

AARP Tax-Aide In and Out of Scope

As an AARP Foundation Tax-Aide Volunteer we do not prepare returns with federal or state tax topics or forms that are out of scope.

Learning Objectives

- Understand that under the provisions of the Volunteer Protection Act, AARP Foundation Tax-Aide volunteers must stay within the scope of the program and prepare only returns for which they have been trained and certified.
- Understand that any Counselor who feels they do not have adequate training or knowledge should seek assistance from their Local Coordinator.
- Understand the difference between the IRS SPEC guidance for VITA and AARP Foundation Tax-Aide scope.
- Know where to find the AARP Tax-Aide Scope Manual on the Volunteer Portal

Getting Started:

1. Find and review the **AARP Tax-Aide Scope Manual** in the **Extras Folder** in the TY18 Syllabus zip file. Carefully read the introduction.
2. On the next page, complete the **SCOPE Quiz – Questions and Answers**. The question and answers are shown, what is important is to open the AARP Foundation Tax-Aide Scope Manual and to search, find, and note how the **Scope Manual** depicts the "in and out" of scope for each IRS form. Remember that a form not listed is out of scope.
3. Finish step 3 (after the Learning Exercise) that asks you to view an excerpt from the Policy and Procedures Manual of Tax-Aide.

Feedback:

Please email: selfstudy@aarpfndntaxaide.org. Appreciate suggestions and comments.

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Learning Exercise

SCOPE Quiz – Questions and Answers

(Tax-Aide Scope Manual is found on the Volunteer Portal>Libraries)	In scope	Out of scope	Maybe	Where in the AARP Foundation Tax-Aide Scope Manual? (in the pdf file ... use Control F)
1. Social security pension from Germany: <i>German and Canadian SS are treated the same as U.S. social security income</i>	X			Search - German: e.g.: Form 1040 line 20a,b
2. W-2 with code Q (nontaxable combat pay): <i>Military certification required</i>			X	Search - combat pay
3. Schedule K-1: <i>scope limited to interest, dividends, royalties, capital gains and associated foreign tax credits only</i>			X	Search - K-1
4. UBER Driver income: <i>subject to Sch C limitations</i>			X	Search - 1099-K and/or Pub 4012 for “shared-economy driving”
5. Form 1098-MA: <i>mortgage assistance payments</i>		X		Search - 1098-MA
6. Charitable donation of a painting appraised for \$4,500: <i>donation of capital gain property is out of scope</i>		X		Search - capital gain property
7. Moving expenses: <i>Military certification required</i>			X	Search - moving
8. Form 1099-C cancellation of car loan		X		Search - 1099-C
9. Unreimbursed employee business expenses: <i>deductible on Sch A; Military certification required for reservist's expenses</i>	X		X	Search - unreimbursed

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10. Prior year Social Security lump sum payments	X			<i>Search – ssa Note nothing is out of scope.</i>
11. Form 1099-LTC	X			<i>Search - ltc</i>
12. Form 1099-S for sale of rental property		X		<i>Search - 1099-s</i>
13. Qualified adoption expenses		X		<i>Search - adoption</i>
14. Self-employed health insurance adjustment to gross income	X			<i>Search - self-employed health</i>
15. W-2 with an entry in Box 11 for a non-qualified plan	X			<i>Search - w-2 Any mention of Box 11?</i>
16. Loss from storm damage on Sch A		X		<i>Search www.irs.gov. any mention of Form 5646 in Scope Manual?</i>
17. 1099-R box 7 code L1	X			<i>Search - 1099-R</i>
18. Student loan interest of \$3,200	X			<i>Search student loan</i>
19. \$5,000 income from renting their home during 4 days of the Masters golf tournament:	X			<i>Search – rent > In Sch E read the note carefully -day exclusion rule</i>
20. Taxpayer with a small business <i>making and selling jewelry at local craft fairs</i>		X		<i>Search business > Sch C Is jewelry sold a cost of goods sold?</i>

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3. View this excerpt from the **AARP Foundation Policy and Procedures Manual of Tax-Aide 2017-2018, Version 3** (with annotation to refer to Portal>Libraries rather than OneSupport Help Center - the full manual is on Volunteer Portal>Libraries).

AARP Foundation Tax-Aide volunteers must follow these guidelines.

4. SCOPE OF PROGRAM, PREPARING THE RETURN, AND QUALITY

4.1 Scope

Volunteers who knowingly prepare returns with federal or state tax topics or forms that are out of scope or on which they have not been trained are subject to counseling and may be removed from the program for failure to follow program policy.

4.1.1 Complex returns

Counselors must refer taxpayers with complicated or complex tax returns which are in scope but outside their level of training to another Counselor or seek assistance from another volunteer skilled in those issues. If none are available the taxpayer must be tactfully referred to a non-specific paid preparer.

4.1.2 Income or age limits

Declining to serve in scope taxpayers because of age or income is prohibited.

The Tax-Aide program relies on multiple funding sources that have different requirements. All funders seek to help those who need it most; low to moderate income individuals and families. If taxpayers within scope do not fit within our target audience, it may be appropriate after completing their return to discuss why we provide the service and tactfully request they seek alternate tax preparation services in the future.

4.2 Scope Resources

An official scope poster is available from the Material Ordering System and must be posted at the site (see Section 7.5.2). It and the *Tax-Aide Scope Manual* are in the Portal Library. The *Scope Manual* should be available in either printed or electronic form to all Counselors at a site.

4.3 Process for Requesting Change in Scope

The National Tax Training Committee (NTTC) has a formal process for requesting a change in scope. To request a change in scope, use the form and follow the process detailed in Portal Library.

4.4 Preparing the Return

4.4.1 The current year Intake Booklet (IRS Form 13614-C) *must* be prepared by the taxpayer for every tax return, even if the taxpayer says that there have been no changes in circumstances since the prior year return was prepared. The Counselor must use the form as part of the interview process, noting any changes or new information on the form. When

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necessary or appropriate the Client Facilitator and/or the Counselor may assist the taxpayer in completing the Intake Booklet.

4.4.2 The Quality Reviewer must use the form as part of the quality review process, noting any changes or new information on the form.

4.4.3 The taxpayer (or their representative) must be in the Counselor's presence while the return is prepared to answer questions and clarify information when needed. For joint returns Local Coordinator discretion is needed if only one taxpayer is present at the time the return is prepared, but both must still sign the IRS Form 8879. State Coordinators may set a state-wide policy regarding joint return signatures. AARP Foundation Tax-Aide does not allow use of drop-off sites.

4.4.4 Amended Returns.

Counselors preparing or performing quality review for amended tax returns must have been certified for the year of the amended return and may only prepare returns for the current and three prior tax years.

For example, in tax year 2020, only amended returns for tax years 2020, 2019, 2018 and 2017 may be prepared.

4.4.5 Prior Year Returns.

Counselors preparing or performing quality review for prior year tax returns must have been certified for the year of the return. They may only prepare prior year returns for the three prior years.

4.4.6 Amended and Prior Year Quality Review.

A second Counselor certified for the year of the return must be available to provide quality review for the amended or prior year return.

4.4.7 State and local tax return preparation.

State and local tax preparation service may be provided as long as the policies of the program are followed and trained and certified volunteers are available to prepare and QR the return.

4.4.8 No filing requirement.

The practice of preparing/filing a return for taxpayers who are not required to file is acceptable, as it can help prevent identity theft. Sites shall not offer to or prepare an IRS Form 9452 (Filing Assistance Program), since this form is out of scope. Tax-Aide recommends taxpayers e-file returns, even if do not have a filing requirement.

4.5 Extended Service (beyond the standard tax-filing season)

4.5.1 Assisting new to Tax-Aide taxpayers out of season is neither required nor expected.

Assisting taxpayers whose return was prepared by Tax-Aide volunteers during the season with

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the amendment of an incorrect or incomplete return or a reply to an IRS or state inquiry is strongly encouraged and reasonable.

4.5.2 Assistance must be in a public place.

4.5.3 No taxpayer paperwork may be taken off-site or retained by a volunteer.

4.5.4 One Counselor may meet with the taxpayer for the purpose of understanding or interpreting an IRS notice (e.g. CP2000), or assisting the taxpayer in formulating a simple response to the IRS.

4.5.5 Any meetings required to prepare an amended return, or respond to an IRS notice involving attachments, must involve two Counselors. This will 1) ensure that quality review can be completed on the amended return at the time of the meeting, and 2) protect the Counselors and program against allegations of inappropriate actions by either the Counselor or the taxpayer.

4.5.4 All extended service support to a taxpayer must follow the same scope guidelines as applied during the regular season.

4.5.5 Requests received from taxpayers by the National Office for extended service relating to a perceived Counselor error on a return or for any other reason are forwarded to the State Coordinator who will ensure that the appropriate District Coordinator/Local Coordinator contacts the taxpayer and provides appropriate assistance to the taxpayer.

4.5.6 Extended service statistics will be reported to the National Office through the Portal Program Metrics section of site data. Reimbursement related to extended service by a leader will be shown as coordinating (Code B) expense only. Reimbursement related to extended service by a non-leader is available with preapproval. Refer to Section 10.

4.6 Quality Review

4.6.1 All tax returns must receive a quality review by a second certified Counselor in the presence of the taxpayer or their designated representative. This applies equally to federal, state, and local returns.

4.6.2 The appointment of “Designated Quality Reviewers” is highly recommended. They should be experienced Counselors whom the Local Coordinator considers to be best informed on tax law and the tax software program. Generally, first year Counselors should not perform quality reviews.

4.6.3 The quality reviewer (or Counselor depending on site process) shall review each completed tax return with the taxpayer(s) or taxpayer’s designated representative to ensure taxpayer understanding. At that time, they will also remind the taxpayer that the accuracy and completeness of the return is their responsibility, and that when they sign the

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Form 8879, they are agreeing to this. The quality reviewer should refer the taxpayer to specific language to that effect on both the 8879 and the Tax Record Envelope for more information.

4.6.4 Volunteers shall not sign, or otherwise place their names on the Intake Booklet. Initials are acceptable, though strongly discouraged.