

Accounting Aid Society
Site Coordinator Update – March 19, 2022

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BEST PRACTICES

- Name Tags
 - Please make sure you are wearing a name tag with your First Name, Last Initial when working with clients

IRS LETTER 6419

We have encountered situations where a client has reported that the amount of Advanced CTC received was less than what is reported on IRS Letter 6419. In these situations the best practice is to complete the return using the information on IRS Letter 6419. The client should fill out [IRS Form 3911](#) to trace the payment(s)

- Section I, II and III must be completed
- Mailed to the same location as a paper return with refund:
 - Department of Treasury, Internal Revenue Service, Ogden, UT 84201-0002
- Or faxed to 855-309-9361 Attn: SP Rejects Team

Tracing the payments may take 6 to 8 weeks (or longer if Form 3911 is mailed), but this is a faster process than filing the tax return using information different than what the IRS currently has on record for the taxpayer.

REJECTED TAX RETURNS

Listed below are the most common reasons for rejected returns (not listed in any particular order) . We've listed the ways you can help reduce the number of rejected returns.

- **Name and SSN/EIN Mismatch** – We are seeing this reject for taxpayer, spouse, dependent and Employers/Payers
- **Rejects Related to Dependency Issues**
- **Missing Identity Protection PIN (IP PIN)**
- **Missing 1095-A**
- **Disallowed Credits** – The explanation for this reject states that the taxpayer must file Form 8862 in order to claim EIC, CTC/ACTC, and/or AOTC after disallowance. (Note: Form 8862, Information to Claim Certain Refundable Credits After Disallowance, has expanded this year from just the Earned Income Credit to now include the Child Tax Credit/Advanced Child Tax Credit and the American Opportunity Tax Credit.)

To help reduce the number of these rejections and other errors, please make sure the Intake Sheet is being used during the entire tax return preparation process and during quality review.

Intake and Interview – If the client has completed the Intake Sheet, the preparer **must** review the sheet for completeness and **must** conduct an interview with the client. The quality reviewer must always review the completed Intake Sheet.

In addition to verifying identity and confirming there is proof of every Social Security number to be listed on the return, the interview by the preparer should consist of the following at a minimum:

- Question the taxpayer about any unanswered questions and any questions marked “Unsure”, and then mark the correct answer.
- Complete the Certified Volunteer Preparer shaded areas.
- As part of the interview, verify with the client some of the answers on the Intake Sheet from page 1, and about income, expense and life events.
- If the client completes Accounting Aid’s Supplemental Intake Sheet, verify some of the information listed there, as well. Ask the client again about some items marked both “Yes” and “No”.
- If there are changes to the intake sheet, the volunteer should put their initials next to the change.
- See below for Intake Sheet guidelines for dependency issues, IP PIN and disallowed credits.

Note: We felt this reminder was necessary again; we thank those tax sites that are following correct procedures and practices.

Please follow the guidelines below to help minimize the following rejects:

Name and Social Security Number Mismatch – These are some “must do’s” to minimize this rejection:

- Be sure the preparer and quality reviewer are looking at the Social Security card (or other document from the Social Security Administration) when entering *both* the SSN and the last name for *each* individual to be listed on the tax return.
- Do not enter names based on the Intake Sheet or picture IDs.
- Be sure a middle name is not being entered as part of the last name.
- Review pages B-13 & B-14 in Pub 4012, Determining the Last Name of Taxpayer, when in doubt and in certain situations, e.g., hyphenated names, Hispanic and Indo-Chinese names.
- Review all Employer and Payer information on W2s, 1099-Rs, etc for accuracy.
 - Carry forward returns may have information that has changed, please be careful to review the information for accuracy
- Finally, be sure that the taxpayer has reviewed this information and signed off on page 5 of the Intake Sheet that it is correct. And be sure the quality reviewer is verifying the information during their review.

Rejects Related to Dependency Issues – Very often these rejects are out of our control to prevent, but please make sure the following is part of the Intake/Interview *and* the quality review process:

- Verify the answer to Question #10 in Part I of the Intake Sheet asking if the taxpayer and/or spouse can be claimed as a dependent on another return.
- Make sure the correct dependency determination is being made for each person listed at the bottom of page 1 of the Intake Sheet in Part II, Question #2.

If there are individuals listed as either living with the taxpayer or being supported by the taxpayer (living elsewhere), make sure that the questions in the Certified Volunteer Preparer shaded area are answered accurately. (Reminder: Everyone who lives with the taxpayer should be listed in this section, not just those claimed as dependents.)

Missing Identity Protection PIN (IP PIN)

- Intake and Interview – Preparers and quality reviewers should make sure Question #11 in Part I of the Intake Sheet is answered (Have you or your spouse been a victim of identity theft?). Ask the question again even if it is marked “No”. Have a discussion with the taxpayer/spouse.
- If they are a victim of identity theft (i.e., their Social Security number has been used to file a tax return), we must have their IP PIN **before** starting the return in TaxSlayer.
 - They should have received a CP01A Notice from the IRS dated January 1, 2022, with their IP PIN for tax year 2021.
 - If they do not have their IP PIN, please explain that we cannot electronically file the return without the PIN, and ask them to:
 - Log into their IRS Online Account (if set up) using their cell phone
 - Access Tax Records has digital copies of CP01A notice from the IRS
 - Look for the Notice at home and to return to the tax site with it, or, if they can’t find it,
 - Contact the IRS to retrieve their IP PIN or to obtain a new one. Visit the following IRS link for information on retrieving an IP PIN and on obtaining a new one: <https://www.irs.gov/identity-theft-fraud-scams/retrieve-your-ip-pin> or call 800-908-4490

Missing 1095-A

- Intake and Interview – Preparers and quality reviewers should make sure Question #9 in Part V of the Intake Sheet is answered (Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]). Review the question the taxpayer/spouse to ensure accuracy.
- If they do not have their 1095-A, please explain that we cannot electronically file the return without this document and ask them to:
 - Log into their Marketplace account on their cell phone
 - Look under 2021 application and select Tax Forms from the menu on the left. Then download the PDF (note: Chrome users should see the downloaded PDF on the bottom of the screen and should click open. Safari (Apple iOS) users select Open With, when the pop-up appears)

- Call the Marketplace at 1-800-318-2596 if they cannot access their online account
- Look for the Notice at home and to return to the tax site with it

Disallowed Credits (EIC, CTC/ACTC and AOTC) – Please follow the guidelines listed below for minimizing this reject and for completing Form 8862 in TaxSlayer.

- Intake and Interview – Ask and/or review Question #4 in Part V, Life Events, that asks the taxpayer, “ Last year, Did you or your spouse Have Earned Income Credit (EIC) or other credits disallowed in a prior year?”.

Ask the question even if it is marked “No”; clients may not have understood the question.

Ask other leading questions such as “did you get all of your refund last year?” and “did you get any letters from the IRS?”

- If they indicate there has been a disallowance, here are some tips on completing Form 8862 in the software:
 - Form 8862 is required when the taxpayer is claiming at least one of the three credits and at least one of those credits was reduced or disallowed for a previous tax year.
 - Once it is determined that Form 8862 is required, find it in TaxSlayer by entering 8862 in the forms search box.
 - Click Begin for information to Claim Certain Refundable Credits After Disallowance.
 - On the Form 8862 page, select the applicable credit(s) and answer the questions. Read and consider each question carefully, keeping in mind that the qualifications are different for each credit.
 - **WARNING: *Do not choose the EIC Checklist option, if asked.*** It leads to the due diligence questions that are for paid preparers.