

# Corporate Income Tax Payments Recommendation



# Bob's EITI Tax Dictionary

- “Request” = Not an option in an otherwise voluntary initiative. Failure to comply means getting called out in a final report.
- “Optional” = An item that a reporter can decide whether to provide in an otherwise voluntary initiative. Failure to participate in the option will not be reported.
- “Payor Code” = A payor defined designation used to report to ONRR. It may, or may not, match entities used to report to the IRS.
- “Encourages” = to allow for
- “Robust outreach” = call your favorite member of the Communication Committee member.
- “Positively” = not negative

# Income Tax Payments Recommendation

- Request companies report the sum of all corporate income tax payments/refunds (based on 13 identified IRS transaction codes) made by or on behalf of all of the companies included in the annual consolidated federal income tax income return for the first U.S. EITI report
  - IA reports which companies did or did not report
- IRS will develop the vehicle for reconciliation in time for the IA to do so prior to contacting companies (subsequent bullet)
- MSG task the IA to assess the willingness of companies to reconcile
  - IA assesses the willingness of companies to reconcile and provide summary report for the MSG to consider
- MSG encourages reconciliation
  - Robust outreach will be needed to maximize participation
  - For the first report: IA positively highlights companies that choose to reconcile and to be named in the report (companies can choose to pilot reconciliation without being named in the report)

**MSG Meeting: December 10-11, 2014**

# IRS Transaction Codes

IRS transaction codes are used to identify a transaction being processed and to maintain a history of actions posted to a taxpayer's account on the Master File.

The following transaction codes can be used to identify 'cash' payment and refunds.

<b>Cash Payment Transaction Code List</b>	
<b>IRS Transaction Code</b>	<b>Description</b>
610	Remittance with Return
620	Initial Installment Payment, Form 7004
640	Advanced Payment of Determined Deficiency or Underreported Proposal
660	Estimated Tax Federal Tax Deposit
670	Subsequent Payment
680	Designated Payment of Interest
690	Designated Payment of Penalty
720	Refund Payment

# IRS Transaction Codes

## Refund Transaction Code List

IRS Transaction Code	Description
840	Manual Refund
841	Cancelled Refund Check Deposited
846	Refund of Overpayment

## Overpayment Interest Transaction Code List

IRS Transaction Code	Description
770	Credit Interest Due Taxpayer
776	Generated Interest Due on Overpayment

Overpayment of interest transaction codes are used to net out interest paid to the taxpayer associated with a refund. These transaction codes are only used in conjunction with transaction code 846.

# IRS Transaction Codes

- ‘Cash’ payment information based on these 13 transaction codes would include penalties and interest. Attempting to separate out penalties and interest, which may be adjusted over time, would significantly increase the reporting burden for the IRS and the taxpayer.