



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.4.22

OCTOBER 9, 2024

## EFFECTIVE DATE

(10-09-2024)

## PURPOSE

- (1) This transmits a revision of IRM 4.4.22, Audit Information Management System (AIMS) - Validity and Consistency, Non-Master File (NMF) Processing.

## MATERIAL CHANGES

- (1) This IRM section has been rewritten to update titles and functional names that were changed due to restructuring.

IRM subsection:	Description of Change:
Purpose	The Title has been changed to Audit Information Management System (AIMS) - Validity and Consistency, Non-Master File (NMF) Processing.
4.4.22.1	Updated the section title to Program Scope and Objectives. Updated the verbiage throughout.
4.4.22.1.1	Created a new subsection titled Background. Updated the verbiage throughout.
4.4.22.1.2	Created a new subsection titled Authority. Updated the verbiage throughout.
4.4.22.1.3	Created a new subsection titled Roles and Responsibilities. Updated the verbiage throughout.
4.4.22.1.4	Created a new subsection titled Program Management and Review. Updated the verbiage throughout.
4.4.22.1.5	Created a new subsection titled Program Controls. Updated the verbiage throughout.
4.4.22.1.6	Created a new subsection titled Terms and Acronyms. Updated the verbiage throughout.
4.4.22.1.7	Created a new subsection titled Related Resources. Updated the verbiage throughout.

<b>IRM subsection:</b>	<b>Description of Change:</b>
4.4.22.2	Updated the IRM title referenced and the verbiage throughout.
4.4.22.2.1	Updated the IRM title referenced and the verbiage throughout.
4.4.22.3.1	Updated the verbiage and add a Note for TE/GE forms.
4.4.22.3.1.1	Updated the verbiage throughout.
4.4.22.3.1.2	The material in IRM section is obsolete because the procedures are outdated as CCP no longer maintains a verification file.
4.4.22.3.2	Updated the verbiage throughout.
4.4.22.3.2.1	Updated the verbiage throughout.
4.4.22.3.2.2	Updated the verbiage throughout.
4.4.22.4	Updated the verbiage throughout.
4.4.22.5	Section removed. This information can now be found in IRM 3.17.46.8.5, Processing of Advance Non-Master File Payments, Payment Posting Vouchers (Form 3244 and Form 3244-A).
4.4.22.5.1	Section removed. This information can now be found in IRM 3.17.46.8.5, Processing of Advance Non-Master File Payments, Payment Posting Vouchers (Form 3244 and Form 3244-A).
4.4.22.6	Section renumbered to 4.4.22.5. Updated the verbiage throughout and updated the IRM references.
4.4.22.6.1	Section removed. The information can now be found in IRM 4.38.1.8.2.3.6.2, AMCLS and IRM 4.38.1.8.2.3.6.3, AMSOC.
4.4.22.6.2	Section removed. The information can now be found in IRM 4.38.1.8.2.3.6.2, AMCLS and IRM 4.38.1.8.2.3.6.3, AMSOC.

<b>IRM subsection:</b>	<b>Description of Change:</b>
4.4.22.6.2.1	Section removed. The information can now be found in IRM 4.38.1.8.2.3.6.2, AMCLS and IRM 4.38.1.8.2.3.6.3, AMSOC.
4.4.22.6.3	Section removed. The information can now be found in IRM 4.38.1.8.2.3.6.2, AMCLS and IRM 4.38.1.8.2.3.6.3, AMSOC.
4.4.22.6.4	Section removed. The information can now be found in IRM 4.38.1.8.2.3.6.2, AMCLS and IRM 4.38.1.8.2.3.6.3, AMSOC.
4.4.22.7	Section renumbered to 4.4.22.6.
4.4.22.8	Section renumbered to 4.4.22.7. Updated the verbiage throughout.

**EFFECT ON OTHER DOCUMENTS**

This material supersedes IRM 4.4.22, dated November 06, 2009.

**AUDIENCE**

IRS Independent Office of Appeals (Appeals), Large Business and International (LB&I), Small Business and Self-Employed (SB/SE), Tax Exempt and Government Entities (TE/GE), and Taxpayer Services (TS) Employees.

Antoine D. Brown  
Director, Operations Support, Technology Solutions  
Small Business/Self Employed Division



4.4.22

Non-Master File (NMF) Processing

## Table of Contents

- 4.4.22.1 Program Scope and Objectives
  - 4.4.22.1.1 Background
  - 4.4.22.1.2 Authority
  - 4.4.22.1.3 Roles and Responsibilities
  - 4.4.22.1.4 Program Management and Review
  - 4.4.22.1.5 Program Controls
  - 4.4.22.1.6 Terms and Acronyms
  - 4.4.22.1.7 Related Resources
- 4.4.22.2 NMF Research and Transcripts
  - 4.4.22.2.1 Automated Non-Master File Accounting
- 4.4.22.3 NMF Assessments and Overassessments
  - 4.4.22.3.1 Assessments
    - 4.4.22.3.1.1 Spousal Assessments
  - 4.4.22.3.2 Overassessments
    - 4.4.22.3.2.1 Form 1331 Entries
    - 4.4.22.3.2.2 Form 1331-B Entries
  - 4.4.22.3.3 Combination Cases— Assessments and Overassessments
- 4.4.22.4 Quick Assessments
- 4.4.22.5 NMF AIMS Closings
- 4.4.22.6 Prompt, Quick, and Jeopardy Assessments
- 4.4.22.7 NMF Returns



4.4.22.1  
(10-09-2024)  
**Program Scope and Objectives**

- (1) Purpose: Some returns have not yet been programmed to the Master File (MF). Also, certain Examination deficiencies cannot be processed to the MF. Adjustments to these returns and returns for pre-Automated Data Processing periods require forms and procedures different from those used in adjusting MF returns. Some additional code and edit procedures are necessary and blocking and numbering requirements are different.
- (2) Audience: Appeals, LB&I, SB/SE, TE/GE, and TS employees using AIMS.
- (3) Policy Owner: The Director, SB/SE Technology Solutions, who is under the Director, Operations Support.
- (4) Program Owner: Exam Systems and Projects, General Exam Systems Support.
- (5) Primary Stakeholders: Appeals, LB&I, SB/SE, TE/GE, and TS.

4.4.22.1.1  
(10-09-2024)  
**Background**

- (1) This chapter contains procedures on Non-Master File account processing.

4.4.22.1.2  
(10-09-2024)  
**Authority**

- (1) IRM 2.8.1, Introduction to AIMS Realtime Processing. This IRM provides the requirement request for a new information management system for Examination.

4.4.22.1.3  
(10-09-2024)  
**Roles and Responsibilities**

- (1) Users of AIMS have the responsibilities of maintaining the data fields, on the AIMS record by, updating field values and correctly reporting closing actions taken on the taxpayers account, as determined during the audit process.

4.4.22.1.4  
(10-09-2024)  
**Program Management and Review**

- (1) AIMS program reports can be found in IRM 4.4.27, Reports.
- (2) AIMS program reports are available to Headquarters Office and field personnel.
- (3) AIMS program reports provide timely and reliable information to monitor the current year's Examination Plan, as well as specific programs Reports and statistical tables.

4.4.22.1.5  
(10-09-2024)  
**Program Controls**

- (1) AIMS is accessed through IDRS.
- (2) A Business Entitlement Access Request System (BEARS) request must be submitted for IDRS access.
- (3) A background investigation and managerial approval is required for IDRS access.
- (4) A Personal Identity Verification (PIV) Smart Card and Personal Identification Number (PIN) is used to sign on to IDRS.

## 4.4 Audit Information Management System (AIMS) – Validity and Consistency

4.4.22.1.6  
(10-09-2024)

### Terms and Acronyms

- (1) The following is a list of terms and definitions used throughout this IRM Section:

Acronym:	Definition:
ADP	Automated Data Processing
AIMS	Audit Information Management System
ANMF	Automated Non-Master File
AV	Assessment Verification
BMF	Business Master File
CCP	Centralized Case Processing
DC	Disposal Code
DLN	Document Locator Number
EIN	Employer Identification Number
IMF	Individual Master File
LB&I	Large Business and International
MF	Master File
NMF	Non-Master File
NMFT	Non-Master File Tax Code
SB/SE	Small Business/Self-Employed
SSN	Social Security Number
TE/GE	Tax Exempt and Government Entities
TS	Taxpayer Services
ULC	Unit Ledger Cards

4.4.22.1.7  
(10-09-2024)

### Related Resources

- (1) See IRM 3.17.46, Automated Non-Master File Accounting.  
(2) See IRM 3.17.46.13.3, Non-Master File Research on the Automated Non-Master File System.

4.4.22.2  
(10-09-2024)

### NMF Research and Transcripts

- (1) Researching Non-Master File (NMF) accounts is different than research Master File (MF) accounts. There is a system consisting of Index Cards and Unit Ledger Cards (ULC) and an automated system, Automated Non-Master File (ANMF) Accounting system. See IRM 3.17.46, Automated Non-Master File Accounting for more information.



4.4.22.2.1  
(10-09-2024)  
**Automated Non-Master  
File Accounting**

- (1) NMF accounts can be viewed using the ANMF system. See IRM 3.17.46.13.3, Non-Master File Research on the Automated Non-Master File System for information on the ANMF system.

**Note:** Accounts closed prior to ANMF are still requested using Form 4338, Information or Certified Transcript Request.

4.4.22.3  
(02-08-1999)  
**NMF Assessments and  
Overassessments**

- (1) Perform all processing, code and edit functions for all years in file requiring NMF assessment or overassessment for one or more years. Years or periods in the case file not requiring NMF assessment or overassessment should be processed for numbering and blocking in the regular series.
- (2) Closely examine the name and address line of all documents. In Estate Tax cases, the name and address must be that of the estate and executor rather than that of the decedent. The taxpayer's address must accompany the adjustment document forwarded to the service center. This may require entering the address on the label attached to the adjustment document.

4.4.22.3.1  
(10-09-2024)  
**Assessments**

- (1) Determine the appropriate dates and compute the interest on a deficiency requiring NMF assessment.
- (2) Interest amounts of less than \$1.00 will not be shown on Form 5344, Examination Closing Record unless the amount has been paid.

**Note:** TE/GE will use Form 5650, EP Examined Closing Record, or Form 5599, TE/GE Examined Closing Record.

4.4.22.3.1.1  
(10-09-2024)  
**Spousal Assessments**

- (1) See IRM 25.15.6, Field Examination Procedures and IRM 4.8.9, Statutory Notices of Deficiency for additional information.

4.4.22.3.2  
(10-09-2024)  
**Overassessments**

- (1) A transcript of account is required in the following instances.
  - a. If the return was not full-paid or overpaid.
  - b. If there is a record of an additional assessment having been made without a record of payment.

**Exception:** No transcript is needed if there is a verified advance payment which completely paid the additional assessment.
- (2) A check for outstanding accounts, both MF and NMF, is required if the overpayment would result in a refund of \$1,000 or more, including allowable interest.
- (3) Form 1331, Notice of Adjustment or Form 1331-B, Notice of Adjustment must be prepared with entries in Section 1 of the form.
  - a. Refund-only Form 1331, Notice of Adjustment and strictly credit and abatement Form 1331 should be blocked separately. If there is a combination refund, credit or abatement on the Form 1331, Notice of Adjustment this is blocked separately from either of the above. Form 1331 should be completely filled out, with the exception of the schedule number and date certified, down to and including the "Total abated and credited" line. The name and address and refund amount should be

## 4.4 Audit Information Management System (AIMS) – Validity and Consistency

typed in and all other information should be either typed or written with a pen. They should be neatly prepared without corrections or deletions. The first name line on Estate Tax cases must show the name of the person to receive the check. A transcript of the account may be used for the record of assessment.

- b. Compute the interest allowable on refunds, using the applicable space on the back of Form 1331, Notice of Adjustment. Enter in the “date” column the date to which interest is computed on the overpayment. Allowable interest is computed from the paid date or the due date, whichever is later, to the schedule date if a refund is involved, or the due date of the other account if a credit is involved.
  - c. If the account is not paid, the overpayment is entered as an abatement on the Form 1331, Notice of Adjustment. A copy of the ULC or a certified transcript of account is to be stapled to the reverse side of Form 1331, Notice of Adjustment for the account to be abated and to the posting copy. If the account is in “Notice” status, the list week is to be shown.
  - d. If the account is paid but there are other outstanding accounts for the same taxpayer, the overpayment is entered as a credit on Form 1331, Notice of Adjustment. This will normally result in an accrual of interest or an abatement of interest on the account receiving the credit. If the account receiving the credit is another NMF account and there is enough credit to apply to accrued interest, the interest can be accrued on Form 1331, Notice of Adjustment by entering it in the credit column, circling the amount in red on the posting copy, and entering code “AI” adjacent to the interest figures. When overpayments are credited to written off accounts, use code “TA” adjacent to the figure in the credit column and circle in red the amount on the posting copy of Form 1331, Notice of Adjustment. For credits applied to outstanding liabilities, enter on separate lines in the “Amount Credited” column that part of the unpaid liability, tax, penalty, and interest which are to be satisfied from the current overpayment. The status of the NMF account must be entered on the posting copy of Form 1331, Notice of Adjustment. If an abatement of interest is involved, it is necessary to prepare a Form 1331-B, Notice of Adjustment to decrease the interest on the other account.
  - e. If the overassessment is on an account that is paid in full, and there are no other outstanding accounts for the taxpayer, the overpayment is scheduled for refund.
  - f. If interest was assessed on the account that has an overpayment, interest should be decreased proportionately unless a restricted condition prohibits it. An exception is encountered when an Estate Tax Form 706, U.S. Estate Tax Return assessment is paid by treasury bonds. In these situations send a copy of page 1, of Form 706 to the service center Accounting Branch with a memorandum giving all pertinent information. Interest will not be computed on these cases.
- (4) Show the decrease in tax and/or penalty. After computing interest on the correct tax liability, compare it with the interest previously assessed and enter the overassessment of assessed interest, if any. Do not enter interest allowable on any overpayment. Make no entry for the schedule number.

4.4.22.3.2.1  
(10-09-2024)  
**Form 1331 Entries**

- (1) Form 1331, Notice of Adjustment is used to show the appropriate adjustment (reflecting a decrease in liability) made to the NMF on the taxpayer's account.
- (2) The heading information should be completed as follows for Forms 1331:
  - a. Enter the taxpayer's EIN or SSN
  - b. Enter the taxpayer's Form, MFT, Tax Period in YYYYMM format
  - c. Enter the taxpayer's name and address
  - d. Amount of check, if the check is enclosed
- (3) Section I - Computation of Decrease in Liability. Complete **only** the applicable fields.
  - a. Item 1: **Tax withheld** - enter the amount of tax plus any penalty or interest withheld
  - b. Item 2: **Paid on estimated tax** - amount of estimated tax paid should be entered
  - c. Item 3: **Tax due per return** - enter the amount of tax due per return plus any penalties or interest
  - d. Item 4: **Additional tax charged - Account Number** - enter additional tax charged plus any penalties or interest
  - e. Item 5: **Total tax previously charged** - enter the total amount of tax previously charged plus any penalties or interest
  - f. Item 6: **Less: Correct tax** - enter the amount of corrected tax plus any penalties or interest
  - g. Item 7: **Decrease liability** - enter the amount of decrease in liability plus any penalties or interest
  - h. Item 8: **Less: Amounts previously -refunded or credited to other accounts** - enter amounts previously refunded or credited to other accounts plus any penalties or interest
  - i. Item 9: **Net decrease in liability** - enter the net decrease in liability plus any penalties or interest
  - j. Item 10: **Reason for adjustment** - check the appropriate box; if "Other" box is checked; enter the specific reason for adjustment; enter the Document Locator Number (DLN); if manual refund is to be issued make a notation: "Please process full abatement, Form 3753 attached to process manual refund with interest", then fax to appropriate Campus.
  - k. Date - enter present date
  - l. Prepared by - enter originator's name
- (4) Section II - Disposition of Decrease in Liability and Interest allowed on Overpayment - Complete as follows for Form 1331:
  - a. **Refund** - enter the interest computation date in the Allowable Interest Computed To column; all other fields leave blank
  - b. **Allowable interest Paid** - leave all fields blank
  - c. **Elimination - Liability not paid or owed** - enter tax period in the Tax Period Account column; enter the total amount of the refund in the Amount column; all other fields leave blank
  - d. **Credit (amount overpaid) applied as credit to tax (T), penalty (P) and interest (I) due on outstanding accounts** - enter the amount of tax, penalty and interest in the Amount column; all other fields leave blank
  - e. **Total decrease in liability eliminated and credited** - enter the total amount being decreased in the Total Paid column
  - f. **Allowable interest credited** - leave all fields blank

## 4.4 Audit Information Management System (AIMS) – Validity and Consistency

- g. **Total amount eliminated and credited** - enter the total amount being eliminated in the Total Paid column
- h. **Field Office or Service Center** - enter the appropriate Campus processing Form 1331
- i. **Signature of Approving Official** - secure the proper signature
- j. **Completed by** - person preparing form
- k. **Date** - enter date prepared

4.4.22.3.2.2  
(10-09-2024)

### Form 1331-B Entries

- (1) Form 1331-B , Notice of Adjustment is used by examiners to show an adjustment to those tax accounts that are not on the MF.
- (2) The heading information should be completed as follows for Form 1331-B:
  - a. Enter the taxpayer's EIN or SSN
  - b. Enter the taxpayer's Form, MFT, Tax Period in YYYYMM format
  - c. Enter the taxpayer's name and address
  - d. Amount of check, if the check is enclosed
- (3) Section I - Computation of Decrease in Liability
  - a. enter DLN from transcript
  - b. enter the specific reason for adjustment
  - c. notate if letter or notice is going to taxpayer - Yes or No
  - d. if manual refund is to be issued make a notation: "Please process full abatement, Form 3753 attached to process manual refund with interest", then fax to appropriate Campus
  - e. enter transactions code and amounts that reflect the decrease in tax, penalties, and interest
  - f. Date - enter present date
  - g. Prepared by - enter originators name
- (4) Section II - Disposition of Decrease in Liability and Interest allowed on Overpayment - Complete as follows for Form 1331-B:
  - a. **Refund** - enter the interest computation date in the Allowable Interest Computed To column; all other fields leave blank
  - b. **Allowable interest Paid** - leave all fields blank
  - c. **Elimination - Liability not paid or owed** - enter tax period in the Tax Period Account column; enter the total amount of the refund in the Amount column; all other fields leave blank
  - d. **Credit (amount overpaid) applied as credit to tax (T), penalty (P) and interest (I) due on outstanding accounts** - enter the amount of tax, penalty and interest in the Amount column; all other fields leave blank
  - e. **Total decrease in liability eliminated and credited** - enter the total amount being decreased in the Total Paid column
  - f. **Allowable interest credited** - leave all fields blank
  - g. **Total amount eliminated and credited** - enter the total amount being eliminated in the Total Paid column
  - h. **Field Office or Service Center** - enter the appropriate Campus processing Form 1331-B
  - i. **Signature of Approving Official** - secure the proper signature
  - j. **Completed by** - person preparing form
  - k. **Date** - enter date prepared

4.4.22.3.3  
(02-08-1999)  
**Combination Cases—  
Assessments and  
Overassessments**

- (1) When both assessments and overassessments are involved in the same case, the earliest overpayments are applied to the earliest assessments on the Form 1331 by completing the credit portion on the bottom and entering the DLN or account number of the assessment that is being credited. The record of assessments and payments is to be completed (back of file copy of Form 1331) showing the account being credited and the status of the account. If it is an account being assessed at this time, the new DLN and 23C date of the account will be entered by the Accounting Branch. If a transcript of an old account was requested and it does not show the status, request Examination at the service center to identify the unit to be contacted to obtain the current status.
  - a. **Assessment:** Interest is computed on the assessment from the due date of the deficiency to the date the overpayment was available. Any amount not covered by credit will have interest computed in the normal manner. If the available date of the overpayment is before the due date of the assessment, no interest is due on the assessment.
  - b. **Overpayment:** Allowable interest is computed on the overpayment from the paid date or the due date of the return, whichever is later, to the due date of the deficiency. If the deficiency is due before the available date of the overpayment, no interest is allowed on the overpayment unless the overpayment is greater than the assessment(s). Then, interest is allowed on the balance in the normal manner. Interest is allowed on the overpayment applied to interest assessed on a deficiency for another period to the date the interest is assessed, except no interest can be allowed past the schedule date.

**Exception:** These instructions are not applicable where one taxpayer agrees to the application of credit to a deficiency for another taxpayer. In this case, interest is computed on the deficiency without regard to the overpayment and interest is allowed on the overpayment to the schedule date. The tax and allowable interest are then credited to the deficiency through entries in the credit column on the Form 1331.

- (2) When an overpayment is to be applied to an assessment that has not been made, it is necessary to keep the file together until the deficiency is numbered so that the assessment number can be entered on the Form 1331 with the 23C date of the assessment; the assessment and overassessment must have the same 23C date. The posting copy is not acceptable without this information.

4.4.22.4  
(10-09-2024)  
**Quick Assessments**

- (1) NMF quick assessments are processed in the same manner as MF, except the numbering is different and abstract codes are required for Individual Master File (IMF) and Business Master File (BMF) adjustments. See IRM 3.17.46, Automated Non-Master File Accounting.
- (2) Assessment verification on NMF quick assessments will be executed in the same manner as they are for MF quick assessments.

**Note:** Letter 6335, Estate Installment Program is the billing received by the taxpayer on NMF quick assessments.

- (3) If there has been a NMF assessed advance payment paying tax, penalty and interest in full it is not necessary to use quick assessment procedures because

## 4.4 Audit Information Management System (AIMS) – Validity and Consistency

the assessment will have already been made as of the 23C date shown on the copy of part 1 of Form 3244-A, Payment Posting Voucher - Examination. These should be numbered and processed as any other NMF assessment. If the advance payment does not pay the tax, penalty and interest in full, quick assessment procedures should be used. The request should specify the amount of payment for accounting to allow credit against the assessment.

- (4) Where the quick assessment is for tax shown on a delinquent NMF return, the return will be submitted with Form 2859, Request for Quick or Prompt Assessment in lieu of Form 5344, Examination Closing Record. After the original delinquent return is processed, requisition the return. When the return is received, process Form 5344.

**Note:** TE/GE will use Form 5650, EP Examined Closing Record, or Form 5599, TE/GE Examined Closing Record.

### 4.4.22.5 (10-09-2024) NMF AIMS Closings

- (1) NMF cases are closed using:
  - Form Form 5351, Examination Non-Examined Closings and Form 10904 , Request for Record Deletion from AIMS/ERCS are used for non-examined closings. See IRM 4.38.1.8.2.3.6.2, AMCLS and IRM 4.38.1.8.2.3.6.3, AMSOC for Disposal Code (DC) 28 cases.
  - The Form 5344 is used for examined closings.
- (2) The NMF AIMS base for non-examined closings will age using the same criteria as MF AIMS bases. Examined closures will not age off of the AIMS base for 10 years from the Status Code 90 date.

### 4.4.22.6 (02-08-1999) Prompt, Quick, and Jeopardy Assessments

- (1) Use the appropriate area office code and tax class. Use Document Code 51 instead of 47. The Julian date of the DLN is determined in the normal manner except that the current date is used for Jeopardy or immediate assessments and for deficiencies over \$50,000.

### 4.4.22.7 (10-09-2024) NMF Returns

- (1) In addition to the return, stamp the DLN (except those in a non-refile series) on these documents.
  - Assessment document (Form 5344, Examination Closing Record.
  - Form 1296, Assessment Against Transferee or Fiduciary (constitutes return), if present.
- (2) When more than three penalties are shown for a period, assign a second DLN to the excess penalties.
- (3) The regular weekly 23C date for NMF assessments and overassessments is the Monday of the third week following the week in which the Form 5344 is released to the NMF Accounting function. Monday is used as the 23C date even though it may be a holiday.
- (4) Number NMF cases transferred to Appeals in the 1XX blocking series. Form 5344, Examination Closing Record remains in the case file and accompanies the return to Appeals.

- (5) The DLN is assigned by the terminal and is comprised of the appropriate two digit area office code, Tax Class 6, Document Code 47 and the Saturday date prior to the 23C or schedule date. Areas use the prior Sunday date. Serial numbers will be assigned in the range 00–99.

**Note:** TE/GE will use Form 5650, EP Examined Closing Record, or Form 5599, TE/GE Examined Closing Record.

