

IRM PROCEDURAL UPDATE

DATE: 11/07/2025

NUMBER: ts-03-1125-3664

SUBJECT: Error Code 737

AFFECTED IRM(s)/SUBSECTION(s): 3.12.15

CHANGE(s):

IRM 3.12.15.20.29(3)(b) - Added a new 4th If/Then instruction for Short record returns with Error Code 737.

(3) Correction Procedures:

- a. Compare the entry in Field 03TAX to the area above Line 23, Form 1065 and correct any coding or transcription errors.
- b. If Field 03TAX is blank, check return and attachments for the tax computation.

If	Then
A 3.5 percent tax amount is found on return or attachment,	1. Edit amount to area above Line 23, Form 1065. 2. Enter amount in Field 03TAX.
A 3.5 percent tax amount is not found on return or attachment,	Check return for any indication that it is a "Final" return.
Indication on return that it is a "Final" return,	Enter "F" in Field 01CCC.
Form 1065 is a short record return (Error Code 012), there is no tax due on the return or attachment, the return was e-filed (Document Code 67), and the return is not marked Final,	Enter C in the Clear Code Field.
No indication that the return is a "Final" return,	Enter \$1.00 in Field 03TAX.