IRM PROCEDURAL UPDATE

DATE: 10/21/2025

NUMBER: ts-03-1025-3648

SUBJECT: ScanPaper Literals Added and Form 8689 Processing Updated

AFFECTED IRM(s)/SUBSECTION(s): 3.22.3

CHANGE(s):

IRM 3.22.3.109 Added instructions for EC 038 ScanPaper Literals.

1) EC 038 generates when a zero (0) is present in field 01FPC.

(2) EC 038 is valid on Form 1040-NR and Form 1040-SS.

(3) Refer to IRM 3.12.3, **Error Resolution, Individual Income Tax Returns, EC 038** for invalid conditions and correction procedures.

IRM 3.22.3.109.1 Added Fields Displayed for EC 038.

(1) The following fields are displayed for EC 038.

1040-NR	1040-SS	Field Title
01FSC	01FSC	Filing Status Code
01RCD	01RCD	Received Date
01TXP	01TXP	Tax Period
01FPC	01FPC	Form Processing Code

IRM 3.22.3.109.2 Added Error Code 038 ScanPaper Literal Correction Procedures.

(1) Correct coding and transcription errors and misplaced entries in displayed fields.

(2) When a zero is present in Field 01FPC and a Gen Dep statement in EUP indicates the return is ScanPaper, find the vendor literal within the attached Gen Dep statement and refer to the Literal Definition in the table below. Also refer to IRM 3.12.3 EC 038 for vendor literals and literal definitions not covered in IRM 3.22.3. Follow the IRM instructions for the issue found in the Literal Definition which includes correcting transcription/scanning errors.

Note: If the return is not ScanPaper, delete **0** (zero) from Field 01FPC.

Vendor Literal	Literal Definition
Form 8962 verify start and end months line 30/35/36	GTSEC 74 and verify transcription. Refer to IRM 3.12.2.58
Multiple Form 4835 attached possible combining.	If multiple forms are attached, combine all transcribed money amounts and enter into appropriate fields.
Multiple Form 461 attached	If multiple forms are attached, combine all transcribed money amounts and enter into appropriate fields.
Multiple Form 8941 attached	If there is more than one form per TIN, combine all transcribed money amounts and enter into appropriate fields.
Multiple Form 9465 attached	Follow paragraph 3 below for instructions.
Multiple Form 8938 attached	Ensure "G" is entered in to field 01FPC

(3) If the PDF attachment needs to be routed and the attachment guide in IRM 3.21.3-1 or IRM 3.11.3-1 says to detach:

a. Print the PDF of the attachment(s) specified by the routing guide from EUP.
b. Add a note to your routing slip that says “Document scanned by IRS via SPR and viewable in EUP”.
c. Follow local procedures for routing attachments.

(4) If the PDF attachment needs to be routed and the attachment guide in IRM 3.21.3-1 or IRM 3.11.3-1 says do not detach:

a. Print the PDF return (including all PDF forms, schedules and attachments) from EUP.
b. Add a note to your routing slip that says “Document scanned by IRS via SPR and viewable in EUP. Process printout as signed original.”
c. SSPND 640 to Rejects. On Form 4227 notate that return needs to routed and the area it needs to be routed to.

(5) If there is a General Dependency Small literal not listed in the table above or in IRM 3.12.3 EC 038, SSPND 471 and send DLN to P&A to elevate to HQ.

(6) After reviewing the Vendor Literal and taking all necessary actions, enter **C** in the Clear Field.

IRM 3.22.3.261.2.2(1) Updated instructions for allowable amount of Form 8689 credit on Form 1040.

(1) If the taxpayer writes "Form 8689", indicating a credit from Form 8689, *Allocation of Individual Income Tax to the USVI*, on the dotted portion of line 33 (TY19, line 19), Form 1040, or on Schedule 3, line 13z (TY19, line 14), follow the instructions below:

If	And	Then
line 25d (TY19, line 17) Form 1040 includes withholding from Form W-2VI or other VI sources,		1. Disallow the amount and adjust Field 03WH. 2. Assign TPNC 438.
Form 8689 is attached,		1. Add lines 41 and 46 of Form 8689 (TY 19, add lines 40 and 45 of Form 8689). The amount claimed for the 8689 credit cannot excede the amount of Total Tax in Field 03TAX of Form 1040. If the total of lines 41 and 46 on Form 8689 is less than or equal to Field 03TAX enter the amount in Field 05OTH and 05OPR and enter "8" in Field 05TYP. 2. If the total of lines 41 and 46 of Form 8689 exceeds the amount of Total Tax in Field 03TAX Form 1040 then reduce the Form 8689 credit to equal the amount of Total Tax. Enter the reduced amount in Field 05OTH and 05OPR and enter **8** in Field 05TYP. Assign TPNC 341. 3. If the amount is different from the amount on the dotted portion of line 33 (TY19, line 19), Form 1040, or Schedule 3, line 13 (TY19, line 14), assign TPNC 364 if EC 366 generates: **Note:** Do not verify if the amounts are correct on Form 8689.
Form 8689 is not attached,	# [redacted] #	Enter the amount in Field 05OTH and 05OPR and enter "8" in Field 05TYP. **Caution:** Before entering the amount in Field 05OTH, verify that the withholding on line 25d (TY19, line 17) does not include withholding paid to the USVI (Form W-2VI)
Form 8689 is not attached,	# [redacted]	SSPND 215

	[redacted] #	

Caution: Before entering the amount in Field 05OTH, verify that the withholding on line 25d (TY19, line 17) does not include withholding paid to the USVI on Form W-2VI or any other USVI source.