

Social Security

Program Operations Manual System (POMS)

TN 13 (08-10)

RS 01804.150 Establishing SEI for Prelag Years

A. Policy

Credit cannot be given for unposted SEI for a prelag year unless a tax return as defined in RS 02201.018A.2. was “timely filed.”

Generally, for SSA purposes the tax return must have been filed within 3 years, 3 months and 15 days after the year in which the SEI was derived. For IRS purposes a tax return is “timely filed” if it is filed within 3 months and 15 days after the close of the taxable year, which is usually April 15.

However, if the earnings record (ER) can be corrected based on an exception to the time limitation, SEI will be credited if the tax return was filed, even though it may have been filed after the expiration of SSA’s statute of limitations. See RS 02201.008 and RS 02201.019 for policy on these types of situations. See RS 01804.335 for instructions on preparing an adjustment via ICOR where a tax return has not been filed and the time limitation for correcting the E/R has not expired.

To include SEI in place of deleted wages, see RS 02201.026.

B. Procedure

Ask the claimant for following evidence.

1. Evidence needed

Request claimant to submit:

- A copy of the Form 1040 and Schedule SE, and

Proof of filing; i.e., cancelled checks made out to IRS, money order receipts, copies of Schedule C bearing IRS time stamp or account number. Ensure that this evidence shows that the return was filed within 3 years, 3 months, and 15 days after the year in which the SEI was derived.

If the NH filed a Declaration of Estimated Income Tax and paid the tax in quarterly payments, consider a cancelled check or receipt showing final payment to be acceptable.

Consider Form W-2 (Wage and Tax) to be acceptable in lieu of a cancelled check or receipt if no SE tax was due with Form 1040 and no Declaration of Estimated Income Tax was filed because the NH

was engaged in employment, as well as SE, or the NH's spouse was employed and they filed a joint return.

- Schedule C or F (Form 1065 in partnership cases) and other information or evidence if the SEI is not assumed to be correct under the rules in RS 01804.044.

2. Check suspense or request scouting

If all of the requested evidence is submitted:

- a. check the On-line Suspense File. If the unposted SE is found, reinstate. If it is not found, credit the SE by ICOR. See MSOM EM 010.001 for a discussion of ICOR.

IMPORTANT: In ICOR, scouting is required before the unposted SE can be **added** to the MEF for tax years 1978 and later, unless certain exceptions apply. See MSOM EM 023.002 for processing exceptions.

However, if reinstating or adjusting posted or unposted SE via ICOR for tax years 1977 and earlier feedback is required unless certain exceptions apply. See MSOM EM 016.003 for processing exceptions.

- b. If all of the evidence is not available, check the online Suspense file.
- c. If the unposted SE is found, reinstate.
- d. If the unposted SE is not found, request OEO to scout. Use ICOR to request scouting via the ESEI (Self-Employment Scouting) screen
- e. Include in your scouting request the NH's name as shown on the tax return if it is different than the current name, the State in which the taxpayer resided, and the approximate date that the tax return was filed.
- f. If a joint return was filed or a partnership involved, furnish OEO with the name of the spouse (and SSN if known) or partner. Also ask OEO to scout the spouse's E/R for the year in question.

3. Request IRS assistance

Note the following when requesting IRS assistance:

- a. OEO is unable to locate the SEI, request tax information per RS 01804.400.
- b. Do not request tax information from IRS if the tax return was filed within the last three months. For development where the tax return was destroyed by IRS see RS 01804.165.
- c. If IRS indicates that a timely tax return was filed but that a Schedule SE was not completed, obtain a copy of the tax return for the year in question to determine if it constitutes an SE tax return as defined in RS 02201.018A.2.

4. Correct earnings record

Prepare an ICOR to credit the SEI if a tax return properly reporting the SEI was filed with IRS and at least 12 months have elapsed since the filing of the tax return for the year in question. See MSOM EM 010.001 for ICOR instructions.

To Link to this section - Use this URL:

<http://policy.ssa.gov/poms.nsf/lnx/0301804150>

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