowed/verified as paid during the tax year	Your work clothing expense has been allowed in the amount verified as having been paid during the taxable year.
5601	Repayment of unemployment compensation/misc 2 percent deduction	Unemployment compensation repayments of amounts that were included in income in an earlier year may be deducted on Schedule A as a miscellaneous deduction subject to the 2 percent limitation.

Number	Standard Explanation Title	Standard Explanation Text
5602	Personal living or family expenses not allowable	You may not deduct personal living or family expenses, other than those specifically provided for by law.
5603	Value of time or labor not deductible	The value of your time and labor is not deductible.
5604	Special assessments/property taxes	Special assessments are not deductible as property taxes, except for any portion the taxpayer can show is deductible as a charge for maintenance, repair, or interest.
5605	Not established paid, incurred or ordinary and necessary/disallowed	Since you did not establish that the business expense shown on your tax return was paid or incurred during the taxable year and that the expense was ordinary and necessary to your business, we have disallowed the amount shown.
5606	Closing costs/residence	We have disallowed the amount you deducted as expenses incurred in the sale or purchase of your home. You may not deduct personal living or family expenses other than those specifically provided for by law. Closing costs are nondeductible capital expenditures. The amount paid to purchase a home should be added to the basis. The amount paid to sell a home should be added to the selling expense.
5607	Job hunting expenses	Since you did not establish that you meet the requirements for a deductible job hunting expense, we disallowed the amounts claimed.
5608	Establishing of business	Expenses incurred in establishing a business before the time business begins must be capitalized rather than deducted in the year incurred.
5609	Not incurred looking for a new job in present trade or business	These expenses are not allowable because you did not incur them in looking for a new job in your present trade or business.

Number	Standard Explanation Title	Standard Explanation Text
5611	Allowed expense up to amount of income as misc. deduction	Since we disallowed your loss as an activity not engaged in for profit, we allowed your expenses up to the amount of income as a miscellaneous deduction on Schedule A.
5612	Legal fees/purchase of property	Legal expenses are not deductible when they are for the purchase of property held for the production of income or used in a trade or business. These costs are capitalized by adding them to your basis in the asset.
5613	Election to expense/IRC 179 Property	Property which is used predominantly to furnish lodging or in connection with the furnishing of lodging does not qualify as IRC 179 property and is not eligible for the expense deduction. We have adjusted your IRC 179 expense deduction, as shown in the attached computation.
5614	Expenses adjusted due to change in AGI	Certain expenses deducted as miscellaneous itemized deductions are only deductible to the extent that they exceed a percentage of your adjusted gross income. Since we have made other changes in this report which affect your adjusted gross income, we have also adjusted these expenses.
5615	Personal expenses rather than business	We have disallowed the expenses you claimed as business expenses because it was determined they were personal expenses and not deductible.
5616	Telephone base rate-first phone (after 1988)	No amount is deductible for any part, including taxes, of the base rate on the first telephone line in your residence.
5617	Employee business expenses on Line 27	Since the expenses you reported on Schedule A, Line 27, are employee business expenses, they are subject to the 2 percent adjusted gross income floor. This adjustment does not affect your Schedule A deduction because provide reason, but it does affect the computation of the alternative minimum tax.

Number	Standard Explanation Title	Standard Explanation Text
5618	Sch C expenses moved to Sch A	We have adjusted Schedule A to include the deductions you improperly claimed on Schedule C. We have included your disallowed Schedule C deductions on Line 20 of Schedule A as employee business expenses, which are subject to the 2 percent adjusted gross income floor
5619	Tuition and fees deduction	To be eligible for the tuition and fees deduction, married persons must file a joint return. Since we changed your filing status to married filing separately we disallowed the deduction.
5620	Student loan interest deduction	To be eligible for the student loan interest deduction, married persons must file a joint return. Since we changed your filing status to married filing separately we disallowed the deduction.
5621	Certain deductible expenses adjusted	Certain deductible expenses are limited by income, contributions, and/or a specific dollar amount. Since the credit you claimed either exceeds the limit or your income was changed by adjustment made to your return, the deductible portion of your expense changed.
5622	Job exp. and certain misc. deductions	Since you have not substantiated the amounts claimed for Job Expenses and Certain Miscellaneous Deductions , we disallowed the amounts claimed.
5623	Telephone excise tax -total disallowance	We have disallowed the telephone excise tax refund you requested on your return because you did not provide the documentation requested to support the refund amount claimed.
5624	Telephone excise tax - partial disallowance	We changed the telephone excise tax refund you requested on you tax return based on the information you provided.

Number	Standard Explanation Title	Standard Explanation Text
5625	Telephone excise tax - disallowance down to standard amt. for individuals only	We changed the telephone excise tax refund you requested on your return to the standard amount. The standard amounts are \$30 for a person filing a return with one exemption, \$40 for two exemptions, \$50 for three exemptions and \$60 for four or more exemptions.
5626	Miscellaneous itemized deductions subject to the 2 percent AGI limitation (tax years 2018 – 2025)	We disallowed your miscellaneous itemized deductions. For tax years 2018 through 2025, miscellaneous deductions that are subject to the 2 percent adjusted gross income limitation are not deductible.
5627	Statutory adjustment to QBID based upon other return changes made	As a result of changes made to your tax return, the qualified business income deduction previously claimed was adjusted as shown on the attached report. For tax year 2018, you can find more information on the qualified business income deduction in the Form 1040 instructions or within Pub 535, Business Expenses. For tax years 2019 and later, you can find more information in the instructions to the Form 8995, Qualified Business Income Deduction Simplified Computation, or Form 8995-A, Qualified Business Income Deduction.
5628	Adjustment to QBID	The qualified business income deduction claimed was adjusted as shown on the attached report. For tax year 2018, you can find more information on the qualified business income deduction in the Form 1040 instructions or within Pub 535, Business Expenses. For tax years 2019 and later, you can find more information in the instructions to the Form 8995, Qualified Business Income Deduction Simplified Computation, or Form 8995-A, Qualified Business Income Deduction.

Number	Standard Explanation Title	Standard Explanation Text
5701	Adjusted due to time of contribution	We have adjusted your contributions to an Individual Retirement Arrangement (IRA) because the amount you reported was not made in the required time. The contribution may be made up to the due date (without regard to any extension) for filing the tax return.
5702	Excess contributions/excise tax	Since you made a contribution to an Individual Retirement Arrangement (IRA) that exceeds the amount that you may contribute during the tax years, you must pay a 6 percent excise tax on the amount of the excess contributions. You must pay this excise tax each year on the excess amount that remains in your IRA. You will receive a billing separate from the Federal income tax billing.
5703	Premature distribution/IRA	We adjusted your gross income to include the amount you received as a payment from your Individual Retirement Arrangement (IRA). Since you received the payment before you reached age 59 1/2 and it was not received on account of death of the IRA owner, disability, certain medical expenses, certain higher education expenses, a first time home purchase, an IRS levy, certain annuity payments, or as a qualified reservist distribution, your tax is also increased by 10 percent of the premature distribution.
5704	Not established that TP was entitled	We have adjusted your deduction for contributions to your Individual Retirement Arrangement because you have not established that you are entitled to the deduction.

Number	Standard Explanation Title	Standard Explanation Text
5705	Removed from Sch C/F allowed	The contributions to your Individual Retirement Arrangement are allowed as an adjustment to income but cannot be deducted on Schedule C or F. We adjusted your Schedule C or F expenses accordingly and allowed the contribution as an adjustment to income.
5706	Rollover	Since you did not make your rollover within the required time (60 days) it does not qualify for exclusion. Therefore, we included the rollover in income and refigured your tax accordingly.
5707	Allowed deduction for amount verified as being paid to IRA	You are allowed a deduction for the amount verified as paid to your individual retirement account.
5708	Allowed deduction for amount verified as paid to plan or Keogh	You are allowed a deduction for the amount verified as paid to your qualified retirement plan (including a Keogh plan).
5709	Not eligible for deduction - plan or Keogh not qualified or paid	You are not allowed a deduction for the amount paid to your retirement plan (including Keogh plan) because it was not paid in time or the plan was not a qualified plan.
5710	Contribution limitation	Your deduction for contributions to a qualified retirement plan (including a Keogh plan) has been adjusted because the amount you claimed as a deduction exceeds the applicable limit.
5711	Premature distribution/Keogh	We have adjusted your gross income to include the amount you received from your qualified retirement plan (which includes a Keogh plan). Because you received the payment before you reached age 59 1/2 and none of the exceptions apply (such as disability), your tax is also increased by 10 percent of this premature distribution.

Number	Standard Explanation Title	Standard Explanation Text
5712	Added tax of 10 percent due to premature distribution-IRA	We adjusted your tax by 10 percent of the premature distribution made from your Individual Retirement Account (IRA). The 10 percent tax is applicable because the distribution was made before you reached age 59 1/2 and it was not on account of death or the IRA owner, disability, certain medical expenses, certain higher education expenses, a first time home purchase, an IRS levy, certain annuity payments, or as a qualified reservist distribution.
5713	Added tax of 10 percent due to premature distribution-Keogh	We adjusted your tax by 10 percent of the premature distribution made from your qualified retirement plan (including a Keogh plan).
5714	Limitation on contribution to IRA	The amount that you may contribute to a qualified Individual Retirement Account is limited to the lesser of \$2,000 or your earned income after certain adjustments (including the IRC 911 exclusion).
5715	Canadian IRA	Contributions to a Canadian Registered Retirement Savings Plan do not qualify as deductible Individual Retirement Account contributions.

Number	Standard Explanation Title	Standard Explanation Text
5716	Deduction limited based on AGI/filing status	<p>If you are covered by an employer retirement plan, your deduction for your contribution to your Individual Retirement Arrangement (IRA) is limited based on your adjusted gross income. Your deduction is reduced or eliminated entirely depending on your filing status and income as follows:</p> <p>Deduction reduced if; and Deduction eliminated if, and AGI is within phase-out range of; and if AGI is</p> <p>Single or HOH; \$30,000 to \$40,000 ----- --- \$40,000 or more Married Filing Joint or Qualified Widow(er) ----- \$50,000 to \$60,000 ---- ----- -\$60,000 or more Married Filing Separate ----- 0 to \$10,000 ----- \$10,000 or more</p>
5717	Deduction limited based on AGI/spouse covered by qualified plan	<p>If you are not covered by a qualified retirement plan, but your spouse is, the maximum deduction allowable for your Individual Retirement Arrangement (IRA) must be reduced proportionately if your adjusted gross income is above \$150,000 but below \$160,000, and you are married and file a joint return. If you file separately, the maximum allowable deduction is \$0.</p>
5718	Tax on earnings deferred	<p>Even though you are not eligible to deduct all or part of your contribution to an Individual Retirement Arrangement (IRA), tax on the earnings is deferred until withdrawn.</p>

Number	Standard Explanation Title	Standard Explanation Text
5719	Required distribution-cannot roll over	If the distribution from your Individual Retirement Arrangement (IRA) was required under the minimum distribution rules (age 70 1/2), this distribution cannot be rolled over to another IRA. We have adjusted your income to include this amount.
5720	Separate returns-lived with spouse	Even though you filed as married filing separately, if you lived with your spouse during the taxable year, the active participant status of both spouses must be considered for purposes of determining the amount, if any, you can deduct as a contribution to your Individual Retirement Account.
5721	Premature distribution/qualified retirement plan	Your gross income has been increased to include the amount you received as payment from your qualified retirement plan. Since you received the payment before you reached age 59 1/2, your tax is also increased by 10 percent of the premature distribution unless an exception applies.
5722	Added tax of 10 percent due to premature distribution	We adjusted your tax by ten percent of the premature distribution made from your qualified retirement plan.
5723	25 percent Tax - SIMPLE IRA	We adjusted your tax by twenty five percent of the premature distribution from your SIMPLE IRA.
5724	10 percent Tax - medical expenses	If you are under age 59 1/2, you do not have to pay the additional 10 percent tax on amounts you withdraw that are not more than: (1) the amount you paid for unreimbursed medical expenses during the year of the withdrawal, minus (2) 7.5 percent of your adjusted gross income for the year of the withdrawal. Since your early distribution exceeds this amount, you are subject to the 10 percent additional tax on the remainder.
5725	10 percent tax-qualified	We are proposing to adjust your tax by 10

Number	Standard Explanation Title	Standard Explanation Text
	retirement plan	<p>percent of the premature distribution made from your qualified retirement plan because you received the distribution before you reached age 59 1/2 and the payment didn't qualify for one of the allowable exceptions:</p> <ul style="list-style-type: none"> • Payments made from the Plan after you separate from service if you will be at least age 55 during the year of the payment • Payments made due to disability • Payments made in substantially equal amounts over your life or life expectancy (or the life or life expectancy of you and your beneficiary) • Payments after the death of the participant • Payments of Employee Stock Ownership Plan (ESOP) dividends • Payments paid directly to the government to satisfy a federal tax levy • Payments made pursuant to a Qualified Domestic Relations Order, (QDRO) • Payments in excess of the amount of your deductible medical expenses • Payments while you are on active duty if you were called to duty after September 11, 2001, for more than 179 days • Payments from a governmental defined benefit pension plan to a public safety employee who is at least age 50 • Payments made to correct certain excess contributions or deferrals • Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution. <p>If you believe you qualify for one of the exceptions, please provide us with</p>

Number	Standard Explanation Title	Standard Explanation Text
5726	10 percent tax-IRA	<p>documentation that shows you meet one of the above exceptions. Examples of acceptable documents include: corrected Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., from the issuing entity, or statement from your plan administrator, explaining why you meet the exception, or statement from your medical practitioner explaining your disability, or copies of cancelled checks or receipts showing when and what qualified expenses were made, or a copy of the QDRO (generally part of your divorce decree).</p> <p>We are proposing to adjust your tax by 10 percent of the premature distribution made from your Individual Retirement Account (IRA) because you received the distribution before you reached age 59 1/2 and the payment didn't qualify for one of the allowable exceptions:</p> <ul style="list-style-type: none"> • Payments made due to disability • Payments made in substantially equal amounts over your life or life expectancy (or the life or life expectancy of you and your beneficiary) • Payments after the death of the IRA owner • Payments for qualified higher education expenses • Payments to buy, build, or rebuild a first home • Payments paid directly to the government to satisfy a federal tax levy • Payments in excess of the amount of your deductible medical expenses • Payments to unemployed individuals for health insurance premiums

Number	Standard Explanation Title	Standard Explanation Text
5727	10 percent tax-annuity contract	<ul style="list-style-type: none"> • Payments while you are on active duty if you were called to duty after September 11, 2001, for more than 179 days <p>If you believe you qualify for one of the exceptions, please provide us with documentation that shows you meet one of the above exceptions. Examples of acceptable documents include:</p> <ul style="list-style-type: none"> • corrected Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., from the issuing entity • a statement from your plan administrator explaining why you meet the exception • a statement from your medical practitioner explaining your disability or • copies of cancelled checks or receipts showing when and what qualifying expenses were made <p>We are proposing to adjust your tax by 10 percent of the premature distribution made from your annuity contract because you received a distribution before you reached age 59 1/2 and the payment didn't qualify for one of the allowable exceptions:</p> <ul style="list-style-type: none"> • Payments after the death of the annuity owner • Payment made due to disability • Payments made in substantially equal amounts over your life or life expectancy (or the life or life expectancy of your beneficiary) • Payments allocable to an investment in the contract before August 14, 1982 • Payments made under a qualified personal injury settlement • Payments from a qualified retirement plan

Number	Standard Explanation Title	Standard Explanation Text
		<ul style="list-style-type: none">• Payments made under an immediate annuity contract or• Payments made under a deferred annuity contract purchased by your employer upon termination of a qualified plan that is held by your employer until you separate from service. <ul style="list-style-type: none">• Payments while you are on active duty if you were called to duty after September 11, 2001, for more than 179 days <p>If you believe you qualify for one of the exceptions, please provide us with documentation that shows you meet one of the above exceptions. Acceptable documents include:</p> <ul style="list-style-type: none">• corrected Form 1099–R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., from the issuing entity• a statement from your annuity holder explaining why you meet the exception, or• a statement from your medical practitioner explaining your disability.

Number	Standard Explanation Title	Standard Explanation Text
5728	25 percent tax-SIMPLE IRA	<p>We adjusted your tax by 25 percent of the premature distribution made from your SIMPLE Individual Retirement Account (IRA) because you received the distribution within 2 years of the date you began as a participant in the SIMPLE IRA, and did not rollover the amount of the distribution received into another SIMPLE IRA.</p> <p>Please provide us with a corrected Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., or statement from your plan administrator that you rolled over the amount of the distribution received into another SIMPLE IRA, or</p> <p>That you meet one of the exceptions to the additional tax on premature distributions.</p>
5729	IRA deduction	<p>Your filing status affects your allowable IRA deduction. Since we changed your filing status to married filing separately, we disallowed all or part of your deduction.</p>

Number	Standard Explanation Title	Standard Explanation Text
5730	Contribution limited based on fillable-AGI for filing status	<p>If you are covered by an employer retirement plan, your deduction for your contribution to your Individual Retirement Arrangement (IRA) is limited based on your adjusted gross income. Your deduction is reduced or eliminated entirely depending on your filing status and income as follows: (1) Filing Status is;</p> <p>(2) Deduction reduced if AGI is within phase-out range of; or (3) Deduction eliminated if AGI is:</p> <p>(1) Single or HOH; (2) \$_____ to \$_____; or (3) \$_____ or more.</p> <p>(1) Married Filing Joint or Qualified Widow(er); (2) \$_____ to \$_____; or (3) \$_____ or more.</p> <p>(1) Married Filing Separate; (2) \$_____ to \$_____; or (3) \$_____ or more.</p>
5731	Limitation on contribution to IRA (\$5,000 limit in effect for 2010)	<p>The amount that you may contribute to a qualified Individual Retirement Account is limited to the lesser of \$5,000 (\$6,000 if you are age 50 or older) and your earned income after certain adjustments (including the IRC 911 exclusion).</p>

Number	Standard Explanation Title	Standard Explanation Text
5732	Deduction limited based on AGI/filing status (for 2010)	<p>If you are covered by an employer retirement plan, your deduction for your contribution to your Individual Retirement Arrangement (IRA) is limited based on your adjusted gross income. Your deduction is reduced or eliminated entirely depending on your filing status and income as follows:</p> <p>Deduction reduced if; and Deduction eliminated if, and AGI is within phase-out range of; and if AGI is</p> <p>Single or HOH; \$56,000 to \$66,000 ----- --- \$66,000 or more Married Filing Joint or Qualified Widow(er) ----- \$89,000 to \$109,000 --- ----- -\$109,000 or more Married Filing Separate ----- 0 to \$10,000 ----- \$10,000 or more</p>
5733	Deduction limited based on AGI/spouse covered by qualified plan (for 2010)	<p>If you are married and file a joint return and you are not covered by a qualified retirement plan, but your spouse is, the maximum allowable deduction for your contribution to an Individual retirement Arrangement (IRA) must be reduced proportionately if your adjusted gross income is between \$166,000 and \$176,000 and no deduction is available if your adjusted gross income is \$176,000 or more. If you file separately, the maximum allowable deduction is reduced if your income is between \$0 and \$10,000 and no deduction is available if your adjusted gross income is \$10,000 or more.</p>

Number	Standard Explanation Title	Standard Explanation Text
5734	Deduction limited based on AGI/ filing status (for 2010)	<p>If you are covered by an employer retirement plan, your deduction for your contribution to your Individual Retirement Arrangement (IRA) is limited based on your adjusted gross income. Your deduction is reduced or eliminated entirely depending on your filing status and income as follows:</p> <p>Deduction reduced if; and Deduction eliminated if, and AGI is within phase-out range of; and if AGI is</p> <p>Single or HOH; \$55,000 to \$65,000 or more Married Filing Joint or Qualified Widow(er) ----- \$89,000 to \$109,000 --- ----- \$109,000 or more Married Filing Separate \$0 to \$10,000 ----- ----- \$10,000 or more</p>
5735	Excess deferrals to 401(k) plans (2017)	<p>Internal Revenue Code 402(g) limits the amount of elective deferrals a participant may exclude from taxable income. For 2017, that limit was \$18,000 (\$24,000 if age 50 or older). Excess deferrals are (1) included in a participant's taxable income for the year contributed and (2) taxed a second time when the deferral is ultimately distributed from the plan. We have increased your taxable income to include the excess deferral amount and adjusted your tax accordingly.</p>
5801	Feed deposit	<p>Your deduction for prepaid feed is disallowed because the expenditure did not pay for the purchase of feed but instead was a deposit.</p>
5802	Prepaid feed - personal - not valid business purpose	<p>Your deduction for prepaid feed is disallowed because the prepayment was not made for a valid business purpose.</p>

Number	Standard Explanation Title	Standard Explanation Text
5803	Prepaid feed - material distortion of income	Your deduction for prepaid feed is disallowed because allowing this deduction in the year of payment results in a material distortion of your income.
5804	Activity not for profit/profit motive	If you raise crops or livestock mainly for the use of your family, but derive some income from incidental sales, you will not be considered as operating a farm for profit; therefore, you may not deduct expenses of carrying on the business of farming.
5805	Contested liability-not paid	Under the cash basis method of accounting, a contested liability may be deducted only in the year the liability is paid. Since you did not pay the liability in the current year, your deduction is denied.
5806	Accrual basis-must maintain an inventory	You must use an accrual method to compute purchases and sales because you are required to use an inventory method. We refigured your cost of sales and your income accordingly.
5807	Accounting method changed without permission	You may not change from the unit-livestock-price method to the cost or market method without permission from the Internal Revenue Service.
5808	Prepayments mat'l distortion of income-computation method	Because prepayments of management fees, interest, or loan expenses materially distort income, we made the adjustment shown in the attached computation.
5809	Farm syndicate-prepaid feed-allow when consumed	For a farm syndicate, a deduction for amounts paid for feed, seed, fertilizer, or similar farm supplies is allowed only for the tax year in which those items are actually used or consumed.
5810	Farm corporation - must use accrual method	Your farming corporation must use the accrual method of accounting.

Number	Standard Explanation Title	Standard Explanation Text
5811	Preproduction period-capitalize	Any amount attributable to crops, animals, or property having a crop or yield during the preproductive period of the property must be capitalized in accordance with IRC 447.
5812	Hobby	For a farm loss to be allowable, you must show you intended to make a profit from your farming operations. This intent must be supported by actions that show you entered into and operated your farming business for the purpose of making a profit. Since your operations do not indicate you satisfied this requirement, no loss is allowable.
5813	Conservation expenses	Conservation expenses are limited to 25 percent of gross income from farming.
5814	Land clearing expenses limitation	Land clearing expenses that are conservation expenses are limited to 25 percent of gross income from farming.
5815	Land clearing	Land clearing expenses in preparation for farming are not deductible.
5816	Prepaid farming expenses	To the extent that prepaid farming expenses exceed 50 percent of total nonprepaid farming expenses, amounts paid for feed, seed, and similar farm supplies may be deducted only as the supplies are actually used.
5817	Expenses allowed	The expenses examined in connection with your farming activity have been allowed as verified.
5818	Nondeductible personal expense disallowed	Since the deductions you claimed in connection with your farming activity were nondeductible personal expenses, they have been disallowed.
5819	Discharges after April 9, 1986	The taxable income generated by the discharge of "qualified farm indebtedness" by a "qualified person" may be excluded from income and used as a reduction for specific items. See the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
5820	Patronage dividends	Patronage dividends in the amount shown have been added to your income from farming on Schedule F.
5821	Commodity credit corporation loan income	Since you elected to treat as income the amount of your previous loan from the Commodity Credit Corporation, you must include in gross income, loans received in subsequent taxable years. Therefore, your income has been increased to include the loan amounts received for this taxable year.
5822	Cost must be capitalized per IRC 263A	These costs must be capitalized in accordance with IRC 263A.
5823	Cost must be included in inventory per IRC 263A	These costs must be included in inventory costs in accordance with IRC 263A.
5901	Defense of title - legal fees of	Legal expenses incurred for defense of title to property are not deductible.
5902	Divorce-legal fees of	Legal expenses incurred for the purpose of getting a divorce are personal, nondeductible expenses.
5903	Lobbying expense	Legal expenses in connection with the following lobbying and political activities are not deductible: (a) influencing legislation (other than certain local legislation), (b) participating or intervening in a campaign for public office, (c) influencing the general public concerning election, legislative matters, or referendums, or (d) directly communicating with a covered executive branch official to influence that person's official actions.
5904	Purchase personal residence-legal fees of	Legal expenses incurred in connection with the purchase and sale of a personal residence are not deductible.
5905	Tax exempt income - legal fees of	Legal expenses allocable to tax-exempt income are nondeductible.
5906	Will preparation fees	Legal expenses incurred in the preparation of a will are not deductible.

Number	Standard Explanation Title	Standard Explanation Text
5907	Personal legal fees	The legal expenses you reported are not deductible because they are personal.
5908	Legal expenses not deductible/purchase of property used in business	Legal expenses are not deductible when they are for the purchase of property held for the production of income or used in a trade or business. These costs are capitalized by adding them to your basis in the asset.
5909	Legal expenses allowed	You are allowed an additional deduction for legal expenses.
6001	Depletion-cost-general	Under the cost method of depletion, each unit of production sold is assigned a part of the cost or other basis of the interest. This is determined by dividing the cost or other basis by the total units expected to be recovered. We refigured your depletion accordingly.
6002	Depletion- percent depletion-general	Under the percentage or statutory method of figuring depletion, the law provides a special percentage factor for different types of minerals and other natural resources. This percentage is multiplied by the gross income from the interest to arrive at the depletion allowance. We refigured your depletion allowance accordingly.
6003	Depletion - percent depletion-oil and gas limitations	Under the percentage depletion method a flat percentage of the gross income from the property is taken as the depletion deduction. For oil and gas wells, the deduction allowed by the IRC 613A is the lesser of (a) the flat percentage of gross income from the property (b) 100 percent of the "Taxable Income" from the property, or (c) 65 percent of the taxable income on the entire tax return. We have recomputed your depletion allowance as shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
6004	Depletion - percent depletion oil and gas limit allowed only on oil prod.	The law allows percentage depletion only on oil and gas actually produced and sold under the taxpayer's normal method of accounting or only on income from oil actually produced.
6005	Depletion prohibited to a purchaser w/ certain exception	Oil and gas properties transferred after 1974 and before October 11, 1990 are not eligible for percentage depletion except for transfers made by death, some code section 351 exchanges, and other nontaxable transfers.
6007	Depletion - percent depletion limitation	The law provides for percentage depletion for independent producers and royalty owners to be limited to 65 percent of taxable income (reduced in the case of an individual by the zero bracket amount), with certain adjustments.
6008	Depletion- percent depletion- deductible only in year advance received	Advance payments for oil and gas are includible in income in the year received and percentage depletion is allowable only on oil and gas produced in the same year. We adjusted your depletion allowance accordingly.
6009	Intangible drilling costs	Since you hold neither a working or an operating interest in any track or parcel of land, either as a fee owner or under a lease or contract granting operating rights, you may not charge intangible drilling and development of oil and gas properties to expense.
6010	Timber	Special rules apply to recognition of gain from the sale of timber. A taxpayer may elect to treat the cutting of timber, which is held for sale or use in a trade or business, as a sale or exchange. If the holding period requirements are met, the gain is recognized as IRC 1231 gain and may, therefore, receive capital gain treatment.

Number	Standard Explanation Title	Standard Explanation Text
6011	Depletion- percent depletion-not allowed expenses pay w/o regard to prod.	Percentage depletion is not allowable for lease bonuses, advance royalty payments, or other amounts, payable without regard to actual production from an oil, gas, or geothermal property.
6101	Adjusted as shown	We have adjusted your net operating loss as shown in the accompanying computations.
6102	Nonbusiness loss-disallowed	You did not sustain a net operating loss in the tax year within the meaning of IRC 172 because your loss was attributable solely to nonbusiness expenses. Therefore, there is no net operating loss carryback or carryover, and your deduction claimed is disallowed. Taxable income is increased accordingly.
6103	Period for carryback/carryover	In general, for tax years beginning after August 5, 1997, the period to which you can carry a net operating loss (NOL) back is 2 tax years. The period to which you can carry an NOL forward is 20 years. Since you have not established that you qualify for an extended carryback period, we refigured your deduction accordingly.
6104	Carryback/carryover	Since you did not elect to forego the carryback period on a loss year return filed on time; or, provided you filed your loss year return timely, on an amended loss year return filed within 6 months of the due date (excluding extensions) of the loss year return, you cannot deduct the amount eligible for carryback in a later year.
6105	Carry-over period expired	We disallowed your net operating loss deduction because the carry-over period expired.
6106	Remove a carryback/carryover from computation of current year loss	In computing this year's net operating loss, you must remove a net operating loss carryback or carryover from another year. Accordingly, we refigured your net operating loss.

Number	Standard Explanation Title	Standard Explanation Text
6107	Capital losses/gains	Capital losses that are more than capital gains cannot be taken into account in the net operating loss computation. Accordingly, we refigured your net operating loss.
6108	Exemptions	You cannot take your personal and dependency exemptions into account in your net operating loss computation. Accordingly, we modified your net operating loss.
6109	Interest income	Interest income is considered nonbusiness income even though this is the principal source of income. We refigured your net operating loss accordingly.
6110	Dividend income/income averaging	Dividend income is considered nonbusiness income even though this is the principal source of income. We refigured your net operating loss accordingly.
6111	Salary	Your salary from outside employment must be used to reduce the loss from your business and cannot be offset by nonbusiness deductions. We refigured your net operating loss accordingly.
6112	Loss in more than 1 year	Since you sustained a net operating loss in more than one year, the loss occurring in the earlier year must be deducted from the income of other years before the later loss. Although the net operating loss deduction is the total of all carrybacks and carryovers to the year, the earlier loss must be used first. We refigured your net operating loss deduction accordingly.
6113	Zero bracket amount/standard deduction	In figuring a Net Operating Loss (NOL), the standard deduction is treated as a nonbusiness deduction that can be used to offset nonbusiness income. We refigured your net operating loss accordingly.

Number	Standard Explanation Title	Standard Explanation Text
6114	Nonbusiness items	You can deduct nonbusiness items such as taxes on a personal residence or medical expenses only to the extent of nonbusiness gross income and the amount by which nonbusiness capital gains are more than non-business capital losses. You cannot include the excess in a net operating loss. Therefore, we refigured your net operating loss.
6115	Retirement plans	Contributions to a retirement plan on behalf of a self-employed owner-employee, to the extent deductible, are considered nonbusiness deductions. We refigured your net operating loss accordingly.
6116	Investment tax credit	Since your investment tax credit is limited to your tax for the year, the carryback of your net operating loss reduces the investment credit allowed. The recomputed credit is subject to the provisions of IRC 38(c) and IRC 39(c).
6117	Nonbusiness capital gains/capital losses	The amount by which nonbusiness capital losses are more than nonbusiness capital gains cannot be included in the net operating loss deduction.
6118	Excess business capital losses over business capital gains	<p>The amount by which business capital losses are more than business capital gains can be included in the net operating loss deduction only if certain conditions are met.</p> <p>(1) There is a net nonbusiness capital gain; and</p> <p>(2) That nonbusiness capital gain is more than the excess of nonbusiness ordinary deductions over nonbusiness ordinary income.</p> <p>The net business capital loss is limited to the amount by which the net nonbusiness capital gain exceeds the excess nonbusiness deductions.</p>

Number	Standard Explanation Title	Standard Explanation Text
6119	Taxable Income for carryback year is greater than NOL	Since the taxable income for the carryback year is greater than the net operating loss, it fully absorbs the loss and no modifications are required. However, the deductions limited by adjusted gross income are affected (except for contributions).
6120	Charitable contribution	Although the deduction for charitable contributions has a ceiling based on adjusted gross income, the allowable deduction is determined without regard to any net operating loss carrybacks.
6121	Minimum tax	We refigured your minimum tax because of changes in net operating loss carryover.
6122	Election to forego carryback is irrevocable	Your election to forego the carryback period is irrevocable and specifies that you are relinquishing the entire carryback period. You lose any part of the net operating loss that you do not absorb by the end of the carryover period. Therefore, we refigured your net operating loss.
6123	Adjusted gross income limitation	Because your adjusted gross income was reduced, your medical expense deduction increased.
6124	Carryover/carryback year adjusted due to change in loss year	Since the net operating loss on which this carryback/carryover is based was disallowed or decreased, the carryback/carryover was disallowed in the amount shown.
6125	Election to apply an extended carryback period to an applicable net operating loss	Your election to apply an extended carryback period to an applicable net operating loss is irrevocable and specifies that you will carry the applicable net operating loss to the earliest carryback year first. Therefore, we have refigured your net operating loss deduction.

Number	Standard Explanation Title	Standard Explanation Text
6126	Period for carryback	We disallowed your net operating loss carryback. In general, for tax years beginning after December 31, 2017, net operating losses cannot be carried back but can be carried forward indefinitely.
6127	Computation of net operating losses	Net operating loss deductions and net operating loss carryovers for losses arising in tax years beginning after December 31, 2017, are limited to 80 percent of your taxable income. We adjusted your allowable net operating loss deduction as shown in the attached computation.
6201	Adoption credit adjusted	We have adjusted your adoption credit to the amount verified.
6202	Expenses do not qualify as adoption expenses	Because the expenses you verified are expenses that do not qualify as adoption expenses, your credit has been disallowed.
6203	Credit disallowed/paid or reimbursed by employer	The credit is available only for expenses that have not been reimbursed. Because the adoption expenses you claimed were paid or reimbursed by your employer, we disallowed your credit.
6204	Modified AGI adjusted/adoption credit adjusted	The income limit on the adoption credit or exclusion is based on your modified adjusted income (MAGI). Since we adjusted your MAGI, your credit has been adjusted accordingly.
6205	Adoption not final/not U.S. citizen or resident/credit disallowed	Because the child claimed for Adoption Credit was not a U.S. citizen or resident and the adoption did not become final during the year, you cannot take the adoption credit.
6206	Adoption not final/not a U.S. citizen or resident/excl disallowed	Because the child claimed for Adoption Credit was not a U.S. citizen or resident and the adoption did not become final during the year, you cannot take the adoption exclusion.

Number	Standard Explanation Title	Standard Explanation Text
6207	Separate return requirements/credit or exclusion disallowed	<p>You can take a credit or exclusion on a separate return if you are legally separated under a decree of divorce or separate maintenance agreement, or if you lived apart from your spouse for the last six months of the tax year and:</p> <p>(a) your home is the eligible child's home for more than half the year, and</p> <p>(b) you paid more than half the cost of keeping up your home for the year.</p> <p>Since you have not met these requirements, your credit or exclusion has been disallowed.</p>
6208	Special needs/credit disallowed	<p>Since you have not established that the child claimed for Adoption Credit qualifies as a special needs child, your credit has been disallowed.</p>
6209	Adoption credit disallowed/computation attached	<p>We have disallowed your Adoption Credit. See the attached computation.</p>
6210	Foreign child/not special needs/credit adjusted	<p>A foreign child cannot be treated as a child with special needs. We have adjusted your credit as shown in the attached computation.</p>
6211	Credit disallowed/qualifying children disallowed	<p>Since one or more of the children listed in claiming the adoption credit is not an eligible child, the amount of the adoption credit has been adjusted as shown.</p>
6301	Disallowed credit derived from non-conventional sources	<p>We disallowed the income tax credit you claimed for the domestic production of oil, gas, or synthetic fuels derived from nonconventional sources.</p>
6302	Adjusted credit derived from non-conventional sources	<p>We adjusted the income tax credit you claimed for the domestic production on oil, gas, or synthetic fuels derived from nonconventional sources.</p>

Number	Standard Explanation Title	Standard Explanation Text
6303	Qualified state tuition program	Your distributions from a qualified state tuition program are taxable only to the extent they are more than the amount contributed to the program. Therefore, an adjustment has been made to your taxable income.
6304	DC first time home buyers credit adjusted	We have adjusted your District of Columbia First Time Home Buyers Credit as shown in the attached computation.
6306	Mortgage interest credit-allowed	You have been allowed a mortgage credit for a portion of the interest paid on your home mortgage.
6307	Mortgage interest credit computation	We have computed your mortgage credit as shown in the attached computation.
6308	Mortgage interest credit limitation	Since your mortgage credit rate exceeds 20 percent, your credit is limited to \$2,000.
6309	Mortgage interest excess/carry forward three years	Since you could not credit the full amount of interest paid or accrued as a mortgage credit, the excess credit can be carried forward three years.
6310	Rate reduction credit	Since we have adjusted your tax, we have recomputed the amount of your rate reduction credit.
6311	Rate reduction credit - filing status	Since we have adjusted your taxable income, tax and/or your filing status, we have recomputed the amount of your rate reduction credit.
6312	Making Work Pay Tax credit	Since we have adjusted your earned income, we have adjusted your Making Work Pay Credit accordingly.
6313	First time home buyer credit	Our records indicate that you may not meet the requirement for the First Time Home buyer credit therefore we have disallowed the credit. Please see the attached Form 886-H-FTHBC, Supporting Documents to Prove First Time Homebuyer Credit, which explains the documents you will need to provide to support your eligibility for this credit.

Number	Standard Explanation Title	Standard Explanation Text
6314	Recovery rebate credit	Since one or more of the qualifying children claimed on your tax return have been disallowed, the amount of Recovery Rebate Credit (RRC) claimed on your tax return has been adjusted as shown.
6315	Recovery rebate credit (tax year 2021)	Since one or more of the qualifying children or dependent(s) claimed on your tax return have been disallowed, the amount of Recovery Rebate Credit (RRC) claimed on your tax return has been adjusted as shown.
6316	Sick and family leave credit - Sch C disallowed	Because we determined that the activity described on your Schedule C does not meet the guidelines of carrying on a trade or business within the meaning of IRC 1402, we have disallowed your Schedule C gross income and/or expenses. Therefore, the Sick and Family Leave credit has been adjusted as shown.
6317	Sick and family leave credit – Sch C adjusted	Because we have adjusted your Schedule C gross income and/or expenses that were used for purposes of claiming the Sick and Family leave credit, the Sick and Family Leave credit has been adjusted as shown.
6318	IRC 1341 (claim of right) disallowed	If you repaid an amount that you included in your income in an earlier year, you may be able to deduct the amount repaid from your income in the year in which you repaid it, or the tax attributable to said income may be claimed as a credit. Certain criteria must be met to claim as a credit. Since you did not verify that you are eligible to claim the Claim of Right credit, we have disallowed it.

Number	Standard Explanation Title	Standard Explanation Text
6319	IRC 1341 (claim of right) adjusted	If you repaid an amount that you included in your income in an earlier year, you may be able to deduct the amount repaid from your income in the year in which you repaid it, or the tax attributable to said income may be claimed as a credit. Since you did not calculate your Claim of Right credit correctly, we have adjusted it as shown in the attached report.
6320	Sick and family leave credit - no indication of a business activity	Because we determined the income shown on your Form 1040 is not self-employment income from carrying on a trade or business within the meaning of IRC 1402, the Sick and Family Leave credit has been adjusted as shown.
6401	Disallowed general business credit	We disallowed the General Business Credit claimed on your return.
6402	Alcohol fuels credit/adjusted	We have adjusted the Alcohol Fuels Credit (Form 6478) as shown in the attached computation.
6403	Alcohol fuels credit/additional	We have allowed an additional Alcohol Fuels Credit, as shown in the attached computation.
6404	Credit for contribution to selected community devel corp/adjusted	We have adjusted your Credit for Contribution to Selected Community Development Corporations (Form 8847), as shown in the attached computation.
6405	Credit for contribution to selected community devel corp/additional	We have allowed you an additional Credit for Contributions to Selected Community Development Corporations, as shown in the attached computation.
6406	Credit for taxes paid on certain employee tips/adjusted	We have adjusted your credit for taxes paid on certain employee tips (Form 8846), as shown in the attached computation.
6407	Credit for taxes paid on certain employee tips/additional	We have allowed you an additional credit for taxes paid on certain employee tips, as shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
6408	Disabled access credit/adjusted	We have adjusted your Disabled Access Credit (Form 8826), as shown in the attached computation.
6409	Disabled access credit/additional	We have allowed an additional Disabled Access Credit, as shown in the attached computation.
6410	Empowerment zone employment credit/adjusted	We have adjusted your Empowerment Zone Employment Credit (Form 8844), as shown in the attached computation.
6411	Empowerment zone employment credit/additional	We have allowed you an additional Empowerment Zone Employment Credit, as shown in the attached computation.
6412	Enhanced oil recovery credit/adjusted	We have adjusted your Enhanced Oil Recovery Credit (Form 8830), as shown in the attached computation.
6413	Enhanced oil recovery credit/additional	We have allowed you an additional Enhanced Oil Recovery Credit (Form 8830), as shown in the attached computation.
6414	Indian employment credit/adjusted	We have adjusted your Indian Employment Credit (Form 8845), as shown in the attached computation.
6415	Indian employment credit/additional	We have allowed you an additional Indian Employment Credit, as shown in the attached computation.
6416	Investment credits/do not qualify	Your expenses do not qualify for the Investment Credits shown on Form 3468. See the attached computation for the adjustments made.
6417	Investment credits/do qualify	Your expenses do qualify for the Investment Credits shown on Form 3468. Accordingly, we have allowed investment credit(s) as shown in the attached computation.
6418	Reforestation credit/do not qualify	Your expenses do not qualify for the Reforestation Credit shown on Form 3468. See attached computation for the adjustment being made.

Number	Standard Explanation Title	Standard Explanation Text
6419	Reforestation credit/additional	We have allowed you an additional Reforestation Credit as shown on Form 3468. Accordingly, we have allowed you Reforestation Credit(s), as shown in the attached computation.
6420	Rehabilitation credit/do not qualify	Your expenses do not qualify for the Rehabilitation Credit shown on Form 3468. See the attached computation for the adjustments being made.
6421	Rehabilitation credit/additional	We have allowed an additional Rehabilitation Credit shown on Form 3468. Accordingly, we have allowed you the credit(s) as shown in the attached computation.
6422	Energy credit/do not qualify	Your expenses do not qualify for the Energy Credit shown on either Form 3468 or Form 3800. See the attached computation for the adjustments being made.
6423	Energy credit/additional	We have allowed you an additional Energy Credit shown on either Form 3468 or Form 3800. Accordingly, we have allowed you the credit(s) as shown in the attached computation.
6424	Low-income housing credit/do not qualify	Your expenses do not qualify for the Low-Income Housing Credit shown on Form 8586. See the attached computation for the adjustments being made.
6425	Low-income housing credit/additional	We have allowed you an additional Low-Income Housing Credit shown on Form 8586. Accordingly, we have allowed you the credit(s) as shown in the attached computation.
6426	Orphan drug credit/do not qualify	Your expenses do not qualify for the Orphan Drug Credit as shown on Form 8820. See the attached computation for the adjustments being made.

Number	Standard Explanation Title	Standard Explanation Text
6427	Orphan drug credit/additional	We have allowed you an additional Orphan Drug Credit shown on Form 8820. Accordingly, we have allowed you the credit(s) as shown in the attached computation.
6428	Renewable electricity production credit/do not qualify	Your expenses do not qualify for the Renewable Electricity Production Credit as shown on Form 8835. See the attached computation for the adjustments being made.
6429	Renewable electricity production credit/additional	We have allowed you an additional Renewable Electricity Production Credit as shown on Form 8835. Accordingly, we have allowed the credit(s) as shown in the attached computation.
6430	Research credit/do not qualify	Your expenses do not qualify for the Research Credit as shown on Form 6765. See the attached computation for the adjustments being made.
6431	Research credit/additional	We have allowed you an additional Research Credit as shown on Form 6765. Accordingly, we have allowed the credit(s) as shown in the attached computation.
6432	Work opportunity credit/do not qualify	Your expenses do not qualify for the Work Opportunity Credit as shown on Form 5884. See the attached computation for the adjustments being made.
6433	Work opportunity credit/additional	We have allowed you an additional Work Opportunity Credit as shown on Form 5884. Accordingly, we have allowed the credit(s) as shown in the attached computation.
6434	Biodiesel fuels credit/adjusted	We have adjusted the Biodiesel Fuels Credit (Form 8864) as shown in the attached computation.
6435	Biodiesel fuels credit/additional	We have allowed an additional Biodiesel Fuels Credit, as shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
6436	Employer credit for paid family and medical leave	<p>We adjusted your credit for paid family and medical leave. To be eligible for the credit you must have a written policy in place that includes:</p> <ul style="list-style-type: none"> • At least two weeks of paid family and medical leave annually to full time employees, prorated for part-time employees, and • Pay for family and medical leave that's at least 50 percent of the wages normally paid to the employee
6437	Plug-in electric motor vehicle credit disallowed	<p>The Plug-in Electric Motor Vehicle credit you claimed on your Form 1040, Individual Income Tax Return, cannot be allowed based on the information you provided on Form 8936, Qualified Plug-in Electric Drive Motor Vehicle Credit.</p>
6501	Did not maintain household - prior to 1/1/2005	<p>Since you did not maintain a household that included a dependent under age 13 or a dependent or spouse incapable of self-care, you are not allowed a credit for child or disabled dependent care expenses.</p>
6502	Payments to child under 19 or dependent relative	<p>Payments to your dependent relative or your child under age 19 for employment-related expenses do not qualify for the child care credit.</p>
6503	Limited qualifying expense (tax year prior to 2021)	<p>In figuring the credit for child or dependent care expenses, employment-related expenses incurred in a tax year are limited to \$3,000 for one qualifying individual, and \$6,000 for two or more qualifying individuals.</p>
6504	Changed exemptions or expenses/changed credit	<p>Since we have changed your allowable exemptions or the amount of employment-related expenses, we have also adjusted your child care credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
6505	Not established paid for a qualifying individual	Since you did not establish that the amount shown was paid for child care for a qualifying individual, we have disallowed your child care credit.
6506	Married filing separate	<p>A married person filing a separate return may not claim the child care credit unless the following apply:</p> <ul style="list-style-type: none"> (a) The claimant's home must have been the home of a qualifying person for more than half the tax year, and (b) The claimant must have paid more than half the cost of keeping up the home for the tax year, and (c) The claimant's spouse must not have lived in the home for the last 6 months of the tax year.
6507	AGI changed	<p>Since you did not establish that you meet the above qualifications, we disallowed your child care credit.</p> <p>The amount of your child or disabled dependent care credit is based on adjusted gross income. Since the adjustments in this report changed your adjusted gross income, your credit has been refigured.</p>
6508	Qualifying child of divorced/separated parents	<p>To be a qualifying child for the child care credit, a child of a divorced or separated parents must:</p> <ul style="list-style-type: none"> (1) Be under 13 or be physically or mentally not able to care for himself or herself; (2) Be in the custody of the parent claiming the credit for the greater part of the year, even if that parent has given the other parent the right to claim the child as a dependent for that year; <p>Because your child does not satisfy both requirements, we have disallowed the credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
6509	Earned income exclusion	When earned income is excluded from your return, your child care credit must be adjusted. Since you claimed the IRC 911 exclusion, we have adjusted your child care credit as shown in the attached computation.
6511	Education expenses are not includible	Expenses for education (in kindergarten or higher grade) are not allowable as child care expenses.
6512	Amount verified as paid	We adjusted your child and dependent care expenses to the amount verified as paid in figuring your credit for child care expenses.
6513	Income increase-excess value of care assistance	The excludible value of child or dependent care assistance received under a qualified dependent care assistance plan is limited to the smaller of your earned income, your spouse's earned income, or \$5,000 (\$2,500 for married filing separately) annually. This limit applies whether or not you have been reimbursed. We increased your income to include the excess over the annual limit.
6514	Provider information required	You must report the required information about the person or the organization that provided child or dependent care in order to claim the credit for child and dependent care expenses or exclude the dependent care benefits from your income.
6515	Child care credit - alternative minimum tax; fillable	The enclosed report indicates that you are liable for the Alternative Minimum Tax. Your Child Care Credit has also been affected by this adjustment. The amount from line _____ of Form 6251 is used to figure the limitation of this credit. Please see the attached worksheet from Form 2441, Child Care Credit Instructions.

Number	Standard Explanation Title	Standard Explanation Text
6516	Child care provider	We have disallowed your Child Care Credit because a child care provider cannot claim a credit for the provider's own child care services.
6517	Dependent care credit -DDB Rule 110	<p>Dependent care expenses must be for the care of one or more qualifying persons who is:</p> <p>A. Your dependent qualifying child who was under age 13 when the care was provided or</p> <p>B. Your spouse who was physically or mentally not able to care for himself or herself, and who had the same place of abode as you for more than half of the tax year, or</p> <p>C. Another person who was physically or mentally not able to care for himself or herself and who had the same principal place of abode as you for more than half of the tax year and for whom you can claim a dependency exemption (or could claim an exemption except the person had gross income equal to or greater than the exemption amount).</p> <p>Our records indicate that your qualifying person was over the age of 13 at the beginning of the tax year in question. If you believe our records are incorrect and you have information you would like us to consider regarding the qualifying person's age, please submit that information.</p> <p>In addition, please submit copies of the back and front of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the person or organization showing the name, address, period of care and amount paid.</p>

Number	Standard Explanation Title	Standard Explanation Text
6518	Dependent care credit -DDB Rule 111	<p>If your qualifying person was over the age of 13 at the beginning of the tax year in question, and meets the exception qualifications in B or C above, please send:</p> <ul style="list-style-type: none"> - A doctor's statement showing the person was physically or mentally unable to care for himself or herself, if the expenses were paid for a disabled person - Name(s), address(es) and social security number(s) of the person(s) or organization(s) who provided the care. - Copies of the back and front of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the person or organization showing the name, address, period of care and amount paid. <p>Proof that person had same principal place of abode as taxpayer for more than half of the tax year.</p> <p>We have disallowed the amounts you claimed for the Dependent Care Credit as our records indicate your qualifying child for the credit was over 13 during the tax year in question. For a person who qualified for part of the year, you determine a person's qualifying status each day. For example, if the person for whom you pay child and dependent care expenses no longer qualifies on September 16, count only those expenses through September 15. Please provide copies of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the person or organization showing the name, address, period of care and amount paid.</p>

Number	Standard Explanation Title	Standard Explanation Text
6519	Dependent care credit - fillable gross income - DDB Rule 110	<p>If your qualifying person(s) is over age 13 and physically or mentally not able to care for himself or herself and for a person whom you can claim an exemption (or could claim an exemption except the person had gross income equal to or greater than the exemption amount), please submit:</p> <ul style="list-style-type: none"> - Name(s), address(es) and social security number(s) of person(s) or organizations you paid for childcare or for the care of a disabled person. Copies of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the provider showing the name, address, period of care and amount paid. - A doctor's statement showing the person was physically or mentally unable to care for himself or herself, if the expenses were paid for a disabled person - Copies of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the person or organization with the name, address, period of care and amount paid. <p>Proof that person had same principal place of abode as taxpayer for more than half of the tax year.</p> <p>We have disallowed the amounts you claimed for the Dependent Care Credit as our records indicate your qualifying child for the credit was over 13 during the tax year in question. For a person who qualified for part of the year, you determine a person's qualifying status each day. For example, if the person for whom you pay child and dependent care expenses no longer qualifies on September 16, count only those expenses</p>

Number	Standard Explanation Title	Standard Explanation Text
6520	Child and dependent care credit - fillable gross income-DDB Rule 111	<p>through September 15. If the qualifying person is over 13, is physically or mentally not able to care for himself or herself and meets the other requirements for being a qualifying person, please submit the following:</p> <p>If the qualifying person is over age 13 and physically or mentally not able to care for himself or herself and a person for whom you can claim an exemption (or could claim an exemption except the person had \$_____ or more of gross income), please submit:</p> <p>Name(s), address(es) and social security number(s) of person(s) or organization(s) you paid for childcare or for the care of a disabled dependent.</p> <p>Copies of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the person or organization showing the name, address, period of care and amount paid.</p> <p>A doctor's statement showing the dependent was physically or mentally unable to care for himself or herself, if the expenses were paid for a disabled dependent.</p> <p>Proof that you and the qualifying person had the same principal place of abode for more than half of the tax year.</p> <p>Child and dependent care expenses must be for the care of a qualifying person. A qualifying person may be:</p> <p>A. Your dependent qualifying child who</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p>was under age 13 when the care was provided and for whom you can claim an exemption, or</p>
		<p>B. Your spouse who was physically or mentally not able to care for himself or herself and had the same principal place of abode as you for more than half of the taxable year, or</p>
		<p>C. Your dependent who was physically or mentally not able to care for himself or herself and who had the same principal place of abode as you for more than half of the taxable year.</p>
		<p>For purposes of C, a person may be your dependent even if you are the dependent of another taxpayer, the person is married and files a joint return, or the person had \$_____ or more of gross income.</p>
		<p>For purposes of A or C, if the special rule for divorced or separated parents applies for purposes of the dependency exemption, a special dependency test applies for purposes of this credit, so that only a custodial parent may claim this credit, even if the noncustodial parent is entitled to the dependency exemption.</p>
		<p>Our records do not indicate that a person qualifies you for this credit. If you believe our records are incorrect, please send the following:</p>
		<p>a. If applicable, documentation to show that your child was under age 13 for part or all of the tax year.</p>
		<p>b. If applicable, a doctor's statement showing the dependent was physically or mentally unable to care for him or herself</p>
		<p>c. Name(s), address(es) and social security number(s) of person(s) or organizations who provided the care.</p>

Number	Standard Explanation Title	Standard Explanation Text
6521	Changed employment-related expenses/changed credit	<p>d. Copies of the back and front of cancelled checks and receipts documenting the expenditures. If you do not have cancelled checks, provide a statement from the provider showing the name and address of the provider, the period of care and the amount paid.</p> <p>e. Documentation to show that you and the qualifying person had the same principal place of abode for more than half of the taxable year.</p>
6522	Limited qualifying expense (tax year 2021)	<p>Since we have changed the amount of your employment-related expenses, we have also adjusted your child and dependent care credit</p> <p>In figuring the credit for child or dependent care expenses, employment-related expenses incurred in a tax year are limited to \$8,000 for one qualifying individual, and \$16,000 for two or more qualifying individuals.</p>
6523	Not established paid or paid for a qualifying individual (tax year 2021)	<p>Since you did not establish that the amount shown was paid for childcare, or paid for care of another qualifying individual, we have disallowed your child and dependent care credit.</p>
6524	TP/Spouse not in US more than half the yr - refundable child and dependent care credit (tax year 2021)	<p>We have adjusted the child and dependent care credit because you (or your spouse if Married Filing Jointly) must have had a principal place of abode in the United States for at least half the year to be eligible for the refundable portion of the credit.</p>
6525	Changed qualifying individuals or expenses/changed credit	<p>Since we have changed your qualifying individuals or the amount of employment-related expenses, we have also adjusted your refundable child and dependent care credit.</p>
6600	RESERVED	na

Number	Standard Explanation Title	Standard Explanation Text
6701	Computation attached	We have adjusted your credit for the elderly and the permanently and totally disabled as shown in the attached computation.
6702	Tax changed	Since we changed the amount of tax shown on Form 1040 we also adjusted your credit for the elderly and the permanently and totally disabled, which cannot be more than your tax.
6703	Income changed	Since we have changed the amount of income (retirement, earned investment) reported on your return, we have also adjusted your credit for the elderly and the permanently and totally disabled.
6704	Credit disallowed	Since you received earned income or social security payments that were more than the limitation, we have disallowed your credit for the elderly and the permanently and totally disabled.
6705	Adjusted due to change in your Federal income tax	We adjusted your credit for the elderly and the permanently and totally disabled as a result of changes to your Federal income tax.
6706	Elderly, permanently & totally disabled - not met	<p>A credit for the elderly and the permanently and totally disabled applies to a citizen or resident of the United States:</p> <p>(1) who is 65 years of age before the close of the tax year, or</p> <p>(2) who retired on disability before the close of the tax year and who, when the person retired, was permanently and totally disabled.</p> <p>Since you did not meet either of these qualifications, we disallowed the credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
6707	Reduce by benefits received	The allowable credit for the elderly or the permanently and totally disabled must be reduced by nontaxable pension, annuity, or disability benefits paid under the Social Security Act, the Railroad Retirement Act of 1974, or a Veterans Administration program, or benefits that are excludable from gross income under any other provision of law not contained in the Internal Revenue Code. We therefore adjusted your credit.
6708	Married taxpayers must file a joint return unless they live apart	Married taxpayers must file a joint tax return in order to claim the credit for the elderly and the permanently and totally disabled, unless the spouses live apart at all times during the tax year. The credit is computed on Schedule R. Since you did not meet the requirements this credit is disallowed.
6709	Adjusted due to change in filing status	The computation of the credit for the elderly or the permanently and totally disabled includes a reduction by one-half of the excess of adjusted gross income over the following levels, based on filing status: single, \$7,500; married taxpayers, \$10,000; married individual filing separately, \$5,000. Since we changed your filing status, we also adjusted your credit.
6710	Incorrectly figured	Your credit for the elderly or the permanently and totally disabled was figured incorrectly. The correct computation is attached.
6711	Initial amount used may not be more than taxable disability income	The initial amount used in figuring the credit for permanently and totally disabled individuals under age 65 may not be more than the taxable disability income. We adjusted your credit using the correct computation.
6712	Credit for the elderly or disabled	We adjusted your credit for the elderly or the permanently and totally disabled.

Number	Standard Explanation Title	Standard Explanation Text
6801	RESERVED	na
6901	Adjusted credit for excess FICA tax	We have adjusted your credit for excess FICA (social security and Medicare) taxes withheld, as shown.
6902	Credit for excess FICA disallowed	A husband and wife may not combine the FICA taxes withheld from their wages to compute credit for excess FICA taxes withheld.
6903	Recover from employer	Since you had only one employer during the year, no credit is allowed for excess FICA (social security and Medicare) tax withheld. You should recover the excess withheld from your employer.
6904	Credit for excess FICA allowed	You are allowed a credit for excess FICA (social security and Medicare) taxes withheld during the taxable year.
6905	Nonresident alien	A nonresident alien temporarily present in the United States under an F, J, M, or Q type visa, as defined in section 101(a)(15) of the Immigration and Nationality Act, is not subject to FICA tax on income from services performed to carry out the purpose for which the individual was admitted to the United States. If the tax is erroneously withheld, you should request a refund from the employer who withheld the tax.
6906	TP subject to FICA	Under the Federal Insurance Contributions Act (FICA), wages paid to an employee for services performed in the United States are subject to FICA (social security and Medicare) tax unless specifically excluded by law. Since your wages are not excludable, the tax was correctly withheld and no refund is due, even though you may not be entitled to social security benefits.
7001	Allowed as shown/computation	We allowed the foreign tax credit in the amount shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
7002	Adjusted federal income tax	We adjusted your foreign tax credit as a result of changes to your Federal income tax.
7003	Income exempt from U.S. tax/disallow deduction or credit	You cannot take a deduction or credit for foreign income taxes paid on income that is exempt from U.S. tax.
7004	Credit cannot exceed U.S. tax	The foreign tax credit may not be more than your U.S. tax liability.
7005	Foreign tax credit limitation	For each separate category of income listed in IRC 904(d) and other code sections, the maximum foreign tax credit allowed bears the same proportion to the tax against which the credit is taken, that taxable income from sources outside the United States for the separate category of income bears to taxable income from all sources for the same year. Taxable income is figured without deduction for personal exemptions. In determining taxable income from each sources outside the United States, allocate and apportion deductions that are factually related to that taxable income.
7006	Apportion on time basis/schedule	Your foreign tax credit was refigured as shown in the enclosed schedule. The source of compensation as an employee is based on a time basis. In making this allocation, if any amount was paid or furnished in kind to you as an allowance over and above your base salary, it is considered to be part of your total compensation. The source of compensation received if not an employee is based on all the facts and time basis may be appropriate.
7007	Income earned in restricted country	You cannot claim a foreign tax credit on income earned in certain restricted foreign countries. Since the credit you are claiming is based on money earned in a restricted country, we have disallowed the credit.

Number	Standard Explanation Title	Standard Explanation Text
7009	Credit decreased	The foreign tax credit reported on your return for the tax year was decreased. Your income tax is increased accordingly.
7010	Foreign taxes	In refiguring your foreign tax credit, we eliminated any foreign taxes that do not qualify for the credit under IRC 901, since those taxes have not been established to be eligible for the credit as foreign income taxes.
7011	FTC due to IRC 911 exclusion	The amount of foreign tax available for foreign credit must be reduced by the part of foreign tax allocable to income excluded under IRC 911. The foreign taxes attributable to the excluded income are figured by multiplying the foreign taxes paid by a fraction, the numerator of which is the amount of income excluded under IRC 911 (less allocable deductions). The denominator is all foreign earned income (less allowable deductions). Your creditable foreign taxes have been reduced as shown in the attached computation.
7013	Exchange rates/tax years beginning after Dec. 31, 1997	For tax years beginning after December 31, 1997, your credit for foreign taxes accrued has been adjusted to reflect the average exchange rate for the taxable year to which such taxes relate.
7014	Tax withheld on a dividend or other income/holding period rules not met	Your foreign tax credit for a tax withheld on a dividend has been disallowed because you have not met certain holding period rules with respect to the stock of the paying corporation or other property.
7015	Not established entitled to credit	Your foreign tax credit is denied because you have not adequately established that you are entitled to the credit.
7016	Limitation of income per IRC 904(d)	Your foreign tax credit has been adjusted to reflect the proper limitation for the separate categories of income listed in IRC 904(d).

Number	Standard Explanation Title	Standard Explanation Text
7017	Amount exceeds limitations/Form 1116 required	Since the amount of foreign tax credit that you have claimed exceeds \$300 (\$600 for a joint return) or the entire amount of your gross income for the taxable year from sources outside the United States does not consist of qualified passive income, you must file a Form 1116 to claim your foreign credit.
7101	Requirements not met by housing project-credit disallowed	We have disallowed the low-income housing credit you claimed because the housing project does not qualify. The project does not meet one or more of the requirements. These requirements include low-income tenant occupancy, gross rent restrictions, state credit authorization and/or IRS certification.
7102	Recapture portion of credit	You must recapture a portion of the low-income housing credit you previously claimed because the housing project did not continue to meet the qualified requirements for 15 years.
7103	Project was constructed, rehabilitated or acquired before 1986	We have disallowed the low-income housing credit you claimed because the housing project was either constructed, rehabilitated or acquired before 1986.
7104	Recomputed allowable credit	We have recomputed the allowable amount you can claim for the low-income housing credit as shown.
7105	Unoccupied units	We have adjusted the low-income housing credit claimed because the first year credit must be reduced to reflect the time during the year that any low-income units are unoccupied.
7106	Rehabilitation	We have disallowed the low-income housing credit you claimed because the total rehabilitation expenses allocable to one or more low income units was less than the greater of: 10 percent of the adjusted basis of the building or \$3000 per low-income unit.

Number	Standard Explanation Title	Standard Explanation Text
7108	IRC 42(h)(6)/owner not subject to 30 year use agreement	Since the owner of the building is not subject to an enforceable 30 year low income use agreement with the housing agency, per IRC 42(h)(6), you are not entitled to take the Low Income Housing Credit.
7201	Investment credit adjusted/computation	We have adjusted your Investment Credit See the attached computation.
7202	Additional Investment credit allowed/computation	We have allowed you additional Investment Credit. See the attached computation.
7203	Reforestation credit disallowed/computation	Your expenses do not qualify for the Reforestation Credit shown on Form 3468 See attached computation for the adjustment being made.
7204	Additional reforestation credit allowed/computation	We have allowed you an additional Reforestation Credit as shown on Form 3468. Accordingly, we have allowed you Reforestation credit(s), as shown in the attached computation.
7205	Rehabilitation credit disallowed/computation	Your expenses do not qualify for the Rehabilitation Credit shown on Form 3468. See the attached computation for the adjustments being made.
7206	Additional rehabilitation credit allowed/computation	We have allowed an additional Rehabilitation Credit shown on Form 3468. Accordingly, we have allowed you the credit(s) as shown in the attached computation.
7207	Structural components of building not eligible	Since general systems for heating, air conditioning, plumbing, wiring, etc., are structural components of a building, we have disallowed the investment credit.
7208	Energy credit disallowed/computation	Your expenses do not qualify for the Energy Credit shown on Form 3468. See the attached computation for the adjustments being made.

Number	Standard Explanation Title	Standard Explanation Text
7209	Additional energy credit allowed/computation	We have allowed you an additional Energy Credit shown on Form 3468. Accordingly, we have allowed you the credit(s) as shown in the attached computation.
7210	Auto business/personal ratio	We have reduced the investment credit based on the allocation of the use of the automobile for business and personal purposes.
7211	Carryback/computation	We have allowed an investment credit carryback in the amount shown in the accompanying computation.
7212	Offset or recapture by credit is not allowable	In computing your tax liability, you may not offset investment credit recapture with investment credit.
7213	Separate return limitation	Since you are married and filed a separate return, your investment credit is limited to \$12,500 plus 25 percent of the tax liability of more than \$12,500. Any part of the investment credit not allowable because of this limitation is to be carried back 1 year and carried forward 20 years.
7214	Definition of qualified/not IRC 38 property	For the property to qualify for investment credit, you must establish that it: <ul style="list-style-type: none"> (a) is depreciable; (b) has a useful life of at least 3 years; (c) is tangible personal property or other tangible property (except buildings or their structural components) used as an integral part of manufacturing, production, or extraction, etc., and; (d) was placed in service by you, during the taxable year, in a trade or business or for the production of income. <p>Since the property does not meet the above requirements, we have disallowed the investment credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
7215	Not established entitled	We have disallowed the investment credit you claimed because you did not establish that you are entitled to this credit.
7216	Allowed as shown	We have allowed investment credit in the amount shown.
7217	Carryover reduced applied to current increased liability	Because of the change in your Federal income tax, your investment credit carryover has been reduced and applied to the adjusted tax liability.
7218	Excess investment credit	Excess investment credit must be carried back 1 year before it can be carried forward. Therefore, we adjusted the carryover to the amount allowable for this year as shown in the enclosed schedule.
7219	Adjusted due to changes to your Federal income Tax	We adjusted your investment tax credit as a result of changes to your Federal income tax.
7220	Lease terms don't qualify under IRC 46E (3)(4) or (5)	The investment tax credit shown on your return is not allowable because the terms of the lease do not comply with the limitations specified in IRC 46(E)(3)(A) or IRC 46(E)(3)(B). To comply with these guidelines: (A) the leased property must have been manufactured or produced by the lessor, or (B) the term of the lease must be less than 50 percent of the useful life of the property and the lessor's share of the first year's normal operating expense must be more than 15 percent of the rental income.
7221	Carryback reduced/applied to current increase liability	The investment tax credit carryback has been disallowed as a result of the examination of your federal income tax return for the year in which the credit originated.

Number	Standard Explanation Title	Standard Explanation Text
7301	Qualifying child disallowed/child tax credit adjusted	Since your claim of one or more qualifying children has been disallowed, the amount of the Child Tax Credit has been adjusted as shown.
7302	AGI changed/child tax credit adjusted	The limitations on modified adjusted gross income for the Child Tax Credit are: 1) \$110,000 if married filing jointly, or 2) \$75,000 if single, head of household, or qualifying widow(er) 3) \$55,000 if married filing separately.
7303	Child tax credit computed	Because your adjusted gross income was changed and now exceeds the limitation, your Child Tax Credit has been adjusted. We computed the Child Tax Credit for you and have applied it to your adjusted tax liability.
7304	Additional child tax credit allowed	Because you have three or more qualifying children and meet the requirements, you are entitled to the Additional Child Tax Credit.
7305	Child tax credit - tax changed	Since the tax shown on your original return has been changed as a result of the adjustments proposed in this report, we have adjusted your Child Tax Credit. Since you now have the benefit of the entire credit against your tax liability, you are no longer entitled to the additional Child Tax Credit.
7306	Child tax credit disallowed - qualifying child	Since an exemption/dependent for one or more of the qualifying children claimed on your return has been disallowed, the number of qualifying children for the Child Tax Credit has been adjusted as shown.
7307	Child tax credit qualified exemption	Since we have changed your allowable exemptions/dependents, we have also adjusted your child tax credit and/or additional child tax credit.

Number	Standard Explanation Title	Standard Explanation Text
7308	Additional child tax credit for residents of Puerto Rico	Bona Fide residents of Puerto Rico, who are not subject to Chapter 1 Federal income tax and exclude income under IRC 933, must have at least three qualifying dependent children under age 17 and have paid FICA or Self Employment taxes in order to claim the refundable Child Tax Credit. Since your claim of one or more qualifying children has been disallowed, you are not entitled to the Additional Child Tax Credit.
7309	Additional child tax credit limited for residents of Puerto Rico	Your Additional Child Tax Credit is limited to the FICA Tax paid plus the Medicare Tax paid plus 1/2 the Self-Employment Tax liability.
7310	Child tax credit (CTC)/additional Child tax credit (ACTC) 2 year ban asserted (for tax years prior to 2016)	Since we determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the Child Tax Credit/Additional Child Tax Credit, you are restricted from receiving the Child Tax Credit/Additional Child Tax Credit under IRC 24(g)(1)(B)(ii) for two years after the final determination.
7311	Child tax credit/additional child tax credit – disallowed - no ban - recertification required (for tax years 2016 and later)	The next time you claim the Child Tax Credit/Additional Child Tax Credit, you must complete and include Form 8862 with your tax return. If you claim the credit and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may have to contact you for additional information. If you do not include Form 8862 with the next tax return on which you claim the credit, we will disallow the credit.

Number	Standard Explanation Title	Standard Explanation Text
7312	Child tax credit/additional child tax credit – 2 year ban asserted (for tax years 2016 and later)	<p>Since we determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the Child Tax Credit (CTC)/ Additional Child Tax Credit (ACTC), you are restricted from receiving the CTC/ACTC under IRC 24(g)(1)(B)(ii) for two years after the final determination.</p> <p>If you claim the credit after the two-year ban expires, you must complete and include Form 8862 with your tax return. If you claim the credit and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may have to contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit after the two-year ban expires, we will disallow the credit.</p>
7313	Child tax credit/additional child tax credit – 10 year ban asserted (for tax years 2016 and later)	<p>Since we determined that you fraudulently claimed the Child Tax Credit (CTC)/Additional Child Tax Credit (ACTC), you are restricted from receiving the CTC/ACTC under IRC 24(g)(1)(B)(i) for ten years after the final determination.</p> <p>If you claim the credit after the ten-year ban expires, you must complete and include Form 8862 with your tax return. If you claim the credit and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the next tax return on which you claim the credit, we will disallow the credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
7314	Qualifying child or relative disallowed/amount of credit for other dependents (tax years 2018-2025)	We adjusted the amount of the credit for other dependents shown on your return because we disallowed one or more of the individuals you claimed as dependents.
7315	Qualifying child or relative disallowed/number of dependents for credit for other dependents (tax years 2018-2025)	We adjusted the number of individuals claimed for the credit for other dependents on your return because we determined one or more of them are not dependents.
7316	AGI changed – CTC/ACTC credit for other dependents adjusted (tax years 2018-2025)	Because we changed your modified adjusted gross income, your Child Tax Credit, Additional Child Tax Credit or Credit for Other Dependents has been adjusted.
7317	CTC/ACTC credit for other dependents – allowable dependent	Since we have changed your dependents qualifying for the child tax credit (CTC) or credit for other dependents, we have also adjusted the amounts of your CTC, additional child tax credit, or credit for other dependents.
7318	CTC/ACTC – disallowed for SSN not valid for employment (tax years 2018-2025)	Because you have not shown that one or more children had a social security number that authorized the child to work in the United States before the due date of the tax return, we have adjusted the child tax credit and additional child tax credit.
7319	CTC/ACTC – disallowed for noncitizen nonresident (all tax years)	Because you have not shown that one or more children were residents of the United States, we have adjusted the child tax credit (CTC) and additional child tax credit (ACTC). A child who is not a United States citizen or national must be a United States resident to be eligible for the CTC and ACTC.

Number	Standard Explanation Title	Standard Explanation Text
7320	Credit for other dependents – disallowed for noncitizen nonresident (tax years 2018-2025)	Because you have not shown that one or more dependents were residents of the United States, we adjusted the credit for other dependents. A dependent who is not a United States citizen or national must be a United States resident to be eligible for the credit for other dependents.
7321	Credit for other dependents – allowed for noncitizen resident (tax years 2018-2025)	We allowed the credit for other dependents for each qualifying relative or qualifying child who was a United States resident and was issued a social security number or an individual taxpayer identification number on or before the due date of your tax return.
7322	Credit for other dependents – allowed for U.S. citizen or national (tax years 2018-2025)	We allowed the credit for other dependents for each qualifying relative who was a United States citizen or national.
7323	TP/spouse TIN not issued by return due date – CTC/ACTC disallowed (tax years prior to 2018 filed after 2015)	Because you or your spouse, if married filing jointly, didn't have a social security number or individual taxpayer identification number issued on or before the due date of your return (including extensions), we disallowed the child tax credit or additional child tax credit you claimed.
7324	TP/spouse TIN not issued by return due date – CTC/ACTC credit for other dependents disallowed (tax years 2018-2025)	Because you or your spouse, if married filing jointly, didn't have a social security number or individual taxpayer identification number issued on or before the due date of your return (including extensions), we disallowed the child tax credit, additional child tax credit, or credit for other dependents you claimed.

Number	Standard Explanation Title	Standard Explanation Text
7325	Dependent TIN not issued by return due date – CTC/ACTC adjusted (tax years prior to 2018 filed after 2015)	Because one or more of your qualifying children didn't have a social security number, individual taxpayer identification number, or adoption taxpayer identification number issued on or before the due date of your return (including extensions), we adjusted the child tax credit or additional child tax credit you claimed.
7326	Dependent SSN not issued before return due date – CTC/ACTC adjusted (tax years 2018-2025)	Because one or more of your qualifying children didn't have a social security number issued before the due date of your return (including extensions), we adjusted the child tax credit or additional child tax credit claimed.
7327	Dependent TIN not issued by return due date – credit for other dependents adjusted (tax years 2018-2025)	Because one or more of your qualifying children or qualifying relatives didn't have a social security number, individual taxpayer identification number, or adoption taxpayer identification number issued on or before the due date of your return (including extensions), we adjusted the credit for other dependents you claimed.
7328	CTC/ACTC credit for other dependents adjusted – no ban – recertification required (tax years 2018-2025)	The next time you claim the child tax credit, additional child tax credit or credit for other dependents, you must complete and include Form 8862 with your tax return. If you claim any of these credits and include Form 8862, we will determine if you are entitled to the credit(s). We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the next tax return on which you claim the credit(s), we will disallow the credit(s).

Number	Standard Explanation Title	Standard Explanation Text
7329	CTC/ACTC credit for other dependents – 2 year ban asserted (tax years 2018-2025)	We determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the child tax credit, additional child tax credit, or credit for other dependents. Under Internal Revenue Code section 24(g)(1), you are restricted from receiving any of these credits for the two tax years after the most recent tax year of our final determination. If you claim any of the credit(s) after the two-year restriction expires, you must complete and include Form 8862 with your tax return. If you claim the credit(s) and include Form 8862 we will determine if you are entitled to the credit(s). We will delay any refund until we make the determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit(s) after the two-year restriction expires, we will disallow the credit(s).

Number	Standard Explanation Title	Standard Explanation Text
7330	CTC/ACTC credit for other dependents – 10 year ban asserted (tax years 2018-2025)	We determined you fraudulently claimed the child tax credit, additional child tax credit, or credit for other dependents. Under Internal Revenue Code section 24(g)(1), you are restricted from receiving any of the credits for ten tax years after the most recent tax year of our final determination. If you claim the credit(s) after the ten- year restriction expires, you must complete and include Form 8862 with your tax return. If you claim the credit(s) and include Form 8862, we will determine if you are entitled to the credit(s). We will delay any refund until we make the determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit(s) after the 10-year restriction expires, we will disallow the credit(s).
7331	Child tax credit disallowed – verification of qualifying child/children	Since you did not provide supporting documentation to prove your child/children qualify for the Child Tax Credit, the credit you claimed on your individual income tax return is disallowed.
7332	Other dependents credit disallowed	Since you did not provide supporting documentation to prove your other dependent(s) qualify for the Other Dependents Credit, the credit you claimed on your individual income tax return is disallowed.
7333	Incorrect calculation of the CTC/ACTC due to child’s age	We adjusted your Child Tax Credit based on the age of your qualifying child (or children). The credit is \$3,600 per child under age 6, and \$3,000 per child age 6 through 17.

Number	Standard Explanation Title	Standard Explanation Text
7334	TP/spouse did not have a main home in the U.S. for more than half the year - refundable CTC converted to CTC/ACTC	We adjusted the Refundable Child Tax Credit (CTC) you reported because you (and your spouse if Married Filing Jointly) did not have a main home in the United States for more than half the year. You cannot claim all of your CTC as refundable CTC.
7335	Credit for other dependents disallowed for incorrect calculation and claimed as a refundable credit	Because you incorrectly calculated the Credit for Other Dependent (ODC) on Schedule 8812 and included it as a refundable credit, we adjusted the credit to the nonrefundable ODC. The ODC is a nonrefundable credit that can only be credited towards tax you owe.
7401	Return filed per IRC 6020(b)	Since you failed to file your tax return(s) for the tax year(s) shown in this report, we have filed for you as authorized by IRC 6020(b). The income, filing status, deductions, and credits shown in this report are based on information available to us.
7402	TXI determined per attached schedule	In view of your failure to file return(s) for the taxable year(s) shown in the report, your taxable income is determined as shown in the attached schedule.
7403	Deductions, expenses, exemptions, credits not allowed	We proposed the adjustments in this report, due to your failure to file your income tax return(s). The proposed adjustments may not reflect certain deductions, expenses, exemptions, credits and other tax benefits. Any such deductions, expenses, exemptions, credits, or other tax benefits have not been allowed at this time due to your failure to file your tax return and provide supporting information.

Number	Standard Explanation Title	Standard Explanation Text
7404	Withholding credits allowed/FS shown allowed/TXI decreased	It is determined that you are allowed withholding credits as shown in the attached computation. It is determined that you are entitled to the standard deduction for the filing status shown in this report. Therefore, your taxable income has been decreased accordingly.
7405	Gross receipts computed per consumer price index	In the absence of adequate records, your taxable gross receipts have been computed on the basis of your prior earnings record in conjunction with the Consumer Price Index. Since you neglected to file income tax returns for the taxable years, your taxable income is calculated as shown.
7406	Community property income	From records and information available, it has been determined that you received income in the amount(s) shown from the source(s) indicated. This is community property income. Since you and your spouse did not elect to file a joint income tax return, one-half of the community property income is taxable to you. Accordingly, your taxable income is increased as shown in the attached computation.
7407	Personal exemption allowed	We have allowed you a deduction for your personal exemption.
7408	Filing status MFS	It is determined that for the tax year(s) shown in this report, you failed to file a tax return as required by law. Further, since you did not elect to file a joint return with your spouse, it is determined that your filing status is married filing separate. Your income, deductions and/or withholding credit have been calculated accordingly.

Number	Standard Explanation Title	Standard Explanation Text
7409	Filing status MFS/community property	It is determined that for the tax year(s) shown in this report, you failed to file a tax return as required by law. Further, since you did not elect to file a joint return with your spouse, it is determined that your filing status is married filing separate. Your income, deductions and/or withholding credit have been computed according to the community property laws in your state.
7410	Return filed per IRC 6020(b) did not contact or keep appointment	Since you failed to contact us or to keep your scheduled appointment, we have filed a tax return for you under the authority of IRC 6020(b). We have used Information Return Documents filed by payers as reported under your Social Security Number to determine the income you earned in the taxable year(s) shown in the report.
7411	Additional tax years not filed	If there are any other tax years in addition to the one(s) listed in the report, for which you have not filed a tax return, it is your responsibility to file these returns as soon as possible.
7412	Capital gain sale	It is determined that you realized capital gain(s) from the sale of capital assets. The gross sales proceeds are treated as net capital gain because it has not been established that you had a cost basis in the capital assets. Consequently, the gain constitutes gross income realized by you as provided by IRC 61. Accordingly, your taxable income is increased.
7501	Dependency exemption disallowed/education credit adjusted	Since your claim of one or more dependency exemptions has been disallowed, the amount of the Education Credit claimed on your return has been adjusted as shown.

Number	Standard Explanation Title	Standard Explanation Text
7502	Dependency not a student/credit disallowed	Because you did not establish that your dependent was a student enrolled at or attending an eligible educational institution, the Education Credit has been disallowed.
7503	Expenses adjusted/credit changed	Qualified expenses do not include amounts paid for room and board, insurance, medical expenses and other similar personal, living, or family expenses. Because you included these expenses, your Education Credit has been changed.
7504	Nonrequired fees/credit changed	Qualified expenses do not include nonacademic fees and course-related fees for books, supplies, and equipment unless the fee must be paid to an eligible educational institution as a condition of the student's enrollment or attendance. Because you included these nonrequired fees, your Education Credit has been changed.
7505	Nonqualifying expenses/credit changed	Qualified expenses do not include amounts paid for courses that involve sports, games, or hobbies unless the course is part of the student's degree program, or is to acquire or improve job skills. Because you included these nonqualified expenses, your Education Credit has been changed.
7506	Married filing separate/credit disallowed	Because you filed married filing separately, you cannot claim the Education Credit.
7507	Claimed as a dependent on another return/credit disallowed	Because you were claimed as a dependent on another person's tax return, you cannot claim the Education Credit.

Number	Standard Explanation Title	Standard Explanation Text
7508	AGI limitations exceeded/credit disallowed	<p>The limitations of modified adjusted gross income for the Education Credit are</p> <ol style="list-style-type: none"> 1) \$100,000 or more if married filing jointly, or 2) \$50,000 or more if single, head of household, or qualifying widow(er).
7509	AGI changed/credit disallowed	<p>Because your adjusted gross income exceeded the limitation, you are not eligible to take the Education Credit. The limitations of modified adjusted gross income for the Education Credit are</p> <ol style="list-style-type: none"> 1) \$100,000 or more if married filing jointly, or 2) \$50,000 or more if single, head of household, or qualifying widow(er). <p>Because your adjusted gross income was changed and now exceeds the limitation, you are not eligible to take the Education Credit.</p>
7510	Nonresident alien/credit disallowed	<p>Since you (or your spouse) were a nonresident alien for part of the tax year, and the nonresident alien did not elect to be treated as a resident alien, you are not eligible to take the Education Credit.</p>
7511	Expenses claimed on Sch A	<p>Because you already claimed these expenses as a deduction on Schedule A (Form 1040), you cannot use those expenses when figuring your Education Credits.</p>
7512	Expenses claimed on Sch C	<p>Because you already claimed these expenses as a deduction on Schedule C (Form 1040), you cannot use those expenses when figuring your Education Credits.</p>

Number	Standard Explanation Title	Standard Explanation Text
7513	Tax-free educational assistance/credit adjusted	Since you did not reduce the total of the qualified expenses by the tax-free educational assistance (i.e., scholarship, Pell grant or tax-free employer-provided educational assistance), we adjusted your credit.
7514	Refund of expenses/credit decreased	Because a refund was made of qualified expenses in the same year in which you took an Education Credit based on those expenses, your credit has been decreased.
7515	Refund of expenses/credit increased	Because a refund was made of qualified expenses in a year after the year in which you took an Education Credit, your taxable income has been increased.
7516	Education IRA/credit disallowed	Because the student received a tax-free distribution from an Coverdell Education Savings Accounts (formerly, Education IRAs) for the tax year, you may not take the Education Credit.
7517	Education IRA/computation attached	Because the student received a tax-free distribution from an Coverdell Education Savings Accounts (formerly, Education IRAs) for the tax year and elected to be taxed on the distribution, and you meet the requirements for the Education Credit, you are entitled to claim the credit as shown in the attached computation.
7518	Academic period begins in 1st 3 months	Because the qualified expenses paid in the tax year for an academic period that begins in the first 3 months of the next year can be used in figuring your Education Credit for the tax year, we adjusted your credit.
7519	Academic period begins after 1st 3 months	The qualified expenses paid in the tax year were for an academic period that began after the first 3 months of the next year. Because they cannot be used in figuring your Education Credit for the tax year, we adjusted your credit.

Number	Standard Explanation Title	Standard Explanation Text
7520	Expenses paid in another year/credit disallowed	You cannot use any amount paid in another year for this year's Education Credit. Because the qualified expenses were paid in a prior or subsequent year, we disallowed your credit.
7521	Expenses not paid to an educational institution	Because the expenses were not paid to an eligible educational institution, you are not entitled to take the Education Credit.
7522	MAGI changed/credit decreased	The amount of your Education Credit was limited by your modified adjusted gross income (MAGI). Because your MAGI has changed, your credit has been decreased.
7523	MAGI changed/credit increased	The amount of your Education Credit was limited by your modified adjusted gross income (MAGI). Because your MAGI has changed, your credit has been increased.
7524	Tax changed/credit decreased	The amount of your Education Credit was limited by the amount of tax you owe. Because your tax has changed, your credit has been decreased.
7525	Tax changed/credit increased	The amount of your Education Credit was limited by the amount of tax you owe. Because your tax has changed, your credit has been increased.
7526	Form 8863 not attached to return/credit disallowed	The Education Credit claimed on your return has been disallowed since Form 8863 was not attached to your return.

Number	Standard Explanation Title	Standard Explanation Text
7527	Education credit, DDB rule 104	<p data-bbox="1065 191 1581 520">We have disallowed the amounts you claimed for the Hope Scholarship Credit. Our records indicate that the credit was granted for this student on two prior tax returns. This credit is available ONLY for the first two years of postsecondary education, and it is available ONLY for two years per eligible student.</p> <p data-bbox="1065 579 1581 1035">To be eligible, the student must be your dependent and must be a person from whom you can claim an exemption, be pursuing a degree or other educational credential, be enrolled at least half time for at least one academic period during the year, and have no felony drug conviction on the student's record. If this credit is being claimed for a different student in your household, please submit the following documentation:</p> <ol data-bbox="1065 1052 1581 1938" style="list-style-type: none"><li data-bbox="1065 1052 1581 1255">1. Cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred) and receipts for tuition and qualified related expenses.<li data-bbox="1065 1266 1581 1339">2. Transcripts for all years from educational institutions.<li data-bbox="1065 1350 1581 1938">3. Statements for all sources of non-taxable income:<ol data-bbox="1065 1440 1581 1938" style="list-style-type: none"><li data-bbox="1065 1440 1581 1514">a. Employer-provided educational assistance benefits<li data-bbox="1065 1524 1581 1598">b. Withdrawals from any educational individual retirement arrangements,<li data-bbox="1065 1608 1581 1728">c. U.S. Savings bond interest that is nontaxable because you paid qualified higher education expenses,<li data-bbox="1065 1738 1581 1770">d. Qualified scholarships,<li data-bbox="1065 1780 1581 1854">e. Veterans' educational assistance benefits, and<li data-bbox="1065 1864 1581 1938">f. Any other nontaxable payment received for educational expenses.

Number	Standard Explanation Title	Standard Explanation Text
7528	Education credit, DDB rule 105, (hope/lifetime) fillable tax year	We have disallowed the amounts you claimed for the Education Credits because you claimed two or more credits for the same student for the same tax year. For each student, you can elect, for any tax year, only one of the credits. For example, if you elect to take the Hope credit for a child, on your _____ tax return, you cannot, for that same child, also claim the lifetime learning credit for _____.

Number	Standard Explanation Title	Standard Explanation Text
7529	Education credit, DDB rule 106	<p data-bbox="1065 191 1588 390">We have disallowed the Education Credit you claimed because the Internal Revenue Service has not received verification that tuition payments were received.</p> <p data-bbox="1065 449 1588 821">An eligible educational institution (such as a college or university) that received payment of qualified tuition and related expenses during the tax year for which the credit is claimed generally must issue Form 1098-T to each student by February 1 of the next year. The student should retain this for the year the credit is claimed.</p> <p data-bbox="1065 879 1588 953">If you believe the credit is allowable, please submit the following:</p> <ol data-bbox="1065 968 1588 1854" style="list-style-type: none"><li data-bbox="1065 968 1588 1167">1. Cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred) and receipts for tuition and qualified related expenses.<li data-bbox="1065 1182 1588 1255">2. Transcripts for all years from educational institutions.<li data-bbox="1065 1270 1588 1854">3. Statements for all sources of non-taxable income:<ol data-bbox="1065 1350 1588 1854" style="list-style-type: none"><li data-bbox="1065 1350 1588 1423">a. Employer-provided educational assistance benefits,<li data-bbox="1065 1438 1588 1512">b. Withdrawals from any educational individual retirement arrangements,<li data-bbox="1065 1526 1588 1640">c. U.S. Savings bond interest that is nontaxable because you paid qualified higher education expenses,<li data-bbox="1065 1654 1588 1686">d. Qualified scholarships,<li data-bbox="1065 1701 1588 1774">e. Veterans educational assistance benefits, and<li data-bbox="1065 1789 1588 1854">f. Any other nontaxable payment received for educational expenses.

Number	Standard Explanation Title	Standard Explanation Text
7530	AGI- fillable- limitations exceeded/credit disallowed	<p>The limitations of modified adjusted gross income for the Education Credit are</p> <p>1) \$_____ or more if married filing jointly, or</p> <p>2) \$_____ or more if single, head of household, or qualifying widow(er).</p>
7531	AGI-fillable-changed/credit disallowed	<p>Because your adjusted gross income exceeded the limitation, you are not eligible to take the Education Credit. The limitations of modified adjusted gross income for the Education Credit are</p> <p>1) \$_____ or more if married filing jointly, or</p> <p>2) \$_____ or more if single, head of household, or qualifying widow(er).</p>
7532	Education credit	<p>Because your adjusted gross income was changed and now exceeds the limitation, you are not eligible to take the Education Credit.</p> <p>Since you did not establish that the Education Credit you claimed was (a) for qualified educational expense and (b) paid during the taxable year, we have disallowed the credit.</p> <p>An eligible educational institution (such as a college or university) that received payment of qualified tuition and related expenses during the tax year for which the credit is claimed generally must issue Form 1098-T to each student by February 1 of the next year. The student should retain this for the year the credit is claimed.</p>

Number	Standard Explanation Title	Standard Explanation Text
7533	American opportunity credit	We have disallowed the American Opportunity Credit you claimed because we have not received the documentation to verify eligibility for this credit. The enclosed Form 886-H-AOC, explains the documents you will need to provide in order to qualify for this credit.
7534	American opportunity credit (education)	Since one or more of the dependent exemption(s) claimed on your return have been disallowed, the amount of American Opportunity Credit claimed on your return has been adjusted as shown.
7535	American opportunity credit (dependent)	Since one or more of the dependent exemption(s) claimed on your return have been disallowed, the amount of American Opportunity Credit claimed on your return has been adjusted as shown.
7536	Education credit, DDB rule 105, (Coverdell ESA) fillable tax year	We have disallowed the amounts you claimed for the Education Credits because the distribution from your Coverdell ESA cannot be used for the same expenses for which an Education Credit is claimed. For example, if you elect to take the lifetime learning credit for a child, on your _____ tax return, you can also take a tax-free withdrawal from a Coverdell ESA, provided that the distribution from your Coverdell ESA is not used for the same education expenses for which the lifetime learning credit is claimed.

Number	Standard Explanation Title	Standard Explanation Text
7537	American opportunity credit (exceeds 4 tax years)	We have disallowed the amounts you claimed for the American Opportunity Credit. Our records indicate that this credit was granted for this student on four prior tax returns. This credit is available ONLY for the first four years of postsecondary education, and it is available ONLY for four years per eligible student. Any year for which the student received the Hope Scholarship Credit also counts towards the four year maximum for the American Opportunity Credit.
7538	American opportunity credit (no documentation)	We have disallowed the American Opportunity Credit you claimed because we have not received documentation to verify eligibility for this credit.
7539	American opportunity Tax credit (AOTC) 2-year ban asserted (for tax years prior to 2016)	Since we determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the American Opportunity Tax Credit, you are restricted from receiving the American Opportunity Tax Credit under IRC 25A(i)(7)(A)(ii)(II) for two years after the final determination.
7540	American opportunity tax credit – disallowed - no ban - recertification required (for tax years 2016 and later)	The next time you claim the American Opportunity Tax Credit, you must complete and include Form 8862 with your tax return. If you claim the credit and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the next tax return on which you claim the credit, we will disallow the credit.

Number	Standard Explanation Title	Standard Explanation Text
7541	American opportunity tax credit – 2 year ban asserted (for tax years 2016 and later)	<p>Since we determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the American Opportunity Tax Credit (AOTC), you are restricted from receiving the AOTC under IRC 25A(i)(7)(A)(ii)(II) for two years after the final determination.</p> <p>If you claim the AOTC after the two-year ban expires or later, you must complete and include Form 8862, with your tax return. If you claim the credit and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit after the expiration of the two-year ban, we will disallow the credit.</p>
7542	American opportunity tax credit – 10 year ban asserted (for tax years 2016 and later)	<p>Since we determined that you fraudulently claimed the American Opportunity Tax Credit (AOTC), you are restricted under IRC 25A(i)(7)(A)(ii)(I) from receiving the AOTC for ten years after the final determination.</p> <p>If you claim the AOTC after the ten-year ban expires or later, you must complete and include Form 8862, with your tax return. If you claim the credit and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the credit after the expiration of the ten-year ban, we will disallow the credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
7543	TP/spouse/dependent TIN not issued by return due date – AOTC adjusted (returns filed after 2015)	Because you, your spouse if married filing jointly, or one or more dependents you claimed for American opportunity tax credit (AOTC) did not have a social security number (SSN), individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN) issued by the due date of your return (including extensions), we adjusted the AOTC claimed. To claim the AOTC, you (and your spouse if filing a joint return) and any dependent you claim for AOTC must have an SSN, ITIN or ATIN issued by the due date of your return (including extensions).
7601	AGI or earned income adjusted	Because we changed your adjusted gross income and/or your earnings and those changes affected your modified adjusted gross income or earned income, we have also adjusted your earned income credit.
7602	Household not maintained	Because your child did not have the same principal home as you in the United States for more than half of the year (whole year, if a foster child), your child is not a qualifying child. Therefore, you do not qualify for the earned income credit.
7603	No qualifying child	Since you do not have a qualifying child, you are not entitled to the earned income credit. Therefore, we have disallowed it.
7604	Higher AGI in household	We have disallowed your earned income credit, because your qualifying child is also the qualifying child of someone else whose adjusted gross income is higher than yours. In this situation, only the person with the higher adjusted gross income can claim the credit. This is so, even if that person does not meet all the rules for claiming the credit.

Number	Standard Explanation Title	Standard Explanation Text
7605	Dependent not under age 19/student/disabled	Because your child was not under 19 years of age at the close of the tax year, under age 24 years of age at the close of the tax year and a full-time student during any 5 months of the year, or permanently and totally disabled at any time during the year, you are not entitled to the earned income credit. Therefore, we have disallowed the credit.
7606	Married filing separate disallowed	In order to be eligible for the earned income credit, married persons must file a joint return. Since you and your spouse filed separately, we have disallowed this credit.
7607	AGI or earned income over maximum/credit fully disallowed	We changed your earned income and/or your adjusted gross income, and those changes increased your earned income and/or your adjusted gross income to more than the maximum amount allowable to claim the credit. Therefore, we have disallowed the credit and increased your tax liability by the amount shown.
7608	Allow EIC with no qualifying child/income less than limit	Because you meet the requirements for a person without a qualifying child and your income is less than the limits set by law, we have allowed the earned income credit.
7609	Filing status changed to MFS	To be eligible for the earned income credit, married persons must file a joint return. Since we changed your filing status to married filing separately we disallowed this credit.
7610	Not established TP entitled to EIC	Since you did not establish that you were entitled to the earned income credit, we disallowed it.
7611	Reduced by credit by alternative minimum tax	We have reduced your earned income credit by the amount of your alternative minimum tax liability, as required by law.

Number	Standard Explanation Title	Standard Explanation Text
7612	Advanced earned income credit	You must report the advance earned income credit payments you received on the advance earned income credit line on your return. Because you did not report it we included the amount you received in recomputing your total tax.
7613	Adjustment to earned income credit - 1 exemption	The earned income credit is based on both family size and income. We reduced the credit you claimed, because you had only one qualifying child.
7614	Adjustment to earned income credit - more than 1 exemption	The earned income credit is based on both family size and income. We refigured your credit because you had more than one qualifying child.
7615	EITC disallowed/no response	<p>Since you failed to respond to attempts to set an appointment to review your tax return, those items for which documentation and records were requested are being disallowed. One of those items is the Earned Income Credit (EIC).</p> <p>The law now requires IRS, if it denies your EIC as a result of the deficiency procedures, to also deny the credit for subsequent years unless you provide information that shows your eligibility. Therefore, if you cannot substantiate your EIC claim for the current year, you will have to attach Form 8862, Earned Income Credit Eligibility, to the next Federal tax return on which you claim the credit. If you claim the credit and attach Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may have to contact you for additional information. If you do not attach Form 8862 to the next tax return on which you claim the credit, we will disallow the credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
7616	Not established TP entitled to EIC/must file Form 8862	<p>Since you did not establish that you were entitled to the earned income credit, we disallowed it.</p> <p>The law now requires IRS, if it denies your EIC as a result of the deficiency procedures, to also deny the credit for subsequent years unless you provide information that shows your eligibility. Therefore, if you cannot substantiate your EIC claim for the current year, you will have to attach Form 8862, Earned Income Credit Eligibility, to the next Federal tax return on which you claim the credit. If you claim the credit and attach Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may have to contact you for additional information. If you do not attach Form 8862 to the next tax return on which you claim the credit, we will disallow the credit.</p>
7617	Earned Income credit ITIN	<p>Since you, your spouse, or your qualified child has an individual taxpayer identification number, you are not eligible for the earned income credit.</p>
7618	Earned Income credit investment income; fillable	<p>Since the investment income shown on your return was more than \$_____ for tax year _____, we have disallowed your earned income credit. For most taxpayers, investment income is the total of the following amounts: taxable and tax-exempt interest, dividend income and capital gain net income.</p>

Number	Standard Explanation Title	Standard Explanation Text
7619	Earned Income credit - GATT Treaty	We have adjusted the amount of the earned income credit (EIC) claimed on your return as shown. Amounts received by prisoners for services performed while in a penal institution are not earned income.
7620	Not valid for employment social security cards	One or more of the social security cards you provided for yourself, your spouse, or your qualifying child(ren) contain the words "Not Valid for Employment". If any of you obtained your social security number so that you could receive a federally funded benefit, you may not claim the earned income credit. We have disallowed your claim for the earned income credit because you have not shown that this number(s) was obtained for a reason other than to receive a federally funded benefit.
7621	Child did not live with TP	Our records indicate that the child listed on your Schedule EIC did not live with you during the year in question. If this is correct, this child is not your qualifying child. Consequently, you are not entitled to claim the Earned Income Tax Credit on the basis of this child.
7622	Not the custodial parent of the child	Our records indicate that during the year in question you were not the custodial parent of the child listed on your Schedule EIC. If this is correct, this child is not your qualifying child. Consequently, you are not entitled to claim the Earned Income Tax Credit on the basis of this child.

Number	Standard Explanation Title	Standard Explanation Text
7623	Qualifying child of another	Our records indicate that your qualifying child is also the qualifying child of one or more other taxpayers. When a child is the qualifying child of two or more taxpayers, only the taxpayer with the highest adjusted gross income can claim the Earned Income Credit on the basis of that child. Your adjusted gross income is not the highest. Consequently, you cannot claim the Earned Income Credit on the basis of this child.
7624	EIC - qualifying child residence	Since we cannot determine that the child/children lived with you for the required period of time for the tax year in question, we have disallowed the earned income credit.
7625	EIC adjusted - allow without qualifying child	You have not established that you are entitled to the earned income credit on the basis of a qualifying child(ren). However, you are eligible for the earned income credit for taxpayers without a qualifying child. We have adjusted your earned income credit accordingly.
7626	EIC - part year incarceration	Our records indicate that you were incarcerated during the tax year shown above. If you were not incarcerated for the entire tax year, please provide a copy of your release documents to verify your date of release. If you received earned income after your release, please provide documentation to verify the date(s) your employment began, employer information, and the amount of income received from each employer.

Number	Standard Explanation Title	Standard Explanation Text
7627	Household occupants verification	Please provide a list of all persons who lived with you in the same household for the tax year by name, social security number, and relationship to you. If you had more than one street address during the tax year, please furnish each address, the number of months you lived at each address, and the number of months each person lived with you at each address.
7628	Post office box address	Since your address on the return was a post office box, please send a copy of the Form 1093 or other documents that show your street/other address for the tax year shown above.
7629	Telephone disallowance	Based on your telephone call, we have disallowed your exemption (s), and/or earned income credit, and have changed your filing status.
7630	Penal Institution	We have disallowed your Earned Income Credit because our records indicate that you used amounts received for work performed while in a penal institution, a work release program, or a halfway house when figuring your Earned Income Credit.
7631	Two year ban	Your Earned Income Credit (EIC) has been disallowed because your return is subject to IRC 32(k)(1)(B)(ii) which places a two year prohibition on claiming EIC. This prohibition resulted from a prior examination in which your EIC was disallowed due to reckless or intentional disregard of the EIC rules and regulations.
7632	Ten year ban	Your Earned Income Credit (EIC) has been disallowed because your return is subject to IRC 32(k)(1)(B)(i) which places a ten year prohibition on claiming EIC. This prohibition resulted from a prior examination in which your EIC was disallowed after it was determined the claim for EIC was due to fraud.

Number	Standard Explanation Title	Standard Explanation Text
7633	EITC - may qualify - with no child	<p data-bbox="1065 191 1593 394">You may qualify for a reduced Earned Income Credit if you meet the following tests and your earned income and adjusted gross income are less than \$11,230 (\$12,230 if filing jointly).</p> <ol data-bbox="1065 449 1593 863" style="list-style-type: none"><li data-bbox="1065 449 1593 562">1) You (or your spouse, if you filed a joint return) were at least age 25, but under age 65, on December 31, 2003.<li data-bbox="1065 579 1593 737">2) You (and your spouse, if you filed a joint return) are not eligible to be claimed as a dependent on another person's return.<li data-bbox="1065 753 1593 863">3) You (and your spouse, if you filed a joint return) lived in the United States for more than half of 2003. <p data-bbox="1065 921 1593 1251">If you meet all 3 tests above you qualify for the Earned Income Credit without a qualifying child. Please let us know by signing this below and returning it in the enclosed return envelope. We will send you a refund, if you do not owe any other taxes or debts that the Service is required to collect.</p> <p data-bbox="1065 1310 1260 1337">Signature/Date</p>

Number	Standard Explanation Title	Standard Explanation Text
7634	EITC - may qualify - with no child	<p>You may qualify for a reduced Earned Income Credit if you meet the following tests and your earned income and adjusted gross income are less than \$11,490 (\$12,490 if filing jointly).</p> <ol style="list-style-type: none">1) You (or your spouse, if you filed a joint return) were at least age 25, but under age 65, on December 31, 2004.2) You (and your spouse, if you filed a joint return) are not eligible to be claimed as a dependent on another person's return.3) You (and your spouse, if you filed a joint return) lived in the United States for more than half of 2004. <p>If you meet all 3 tests above you qualify for the Earned Income Credit without a qualifying child. Please sign and date this and Form 4549-EZ and return them in the enclosed return envelope. We will send you a refund, if you do not owe any other taxes or debts that the Service is required to collect.</p> <p>Signature/Date</p>

Number	Standard Explanation Title	Standard Explanation Text
7635	EITC - may qualify - with no child	<p data-bbox="1065 191 1593 394">You may qualify for a reduced Earned Income Credit if you meet the following tests and your earned income and adjusted gross income are less than \$11,750 (\$13,750 if filing jointly).</p> <ol data-bbox="1065 405 1593 779" style="list-style-type: none"><li data-bbox="1065 405 1593 520">1. You (or your spouse, if you filed a joint return) were at least age 25, but under age 65, on December 31, 2005.<li data-bbox="1065 531 1593 653">2. You (and your spouse, if you filed a joint return) are not eligible to be claimed as a dependent on another person's return.<li data-bbox="1065 663 1593 779">3. You (and your spouse, if you filed a joint return) lived in the United States for more than half of 2005. <p data-bbox="1065 835 1593 1167">If you meet all 3 tests above you qualify for the Earned Income Credit without a qualifying child. Please sign and date this and Form 4549-EZ and return them in the enclosed return envelope. We will send you a refund, if you do not owe any other taxes or debts that the Service is required to collect.</p> <p data-bbox="1065 1224 1260 1253">Signature/Date</p>

Number	Standard Explanation Title	Standard Explanation Text
7636	EITC - may qualify - with no child-fillable AGI/tax period	<p>You may qualify for a reduced Earned Income Credit if you meet the following tests and your earned income and adjusted gross income are less than \$_____ (\$_____ if filing jointly).</p> <ol style="list-style-type: none"> 1) You (or your spouse, if you filed a joint return) were at least age 25, but under age 65, on December 31, _____. 2) You (and your spouse, if you filed a joint return) are not eligible to be claimed as a dependent on another person's return. 3) You (and your spouse, if you filed a joint return) lived in the United States for more than half of_____. <p>If you meet all 3 tests above you qualify for the Earned Income Credit without a qualifying child. Please let us know by signing this below and returning it in the enclosed return envelope. We will send you a refund, if you do not owe any other taxes or debts that the Service is required to collect.</p> <p>Signature/Date</p>
7638	No Sch C income - EITC disallowed	<p>To claim the Earned Income Credit, you must have earned income within the meaning of IRC 32(c)(2)(A). In addition to taxable wages, earned income includes net earnings from self-employment. Because you have no net earnings from self-employment, the earned income credit you claimed that was based on net earning from self-employment is not allowed.</p>

Number	Standard Explanation Title	Standard Explanation Text
7639	EIC-fillable-investment income	<p>Since the investment income shown on your return was more than \$_____, we have disallowed your earned income credit. For most taxpayers, investment income is the total of the following amounts: taxable and tax-exempt interest, dividend income, and capital gain net income.</p>
7640	EITC - with no child – fillable AGI	<p>You may qualify for a reduced Earned Income Credit if you meet the following tests and your earned income and adjusted gross income are less than \$_____ (_____ if filing jointly).</p> <ol style="list-style-type: none"> 1. You (or your spouse, if you filed a joint return) were at least age 25, but under age 65, on December 31, _____. 2. You (and your spouse, if you filed a joint return) are not eligible to be claimed as a dependent on another person's return. 3. You (and your spouse, if you filed a joint return) lived in the United States for more than half of _____. <p>If you meet all 3 tests above you qualify for the Earned Income Credit without a qualifying child. Please sign and date this and Form 4549-EZ and return them in the enclosed return envelope. We will send you a refund, if you do not owe any other taxes or debts that the Service is required to collect.</p>
7641	EIC adjusted due to factor	<p>Signature/Date</p> <p>We have adjusted your earned income credit because we changed a factor affecting it (e.g. number of qualifying children, investment income, filing status...).</p>

Number	Standard Explanation Title	Standard Explanation Text
7642	EIC disallowance for issuance of 90-day letter on project code 0584 cases	Since you did not provide documentation to establish the Wages and Withholding claimed on your tax return, we have removed the income and withholding from your return.
7643	Residency test not met	<p>Since you did not establish that you are entitled to the Earned Income Credit, we have disallowed the credit.</p> <p>We have disallowed all or part of the earned income credit claimed on your tax return because a child claimed as a qualifying child did not meet the residency test.</p>
7644	Dependent not under age 19/student/disabled for tax year 2009	Because your child was not under 19 years of age at the close of the tax year and younger than you (or your spouse, if filing jointly), or under 24 years of age at the close of the tax year, a full time student during any 5 months of the year and younger than you (or your spouse, if filing jointly), or permanently and totally disabled at any time during the year, you are not entitled to the earned income credit. Therefore, we have disallowed the credit.
7645	Earned income credit investment income for tax year 2009	Since the investment income shown on your return was more than \$3,100.00, we have disallowed your earned income credit. For most taxpayers, investment income is the total of the following amounts: taxable and tax-exempt interest, dividend income and capital gain net income.

Number	Standard Explanation Title	Standard Explanation Text
7646	Qualifying child of another for 2009 and later years	<p data-bbox="1065 191 1593 394">Our records indicate that your qualifying child is also the qualifying child of one or more other taxpayers. When a child is the qualifying child of two or more taxpayers, the following tiebreaker rules apply:</p> <p data-bbox="1065 449 1549 564">If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.</p> <p data-bbox="1065 619 1593 1079">If the parents do not file a joint return together, but both parents claim the child as the qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for a longer period of time during the year. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year.</p> <p data-bbox="1065 1134 1593 1295">If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for the year.</p> <p data-bbox="1065 1350 1588 1640">If a parent can claim the child as a qualifying child, but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for the year, but only if that person's AGI is higher than the highest AGI of any of the child's parents.</p>

Number	Standard Explanation Title	Standard Explanation Text
7647	Earned income credit - disallowed - no ban -recertification required	<p>The next time you claim the earned income credit (EIC), you must complete and include Form 8862 with your tax return, unless you meet the exception below.</p> <p>If you claim the EIC and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the next tax return claiming the credit and you are required to do so, we will disallow the credit.</p> <p>However, if you are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child, you do not have to include Form 8862.</p>

Number	Standard Explanation Title	Standard Explanation Text
7648	Earned income credit - 2 year ban asserted	<p>Since we determined that you recklessly or intentionally disregarded the rules and regulations when you claimed the earned income credit (EIC), you are restricted from receiving EIC under IRC 32(k)(1)(B)(ii) for two years after the final determination. If you claim the EIC after the two-year ban expires or later, you must complete and include Form 8862, with your tax return.</p> <p>If you claim the EIC and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the EIC after the two-year ban expires, we will disallow the credit.</p>
7649	Earned income credit - 10 year ban asserted	<p>Since we determined that you fraudulently claimed the earned income credit (EIC), you are restricted from receiving EIC under IRC 32(k)(1)(B)(i) for ten years after the final determination.</p> <p>If you claim the EIC after the ten-year ban expires, you must complete and include the Form 8862, with your tax return. If you claim the EIC and include Form 8862, we will determine if you are entitled to the credit. We will delay any refund until we make that determination and may contact you for additional information. If you do not include Form 8862 with the first tax return on which you claim the EIC after the ten-year ban expires, we will disallow the credit.</p>

Number	Standard Explanation Title	Standard Explanation Text
7650	TP/spouse/dependent SSN not issued by return due date – EIC adjusted (returns filed after 2015)	Because you, your spouse if filing a joint return, or one or more qualifying children you claimed for earned income credit (EIC) did not have a valid social security number (SSN) issued by the due date of your return (including extensions), we adjusted the EIC you claimed. To claim the EIC, you (and your spouse, if filing a joint return), and any qualifying child listed on Schedule EIC must have a valid SSN issued by the due date of your return (including extensions).
7651	EIC supporting documentation guidance	To help you determine if your child(ren) qualifies for the earned income credit (EIC) and what documents are needed to prove the child(ren) you claimed is eligible for the EIC, please use the Form 886-H-EIC toolkit located on irs.gov . Type the following link in your web browser: https://www.eitc.irs.gov/form-886-h-eic-toolkit .
7652	EITC - EITC self only	Our records indicate that during the year in question, you filed from the same address and were claimed as a qualifying child on another person's return. Therefore, you are not entitled to claim Earned Income Tax Credit.
7653	EITC - not custodial parent	Our records indicate that during the year in question you were not the custodial parent of the child listed on your Schedule EIC. If this is correct, this child is not your qualifying child. Therefore, you are not entitled to claim the Earned Income Tax Credit based on this child.

Number	Standard Explanation Title	Standard Explanation Text
7654	EITC - foster child	Our records indicate that the foster child claimed on the return was not placed with you by an authorized placement agency or by a judgment, decree, or other order of any court of competent jurisdiction. Therefore, you are not entitled to claim the Earned Income Tax Credit based on this child.
7655	EITC - EITC self only specified student	We have disallowed the Earned Income Tax Credit you claimed because as a specified student you must be at least 24 years old to claim self only EITC.
7656	EITC – married filing separately - spouse used same address – american rescue plan cct	Because your filing status was Married Filing Separately and you had the same place of abode as your spouse for the tax year at issue, you are not eligible for the Earned Income Tax Credit. Married taxpayers who file separate returns may only be eligible for the EITC if they lived apart from their spouse at the end of the taxable year and meet other conditions under the American Rescue Plan Act.
7701	Allowed as shown/computation	We have adjusted your credit under IRC 34 for federal excise tax on fuels as shown in the attached computation.
7702	Disallowed/income limitation	We disallowed your credit for federal tax on fuels because you have not shown that you are entitled to this credit.
7703	Community property law changes/computation	We refigured your credit for federal tax on fuels as shown in the attached computation.
7704	Allowed as shown	We refigured your credit for federal tax on fuels to include only those purchases verified.

Number	Standard Explanation Title	Standard Explanation Text
7705	Fuel not used for nontaxable use	A credit for federal excise tax on fuels may be taken by the ultimate purchaser of taxed fuel if the fuel is used for certain nontaxable uses, including use on a farm for farming purposes, off-highway business uses, or use in certain intercity, local, or school buses. Because the fuel on which the credit was claimed was not used for a nontaxable use, we have disallowed the credit.
7706	Allow credit for federal excise tax on fuels	We are allowing you a credit for federal excise taxes on fuels.
7707	Disallow alcohol blending and/or biodiesel blending and/or other alternative and renewable credit	We have disallowed the alcohol blending and/or biodiesel and/or other alternative and renewable credit as shown.
7708	Highway vehicle required to be registered/credit disallowed	Fuel used in highway motor vehicles that are registered or required to be registered for highway use does not qualify for the fuel tax credit. Therefore, we have disallowed the fuel tax credit in the amount shown.
7709	Small business corporation/credit disallowed	If taxed fuel is bought and used by a small business corporation in a nontaxable use, the corporation, rather than an individual shareholder, is eligible for the fuel tax credit. Therefore, we have disallowed the fuel tax credit in the amount shown.
7712	Credit disallowed/do not include credit in gross income	You must include a fuel tax credit in your gross income if you claimed the taxes as an expense deduction that reduced your income tax liability. However, since we have disallowed your fuel tax credit, do not include this amount in your gross income this year.
7713	Vehicle purchased after Aug. 20, 1996/credit disallowed	The credit for buyers of certain diesel-powered highway vehicles has been repealed for vehicles purchased after August 20, 1996. Therefore, we have disallowed this credit.

Number	Standard Explanation Title	Standard Explanation Text
7714	Fuel not verified used for nontaxable use	A credit for federal excise tax on fuels may be taken by the ultimate purchaser of taxed fuel if the fuel is used for certain nontaxable uses. Additionally, the credit may be taken by the ultimate vendor dependent upon the purchaser of the fuel. You must keep records to verify credits claimed and be able to explain how the fuel was purchased, created and/or sold. You are obligated to keep copies of receipts relating to the purchase or to the sale of the fuel. Since you have not done so, we have disallowed the credit.
7801	Electrical vehicle credit disallowed	Since you did not place the vehicle in service in the current year, we have disallowed your electrical vehicle credit.
7901	- Health coverage tax credit (HCTC) disallowed because taxpayer is not eligible	The Health Coverage Tax Credit (HCTC) is not allowed because you have not verified that you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment TAA (RTAA) recipient, or Pension Benefit Guaranty Corporation (PBG) payee, or a qualifying family member for the indicated tax year.
7902	Health coverage tax credit (HCTC) disallowed because taxpayer did not provide supporting documentation	Since you did not provide proof of qualified health insurance coverage and/or proof of premiums paid for the indicated tax year, the Health Coverage Tax Credit (HCTC) is not allowed.

Number	Standard Explanation Title	Standard Explanation Text
8001	Definition of AMT - 2000 and prior	<p>You have an alternative minimum tax liability only if your tentative minimum tax exceeds your regular tax liability. Tentative minimum tax is computed by first calculating your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p>Alternative minimum taxable income is then reduced by an exemption amount (\$33,750 for Single/Head of Household; \$45,000 for Married Filing Joint/Surviving Spouse; and \$22,500 for Married Filing Separately), which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p>For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and 28 percent tax rate on any amount in excess of \$175,000.</p> <p>A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>
8003	Adjustments to the return	<p>We have adjusted your alternative minimum tax based on adjustments to your return.</p>
8004	Changed medical deduction/AMT tax changed	<p>Because a change was made to your medical and dental expenses, we refigured your alternative minimum tax.</p>

Number	Standard Explanation Title	Standard Explanation Text
8005	Adj to return/do not owe AMT	Due to other adjustments to your return, you no longer owe alternative minimum tax.
8006	Foreign tax credit	Since you are subject to the alternative minimum tax and claimed the foreign tax credit, you must figure a separate foreign tax credit for the alternative minimum tax. See computation attached.
8007	Figured under IRC 55	<p>Alternative minimum tax has been figured under IRC 55. The tax base for the alternative minimum tax is your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p>For taxable year prior to 2001 alternative minimum taxable income is then reduced by an exemption amount (\$33,750 for Single/Head of Household; \$45,000 for Married Filing Joint/Surviving Spouse; and \$22,500 for Married Filing Separately) which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p>For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and a 28 percent tax rate on any amount in excess of \$175,000.</p> <p>A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8008	Regular tax not recapture-investment credit	The definition of "Regular Tax" for alternative minimum tax purposes does not include any recapture of the investment credit.
8009	Adjusted based on carryforward or carryback	Your regular net operating loss deduction is not used to figure your alternative taxable income. However, an alternative minimum tax net operating loss deduction is allowed, which takes into account your net operating loss carryforwards or carrybacks from preceding or subsequent years refigured based on your alternative minimum taxable income or loss from those years. We have adjusted your alternative minimum tax based on the adjustment to your net operating loss carryback and/or carryforward.
8010	Adjusted based on tax preference items	We have adjusted your alternative minimum tax based on an adjustment to your tax preference items.
8011	Adjusted based on AGI	We have adjusted your alternative minimum tax because of an adjustment to your adjusted gross income. Your adjusted gross income is used in computing your alternative minimum taxable income.
8012	Adjusted based on adjustment to itemized deduction	We have adjusted your alternative minimum tax because of an adjustment to your itemized deductions. Your itemized deductions are used in computing your alternative minimum taxable income.
8013	Figured under IRC 55	Alternative minimum tax has been figured under IRC 55. See the attached computation.
8014	Nonrefundable person credits prior to 1998	For taxable years prior to 1998, nonrefundable personal credits may not be claimed against the alternative minimum tax.

Number	Standard Explanation Title	Standard Explanation Text
8015	Nonrefundable personal credits taxable years 1998 and 1999	For taxable years beginning in 1998 and 1999, nonrefundable personal credits may be used to the extent of the regular tax liability, regardless of whether or not you have an alternative minimum tax liability.
8016	Parents income tax rate-child under 14	The net unearned income of a child under 14 that is taxed at the parent's income tax rate is subject to alternative minimum tax which is no less than the amount the parents would pay on the same income.
8018	AMT exemption amount-child under 14 - beginning in 1998 through 2005	For taxable years beginning in 1998 through 2005, the alternative minimum tax exemption amount for a child under 14 years of age cannot exceed the amount of the child's earned income plus \$5,000. For taxable years beginning after 1998, the \$5,000 amount in the preceding sentence is increased based on cost-of-living adjustments.
8019	Standard/personal exemption not deducted	The standard deduction and personal exemptions may not be deducted in computing alternative minimum taxable income.
8020	Filing status married filing joint/liable for AMT	Since your filing status is married filing jointly and your taxable income plus your tax preference items and plus/minus your adjustment items is more than \$45,000 for 2000 and prior, \$49,000 for 2001 and 2002, \$58,000 for 2003 through 2005, or \$62,550 for 2006, you are liable for alternative minimum tax as shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8022	Filing status single/liable for AMT	Since your filing status is single and your taxable income plus your tax preference items and plus/minus your adjustment items more than \$33,750 for 2000 and prior, \$35,750 for 2001 and 2002, \$40,250 for 2003 through 2005, or \$42,500 for 2006, you are liable for alternative minimum tax as shown in the attached computation.
8023	Filing status married filing separately/liable for AMT	Since your filing status is married filing separately and your taxable income plus your tax preference items and plus/minus your adjustments is more than \$22,500 for 2000 and prior, \$24,500 for 2001 and 2002, \$29,000 for 2003 through 2005, or \$31,275 for 2006, you are liable for alternative minimum tax as shown in the attached computation.
8024	Minimum tax credit allowed per IRC 53 computation	A credit is allowed by IRC 53 for a portion of your alternative minimum tax for all tax years beginning after 1986 reduced by the minimum tax credit used for all prior tax years. We have allowed you a minimum tax credit as shown in the attached computation.
8025	Minimum tax credit recomputed/changes to year under examination	We have recomputed your allowable minimum tax credit, as shown in the attached computation, because of changes made to your regular income tax/tentative minimum tax for the tax year(s) under examination.
8026	Minimum tax credit recomputed/changes to prior year(s) liability	We have recomputed your allowable minimum tax credit, as shown in the attached computation, because of changes made to your prior year(s) net alternative tax liability.
8027	Form 8801	We have adjusted Form 8801, Credit For Prior Year Minimum Tax, due to the change to Alternative Minimum Tax in the prior year (s). See the enclosed Form 8801.

Number	Standard Explanation Title	Standard Explanation Text
8028	Definition of AMT - 2001 and subsequent; fillable amounts	<p>You have an alternative minimum tax liability only if your tentative minimum tax exceeds your regular tax liability. Tentative minimum tax is computed by first calculating your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year. Alternative minimum taxable income is then reduced by an exemption amount:</p> <p>(\$_____ for Single/Head of Household \$_____ for Married Filing Joint/Surviving Spouse; and \$_____ for Married Filing Separately) which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p>For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and 28 percent tax rate on any amount in excess of \$175,000. A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8029	Fillable AGI for AMT IRC 55; fillable amounts	<p>We figured alternative minimum tax under IRC 55. The tax base for the alternative minimum tax is your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p>Alternative minimum taxable income is then reduced by an exemption amount (\$_____ for Single/Head of Household \$_____ for Married Filing Joint/Surviving Spouse; and \$_____ for Married Filing Separately) which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p>For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$_____ and a 28 percent tax rate on any amount in excess of \$_____. A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8030	Joint liable for AMT 2000 through 2005	Since your filing status is married filing jointly and your taxable income plus your tax preference items and plus/minus your adjustment items more than \$45,000 for 2000 and prior, \$49,000 for 2001 and 2002 \$58,000 for 2003 through 2005, or \$62,550 for 2006, you are liable for alternative minimum tax as shown in the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8032	Definition of fillable AMT exemption amount- 2001 and subsequent years; fillable amounts	<p>You have an alternative minimum tax liability only if your tentative minimum tax exceeds your regular tax liability. Tentative minimum tax is computed by first calculating your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year. Alternative minimum taxable income is then reduced by an exemption amount (\$_____ for Single/Head of Household; \$_____ for Married Filing Joint/Surviving Spouse; and \$_____ for Married Filing Separately), which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p>For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and a 28 percent tax rate on any amount in excess of \$175,000. A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8033	Definition of AMT (2003 - 2005)	<p data-bbox="1065 186 1593 606">You have an alternative minimum tax liability only if your tentative minimum tax exceeds your regular tax liability. Tentative minimum tax is computed by first calculating your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p data-bbox="1065 659 1593 995">Alternative minimum taxable income is then reduced by an exemption amount (\$40,250 for Single/Head of Household; \$58,000 for Married Filing Joint/Surviving Spouse; and \$29,000 for Married Filing Separately), which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p data-bbox="1065 1050 1593 1251">For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and 28 percent tax rate on any amount in excess of \$175,000.</p> <p data-bbox="1065 1306 1593 1596">A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8034	Definition of AMT (2006)	<p data-bbox="1065 186 1593 606">You have an alternative minimum tax liability only if your tentative minimum tax exceeds your regular tax liability. Tentative minimum tax is computed by first calculating your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p data-bbox="1065 659 1593 995">Alternative minimum taxable income is then reduced by an exemption amount (\$42,500 for Single/Head of Household; \$62,550 for Married Filing Joint/Surviving Spouse; and \$31,275 for Married Filing Separately), which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p data-bbox="1065 1050 1593 1251">For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and 28 percent tax rate on any amount in excess of \$175,000.</p> <p data-bbox="1065 1306 1593 1596">A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8035	Figured under IRC 55 (2003 - 2005)	<p data-bbox="1065 191 1593 562">Alternative minimum tax has been figured under IRC 55. The tax base for the alternative minimum tax is your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p data-bbox="1065 621 1593 951">Alternative minimum taxable income is then reduced by an exemption amount (\$40,250 for Single/Head of Household; \$58,000 for Married Filing Joint/Surviving Spouse; and \$29,000 for Married Filing Separately) which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p data-bbox="1065 1010 1593 1209">For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and a 28 percent tax rate on any amount in excess of \$175,000.</p> <p data-bbox="1065 1268 1593 1554">A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>

Number	Standard Explanation Title	Standard Explanation Text
8036	Figured under IRC 55 (2006)	<p>Alternative minimum tax has been figured under IRC 55. The tax base for the alternative minimum tax is your alternative minimum taxable income, which equals your regular taxable income increased by any tax preference items for the taxable year, and increased or decreased by adjustment items for the taxable year.</p> <p>Alternative minimum taxable income is then reduced by an exemption amount (\$42,500 for Single/Head of Household; \$62,550 for Married Filing Joint/Surviving Spouse; and \$31,275 for Married Filing Separately) which is subject to phase-out depending on the amount of your alternative minimum taxable income.</p> <p>For taxable years after 1992, the remaining amount is subject to a 26 percent tax rate on the first \$175,000 and a 28 percent tax rate on any amount in excess of \$175,000.</p> <p>A tentative minimum tax is then computed by reducing the amount determined in the preceding sentence by any allowable foreign tax credit. The alternative minimum tax liability is the amount by which tentative minimum tax exceeds regular tax liability.</p>
8037	Parents income tax rate-child under 18	<p>The net unearned income of a child under 18 that is taxed at the parent's income tax rate is subject to alternative minimum tax which is no less than the amount the parents would pay on the same income.</p>

Number	Standard Explanation Title	Standard Explanation Text
8038	Nonrefundable personal credits beginning in 2000	For taxable years beginning during 2000 through 2009, nonrefundable personal credits may be used to the extent of the regular tax liability and the alternative minimum tax liability.
8039	Minimum tax credit	Our records indicate that you did not report Alternative Minimum Tax in a prior year; therefore, we have recomputed your Minimum Tax Credit, as shown in the attached computation.
8102	Failure to pay	Since you did not pay the tax shown as due on your return when it was due and you have not shown that such failure was due to reasonable cause, an addition to tax of 0.5 percent of the total tax that you failed to pay is added for each month or part of a month that the tax is unpaid. The penalty rate is increased to 1 percent beginning 10 days after we give you notice that we intend to levy your assets, or immediately after we give notice and demand for immediate payment. If you are an individual, and you filed your return on time, we will reduce the penalty rate to 0.25 percent for any month during which you have an approved installment agreement for payment of this liability. However, the addition to tax will not exceed 25 percent in total. If the addition to tax amount is not computed to the date of this notice, it will be computed at a later date. See IRC 6651(a)(2) and the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8103	Negligence penalty or disregard of rules and regulations	Since all or part of the underpayment of tax for the taxable year(s) is attributable to negligence or disregard of rules or regulations, a penalty is added to the tax as provided by IRC 6662(a). You have not shown that such underpayment was due to reasonable cause and that you acted in good faith. The penalty is 20 percent of the portion of the underpayment of tax attributable to negligence or disregard of rules or regulations. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(a), (b)(1), (c) and the attached computation.
8104	Substantial understatement penalty added	It is determined that all of the underpayment of tax is a substantial understatement of income tax, since the resulting understatement of tax exceeds the greater of 10 percent of the tax required to be shown on the return or \$5,000 (\$10,000 if a corporation). Consequently, there is added to the tax an amount equal to 20 percent of such underpayment of tax pursuant to IRC 6662.
8105	Estimated tax individual	Since you did not pay sufficient estimated tax, an addition to the tax is charged as shown in the accompanying computation. See IRC 6654(a).
8106	Estimated tax corporation	Since you did not pay sufficient estimated tax, an addition to the tax is charged as shown in the accompanying computation. See IRC 6655(a).

Number	Standard Explanation Title	Standard Explanation Text
8107	FICA tax tips/failure to report tips	Since you had unreported tip income, there is a penalty based on 50 percent of the FICA tax owed on the unreported tips. (IRC 6652(b)).
8108	Fraud penalty	All or part of the underpayment of tax required to be shown on the return(s) in this notice is due to fraud. Consequently, there is added to the tax an amount equal to 75 percent of such underpayment of tax pursuant to IRC 6663.
8112	Removal of failure to file addition to tax	Since you have shown that you had reasonable cause for filing your return after the time prescribed by law, we have removed the failure to file addition to tax which was previously assessed under IRC 6651(a)(1).
8113	Reduction of penalty/tax reduced	Since this report reduces your tax, we reduced the penalty.
8114	Reduction of negligence penalty	Since this report reduces your tax, we reduced the penalty for negligence by the amount shown below.

Number	Standard Explanation Title	Standard Explanation Text
8115	Failure to file -5 percent month/prev. penalty considered/minimum or tax due	Since you did not file your return within the time prescribed by law and you have not shown that such failure was due to reasonable cause, an addition to tax of 5 percent of the amount required to be shown as tax that you failed to pay by the due date is added for each month or part of a month that your return was late. However, the addition to tax will not exceed 25 percent of the amount required to be shown as tax that is not paid on time, and is reduced by the amount of any failure to pay addition to tax imposed by IRC 6651(a)(2) for any month to which both additions to tax apply. If your return was filed more than 60 days after the due date, we are required to charge a minimum penalty of at least the lesser of tax required to be shown on your return that was not paid when it was due, or the amount set by law in effect for the calendar year in which the return was due. Interest is figured on this addition to tax from the due date of the return, including any extensions. See IRC 6651(a)(1) and IRC 6601(e)(2) and the attached computation.
8116	FICA tax and penalty assessed	We have assessed FICA (social security and Medicare) tax on your unreported tip income. In addition to the FICA tax, a penalty of 50 percent of the additional FICA tax assessed has been charged per IRC 6652(b). The FICA tax and penalty are not included in the balance due section of this report.

Number	Standard Explanation Title	Standard Explanation Text
8117	Penalty for frivolous return	Because the document you filed, purporting to be a tax return, did not contain information on which the substantial correctness of the self-assessment may be judged, or contains information that on its face indicates that the self-assessment is substantially incorrect; and such conduct is due to a position which is frivolous, or an apparent desire to delay or impede the administration of Federal income tax laws, a penalty has been asserted under IRC 6702 as follows: \$500 (for frivolous returns filed before March 15, 2007), or \$5000 (for frivolous returns filed on or after March 15, 2007).
8118	Removal of frivolous return penalty	Based on the information available, we have removed the penalty for filing a frivolous return which was previously assessed under IRC 6702.
8119	Reduction of addition to tax for failure to pay sufficient estimated tax	Based on the information available, we have reduced the addition to tax for failure to pay sufficient estimated tax which was previously assessed under IRC 6654.
8120	Reduction of fraud penalty	Since this report reduced your tax, we reduced the fraud penalty by the amount shown below.
8121	Reduction of failure to file addition to tax	We reduced the failure to file addition to tax that was previously assessed.

Number	Standard Explanation Title	Standard Explanation Text
8122	Fraudulent failure to file	Since you did not file your return within the time prescribed by law and we determined that your failure to file timely was due to fraud, the law provides for an increase in the addition to tax for failure to file for each month or part of a month that your return was late from 5 percent to 15 percent of the amount required to be shown as tax on your return that you failed to pay by the due date. The maximum penalty is also increased from 25 percent to 75 percent of the amount required to be shown as tax that was not paid on time, and is reduced by the amount of any addition to tax imposed by IRC 6651(a)(2) for any month to which both additions to tax apply. Interest is figured on this addition to tax from the due date of the return, including extensions. See IRC 6601(e)(2), IRC 6651(f) and the attached computation.
8123	Accuracy related due to negligence or disregard of rules and regulations	You are liable for the accuracy-related penalty imposed under IRC 6662(a) because you were negligent (or disregarded rules and regulations) and you have not shown you had reasonable cause for the underpayment of tax and that you acted in good faith. The penalty is twenty (20) percent of the portion of the underpayment of tax which is attributable to negligence (or disregard of rules or regulations).

Number	Standard Explanation Title	Standard Explanation Text
8124	Accuracy related penalty due to substantial understatement of income tax	Since all or part of the underpayment of tax for the taxable year(s) is attributable to a substantial understatement of income tax, a penalty is added to the tax as provided by IRC 6662(a). You have not shown that such understatement was due to reasonable cause and that you acted in good faith. The penalty is 20 percent of the portion of the underpayment of tax attributable to a substantial understatement of income tax. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(a), (b)(2), (d) and the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8125	Income tax valuation misstatements - gross valuation misstatement	<p>Since we determined that there are one or more gross valuation misstatements on your return, a penalty is added to the tax as provided by IRC 6662(h)(1). A gross valuation misstatement occurred because the value or adjusted basis of property reported on your return was 200 percent or more of the correct amount. You have not shown that such misstatement was due to reasonable cause and that you acted in good faith. The penalty is 40 percent of the underpayment attributable to one or more gross valuation misstatements. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(h)(2)(A)(i) and the attached computation.</p>

Number	Standard Explanation Title	Standard Explanation Text
8126	Accuracy related penalty - gross estate or gift tax valuation understatement	Since we determined that there is a gross estate or gift tax valuation understatement, a penalty is added to the tax as provided by IRC 6662(h)(1). A gross estate or gift tax valuation understatement occurred because the value of any property claimed on your estate or gift tax return was 40 percent or less of the amount determined to be the correct amount of such valuation. You have not shown that such valuation misstatement was due to reasonable cause and that you acted in good faith. The penalty is 40 percent of the underpayment attributable to the gross valuation misstatement. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(5), (g), (h)(2)(C) and the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8127	Accuracy related penalty -gross valuation misstatement of pension liabilities	Since we determined that there was a gross overstatement of pension liabilities, a penalty is added to the tax as provided by IRC 6662(h)(1). A gross valuation misstatement of pension liabilities occurred because the value of pension liabilities claimed on your return was 400 percent or more of the amount determined to be correct for purposes of computing the employer contribution deduction under IRC 404(a)(1) or (2). You have not shown that such overstatement was due to reasonable cause and that you acted in good faith. The penalty is 40 percent of the underpayment attributable to the substantial overstatement of pension liabilities. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(4), (f), (h)(2)(B) and the attached computation.
8128	Substantial valuation misstatement	You are liable for a substantial valuation misstatement under IRC 6662(e) and you have not shown that you had reasonable cause or that an exception to the penalty applies. The penalty is 20 percent of the applicable underpayment.
8129	Fraud	All or part of the underpayment of tax required to be shown on the return is due to fraud. A penalty equal to seventy-five (75) percent of the portion of the underpayment attributable to fraud has been imposed under IRC 6663.

Number	Standard Explanation Title	Standard Explanation Text
8130	Reduction of accuracy related - negligence or disregard of rules or regulations	Based upon the information available, we have reduced the accuracy-related penalty attributable to negligence (or disregard of rules or regulations) which was previously assessed under IRC 6662(c).
8131	Reduction of accuracy related penalty-valuation misstatements	Based upon the information available, we have reduced the accuracy-related penalty attributable to a valuation misstatement which was previously assessed under IRC 6662(e).
8132	Reduced accuracy related penalty - gross valuation misstatements	Based upon the information available, we have reduced the accuracy-related penalty attributable to one or more gross valuation misstatements which was previously assessed under IRC 6662(h).
8133	Fraudulent failure to file changed to failure to file	You have shown that your failure to file your return by the time prescribed by law was not fraudulent. We have changed the previously assessed fraudulent failure to file addition to tax under IRC 6651(f) to a failure to file addition to tax under IRC 6651(a)(1).
8134	Removed fraudulent failure to file	You have shown that your failure to file your return within the time prescribed by law was not fraudulent and that you had reasonable cause for filing your return after the time prescribed by law. We have removed the fraudulent failure to file addition to tax which was previously assessed under IRC 6651(f).
8136	Reduction of accuracy related penalty	Based upon the information available, we have reduced the accuracy-related penalty which was previously assessed under IRC 6662.
8137	Reduction of fraudulent failure to file addition to tax	Based upon the information available, we have reduced the fraudulent failure to file addition to tax which was previously assessed under IRC 6651(f).

Number	Standard Explanation Title	Standard Explanation Text
8138	Reduction of fraud penalty IRC 6663	Based upon the information available, we have reduced the fraud penalty which was previously assessed under IRC 6663.
8139	Accuracy related penalty – reportable transaction understatement – disclosed	Since we determined all or part of the understatement of tax on your return(s) is due to a reportable transaction, a penalty is added to the tax as provided by IRC 6662A(a). You have not shown that such understatement was due to reasonable cause and that you acted in good faith. The penalty is equal to 20 percent of the reportable transaction understatement. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662A(a) and the attached computation.
8141	Erroneous claim for refund or credit penalty	Since the erroneous claim for refund or credit was for an excessive amount and you have not shown that such failure was due to reasonable cause, a penalty is added equal to 20 percent of the excessive amount as provided by IRC 6676. The excessive amount is the amount by which the claim for refund or credit exceeds the amount allowable. See the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8142	Accuracy related penalty – substantial valuation misstatement	<p>Since all or part of the underpayment of tax for the taxable year(s) is attributable to a substantial valuation misstatement, a penalty is added to the tax as provided by IRC 6662(a). You have not shown that such misstatement was due to reasonable cause and that you acted in good faith. The penalty is 20 percent of the portion of the underpayment of tax attributable to the substantial valuation misstatement. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(3), (e), and the attached computation.</p>
8143	Accuracy related penalty – reportable transaction understatement – undisclosed	<p>Since all or part of the understatement of tax is due to a reportable transaction understatement where the transaction was not properly disclosed, a penalty is added to the tax as provided by IRC 6662A(c). The penalty is 30 percent of the portion of any reportable transaction understatement in relation to which the disclosure requirement in IRC 6664(d)(3) (A) was not met. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662A(c) and the attached computation.</p>

Number	Standard Explanation Title	Standard Explanation Text
8144	Accuracy related penalty transaction lacking economic substance	<p>Since we determined that all or part of the underpayment of tax on your return(s) is attributable to a transaction lacking economic substance as defined under IRC 6662(b)(6), a penalty is added to the tax on the disallowed tax benefits failing to meet the requirements of IRC 7701(o), or any similar rule of law. The penalty is 20 percent of the underpayment attributable to the transaction lacking economic substance. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(6), IRC 7701(o), and the attached computation.</p>

Number	Standard Explanation Title	Standard Explanation Text
8145	Accuracy related penalty – underpayment attributable to undisclosed foreign financial asset understatement	Since we determined that all or part of the underpayment on your return(s) is attributable to an undisclosed foreign financial asset understatement, a penalty under IRC 6662(j) is added to the tax. An undisclosed foreign financial asset is any asset with respect to which information is required to be provided under IRC 6038, 6038B, 6038D, 6046A, or 6048, but which was not reported on the return or on a statement as required under the provisions of those sections. You have not shown that such understatement was due to reasonable cause and that you acted in good faith. The penalty is 40 percent of the underpayment attributable to any transaction involving an undisclosed foreign financial asset. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(7), (j) and the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8146	Income tax valuation misstatements -- gross valuation misstatement - 400 percent or more (or 25 percent or less) of corrected amount under section 482	Since we determined that there was a gross valuation misstatement(s) on your return, a penalty is added to the tax as provided by IRC 6662(h)(1). A gross valuation misstatement occurred because the price for some property or service (or for the use of property) reported on your return was 400 percent or more (or 25 percent or less) of the amount determined under IRC 482 to be the correct price. You have not shown that such valuation misstatement was due to reasonable cause and that you acted in good faith. The penalty is 40 percent of the underpayment attributable to one or more gross valuation misstatements. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(3), (e)(1)(B)(i), (h)(2)(A)(ii) and the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8147	Income tax valuation misstatements -gross valuation misstatement – net section 482 transfer price adjustment	Since we determined that there was a gross valuation misstatement due to a net IRC 482 transfer price adjustment that exceeds the lesser of \$20,000,000 or 20 percent of the taxpayer’s gross receipts, a penalty is added to the tax as provided by IRC 6662(h)(1). You have not shown that an exception to the penalty applies as provided in IRC 6662(e)(3)(D). The penalty is 40 percent of the underpayment attributable to one or more gross valuation misstatements. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty’s payment to the date of payment. See IRC 6662(b)(3), (e)(1)(B)(ii), (h)(2)(A)(iii) and the attached computation.
8148	Accuracy related penalty - nondisclosed noneconomic substance transactions	Since we determined that your return had a nondisclosed noneconomic substance transaction, a penalty under IRC 6662(i) applies. A nondisclosed noneconomic substance transaction is any portion of a transaction described in IRC 6662(b)(6) where the relevant facts affecting the tax treatment are not adequately disclosed in the return or in a statement attached to the return. The penalty is 40 percent of the underpayment attributable to the nondisclosed transaction. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty’s payment to the date of payment. See IRC 6662(b)(6), (i) and the attached computation.

Number	Standard Explanation Title	Standard Explanation Text
8149	Accuracy related penalty due to undisclosed foreign financial asset understatement IRC 6662(j) based on 6662(b)(7)	Since we determined that a portion of the underpayment is attributable to an undisclosed foreign financial asset understatement under IRC 6662(b)(7), a penalty is added to the tax as provided by IRC 6662(j). An undisclosed foreign financial asset is any asset with respect to which information is required to be provided under IRC 6038, 6038B, 6038D, 6046A, or 6048, but which was not reported on the return or on a statement as required under the provisions of those sections. You have not shown that such understatement was due to reasonable cause and that you acted in good faith. The penalty is 40 percent of the underpayment attributable to an undisclosed foreign financial asset understatement. In addition, interest shall be imposed on the penalty if not paid within 21 calendar days (10 business days if the amount for which notice and demand is made equals or exceeds \$100,000) from the date of notice and demand for the penalty's payment to the date of payment. See IRC 6662(b)(7), (j) and the attached computation.
8201	Tips not reported/FICA tax and penalty	Since you had unreported tip income, you are required to pay FICA tax (social security and Medicare) at the applicable rate, Per IRC 3102(c)(4).
8202	\$400 or more from self-employment	Net earnings from self-employment of \$400 or more are subject to self-employment tax. Your self-employment tax has been changed as shown. For further information, please see Pub 334, Tax Guide for Small Business.
8203	Changed net earnings/changed tax	We have adjusted your self-employment tax due to a change in your net earnings from self-employment.

Number	Standard Explanation Title	Standard Explanation Text
8204	Adjusted self-employment tax as shown/computation	We have adjusted your self-employment tax as shown on the accompanying computation.
8205	Optional method farm election	We have computed your self-employment tax on the basis of your election to use the optional method of reporting net earnings from farming.
8206	Social security administration information	We have computed your self-employment tax on the basis of information furnished to us by the Social Security Administration.
8207	Rent received in crop shares	Rent you receive in crop shares must be included in income in the year the shares are reduced to money or the equivalent of money. If you materially participate in operating a farm from which you receive rent in the of crop shares or livestock, the rental income is also subject to self-employment tax.
8208	Member of clergy	<p>The following amounts are included in net earnings from self-employment, as a member of the clergy, to figure your self-employment tax:</p> <ol style="list-style-type: none"> (1) Salaries and fees for your qualified services, (2) Offerings you received for marriages, baptisms, funerals, masses, etc. (3) The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience. (4) The fair rental value of a parsonage provided to you (including the cost of utilities that are furnished) or the rental allowance (including an amount for payment of utilities paid to you). (5) Any amount the church pays toward your income tax or self-employment tax.

Number	Standard Explanation Title	Standard Explanation Text
8209	Other income/liable - <u>See</u> Pub 334	We have adjusted your return because the amount of \$400 or more you reported as Other Income on your return has been determined to be net earnings from self-employment making you liable for self-employment tax under the law. We have computed your self-employment tax liability accordingly.
8210	Income reclassified as self-employment income	We have reclassified your income to self-employment income. Therefore, you are subject to self-employment tax.
8211	Excess foreign living expense adjustment	Your self-employment tax has been adjusted because self-employment income has been reduced by the amount of your deduction for excess foreign living expenses.
8212	Income less than \$400	Because your net earnings from self-employment were \$400 or less, your self-employment tax has been adjusted to zero.
8213	Collection of self-employment tax	The Internal Revenue Service collects self employment tax which is credited to your social security account by the Social Security Administration for social security benefit purposes.
8214	Self-employment earnings of \$400 or more	Self-employed persons who have net earnings of at least \$400 from self-employment are required to pay self-employment tax.
8215	Not limited or retired partner	Since you did not establish that you are a limited or a retired partner, the distributive share of partnership income you received is subject to self-employment tax.
8216	Math error in self-employment tax	We adjusted your self-employment tax to correct a math error.
8217	Cannot reduce income subject to SE tax by foreign income exclusion	Taxpayers may not reduce income subject to self-employment tax by the foreign income exclusion. As a result, your self-employment tax was refigured.

Number	Standard Explanation Title	Standard Explanation Text
8218	Foreign income subject to self-employment tax	Taxpayers (including clergy) may not reduce foreign income subject to self-employment tax by the exclusion allocable to the income, even though they qualify as bona fide residents abroad. Your self-employment tax was refigured as shown in the attached computation.
8219	Clergy members subject to self-employment tax	Although members of the clergy may be employees, you are treated as self-employed for self-employment tax purposes. Your U.S. self-employment tax is based upon net earnings from self-employment figured without regard to the foreign income exclusion or the foreign housing exclusion. The self-employment earnings are subject to tax even if you meet the bona fide residence or physical presence tests. Your self-employment tax was adjusted as shown in the attached computation.
8220	Parsonage allowance	Your parsonage allowance is subject to self-employment tax.
8221	Application for exemption, Form 4361, disallowed	Since your Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners, was disapproved, you are subject to self-employment tax.
8222	Additional FICA tax-separate billing	You will receive a separate billing for the additional FICA, (social security and Medicare) tax, in addition to the billing for additional federal income tax.
8223	Non-employee compensation subject to self-employment tax	Amounts you received as a non-employee for work you performed is the type of income generally subject to self-employment tax.

Number	Standard Explanation Title	Standard Explanation Text
8224	Self-employment tax deduction from AGI	Your self-employment tax has changed as a result of adjustments made to your net earnings from self-employment as shown in this report. The self-employment tax deduction has been adjusted to one-half of the recomputed amount.
8225	Rev. Proc. 85-18, 1985-1 C.B. 518, liable for FICA tax	As explained under Rev. Proc. 85-18 ; 1985-1 C.B. 518, a taxpayer is liable for the employee FICA tax with respect to all wages he or she received. You are liable for FICA tax rather than the self-employment tax previously reported. If you do not sign Form 2504, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, no FICA tax can be assessed and the self-employment tax will not be adjusted.
8226	Self-employment income reduced by 7.65 percent - orig. comp.	The services you per in the exercise of your ministry are self-employment for social security purposes. Therefore, your earnings for these services are subject to self-employment tax unless you meet either of the following requirements: (1) You are a member of a religious order who has taken a vow of poverty. (2) You request and receive from the Internal Revenue Service an exemption from self-employment tax on Form 4361.
8227	Self-employment income reduced by 7.65 percent - chng to comp.	Your net earnings from self-employment income may be reduced by 7.65 percent for purposes of computing self-employment tax. Because other adjustments in this report have changed your self-employment income, we recomputed your self-employment tax.
8228	Not liable for self-employment tax	As a result of the adjustments shown in this report, you are not liable for self-employment tax. Therefore, the self-employment tax deduction taken is disallowed.

Number	Standard Explanation Title	Standard Explanation Text
8229	Long-term equipment rentals	Net income from long-term equipment rentals are subject to self-employment tax. An adjustment has been made as shown.
8230	Employer exempt from FICA (social security and Medicare) tax/wages subject to SE tax	Since you work for an employer who is exempt from FICA (social security and Medicare) tax, your wages are subject to self-employment tax per IRC 1402(c)(2).
8231	Direct seller for newspaper carriers and distributors	Since you are a direct seller for newspaper carriers and distributors meeting the requirements of IRC 3508, your income is subject to self-employment tax.
8232	Clergy retirement benefits/not subject to SE tax	The retirement benefit you received from a church plan as defined in IRC 414(e) and the rental value of any parsonage or any parsonage allowances provided to you after you retire are not subject to self-employment tax.
8233	Resident of Puerto Rico, Virgin Islands, Guam, American Samoa	Even though you are not a U.S. citizen, you are subject to self-employment tax under IRC 1402(b) since you are a resident of one of the following: Puerto Rico, Virgin Islands, Guam or American Samoa.
8234	Self-employment tax - Sch C income disallowed	We have removed the self-employment tax since we disallowed your Schedule C income.
8235	Self-employment tax deduction - Sch C income disallowed	We have removed the self-employment tax deduction since we disallowed your Schedule C income.

Number	Standard Explanation Title	Standard Explanation Text
8236	SE tax assessed on NEC; fillable amounts	<p data-bbox="1068 191 1593 306">Our records show that you received \$_____ in the of non-employee compensation from _____.</p> <p data-bbox="1068 363 1593 520">We have adjusted your return because the \$_____ you reported on Schedule C/F is self-employment income making you liable for self-employment tax.</p> <p data-bbox="1068 577 1593 779">We have adjusted your return because the \$_____ you reported on line 21 or line 7 of your return has been determined to be self-employment income making you liable for self-employment tax.</p> <p data-bbox="1068 835 1593 951">Non-employee compensation is earned income that is generally subject to self-employment tax.</p> <p data-bbox="1068 1008 1593 1165">Self-employment tax is owed by any individual, regardless of age, who has net earnings from self-employment of \$400 or more in a tax year.</p> <p data-bbox="1068 1222 1593 1518">Self-employment tax is separate from, and in addition to, income tax. The Internal Revenue Service, collects the self-employment tax. Your payments of self-employment tax contribute to your coverage for social security and Medicare purposes.</p> <p data-bbox="1068 1575 1593 1680">We have computed self-employment tax as shown on the computation schedule of this report.</p>

Number	Standard Explanation Title	Standard Explanation Text
8237	SE tax - minister	Generally, earnings for services performed in the capacity as a minister, a Christian Science practitioner, or a member of a religious order who has not taken a vow of poverty, are subject to self employment tax whether the minister is an employee or a self-employed person for income tax or retirement purposes.
8238	No trade or business, therefore no SE Tax due	Because you do not maintain a trade or business from which you have self-employment income, you do not have net earnings from self-employment within the meaning of IRC 1402(a), and therefore, you do not owe any self-employment tax. Because we have eliminated your liability for self-employment tax, we have eliminated your deduction for one-half of the self-employment tax, which you took as an adjustment to gross income on page 1 of Form 1040.
8239	Tip income adjusted – FICA tax adjusted	Since we have adjusted your tip income, we have also adjusted your FICA (social security and Medicare) tax at the applicable rate.
8240	Self-employment tax deduction - 2011	Your self-employment tax for the 2011 tax year has changed as a result of adjustments made to your net earnings from self-employment as shown in this report. The self-employment tax deduction has been adjusted based on the recomputed amount of tax as follows: If the recomputed self-employment tax is \$14,204.40 or less, the deduction is 57.51 percent of the recomputed self-employment tax. If the recomputed self-employment tax is more than \$14,204.40, the deduction is 50 percent of the recomputed self-employment tax plus \$1,067.00.

Number	Standard Explanation Title	Standard Explanation Text
8241	Self-employment tax deduction - 2012	Your self-employment tax for the 2012 tax year has changed as a result of adjustments made to your net earnings from self-employment as shown in this report. The self-employment tax deduction has been adjusted based on the recomputed amount of tax as follows: If the recomputed self-employment tax is \$14,643.30 or less, the deduction is 57.51 percent of the recomputed self-employment tax. If the recomputed self-employment tax is more than \$14,643.30, the deduction is 50 percent of the recomputed self-employment tax plus \$1,100.00.
8242	Adjustment to deferral of SE tax payments – Sch C disallowed	Because we determined that the activity described on your Schedule C does not meet the guidelines of carrying on a trade or business within the meaning of IRC 162, we have disallowed your Schedule C gross income and/or expenses, recomputing your net profit from self-employment within the meaning of IRC 1402. Therefore, the deferral of self-employment tax has been adjusted as shown.
8243	Adjustment to deferral of SE tax payments – Sch C gross income/expenses adjusted	Because we have adjusted your Schedule C gross income and/or expenses, recomputing your net profit from self-employment within the meaning of IRC 1402, the deferral of self-employment tax has been adjusted as shown.
8244	SE tax assessed on NEC; fillable amounts	We have adjusted your return because the \$_____ you reported as wages on line 1 or as other income on line 8 of Schedule 1 of your return has been determined to be self-employment income making you liable for self-employment tax.

Number	Standard Explanation Title	Standard Explanation Text
8301	Separate returns/std limited as shown	Since you and your spouse filed separate returns, the maximum standard deduction each may claim is the amount shown.
8302	Change in filing status	We have adjusted your standard deduction because of changes to your filing status.
8303	Std greater than allowable itemized	We have allowed you the standard deduction because it is a larger amount than the amount of your allowable itemized deductions.
8304	Allowed itemized-disallowed std - both must itemize if one itemizes	Since you and your spouse filed separate returns and one itemized deductions, the other must also itemize deductions. We have disallowed your standard deduction, and allowed your itemized deductions as shown in the accompanying computation.
8305	Allowed itemized-disallowed std to advantage/computation	Your itemized deductions are more than the standard deduction. We allowed the itemized deductions shown on the attached schedule.
8306	Claimed dependent by another TP	You are only entitled to the standard deduction shown in the enclosed computation because you were claimed as a dependent on another person's tax return.
8307	Adjust itemized as shown	We have adjusted your itemized deductions as shown in the enclosed computation.
8308	Sch C/Sch F expense disallowed/Sch A allowed	We have allowed the deduction as an itemized deduction and not as a Schedule C or Schedule F deduction on Form 1040.
8309	Additional deduction for age	You have been allowed an additional standard deduction for age.
8310	Spouse files separate and itemizes	You may not take the standard deduction amount if you and your spouse file separate returns and your spouse itemizes deductions.

Number	Standard Explanation Title	Standard Explanation Text
8311	Tax table to your advantage	We have figured your tax using the Tax Tables because this computation results in a smaller tax for you.
8312	Limit-claimed by another TP-not apply age or blind	The standard deduction limitation imposed because you may be claimed by another taxpayer does not apply to the additional standard amounts for age and blindness.
8313	Additional deduction for blindness	You have been allowed an additional standard deduction amount for blindness.
8314	Required to item ded/disallowed std ded or ZBA	You must itemize your deductions even though the total is less than your standard deduction because of your dual status as a nonresident alien for part of the year and a resident or citizen of the United States for the remainder of the year. Since you are required to itemize deductions, we disallowed the standard deduction or zero bracket amount, and allowed your itemized deductions as shown.
8315	Adjusted to correspond with filing status	We have adjusted your standard deduction to correspond to your filing status.
8316	Adjusted-reduced itemized deductions-standard ded. allowed	Since the adjustments shown in this report reduced your allowable itemized deductions to an amount less than the allowable standard deduction, we disallowed your excess itemized deductions. The standard deduction will be allowed as a separate adjustment.
8317	Itemized deduction limited due to AGI threshold amount	The amount you can claim for some of your itemized deductions is limited because your adjusted gross income (AGI) has exceeded the threshold amount. We have attached an itemized deduction worksheet, to show the changes that have been made.

Number	Standard Explanation Title	Standard Explanation Text
8318	Itemized disallowed - standard better	We have disallowed your itemized deductions because the allowable standard deduction gives you a larger deduction.
8319	Standard disallowed – Itemized better	We have disallowed the standard deduction because the allowable itemized deductions give you a larger deduction.
8320	Sch A no longer applicable – real estate taxes allowed per Sch L for tax year 2009	Since we changed your Schedule A, it is now beneficial for you to use the standard deduction. Since there were entries on line (6, 7 or 20), we have increased the amount of the standard deduction accordingly.
8321	Disallowed tax on purchase of new automobile on Sch L for tax year 2009	We disallowed the increased standard deduction in 2009 for the purchase of new automobile which was purchased prior to February 16, 2009. (Schedule L)
8322	Disallowed additional standard deduction for real estate taxes on Sch L for 2009	We disallowed the increased standard deduction in 2009 for real estate taxes paid which have not been verified. (Schedule L)
8323	Adjusted additional standard deduction for casualty loss reported on Sch L for tax year 2009	Since we were not able to verify the casualty loss or the loss was adjusted, we have disallowed/adjusted the increased standard deduction. (Schedule L)
8324	Disallowed additional standard deduction for casualty loss reported on Form 4797 for tax year 2009	Since the amount of casualty loss reported on Schedule L was also reported on Form 4797 and reported as an income loss on your return, we are disallowing the increased standard deduction.

Number	Standard Explanation Title	Standard Explanation Text
8401	Spouse itemized/you must itemize unused ZBA-add back	<p>You must itemize your deductions, even if your itemized deductions total less than your standard deduction or zero bracket amount, if:</p> <p>(a) You are married filing a separate return and your spouse itemizes deductions; or</p> <p>(b) You are a nonresident alien or a dual status alien (both a resident and nonresident) during the tax year. Since you are required to itemize deductions, we have disallowed the standard deduction and have allowed your itemized deductions as shown.</p>
8402	Tax figured using maximum capital gains rate	Your tax was calculated using the maximum capital gains rate.
8403	Determining tax by tax table	<p>To figure your tax by the Tax Table, you must first determine your taxable income. Your Taxable Income is your adjusted gross income less deductions (itemized or standard) and exemptions.</p>
8404	Tax table/\$100,000 taxable income or less	You must use the tax table to figure your tax if your taxable income is less than \$100,000.
8406	Tax rate sch. - taxable income more than \$100,000	You must use the Tax Rate Schedule to figure your tax if your taxable income is \$100,000 or more.
8407	Joint return/must include income of both spouses/combined wages	<p>When a joint return is filed, it must include all the income of both spouses. We have, therefore, combined your spouse's wages reported separately with those reported on your joint return.</p>
8408	MFS - consent to change deductions and pay added tax	<p>Married persons who have filed separate returns may change the method of determining deductions (standard or itemized) claimed only if both agree to the change, and they file a consent to the assessment of any additional tax that either one may owe as a result of the change.</p>

Number	Standard Explanation Title	Standard Explanation Text
8409	MFS returns after joint filed/credits must be deleted from joint	If one spouse files a separate return after a joint return has been filed but before the due date of the return, that spouse's income and credits must be deleted from the superseded joint return and claimed on the appropriate separate return.
8410	Income and credits deleted from joint return/entered on sep. return	Your income and credits have been deleted from the joint return and entered on your separate return.
8411	Rebate due you will be automatic	Any additional tax refund due you will be generated automatically by the computer when any proposed balance due in tax is changed.
8412	Rebate adj. amount billed to you may differ	Due to the adjustment of the amount of your tax refund, the balance due shown on the exam information report will not necessarily be the amount billed you.
8413	NR-wrong treaty rate	Your tax shown on Form 1040NR was refigured because you used the wrong treaty rate in the original computation. You may only use the rate called for in the tax treaty that applies. See IRC 894.
8414	Rec'd. lump-sum from qualified retirement plan/qualify for 10-yr avg.	Since you have received a lump-sum distribution from a qualified retirement plan which qualified for the special averaging method, we have excluded the distribution from your total income and have added it to Form 4972 for the proper tax computation.
8415	Deductible allowance for correct number of exemptions	Although this item appears as an adjustment, it reflects the deductible allowance for your correct number of exemptions. This item is reflected only for purposes of figuring your tax from the applicable tax rate schedule. If any adjustment was made to the number of exemptions claimed, it is separately stated on the examination report.
8416	Alternative minimum	You owe the alternative minimum tax shown based on the adjustments to your return.

Number	Standard Explanation Title	Standard Explanation Text
8417	Income on Form 4972 does not qualify for special averaging	Based on information available to us, the income reported on Form 4972 does not qualify for a special averaging method. Therefore, we have excluded the income from Form 4972. The income has been included in your total income and the tax has been recomputed accordingly.
8418	Available carryback and carryforward credit has been adjusted	We have adjusted your credit(s) as shown on page 1 of the attached report. For some credits there may also be a separate computation page included with the report. This adjustment will affect any carryforward or carryback related to the credit. Please consider this change when preparing subsequent tax year returns or Form 1040X amended returns.
8419	MSA adjustment changes additional taxes	Due to miscalculations in or changes made to your MSA, Medical Savings account, or your Medicare-MSA distributions, your additional taxes have changed.
8420	Adjustment to NIIT due to change in modified adjusted gross income	Your net investment income tax is calculated on the lesser of (A) your net investment income under IRC 1411 for the taxable year, or (B) the excess, if any, of your modified adjusted gross income (MAGI) over certain threshold amounts based on your filing status. Due to the change in the amount of your MAGI, your net investment income tax has been adjusted accordingly. We have attached a worksheet to show the changes made.

Number	Standard Explanation Title	Standard Explanation Text
8421	Adjustment to NIIT due to change in modified adjusted gross income - taxpayer not previously subject to NIIT	Your net investment income tax is calculated on the lesser of (A) your net investment income under IRC 1411 for the taxable year, or (B) the excess, if any, of your modified adjusted gross income (MAGI) over certain threshold amounts based on your filing status. Since you have net investment income and are now above the applicable threshold amount, you are liable for the net investment income tax. We have attached a worksheet to show the computation of the tax.
8422	Adjustment to NIIT due to change in filing status	Your net investment income tax is calculated on the lesser of (A) your net investment income for the taxable year under IRC 1411, or (B) the excess, if any, of your modified adjusted gross income (MAGI) over the following threshold amounts based on your filing status: Married Filing Jointly or Qualifying Widower with Dependent Child: \$250,000; Married Filing Separately: \$125,000; Single or Head of Household: \$200,000. Due to the change in your filing status, your net investment income tax has been adjusted accordingly.
8423	Adjustment to NIIT due to change in net investment income	Due to the change in the amount of your net investment income under IRC 1411, your net investment income tax has been adjusted accordingly. We have attached a worksheet to show the changes made.
8424	Adjustment to NIIT due to change in allocable investment expenses	Due to the change in the amount of your investment expenses allocable to net investment income under IRC 1411, we have adjusted your net investment income tax accordingly. We have attached a worksheet to show the changes made.

Number	Standard Explanation Title	Standard Explanation Text
8501	Mortgage interest verification	<p>We cannot allow the mortgage interest credit and/or deduction as shown on your return. Please submit the following documentation for the mortgage interest claimed:</p> <ul style="list-style-type: none"> • Copies of mortgage interest statements, equity credit lines/loans and mortgage contracts, and amortization schedules for loans outstanding. • Copies of cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), receipts, or other evidence of payments made for the year in question.
8502	Sch A itemized deductions for taxes	<p>We have disallowed the Schedule A itemized deduction for taxes shown on your return. Please send the following documentation for any item claimed:</p> <ul style="list-style-type: none"> • Copies of real estate tax bills, personal property tax bills, and documentation for any other tax you are claiming. • Copies of cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), receipts, or other evidence of payment of tax for the year in question. <p>The supporting documents for each item must be complete enough for us to make a determination. Please provide a brief description for each deduction indicated and cross reference the supporting documentation to the expense it supports. Send photocopies of all documents used for verification. PLEASE DO NOT SEND ORIGINALS.</p>
8503	Child and dependent care credit	<p>We have disallowed the amount claimed on your return for child and dependent care credit. To verify that you are eligible to claim the child and dependent care credit, please send us copies of the</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p data-bbox="1065 186 1271 218">following items:</p> <p data-bbox="1065 228 1593 730">a) Documents to show the amounts you paid for child and dependent care during the year being examined such as receipts, cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), account statements, or letters from child or dependent care providers showing the providers' names, addresses, social security numbers (SSNs) or employer identification numbers (EINs), and the dates care was provided;</p> <p data-bbox="1065 741 1593 905">b) Documents to show where you resided for the entire year such as a rental lease, mortgage documents, property tax statements and utility bills;</p> <p data-bbox="1065 915 1593 1205">c) Proof that each dependent for which the credit was claimed lived with you for more than half the year, such as a rental lease, school records, official mail, health care provider or medical insurance records with the dependent's name and your address,</p> <p data-bbox="1065 1215 1593 1463">d) If you claimed the credit for a dependent who was age 13 or over or for your spouse, send us a doctor's note or state certification verifying the dependent or spouse is not capable of caring for himself or herself;</p> <p data-bbox="1065 1474 1593 1806">e) If you are legally separated or divorced and claimed the credit for a child in your custody for whom you released the dependency exemption to the non-custodial spouse, send us the divorce decree or separation agreement awarding you primary physical custody of the child; and</p> <p data-bbox="1065 1816 1593 1938">f) If you were married and filed a separate return from your spouse and lived apart from your spouse for the last six months</p>

Number	Standard Explanation Title	Standard Explanation Text
8504	Alimony deduction	<p>of the year, send us proof that your spouse was not a member of your household for the last six months of the year and proof that you paid for more than half of your household upkeep expenses such as receipts or cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred) for rent or mortgage payments.</p> <p>Note: For a dependent who reached age 13 during the year, unless the dependent was incapable of self-care, count only the amount you paid for care provided while the dependent was under age 13.</p> <p>We have disallowed the deduction claimed on your return for alimony paid.</p> <p>1. Identify the alimony recipient(s): Complete the information below concerning the person(s) to whom you paid alimony. Note: If there were multiple recipients, please provide additional spousal information on an attachment.</p> <p>Name: _____</p> <p>Social Security Number: _____</p> <p>Address: _____</p> <p>2. The divorce or separation instrument(s): Send us a complete signed and dated copy of all of the following legal documents that apply. Your documentation must show that you were required to pay alimony, the amount ordered to be paid, and the name and signature of both parties. You must include all pages and all revisions or amendments of each instrument.</p> <p>a) A decree of divorce or separate</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p data-bbox="1065 186 1588 260">maintenance and any written instrument incident to that decree,</p> <p data-bbox="1065 275 1560 306">b) A written separation agreement, and</p> <p data-bbox="1065 321 1560 474">c) A decree or any court order requiring support or maintenance of a spouse, including a temporary or interlocutory decree.</p> <p data-bbox="1065 489 1593 1163">3. Proof of alimony payment(s): Send us copies of cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), money orders or similar proof of alimony you paid. If an indirect form of payment was used such as automated debit from your bank account or wages, the documentation of payment should identify the recipient by name or docket number of the divorce or separation instrument. If the name or docket number is not listed on your indirect form of payment, you must also provide documentation which establishes the recipient of your payment.</p> <p data-bbox="1065 1178 1555 1251">Note: Please include the following additional information if applicable:</p> <p data-bbox="1065 1266 1555 1339">If the divorce or separation instrument required:</p> <p data-bbox="1065 1354 1593 1682">a) Payment of child support - Provide copies of cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred) or other proof of child support payments made to either the custodial parent or a state family services agency.</p> <p data-bbox="1065 1696 1588 1850">Note: If you paid less than the total amount required for alimony and child support, the payments apply first to child support and then to alimony.</p> <p data-bbox="1065 1864 1560 1940">b) Payments to third parties for the housing costs of your spouse or former</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p>spouse - Provide proof of payment as well as copies of records verifying the nature of expenses paid such as rent, utilities or similar expenses.</p> <p>Note: You must also provide a deed to establish home ownership when documenting mortgage (principal and interest), real estate tax and home insurance payments.</p> <p>c) Life insurance coverage for your spouse or former spouse - Provide records of payment for insurance premiums and verification of the policy owner.</p> <p>Note: Your spouse must be the policy owner, not the beneficiary.</p> <p>d) Payment of your spouse's medical expenses - Provide copies of cancelled checks (or other documents that identify payee, amount, and proof of payment/electronic funds transferred), bills and receipts for medical and dental expenses you paid including premium statements for health insurance coverage if applicable.</p> <p>e) Payment of your spouse's education expenses - Provide copies of registration records, billing statements and cancelled checks (other documents that identify payee, amount, and proof of payment/electronic funds transferred) or other proof you paid the expenses.</p> <p>f) Third party payments toward the purchase of your spouse's personal property such as a car, boat, etc. - Provide records documenting ownership of the property, the amount of the expense and the amount you paid.</p> <p>g) A division of your pension or other employee savings account - Provide proof of any direct payments you made and a complete copy of your retiree or annuity</p>

Number	Standard Explanation Title	Standard Explanation Text
		<p>statement showing all distributions from the plan.</p> <p>Note: The statement must identify an alternate payee under a qualified domestic relations order (QDRO) by name or social security number if payments were made to your spouse by the plan administrator.</p>

Number	Standard Explanation Title	Standard Explanation Text
8505	Sch A itemized deduction – charitable contribution carryover from prior year	<p>We have disallowed the Schedule A itemized deduction shown on your return for charitable contribution-carryover from a prior year. You are only able to claim carryover charitable contributions that you were not able to deduct in the prior year because they exceeded your adjusted-gross-income limits. Please provide documentation to verify the amount of charitable contributions you made for the year under examination and for any prior years that created a contribution carryover to the year under examination. For each donation provide: Copies of a statement or receipt from the organization showing the date of the contribution, amount of the contribution or description of any goods or services received, and an estimate value if non cash.</p> <p>Copies of canceled checks or bank records, matching the amount on the receipt from the charitable organization. Copies of Form 1098-C if the contribution was a motor vehicle, boat, or airplane. Include a copy of a qualified appraisal if you are deducting fair market value. Also, provide a worksheet showing the computation of your charitable contribution carryover from any prior year(s) to the year under examination.</p> <p>See IRS Pub 526, Charitable Contributions, for information on charitable contribution limits and carryover rules.</p>

Number	Standard Explanation Title	Standard Explanation Text
8506	Earned income credit/residency test – 3rd party affidavit	We have disallowed the earned income credit claimed on your tax return. To claim a child as a qualifying child for the earned income credit, the child must meet a residency test. To show that a child whom you claimed as a qualifying child lived with you for more than half of the tax year, you may send a completed Form 14086, Qualifying Child Residency Statement-Third Party Affidavit, and/or the documents listed on Form 886-H-EIC, Documents You Need to Prove You Can Claim an Earned Income Credit on the Basis of a Qualifying Child or Children.
8601	RESERVED	na
8701	Shared responsibility payment (SRP) (for W&I Campus Compliance and SB/SE Campus Exam use only)	The Shared Responsibility Payment (SRP) you reported on your tax return may be adjusted pending the outcome of our examination. Please provide us with a copy of the worksheet that was used to compute the amount of the SRP entered on your tax return. This information is needed to recalculate the SRP based on adjustments to income or family size made during the examination process. If we do not receive the requested information, we will use the information available to compute and assess the adjusted SRP amount.
8702	Premium tax credit (PTC) – missing Form 8962 and PTC claimed	Form 8962, Premium Tax Credit (PTC), is required to support the amount you claimed on your tax return for the premium tax credit. We disallowed the credit and you must repay the advance payments of the premium tax credit, because you didn't file the required form.

Number	Standard Explanation Title	Standard Explanation Text
8703	Premium tax credit (PTC) – missing Form 8962	Form 8962, Premium Tax Credit (PTC), is required to reconcile the advance payments of the premium tax credit made for you. You must repay the advance payments of the premium tax credit because you didn't file the required form.
8704	Premium tax credit (PTC) – household income less than 100 percent FPL	You aren't eligible for the premium tax credit because you reported a household income of less than 100 percent of the federal poverty level for your family size on Form 8962, Premium Tax Credit (PTC).
8705	Premium tax credit (PTC) – Form 8962, part 5, incorrect or incomplete	The information you reported in Part 5 of Form 8962, Premium Tax Credit (PTC), is either incorrect or incomplete. We recomputed your premium tax credit without using the alternative calculation for year of marriage.
8706	Premium tax credit (PTC) – Form 8962, part 4, incorrect or incomplete	The information you reported in Part 4 of Form 8962, Premium Tax Credit (PTC), is either incorrect or incomplete. We recomputed your premium tax credit without using the allocation percentages.
8707	Premium tax credit (PTC) – no health insurance marketplace data	We disallowed the premium tax credit you claimed on Form 8962, Premium Tax Credit (PTC), because we couldn't verify that you or anyone listed on your return was enrolled in a qualified health plan through the Health Insurance Marketplace. You must have purchased a qualified health plan from the Health Insurance Marketplace to be eligible for the credit.
8708	Premium tax credit (PTC) – health insurance marketplace data conflicts with return	The amounts you reported for premiums, second lowest cost silver plan, and/or advance payments of the premium tax credit in Part 2 of Form 8962, Premium Tax Credit (PTC), don't match the information we received from the Health Insurance Marketplace. We recomputed your premium tax credit.

Number	Standard Explanation Title	Standard Explanation Text
8709	Premium tax credit (PTC) – statutory adjustment to PTC	We recomputed your premium tax credit based on the changes we made to your tax return.
8710	Premium tax credit (PTC) – statutory adjustment to repayment of advanced PTC	We adjusted your premium tax credit based on the information we received from the Health Insurance Marketplace. The adjustment to the premium tax credit resulted in a change to the repayment of the advance payments of the premium tax credit.
8711	Individual shared responsibility payment (SRP) - adjustment due to change in household income	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated using your household income. Your household income is the sum of your modified adjusted gross income (MAGI) and the MAGI of each dependent reported on your return if that dependent is required to file his or her own tax return. Your MAGI is computed by adding any excluded foreign income and tax exempt interest received to your adjusted gross income. Due to the change we made to your MAGI, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.

Number	Standard Explanation Title	Standard Explanation Text
8712	Individual shared responsibility payment (SRP) - adjustment due to change in household income - family member	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated using your household income. Your household income is the sum of your modified adjusted gross income (MAGI) and the MAGI of each dependent reported on your return if that dependent is required to file his or her own tax return. Your MAGI is computed by adding any excluded foreign income and tax exempt interest received to your adjusted gross income. During our examination of your tax return, we found that you did not include the MAGI of one or more family members who were required to file his or her own return. As a result, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.
8713	Individual shared responsibility payment (SRP) - adjustment due to change in month(s) of coverage	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated based on each month that you or another member of your tax household did not have either minimum essential coverage or a coverage exemption. During our examination of your tax return, we found that you incorrectly reported the number of months that either you or a member of your tax household had minimum essential coverage or an exemption. As a result, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.

Number	Standard Explanation Title	Standard Explanation Text
8714	Individual shared responsibility payment (SRP) - adjustment due to no minimum essential coverage or exemption. SRP not reported on return (silent return)	Internal Revenue Code Section 5000A imposes an individual shared responsibility payment (SRP) if you or another member of your tax household did not have either minimum essential coverage or a coverage exemption for each month of the year. During our examination of your tax return, we found that you, or a member of your tax household, did not have either minimum essential coverage or a coverage exemption for one or more months during the year. As a result, we computed your SRP as shown in the attached worksheet.
8715	Premium tax credit (PTC) –second lowest cost silver plan	The amounts you reported for the second lowest cost silver plan (SLCSP), in Part 2 of Form 8962, Premium Tax Credit (PTC), exceed the allowable amount for your geographic location. Therefore, we disallowed the premium tax credit you claimed.
8716	Premium tax credit (PTC) –income or family size	Based on the income or family size reported on your return, the premium tax credit appears incorrect. We disallowed the premium tax credit you claimed on Form 8962, Premium Tax Credit (PTC).
8717	Individual shared responsibility payment (SRP) - adjustment due to change in filing status	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated based on your filing status. During our examination of your tax return, we found that you did not report the correct filing status. As a result, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.

Number	Standard Explanation Title	Standard Explanation Text
8718	Individual shared responsibility payment (SRP) - adjustment due to change in number of personal and/or dependency exemptions	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated based on the months that you or another member of your tax household did not have minimum essential coverage or a coverage exemption. During our examination of your tax return, we found that you did not claim the correct number of personal and/or dependency exemptions for the members of your tax household. As a result, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.
8719	Individual shared responsibility payment (SRP) - adjustment due to change in filing status and number of personal and/or dependency exemptions	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated based on your filing status and the months that you or another member of your tax household did not have minimum essential coverage or a coverage exemption. During our examination of your tax return, we found that you did not report the correct filing status and did not claim the correct number of personal and/or dependency exemptions for your tax household. As a result, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.

Number	Standard Explanation Title	Standard Explanation Text
8720	Individual shared responsibility payment (SRP) - adjustment due to change in household income, and either a change in filing status or number of personal and/or dependency exemptions	Your individual shared responsibility payment (SRP), as required by Section 5000A of the Internal Revenue Code, is calculated based on your household income, filing status and the months that you or another member of your tax household did not have minimum essential coverage or a coverage exemption. Your household income is the sum of your modified adjusted gross income (MAGI) and the MAGI of each dependent reported on your return if that dependent is required to file his or her own tax return. Your MAGI is computed by adding any excluded foreign income and tax exempt interest received to your adjusted gross income. During our examination of your tax return, we found that you did not properly compute MAGI, report the correct filing status and/or claim the correct number of personal and/or dependency exemptions for your tax household. As a result, we adjusted your individual SRP accordingly. We attached a worksheet to show how we made our change to your individual SRP.
8721	Premium tax credit (PTC) disallowed – household income greater than 400 percent of federal poverty line (FPL)	You aren't eligible to claim the premium tax credit because your household income is greater than 400 percent of the federal poverty line for a family of your size. Thus, you must repay any advance payments of the premium tax credit paid on your behalf. You may refer to Pub 974, Premium Tax Credit (PTC), for additional information.
8722	Premium tax credit (PTC) disallowed – other minimum essential coverage (MEC) available	We disallowed the premium tax credit you claimed on Form 8962, Premium Tax Credit (PTC). Minimum essential coverage (MEC) was available to you through an employer-sponsored plan or governmental-sponsored plan.

Number	Standard Explanation Title	Standard Explanation Text
8723	Premium tax credit (PTC) - tax year 2021	We adjusted your premium tax credit because we could not verify that you received or were approved to receive unemployment compensation for any week beginning in the 2021 tax year.
8801	RESERVED	na
8901	Worldwide income must be reported	Since you are a resident alien of the United States, you are required to report on Form 1040 your income from worldwide sources, the same as a citizen of the United States.
8902	NR alien-no standard deduction	Since you are a nonresident alien, you cannot take the standard deduction.
8903	Dual status year-compute for both periods	Since you were a resident alien for part of the tax year and a nonresident alien for part of that year, you must compute your tax liability separately for each period and combine the amounts on Form 1040.
8904	NR alien-must use 1040 NR	Since you were a nonresident alien during the taxable year, you must report your United States income on Form 1040NR.
8905	NR alien-allowed only one exemption	Since you were a nonresident alien during the taxable year, you are allowed only one exemption.
8906	NR alien cannot use H of H	A nonresident alien may not use the head of household column of the tax table.
8907	Dual status restrictions	Since the information provided indicates that you had a dual status (that is, you were a resident alien for part of the taxable year and a nonresident alien for part of the taxable year), you are required to file Form 1040 because you were a U.S. resident on the last day of the taxable year. A dual status taxpayer may not claim the standard deduction or head of household status.

Number	Standard Explanation Title	Standard Explanation Text
8908	NR alien-no trade or business flat 30 percent	A nonresident alien not engaged in a trade or business with the United States at any time during the taxable year and who has U.S. income on which the tax liability was not satisfied by the withholding of tax at the source must file Form 1040NR, reporting income from United States sources. No deductions are allowable, and the income is taxed at a flat 30 percent (or lower treaty rate).
8909	NR alien performing services-use of 1040 NR	A nonresident alien who performs personal services in the United States at any time during the taxable year is generally considered as engaged in a trade or business in the United States and must file Form 1040NR. A nonresident alien taxpayer may not claim the standard deduction or head of household status.
8910	Itemized deductions for NR alien limited	We have adjusted your itemized deductions. The only allowable itemized deductions for nonresident aliens are state and local income taxes paid or withheld on income connected with a U.S. trade or business, charitable contributions, certain casualty or theft losses, and miscellaneous expenses related to the conduct of a U.S. trade or business.
8911	Foreign trade/business deductions not allowed if NR alien in U.S.	A non-resident alien engaged in a trade or business in the United States may only deduct expenses connected with the earning of United States income from that trade or business. Accordingly, your other deductions are disallowed and taxable income is increased.

Number	Standard Explanation Title	Standard Explanation Text
8912	Married to NR alien not entitled H of H must have another qualified individual	A United States citizen married to a nonresident alien cannot file as head of household unless the citizen qualifies for that filing status on the basis of maintaining a household for an individual who is not his or her spouse.
8913	Spouse NR alien qualified head of household	Since you are a United States citizen or resident married to a nonresident alien and qualify as unmarried for head of household purposes, you may use the head of household tax rates.
8914	Disallowed living expenses/indefinite assignment	Since you have not overcome the one-year presumption that you were on an indefinite assignment, we have disallowed your living expenses.
8915	Wrong treaty rate used in tax computation	Your tax shown on Form 1040NR was refigured because you used the wrong treaty rate in the original computation. You may only use the rate called for in the tax treaty that applies (see IRC 894.)
8916	Treaty benefits not allowed/not established resident of country	Tax treaty benefits have not been allowed because you have not shown that you were a citizen or resident of a treaty country.
8917	NR alien moving expenses to foreign assignment	A nonresident alien's expense in moving to a foreign work assignment is not deductible. Moving expenses are considered business expenses related to income earned after the move. Since a nonresident alien is not taxed on foreign source earned income, business expenses related to this income are not allowable deductions.
8918	Tax figured as resident alien/joint/both must sign	Based on the information provided, we have figured your tax as a resident alien filing a joint return with your spouse. If you wish to elect this joint filing status, both you and your spouse must sign the audit report and send the additional tax due, if any, with the signed report.

Number	Standard Explanation Title	Standard Explanation Text
8919	Definition of domicile	Domicile is your place of historical residence and/or fixed and permanent abode. Merely residing in a new location for a period of time does not constitute the establishment of a domicile. Since you have not established that you were domiciled in a community property country or state during the taxable year, community property benefits are not allowed.
8920	Nonresident alien-property transfers	The nonrecognition rules regarding property transfers to a spouse do not apply to a spouse who is a nonresident alien.
8921	NR alien/interest not taxable	Because you were a nonresident alien during the tax year, the interest you received is not taxable in the U.S.
8922	Resident alien not entitled to treaty benefits	Because you have been classified as a resident alien, you are not entitled to claim treaty benefits.
8923	Substantial presence test met	Because you met the substantial presence test and do not meet any of the exceptions to the test, we classified you as a resident alien for tax purposes.
8924	U.S. source capital gain/nonresident	The U.S. source capital gain net income of a nonresident alien individual is subject to U.S. tax if effectively connected with the conduct of a U.S. business. Therefore, your tax has been recomputed as shown.

Number	Standard Explanation Title	Standard Explanation Text
8925	NR alien/income derived from U.S. source	As a nonresident alien who is not otherwise engaged in a U.S. trade or business and who is temporarily present in the U.S. as a non-immigrant, you are considered to be engaged in U.S. business. Therefore, any taxable portion of a scholarship, fellowship grants or expenses incidental thereto the extent derived from the U.S. source are taxable at the same rates applicable to a U.S. citizen (but subject only to a 14 percent withholding rate). Therefore, adjustments are made accordingly.
8926	Scholarship or fellowship received by a foreign student/exempt	A scholarship or fellowship received by a foreign student or exchange visitors from a foreign government or from certain binational, multinational and international organizations is exempt from tax. Therefore, your tax was recomputed as shown.
9001	Benefits not allowed if not domiciled in comm. prop. state	Since you were not domiciled in a community property state during the taxable year, you may not claim community property benefits.
9002	Tax computed per comm. prop. laws/computation	Since you were married and domiciled in a community property state, we have computed your tax liability in accordance with community property laws.
9003	Spouse not domiciled in comm. prop. State	Since you were domiciled in a community property state during the taxable year, you may claim community property benefits even if your spouse was not domiciled in a community property state during the taxable year.
9004	Spouse domiciled in comm. prop. state-must use comm. prop. laws com	Since your spouse was domiciled in a community property state, you must use community property laws to compute your tax liability. See the accompanying computation.

Number	Standard Explanation Title	Standard Explanation Text
9005	Before marriage-rules do not apply/see computation	Community property benefits do not apply before the date of your marriage. We have recomputed your taxable income as shown in the attached computation.
9006	Retired before marriage	Since the spouse retired before marriage, the retirement income received is that spouse's separate income.
9007	Income earned before marriage	Community property benefits do not apply to income earned before the date of marriage. Tax withheld prior to the marriage is being credited to your spouse's account.
9008	Domicile establishment rule	An assignment in a community property state due to military orders does not constitute establishment of domicile in that state.
9009	Separate returns-deductions allocated	When a husband and wife file separate returns claiming community property benefits, half of the community income and half of the itemized deductions are allocated to each spouse. Therefore, we have disallowed half of the itemized deductions you claimed.
9010	Disallowed benefits/not estab spouse inc subject to community benefits	It has not been established that your spouse's income is subject to the law of any jurisdiction that grants one spouse a present vested interest in 50 percent of the other's income from personal services. Therefore, we have disallowed community property benefits.
9011	NR alien and spouse-no joint return election-no comm. laws apply	Since you and your nonresident alien spouse did not elect to file a joint return for the tax year, community property laws do not apply to earned income, business income, partnership income, and income from separately owned property. Therefore, that income is treated as belonging to the spouse earning the income or owning the property.
9101	Math error	We have adjusted your return because of a mathematical error on it.

Number	Standard Explanation Title	Standard Explanation Text
9102	Wrong line/column of tax table	The tax on your return was incorrectly computed from a column or line of a Tax Table.
9103	Used tax table/should have been tax rate	The tax on your return was incorrectly computed from a Tax Table instead of a Tax Rate Schedule.
9104	Amount claimed twice	This amount is not deductible since it was properly claimed elsewhere on your return.
9201	Not organization exempt from tax	You do not qualify as an organization exempt from taxation. See IRC 501(c).
9202	Accumulated earnings tax/computation	We have applied the accumulated earnings tax because you were ed or availed of for the purpose of your shareholders avoiding income tax. See the attached computation.
9203	Dividend received deduction/computation	We have adjusted your dividend received deduction as shown in the accompanying computation.
9204	Surtax exemption/computation	Since you are a component member of a controlled group of corporations as described in IRC 1563, and the members did not consent to an apportionment plan as provided in IRC 1561(a), we have apportioned the surtax exemption as provided in IRC 1561(a). Your allowable surtax exemption is shown in the computation of tax.
9205	Surtax exemption/1975 and after	Since you are a component member of a controlled group of corporations as described in IRC 1563, only one surtax exemption is allowable. We have apportioned this exemption equally among the group because a consent for unequal allocation was not made under IRC 1561(a), (for years 1975 and after.)
9206	Personal holding company tax	Since you are a personal holding company as defined in IRC 542 you are liable for personal holding company tax.

Number	Standard Explanation Title	Standard Explanation Text
9207	Personal holding company per income	Since 60 percent of your adjusted ordinary gross income consisted of dividends, interest, and royalties, you qualify under IRC 542 as a personal holding company. You are, therefore, subject to the personal holding company tax imposed by IRC 541. See the attached computation.
9208	Tax withheld on nonresident aliens	The payments you made to nonresident aliens in the amounts shown are subject to the withholding rate provided by IRC 1441(a). Since you did not withhold the tax, and did not establish that the recipient of the payments paid the United States tax, you are liable for the tax that should have been withheld. See attached computation.
9209	Interest on loan to non-resident foreign corp.	The interest you paid to a nonresident foreign corporation on a loan in the amount shown is subject to the 30 percent rate of withholding provided by IRC 1441(a). Since you failed to withhold the tax, and have not established that the recipient of the payments has paid the United States tax as required by law, you are liable for the tax that should have been withheld.
9210	Interest paid nonresident alien	The interest you paid to a nonresident alien in the amounts shown is subject to the 30 percent withholding rate provided by IRC 1441(a). Since you failed to withhold the tax, and have not established that the recipient of the payments has paid the United States tax as required by law, you are liable for the tax that should have been withheld.
9211	S corporation TI/Loss-computation	We have adjusted your share of the S corporation's taxable income or loss as shown in the accompanying computation.

Number	Standard Explanation Title	Standard Explanation Text
9212	Adjusted due to results of S corporation return/shareholder	We adjusted your return in accordance with the examination results of the S corporation return (Form 1120S) of which you are a shareholder.
9213	Adjusted in accordance with S corporation return	We adjusted your return in accordance with the S corporation return, which has also been examined.
9214	No valid S corporation election	The claimed S Corporation flow-through loss has been disallowed since the entity does not have a valid S Corporation election.
9215	S corporation/loss limited to basis	Your loss flow-through from your S Corporation is limited to your basis.
9216	S corp./disallow personal expenses of shareholders	We have disallowed the personal expenses of your shareholder(s) paid by the S corporation and these expenses may be a constructive dividend to the shareholder(s).
9217	Limited liability company/treat as partnership	For a period prior to January 1, 1997, because your limited liability company (LLC) has more characteristics of a partnership than a corporation it is being treated as a partnership for federal income tax purposes.
9218	Payments from closely held corporation/treat as dividend income	It is determined that your closely held corporation made payments to you (a shareholder not filing a consolidated tax return with that corporation) or for your benefit and/or permitted you to use corporate property without compensation. To the extent of the corporation's earnings and profits such items are dividend income under IRC 301 and IRC 316 and are includible in your gross income. Accordingly, your gross income is increased for such dividend income.

Number	Standard Explanation Title	Standard Explanation Text
9219	Increased distributable share of income from S corporation	We have increased your pro-rata share of income from an S corporation. Accordingly, we adjusted your taxable income to take into account your additional pro-rata share of S corporation income.
9220	Interest paid to tax exempt or related persons/before Dec. 31, 1993	For interest paid or accrued beginning after December 31, 1993, the corporation will be disallowed a deduction for excessive interest paid to a tax exempt related person, or on certain loans guaranteed by certain tax exempt or foreign related persons.
9221	Adjustment per AAR (administrative adjustment request)	We have adjusted your return in accordance with the Administrative Adjustment Request filed by the Tax Matters Person on behalf of the S-Corporation identified on this report.
9222	FSAA default closing	We have adjusted your return in accordance with the examination results for the identified S Corporation. The examination results are based on the Notice of Final S Corporation Administrative Adjustment and the Schedule of Adjusted Items, which were not petitioned during the statutory period.
9223	Court stipulated closing	We have adjusted your return in accordance with the examination results for the identified S Corporation. The examination results are based on the stipulated adjustments in the United States Tax Court decision regarding the S Corporation return.

Number	Standard Explanation Title	Standard Explanation Text
9224	Form 870-S closing; fillable date	We have adjusted your return in accordance with the examination results for the identified S-Corporation. The examination results are based on the Form 870-S, Agreement to Assessment and Collection of Deficiency in Tax for S Corporation Adjustments, and the Schedule of Adjusted Items that were entered into by the Service and the taxpayer on ____ (date)_____.
9301	MFS-not married person living apart-cannot file single	Since you did not establish that you met the qualifications of certain married individuals living apart, we have disallowed the filing status claimed and computed your tax as a married person filing separate.
9302	Allowed head of household	We have allowed you head of household rates in computing your tax because you contributed more than one-half the cost of maintaining a household for at least one qualifying person.
9303	Head of household not maintained for qualifying individual	You do not qualify for head of household rates because you did not furnish more than one-half the total cost of keeping up a home for yourself and a dependent in the tax year.
9304	Married filing separate -spouse filed a separate return	Since your spouse filed a separate return, we have changed your status to married filing separately.
9305	Married filing separately-did not sign the return	Since your spouse did not sign the return, your tax has been refigured using the tax rates for married filing separately.
9306	Head of household-not single or unmarried/disallowed	You do not qualify for head of household rates because you were not single, legally separated, or divorced by a final decree on the last day of the taxable year. An interlocutory decree of divorce does not give you an unmarried status.
9307	Non-resident aliens/cannot file a joint return	Since both of you are non-resident aliens, you may not file a joint return.

Number	Standard Explanation Title	Standard Explanation Text
9308	Requirements defined head of household	<p>To qualify as head of household you must be unmarried or legally separated on the last day of the tax year or considered unmarried because your spouse did not live with you during the last six months of the year. Also, you must have paid over one-half of the total cost of maintaining a household that was the main home for over one-half of the year for you and one of the following individuals (entire year for foster child) for whom you could claim a dependency exemption:</p> <ul style="list-style-type: none"> (a) your unmarried child, grandchild, stepchild, adopted child, or foster child; (b) your father or mother who lived in your home. (If your parent does not live with you, you may be entitled to head of household rates if you paid more than half the cost of maintaining a household that was the main home for the entire taxable year of the parent for whom you could claim a dependency exemption); or (c) any other relative who lived with you.
9309	Joint return-must include all income for both parties	<p>When a joint return is filed, it must include all the income of both spouses. We have, therefore combined your spouse's wages reported separately with those reported on your joint return.</p>
9310	Married filing separate-change in kind of deductions claimed by both	<p>Married persons who filed separate returns may change the kind of deduction claimed only if both take the same kind of deduction, and they file a consent to the assessment of any additional tax that either one may owe as a result of the change.</p>
9311	Separate return after joint before due date/inc & cr of spouse	<p>If one spouse files a separate return after a joint return has been filed but before the due date of the return, that spouse's income and credits must be deleted from the superseded joint return and claimed on the appropriate separate return.</p>

Number	Standard Explanation Title	Standard Explanation Text
9312	Income and credits deleted from joint return	Your income and credits have been deleted from the superseded joint return and entered on your separate return.
9313	Tax figured using head of household filing status	Your tax has been figured using the filing status for head of household.
9314	Surviving widow(er)-not qualified/changed to single	We have changed your filing status to single because you have not shown that you are entitled to the tax rates for a surviving widow(er) with a dependent child.
9315	Chg. from MFS only if both file consent of additional tax	In accordance with your agreement to file jointly, the tax has been refigured as a joint return. Both signatures are required on the examination report, and you must pay any additional tax due.
9316	Not married during tax year	Since you were not married on the last day of the tax year, you may not file as married filing jointly.
9317	Single instead of status shown	We refigured your tax using the single status since you do not qualify for the status shown on your return.
9318	Disallowed H of H claim	You do not qualify for head of household rates because your household was not the principal abode of a qualifying relative for more than one-half of the taxable year.
9319	Not married/tax calculated as single	Since you were not married during the tax year, we figured your tax using the rates that apply to single individuals.
9320	Married/not joint/tax calculated as MFS	Since you were married during the tax year but did not elect to file a joint income tax return, we figured your tax using the rates that apply to married individuals filing separately.
9321	Income/credits deleted from separate return and put on joint	Your income and credits have been deleted from the separate return and entered on your joint return.
9322	Filing status – separate return - spouse used same address	Since your spouse filed a separate return and used the same address, you may not file Head of Household or Married Filing Separate.

Number	Standard Explanation Title	Standard Explanation Text
9401	Allowed as expense from gross income	We have allowed this expense as a deduction from gross income in arriving at adjusted gross income.
9402	Disallowed as expense from gross income	We have disallowed this expense as a deduction from gross income in arriving at adjusted gross income.
9403	Supersedes prior report	This report supersedes the one sent to you earlier.
9404	Amended return considered claim considered in report	This report was completed after consideration of the items shown in your claim or amended return.
9405	Abstract from state is basis for change	Information on which we based our adjustments was derived from your state's taxing agency.
9406	Energy conservation exclusion/no longer available	The exclusion for energy conservation subsidies is no longer available.
9407	Add'l item allowed which was not claimed on return	Although not claimed on your return, this deduction has been allowed on the basis of information available.
9408	Adjusted as verified	The deduction has been adjusted to the amount verified.
9409	Not an allowable deduction	This item is not an allowable deduction.
9410	Adjustments according to our previous discussion	The adjustments are in accordance with our previous discussion.
9411	Exempt income-expense of earning is not deductible	Expenses allocable to exempt income are not deductible.
9412	No info furnished/disallowed	We have disallowed the amount shown on your return because you did not furnish information needed to support the claimed deduction.
9413	Duplication of items adjusted out	Your return has been adjusted because you deducted the same item more than once on your return.
9414	Allowed reasonable amount/not substantiated as claimed	You are required to substantiate each claimed deduction. Since you did not do so, we have adjusted your deduction to the amount verified or determined to be reasonable based on all available information.

Number	Standard Explanation Title	Standard Explanation Text
9415	Disagreement of authority to tax	The amounts you deducted, credited or omitted on your tax return as an indication of your disagreement with Federal income tax laws are not permitted by law; therefore, we have refigured your tax to include these amounts.
9416	Bribes and illegal payments	IRC 162 denies a deduction for bribes or kickbacks, for fines and penalties paid to a government for violation of law; and two-thirds of the treble damage payments made to claimants under violation of the antitrust law.
9417	Transaction not for profit	Because the transaction was not entered into "for profit" but was a transaction structured for tax avoidance, your deductions are denied.
9418	No business purposes	Because there is no business purpose for this transaction your deduction is denied.
9419	Transaction lacks economic significance	Since the transaction entered into lacks economic significance and is entered into primarily for this tax avoidance purpose, deduction for this transaction is denied.
9420	Claim disallowed	As a result of our examination we have disallowed your claim.
9421	Claim-allowed in part	As a result of our examination we allowed your claim in part as shown in the attached report.
9422	Claim-allowed in full	As a result of our examination, we allowed your claim in full.
9423	Amount claimed elsewhere on return-not deductible	This amount is not deductible since it was properly claimed elsewhere on your return.
9424	Exchange agreements with states	IRS has exchange agreements with state tax agencies under which information about increases or decreases in federal tax liability is exchanged with States. You should check your state tax return and file an amended return if this change affects your state income tax liability.

Number	Standard Explanation Title	Standard Explanation Text
9425	Supplemental report	This report is only a supplemental report. It does not serve to extend the 90-day period for filing a petition to the United States Tax Court.
9426	See enclosed explanation	See enclosed explanation.
9428	Flow through entity	Items in this report do not include adjustments based on examination of the related flow-through entity(s). These adjustments, if any, will be proposed after the partnership, small business corporation, or fiduciary return examination is completed.
9429	Partial report	This partial report of examination includes only adjustments with which you indicated agreement and is not the final determination of this examination.
9430	Prior year tax return	These adjustments are in accordance with the adjustments made to your prior year tax return.
9431	Disallowed as deduction from gross income	We disallowed this expense as a deduction from gross income in arriving at adjusted gross income. It was allowed as an itemized deduction on Schedule A.
9432	Withholding credits adjusted	Your withholding credit(s) was/were adjusted to reflect amount(s) shown on your Form(s) W-2 or Form(s) 1099.
9433	Additional credit for income taxes withheld	You were allowed additional credit for income taxes withheld and not previously reflected on your tax return.
9434	Adj'd due to changes to your Federal Income Tax	We adjusted your other credit as a result of changes to your Federal income tax.
9435	Tax due decreased by withholding not refunded	The tax due will be decreased by the federal withholding credits not refunded.
9436	Disagree with information furnished by payer(s)	If you do not agree with the information furnished to us by the payer(s) listed on the enclosed, please furnish a revised statement from the payer(s) to show the corrected amount and/or type of income you received for the tax year shown.

Number	Standard Explanation Title	Standard Explanation Text
9437	Copy of notice or report sent to representative as requested	We sent a copy of this notice or report to your representative as you requested in your Power of Attorney designation.
9438	Not a statutory employee/wages to line 7/expenses to Sch A	Statutory employees are employees only for FICA (social security and Medicare) tax purposes, and cannot voluntarily elect to have federal income tax withheld. Since federal income tax was withheld from wages, it appears that you are a regular employee rather than a statutory employee. Therefore, we have moved the wages to line 7 of your Form 1040, and the expenses to Schedule A (subject to the 2 percent adjusted gross income limitation).
9439	Discharge of indebtedness forgiven due to bankruptcy/IRC 108(a)	It is determined that indebtedness which was discharged or forgiven due to bankruptcy is excludible from your gross income in accordance with the provisions of IRC 108(a). However, IRC 108(b) provides for reduction of certain tax attributes up to the amount of discharged indebtedness which was excluded from your gross income under IRC 108(a).
9440	Death benefit exclusion disallowed/after Aug. 20, 1996	We have disallowed the Death Benefit Exclusion claimed. For employees dying after August 20, 1996, the exclusion is no longer available.
9445	TP husband granted innocent spouse relief/IRC 6015(b)	Taxpayer husband has been granted innocent spouse relief under IRC 6015(b).
9446	TP wife granted innocent spouse relief/IRC 6015(b)	Taxpayer wife has been granted innocent spouse relief under IRC 6015(b).
9447	TP husband does not qualify for innocent spouse relief/IRC 6015(b)	Taxpayer husband does not qualify for innocent spouse relief under IRC 6015(b).
9448	TP wife does not qualify for innocent spouse relief/IRC 6015(b)	Taxpayer wife does not qualify for innocent spouse relief under IRC 6015(b).
9449	TP husband's election to allocate joint and several liability disallowed	Taxpayer's husband's election to allocate joint and several liability under IRC 6015(c) has been denied.

Number	Standard Explanation Title	Standard Explanation Text
9450	TP wife's election to allocate joint & several liability disallowed	Taxpayer's wife's election to allocate joint and several liability under IRC 6015(c) has been denied.
9451	TP husband granted equitable relief under IRC 6015(f)	Taxpayer husband has been granted equitable relief under IRC 6015(f).
9452	TP wife granted equitable relief under IRC 6015(f)	Taxpayer wife has been granted equitable relief under IRC 6015(f).
9453	TP husband does not qualify for equitable relief under IRC 6015(f)	Taxpayer husband does not qualify for equitable relief under IRC 6015(f).
9454	TP wife does not qualify for equitable relief under IRC 6015(f)	Taxpayer wife does not qualify for equitable relief under IRC 6015(f).
9455	Refund released-proposed tax increase; fillable amounts	The portion of your refund withheld \$_____ has been released. You should receive it within 6-8 weeks. We have not deducted from this refund the proposed tax increase of \$_____ shown in the enclosed report.
9456	Estimated payments	Although not shown on this report, the estimated payment(s) and any payments made with extensions has (have) been received and credited to your account.
9457	Power of attorney	We cannot honor the Power of Attorney you submitted because it was not properly signed, dated, or the required tax year information was not entered on the form.
9458	Pre-payment credit - full refund	The refund shown on your return appears on this report as a change to a pre-payment credit.
9459	Pre-payment credit - partial refund	The remaining amount of the refund shown on your return appears on this report as a change to a pre-payment credit.
9460	Refund interest	Our report of changes to your income tax return resulted in a decrease to the amount of tax owed. Although not shown on this report, credit interest will be allocated upon the final processing of your return, and you will receive a notice stating the interest received.

Number	Standard Explanation Title	Standard Explanation Text
9461	Erroneous refund	We are sorry but the refund that we sent to you is incorrect because we overpaid you by the amount shown in this report. We regret the error and thank you for helping us to correct it. Because the erroneous overpayment to you was due to an Internal Revenue Service error, and does not exceed \$50,000, no interest will be charged if you pay the amount of the overpayment within 21 days of this notice.
9462	Erroneous report; fillable date	The previous report sent to you on _____ was in error. The attached revised report corrects our error. We are sorry for the inconvenience this may have caused.
9463	Payment	Our report of changes to your Income Tax Return resulted in additional tax. The interest charges shown on the enclosed interest schedule have been estimated for your convenience. It is to your advantage to pay the full amount due now since additional interest will be charged until payment is received. You can make your check payable to the United States Treasury. Please show your Social Security number and the tax year for which the payment is intended, on your check, to help us properly identify your account. If you are unable to pay the full amount at this time, you may make a partial payment now and submit a written request for an installment payment plan. Interest will be charged on the unpaid amount until payment is received.
9464	Information provided	The information that you provided has been considered and your return has been adjusted accordingly.

Number	Standard Explanation Title	Standard Explanation Text
9465	Changes to income, tax or other credits change this credit	We adjusted your credit as a result of changes to your filing status, income, taxes, or other credits.
9466	Wages removed as income	Since we are unable to verify the Wages you reported on your tax return, we are removing this income.
9467	Withholding disallowed	Since we are unable to verify the Federal Withholding you reported on your return, we have disallowed that amount.
9501	General statement/reconsider proposed adjustment	We disallowed the amount shown on your return because we did not receive an answer to our request for supporting information. To be allowed a deduction, expense, exemption, credit, or other tax benefit, you must establish that you have met all requirements of the law. If you furnish the necessary information, we will be glad to reconsider the proposed adjustment.
9502	General statement/information to support amount claimed on return	We are not allowing the amount on your return because we did not get an answer to our request for information to support your entries. You cannot claim deductions, credits, exemptions, or other tax benefits unless you can show that you meet all of the requirements to be eligible for them.
9503	General statement/received additional income/reconsider proposed adjustment	From records and information available, we determined that you received additional income in the amount shown from the sources indicated. Since we did not receive an answer to our request for supporting information, we added the amount shown, to your taxable income. If you furnish the necessary information, we will be glad to reconsider the proposed adjustment.

Number	Standard Explanation Title	Standard Explanation Text
9504	Disallowed-no response	It was determined that you are not allowed a deduction in the amount(s) and in the year(s) shown above since it has not been established that the deduction was incurred, paid, or expended for the designated purpose. Furthermore, it has not been established that you are entitled to the deduction under any Section of the Internal Revenue Code. Accordingly, your Sch A has changed. See the attached computation.
9505	No response - claim	We are proposing to disallow your claim in full or in part because we did not receive a response to our request for supporting information.
9601	Loss limitation/"at risk" definition	Your loss is being limited to the amount of capital which you have at risk in the of capital contribution, income minus losses taken on prior returns, and venture liabilities. See IRC 465(b)(6) for an exception for qualified nonrecourse financing.
9602	Loss limitation to "at risk" amount/except for real estate	In general, partners cannot deduct losses greater than the amount they have "at risk" in the partnership. Partners are "at risk" with respect to an activity only to the extent of cash and adjusted basis of other property they contribute, as well as amounts borrowed for use in the activity. Partners are not "at risk" for any loss limited by stop-loss agreements, guarantees, or similar arrangements. See IRC 465(b)(6) for an exception for qualified nonrecourse financing.
9603	Losses/not connected to trade or business of partnership	Losses not connected with the partnership's trade or business are not deductible by the partnership but are to be reported separately by the partnership on Schedules K and K-1.

Number	Standard Explanation Title	Standard Explanation Text
9604	Basis recalculation/ loss disallowed	We adjusted the reported partnership loss in accordance with the partners' basis refigured as shown in the attached computation.
9605	Basis limits loss	Partnership losses are limited to the extent of a partner's basis. IRC 752(c) limits the use of liabilities to increase basis only to the extent of the fair market value of the underlying assets. Based on an analysis of the fair market value within the context of the transaction, your loss is denied.
9606	At risk loss limitation	We decreased your partnership loss deduction because it is more than the amount you have "at risk".
9607	Distributive share/flow through to individual	We adjusted your distributive share of the partnership income or loss as shown in the attached computation.
9608	Guaranteed payments/for use of capital	Guaranteed payments the partnership makes to a partner for services or use of capital are deductible only if they meet the requirements of IRC 162 and are made without regard to partnership income. Since the amount you deducted was a distributive share of partnership profits, it has been disallowed.
9609	Guaranteed payments/included in income	Payments to a partner for services rendered in organizing a partnership must be capitalized by the partnership but included in the income of the partner. They are not currently deductible. The partnership may elect to amortize the organization fees and expenses paid or incurred over not less than 180 months under IRC 709.
9610	Capitalize loan costs	The loan issuance costs cannot be deducted as current expenses. They should be capitalized and recovered over the term of the loan.

Number	Standard Explanation Title	Standard Explanation Text
9611	Prepaid interest/deduct over period of loan	In general, both accrual and cash basis partnerships must deduct prepaid interest payments over the period of the loan instead of when actually paid.
9612	Net lease on interest expense	Although a partnership can deduct all interest expense on funds it borrowed to purchase or carry rental property subject to a net lease, each partner must take only his or her distributive share into account in figuring the deduction limitation on passive activity losses.
9613	Rent expense; when deductible by partnership	The partnership may deduct rent expense only if it complies with the requirements of IRC 162, the partnership has no equity in the property.
9614	Interest expense/limitation on deductibility	Only interest expense on indebtedness incurred for the operation of the trade or business of the partnership (for example; mortgages, bank loans, etc.) is deductible. A partnership cannot deduct interest expense on funds borrowed to purchase or carry property held for investment. Any such amounts must be separately stated as an itemized deduction of the partners on Schedule K. We refigured your interest expense accordingly.
9615	Taxes - itemized deduction - not deductible by partnership	Taxes incurred in the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income are reportable separately to the partners as an itemized deduction. Only taxes paid or incurred as business expenses of the partnership may be deducted by the partnership.
9616	Loss limited to partner's basis/loss disallowed	Partnership losses are limited to the extent of partner's basis. Since you failed to furnish information to support that you have any basis in the partnership, your partnership loss is disallowed.

Number	Standard Explanation Title	Standard Explanation Text
9617	Farming syndicate	In a farming syndicate, deductions for prepaid expenses (for example; seed, feed, fertilizer, etc.) are not allowed. This deduction is only allowed in the tax year when the supplies are actually used or consumed.
9618	Commitment fees	Commitment fees do not constitute a current deduction. They may only be deducted ratably over the entire period of the loan.
9619	Start up costs	Since you were not in a trade or business while the start-up costs were incurred by your partnership, we are capitalizing and amortizing these costs as shown in the attached computation.
9620	Capitalize investment advice expense	The fee you paid to others for investment advice on the acquisition of your partnership interest must be capitalized and therefore is not currently deductible.
9621	Corporate characteristics	For a period prior to January 1, 1997, because your partnership has more corporate than noncorporate characteristics it will be treated as an association that is taxable as a corporation. Your return was adjusted accordingly.
9622	Increase in partnership income	Your share of partnership income was increased under IRC 61. See the attached exhibit for adjustments to the partnership.
9623	Distributive share/capital gains/losses	We adjusted your distributive share of partnership capital gains or losses as shown in the attached computation.
9624	Disallowed income re K-1	We adjusted your partnership income in accordance with Schedule K-1.
9625	Partnership interest sale	Because you secured your partnership interest by performing services, the acquisition of this interest will result in ordinary income rather than capital gain. We adjusted your return accordingly.

Number	Standard Explanation Title	Standard Explanation Text
9626	Income of partnership increased	We adjusted your return in accordance with the partnership return, which has also been examined.
9627	Allocation not provided for in partnership agreement	Because the partnership agreement does not provide for special allocations or the allocation does not have substantial economic effect, each partner's distributive share is determined by the partner's interest in the partnership. An allocation has substantial economic effect only if reflected as an increase or decrease in the partner's capital account.
9628	P-ship interest in exchange for services rendered	A partner who acquired a partnership interest in exchange for services realizes income.
9629	Organization and syndicate fees	Organization and syndication fees (or amounts paid or incurred to sell a partnership interest) are capital expenditures and are not deductible in the current tax year.
9630	Accelerated deprec./tax preference items	Depreciation of more than straight line taken on real property passes through as a tax preference item to a partner, and is subject to alternative minimum tax.
9631	Rental to partner of vacation home	You can deduct only the amount of rental expense for a vacation home that is offset by gross rental income and that is more than the allowable deduction for interest, taxes, and casualty losses. Since you or your partners used the property for personal purposes for more than 14 days, or 10 percent of the days it was actually rented, whichever is greater, you must divide your expenses between rental use and personal use.
9632	Basis does not include nonrecourse debt	Since your total investment including your note or debt does not approximate the fair market value of the investment, the nonrecourse debt cannot be added to the basis.

Number	Standard Explanation Title	Standard Explanation Text
9633	New partner-time of recognition	The new partner's distributive share of the partnership's items of income, loss deduction, or credit generally may not include any part of such items realized or sustained before entry into the partnership. We refigured these amounts as shown in the attached computation.
9634	IRA/Keogh	Payments by a partnership to a qualified retirement plan (including a Keogh plan) or a partner's individual retirement account are not deductible as a partnership expense. They are to be reported on Schedule K-1 and allocated among the partners. We refigured your return accordingly.
9635	Organization and syndication fees	Payments made to partners for services they render with respect to syndication and organization fees represent capital expenditures and as such are not currently deductible.
9636	Purchases adjusted/personal withdrawals	The cost of purchases is decreased by the cost of any items withdrawn from inventory for personal use.
9637	Nonqualifying dividends/partner's exclusion	A partner may not exclude from income, non-qualifying dividends from foreign corporations, dividends from exempt organizations, and dividends for certain real estate investment trusts. These items are included in income.
9638	Acquisition of assets expense	Expenses connected with acquiring assets for the partnership are not deductible and must be capitalized.
9639	Allocation, special/must have economic effect	Special allocations of income deductions and credits to partners must have substantial economic effect. A recomputation of the partner's allocation is attached.
9640	At risk below zero-losses recaptured	The deducted losses of partners and other investors will be recaptured when the amount "at risk" decreases below zero.

Number	Standard Explanation Title	Standard Explanation Text
9641	Guaranteed payments to taxpayer/partner	Guaranteed payments a taxpayer/partner receives from his partnership are includible in the partner's gross income.
9642	Guaranteed payments/Loss deduction denied partnership	A loss deduction is denied a partnership for guaranteed payments to partners for services connected with acquisition and development of a capital asset. Payments must be capitalized.
9643	Organization of partnership/sale of partnership interest	The partnership tax provisions do not allow a deduction to a partnership or any partner for amounts paid or incurred to organize a partnership or sell an interest in the partnership. The partnership may elect to amortize organization fees and expenses incurred over not less than 180 months under IRC 709.
9644	Syndication expenses	Syndication expenses for issuing and marketing interests in a partnership or venture are not subject to the election to amortize under the law and must be capitalized.
9645	Investigative or start-up costs	For amounts paid or incurred on or before October 22, 2004, investigative or start-up costs of a partnership or business are not deductible but an election may be made to amortize the costs over a period of at least 60 months. If the start-up costs or investigation does not lead to a business, no deduction is allowable. For amounts paid or incurred after October 22, 2004, an election may be made to deduct investigative or start-up cost of a partnership or business up to an amount not in excess of \$5,000 and amortize the remaining balance of these costs over a 180 month period. If the start-up costs or investigation does not lead to a business, no deduction is allowable.

Number	Standard Explanation Title	Standard Explanation Text
9646	Adjustment per AAR (administrative adjustment request)	We have adjusted your return in accordance with the Administrative Adjustment Request filed on behalf of the Partnership identified on this report.
9647	FPAA default closing	We have adjusted your return in accordance with the examination results for the identified partnership. The examination results are based on the Notice of Final Partnership Administrative Adjustment and the Schedule of Adjusted Items, which were not petitioned during the statutory period.
9648	Court stipulation closing	We have adjusted your return in accordance with the examination results for the identified partnership. The examination results are based on the stipulated adjustments in the United States Tax Court decision regarding the Partnership return.
9649	Partnership adjustment	Your return is being adjusted in accordance with the examination results of the partnership return in which you are an investor.
9650	Form 870-P/PT closing	We have adjusted your return in accordance with the examination results for the identified partnership. The examination results are based on the settlement agreement, Form 870-P/PT(AD), and the Schedule of Adjusted Items.
9651	Form 870-L/LT closing	We have adjusted your return in accordance with the examination results for the identified partnership. The examination results are based on the settlement agreement, Form 870-L/LT(AD), and the Schedule of Adjusted Items.

Number	Standard Explanation Title	Standard Explanation Text
9652	Form 906 closing	We have adjusted your return in accordance with the examination results for the identified partnership/S corporation. The examination results are based on the settlement agreement, Form 906, Closing Agreement on Final Determination Covering Specific Matters.
9653	U.S. Court of Federal Claims	This adjustment is being made pursuant to the petition filed in U. S. Court of Federal Claims. In order for the petition to be accepted by the U. S. Claims Court, the filing partner/shareholder must deposit, with the Internal Revenue Service, the amount by which his/her individual income tax liability would increase if the partnership's corporation's items on his/her return were adjusted based on the Final Partnership/S Corporation Administrative Action (FPAA/FSAA) notice. The Internal Revenue Service must also assess and collect any tax created by this action.
9654	TEFRA bankruptcy; fillable date	This adjustment is being made in accordance with the bankruptcy petition that you filed on _____. Per Treas. Reg. 301.6231(c)-7, the Service has one year from the date the bankruptcy petition is filed to either make an assessment pertaining to the TEFRA Partnership/S Corporation issues, or issue a Statutory Notice of Deficiency.
		Although there is no tax increase in this year due to your negative AGI/TXI, this is your official notification that we have adjusted your case for the issue listed above.

Number	Standard Explanation Title	Standard Explanation Text
9655	TEFRA partnership ordinary income (loss)	The examination of this partnership indicates that your distributive share of ordinary income (loss) should be corrected as shown above. A detailed report that sets forth the adjustments to the partnership income has been furnished to the Tax Matters Partner. Please contact such individual or organization for additional information.
9656	TEFRA partnership investment credit	An examination of this partnership indicates that your distributive share of investment credit should be corrected as shown above. A report that sets forth the partnership adjustments has been furnished to the Tax Matters Partner. Please contact such individual or organization for additional information.
9657	TEFRA trust	An examination of the trust indicates that your share of the income/loss should be corrected as shown above. A detailed report, which sets forth the adjustments to the trust, has been furnished to the Tax Matters Partner. Please contact such individual or organization for additional information.
9658	Tier adjustment	The adjustment is due to the examination of [key case name]. A Form 870 (P/PT or S) has been signed and executed agreeing to the adjustments flowing through [tier name]. This agreement also binds you to the resulting change to your return.
9659	Tax court decision tier adjustment	The United States Tax Court decision on the examination of [key case name] flows through [tier name]. This decision also binds you to the resulting changes to your return.

Number	Standard Explanation Title	Standard Explanation Text
9701	Ordinary expenses	An ordinary expense is one that is customary or usual. This does not mean customary or usual within the taxpayer's experience, but rather customary or usual within the experience of a particular trade or industry. In your trade or industry of retail home distributorship, "dream teams", excessive motivational meetings, etc., are not ordinary. Therefore, we allowed expenses commensurate with your level of business activity.
9702	Attendance at meetings	Attendance at seminars, meetings, and rallies with a general social atmosphere, is not conducive to active pursuit of your business and has been determined to be primarily personal in nature and therefore not deductible. (IRC 274).
9703	Business trips	To claim expenses for out of town travel, specific documentation is required. However, the deductibility of a trip depends on whether it is primarily related to the taxpayer's trade or business or is primarily personal. The determining factor is the time during the trip spent on personal activity compared with the time spent on business. Though we recognize that some business is conducted on your trips, most of the activity is personal. Therefore, the trips listed below and any related expenses were disallowed. (Treas. Reg. 1.162-2(b)(2)).
9704	Product samples	Products that new or prospective customers sample, then return to you to be used personally, or products that you demonstrate, then use personally, or products that you wear for demonstration, but are adaptable to general use are all nonbusiness personal expenses. (Treas. Reg. 1.262)

Number	Standard Explanation Title	Standard Explanation Text
9705	Telephone expenses	Only telephone expenses incurred in active pursuit of your business over and above your normal charges are deductible. Taking a percentage of your base rate is not an expense over and above your normal charges.
9706	Subscriptions to magazines	Subscriptions to national magazines and newspapers with little or no possibility of business use are a nondeductible personal expense. (IRC 262)
9707	Board meetings	Board meeting between husband and wife are not ordinary and necessary business expenses, but personal entertainment expenses, and are therefore not deductible. (Treas. Reg. 1.162)
9708	Capital expenditures	Tape recorders and other equipment are capital expenditures if their useful life is more than one year. (Treas. Reg. 1.263(A)-1) This item has been disallowed as a current deduction. A depreciation schedule is provided for your convenience.
9709	Charge for basic telephone line	The basic telephone service charges for the first telephone line to any residence of the taxpayer is considered to be a personal expense. Therefore, we have disallowed it.
9801	Per tax court determination	Per Tax Court determination.
9802	Per stipulated decision	Per stipulated decision.
9803	Per settlement reached	The adjustments made to the following partnership are based on the settlement reached in the Appeals office.

Number	Standard Explanation Title	Standard Explanation Text
9901	Sch C loss reduced/office in home	We reduced your Schedule C loss by the office in the home expense claimed. Home office deductions are limited by IRC 280A to the gross income from that business activity reduced by the sum of the percentage of the otherwise deductible mortgage interest, real estate taxes, losses from casualty and theft and deductions allocable to the business or rental activity but not allocable to the use of the unit itself.
9902	Land clearing expense no longer allowed	The land clearing expenses deducted on Schedule F are no longer allowed.
9903	Not qualify-special tax treatment-lump sum distribution	Since a portion of your lump sum distribution was rolled over, you do not qualify for special tax treatment on the lump sum distribution received.
9904	Not qualify-special tax treatment-not age 50/not qualifying pension	You do not qualify for special tax treatment on the lump sum distribution you received because (1) you were not age 50 or older on January 1, 1986 or (2) the distribution was not from a qualifying pension, profit sharing or stock bonus plan.
9905	Not qualify-special tax treatment-not a participant for 5 years	You do not qualify for special tax treatment on the lump sum distribution received because (1) the lump sum distribution was not paid to a beneficiary of an employee who had died and (2) you were not a participant in the plan for at least 5 years before the year of distribution.

Number	Standard Explanation Title	Standard Explanation Text
9906	Lump sum special tax treatment-qualifications	<p>In order to qualify for special tax treatment on lump sum distributions, one of the following must apply:</p> <p>(1) the distribution was paid to a beneficiary of an employee who had died</p> <p>(2) you quit, retired, were dismissed or fired from your job before receiving the distribution,</p> <p>(3) you were self-employed or an owner-employee and became disabled or</p> <p>(4) you were older than 59 1/2 at the time of the distribution.</p>
9907	IRC 179 expense limit	<p>Your IRC 179 expense is limited to the maximum amount allowable for the current tax year.</p>
9908	Depreciation on auto limit	<p>We have adjusted your depreciation and IRC 179 expense deduction for your business automobile to reflect the amount to which you are entitled under the limitations of IRC 280F(a). The limitation is further reduced when the percentage of business use is less than 100 percent.</p>
9909	State & local sales taxes no longer allowed	<p>The itemized deduction for state and local sales taxes is no longer allowed.</p>
9910	Medical expenses adjusted	<p>Your medical expenses on Schedule A have been adjusted because such items as personal living expenses (except transportation to obtain medical care) incidental to medical treatment, such as meals and lodging, health club dues, diet foods, funeral expenses, and maternity clothes cannot be deducted.</p>
9911	Federal taxes on Sch A not allowable	<p>The federal taxes on schedule A cannot be allowed. Federal income tax, social security (FICA) and excise taxes on autos, tires, telephone and air transportation, custom and import duties cannot be deducted.</p>

Number	Standard Explanation Title	Standard Explanation Text
9912	Sch A taxes adjusted - utilities	The taxes on Schedule A have been adjusted. Utility taxes for sewer, water, phones, and garbage collection cannot be deducted.
9913	Hotel, meal, air fares, inheritance, etc., not deductible	The taxes on Schedule A have been adjusted. Hotel, meal, air fares, inheritance, stamp, poll-mortgage-transfer taxes, etc. cannot be deducted.
9914	Auto deductions on Sch A	The deduction for personal auto registration tag fees and license taxes on Schedule A has been disallowed. These amounts may be shown as personal property taxes only if your state charged them annually and in an amount based on the value of your automobile. Since your state does not charge the fees and taxes this way, they are not personal property taxes and cannot be allowed.
9915	Legal expenses Sch A	The legal expenses on Schedule A cannot be allowed because expenses for wills, trusts, adoption, divorce, and other items not connected with the production of income are not deductible on Schedule A.
9916	Charitable contribution-nonqualifying-Sch A	The charitable contributions on Schedule A have been adjusted since contributions to an individual or non-qualifying organization, such as foreign charities (except certain Canadian, Mexican or Israeli charities), lobbying organizations, etc., are not deductible; this includes the monetary value of the taxpayer's time and labor.
9917	Business auto mileage	Your business automobile expenses have been adjusted to reflect the allowable current standard mileage rate. See Pub 463, Travel, Entertainment, Gift, and Car Expenses.

Number	Standard Explanation Title	Standard Explanation Text
9918	Casualty loss-Sch A	The casualty loss on Schedule A cannot be allowed because the damage or destruction of property was not identifiable, sudden, unexpected, or unusual. See Pub 547, Casualties, Disasters and Thefts.
9919	Sale or purchase residence exp. Sch A	The expenses incurred in the sale or purchase of your residence, on Schedule A, cannot be allowed because closing costs (for example, settlement and legal fees) or realtor commissions are not deductible. See Pub 523, Selling Your Home.
9920	Personal insurance premiums	The personal insurance premiums on Schedule A, other than for medical care, are not deductible (e.g. life, auto, home liability, etc., not claimed as employee business expense).
9921	Credit for reimbursed adoption expenses disallowed	You cannot claim a credit for adoption expenses that were reimbursed by your employer or by the government. Therefore, we have disallowed the credit for these expenses.
9922	Moving expense less than 50 miles	Since your move was less than 50 miles, you may not take a deduction for moving expenses.
9923	Credit for adoption expenses.	For taxable years beginning after 2001, the credit for qualifying expenses paid to adopt a child is \$10,000. For taxable years beginning after 2002, the amount is increased by the cost-of-living adjustment.
9924	Child care services - credit - not Sch A	Your return shows expenses for child and disabled dependent care services both as a credit and as a deduction on Schedule A. These expenses can be claimed only as a credit. See Pub 503, Child and Dependent Care Expenses.

Number	Standard Explanation Title	Standard Explanation Text
9925	Adoption expenses credit/exclusion limited/adjusted MAGI	The credit and the exclusion for qualifying adoption expenses are subject to a limit based on modified adjusted gross income (MAGI). Because we have made an adjustment to your MAGI, we have also adjusted the credit and/or exclusion.
9926	Employer's adoption assistance/do not qualify for exclusion	We have increased your gross income by including those payments made by your employer under the employer's adoption assistance program that do not qualify for exclusion from income.
9927	Adoption expenses disallowed	We have disallowed those expenses claimed for the credit that do not qualify as adoption expenses.
9928	Partial exemp. not allowed	The exemption shown on your return cannot be allowed.
9929	Widow(er) -2 year filing status limit	The tax on your return has been adjusted because the filing status for a qualifying widow(er) can be used only for the 2 years after the year of the death of the spouse and, during that time, the widow(er) must be entitled to an exemption for his or her child, stepchild, or foster child who lived with him or her during the entire tax year in a household the widow(er) maintained
9931	Frozen refund/no balance due	A portion or all of your original refund is being withheld pending the outcome of this examination. It will be applied to the corrected tax deficiency and any remaining overpayment will be refunded if no other taxes are owed. In order for your account to be properly adjusted, please sign and return the enclosed proposal.
9932	Frozen refund/balance due	A portion or all of your original refund is being withheld pending the outcome of this examination. It will be applied to the corrected tax deficiency and a separate bill will be issued for any additional amount. You may owe interest and penalty on the total amount you owe.

Number	Standard Explanation Title	Standard Explanation Text
9933	Release credit	Release Credit Reinput Documents Only
9934	Loss on sale of residence/other property	The loss on the sale of your residence or other property used for personal purposes is not deductible per Treas. Reg. 1.262-1(b)(4)
9935	Protest deduction	The tax on your return has been corrected because a deduction, credit, omission of income, or other adjustment as an indication of protest cannot be allowed.
9936	Duplicate deduction	Your return has been adjusted because the same deduction was reported more than once.
9937	Unallowable deduction fillable	In order for us to make a proper determination regarding the deduction shown on line _____ of your Form 1040 tax return for \$_____, we need an explanation.
9938	Frozen refund – overpayment or balance due	A portion or all of your overpayment is being withheld pending the outcome of this examination. If at the conclusion of the examination a deficiency in tax is determined, the overpayment will be applied to the tax deficiency. If the overpayment is less than the deficiency in tax, you will be sent a separate bill for the balance due, including any applicable interest and penalties. Any remaining overpayment will be refunded to you if there are no other taxes or other outstanding legally enforceable debts owed.
9939	Income reduced – exemption amount increased	The amount you can claim for your exemptions is reduced if your income is more than the dollar limit for your filing status. Due to adjustments made to your return, your income has been reduced; therefore we have increased the amount you can claim for your exemptions. We have attached a Personal Exemption Worksheet to show you how we figured this change.

Number	Standard Explanation Title	Standard Explanation Text
9940	Credit for adoption fillable expenses	The credit for qualifying expenses paid to adopt a child is limited to \$_____.

[More Internal Revenue Manual](#)

Page Last Reviewed or Updated: 15-Jun-2022