

Accounting Aid Society
Site Coordinator Update – April 5, 2025

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Best Practices

At this time of year, we typically see more complicated tax returns. Please continue to practice due diligence and remind all volunteers and staff that they should ask a question of the site coordinator if they see something unusual or something for which they have not been trained.

Income Guideline

A reminder about Accounting Aid Society’s income guideline – We serve taxpayers with income up to \$67,000 for both individuals and families. After the intake/interview is completed, the screener or preparer should add up both taxable and nontaxable income listed on both intake sheets, federal and Michigan. If the total is above \$67,000, they should let the site coordinator know before starting the return in TaxSlayer. The site coordinator must contact Maysaa Rahal to get approval for preparing any return that is above our income ceiling.

Intake Sheets

It is important for both the tax preparer and the quality reviewer to review and reference both the federal and Michigan intake sheets during all stages of completing the tax return for the taxpayer. Remind all volunteers and staff of the importance of a complete intake and interview before starting the tax return in TaxSlayer. Every item on both intake sheets should be addressed with the taxpayer.

We’ve addressed Form 13614-C, Intake/Interview and Quality Review Sheet, in past updates. Below is some guidance on completing Accounting Aid Society’s Michigan Intake/Interview Sheet.

Michigan Intake/Interview Sheet

- Michigan Exemptions section – Be sure the boxes are checked for each exemption that can be claimed for the taxpayer, spouse and/or dependent. If needed, see the definitions in the 2024 MI-1040 Instructions book.
 - For **totally and permanently disabled**, support for this exemption is the receipt of SSDI (Social Security Disability Insurance), SSI (Supplemental Security Income), and disability benefits from the Department of Veterans Affairs.
 - Remember, individuals who reach age 66 by April 30, 2024, cannot claim an exemption for totally and permanently disabled on the 2024 return. If someone reached age 66 in 2024 (born in 1958), and they received any of the income types noted above, make a note in AAS Part II, Michigan Exemptions, indicating why the box was checked or why it wasn’t checked. This will help the quality reviewer know that the disability exemption has been looked at closely and the proper determination made.

- If the individual is receiving SSI and is age 65 or older, verify why they started receiving SSI (age 65 or older, or because they are blind or disabled). If they started getting it because they are 65 or older, they do not qualify for the totally and permanently disabled exemption.
 - Reminder: The exemption for blind, deaf, hemiplegic, paraplegic and quadriplegic can be claimed at any age.
 - If it is a married filing jointly return or if a dependent is being claimed, indicate who qualified for the exemption(s) on line 1 of AAS Part II.
- Michigan Homestead Property Tax Credit section – If the taxpayer did not live at the same address for the entire tax year and they were a qualified homeowner or renter for only part of the year, indicate the number of days they owned or rented their home.
- Due Diligence section:
 - Does income substantiate rent or property taxes paid and all other living expenses? Add up the taxable and nontaxable income items on the intake sheets and make sure the total is enough to cover ALL of the taxpayer’s living expenses.
 - If the answer is No to this question, further inquiries need to be made to determine how they paid for their living expenses.
 - If it’s discovered there are additional total household resources (THR), indicate it on the applicable intake sheet.
 - If loans, savings accounts, or credit cards were used, a paper return should be filed with an explanation and supporting documentation attached. Do not include these amounts in THR. Indicate the amounts on the Michigan intake sheet.
 - If the taxpayer is not able to explain how living expenses are covered, do not file the tax return (federal, Michigan or city return).
 - If the taxpayer received retirement or pension benefits (Form 1099-R, CSA/F 1099-R, and/or RRB-1099-R), indicate if the benefit qualifies for a subtraction on the Michigan return. If the retirement or pension benefit is from a deceased spouse and qualifies for a subtraction, indicate the deceased spouse’s name, date of birth and year of death. The deceased spouse’s Social Security number will also be needed (but it should not be written on the intake sheet).
- Client Review and Authorization section – Be sure to have the client review the completed tax return for the applicable items listed in this section and that they put their initials on the Michigan Intake/Interview Sheet.
- Make notes as needed on the Michigan Intake/Interview Sheet that will help with the quality review of the return and that will help identify for the taxpayer the source for information or amounts entered on their tax return. Also include information that the taxpayer has told us that would explain information that was entered on the return or why information was not entered.

Reference Materials

Continue to use the reference materials for making tax law determinations. Clients appreciate when we take the time to look something up to make sure we’re preparing their return correctly. The reference materials include IRS Publications 17, 4012-A and 4491, and the Form 1040 instructions;

the Michigan instructions for Forms MI-1040, MI-1040CR, MI-1040CR-2, and MI-1040CR-7; and the instructions for city tax returns. Links to all of these reference materials are on our Resources page.

Out of Scope Situations

Be sure to check the IRS reference materials for situations and forms/schedules that are out of scope (OOS) for the VITA program. As noted above, we may see more complicated returns and returns that are out of scope.

- Publication 4012-A – The ***Scope of Service chart***, beginning on page vi, lists both in scope and out of scope forms and schedules. When looking up a form or schedule, take note of any scope limitations and also if advanced certification or another certification is required.
 - For Form 1040 and Schedules 1 through 3, the Scope of Service chart lists the line items from the form or schedule. It can be helpful to look here first when determining if an item is in scope and then also look at what is listed for the information document the taxpayer received and/or type of income or expense.
 - In addition to referring to the Scope of Service chart, look at the applicable tax law topic section in Pub 4012-A for any clarification on an OOS situation or for additional situations that may be out of scope.
 - Example: If a taxpayer has sold a capital asset, look at information in the chart for both Schedule D and Form 8949 (listed as S D and F 8949 in the Scope of Service chart). You should also review pages D-32 through D-40 of Pub 4012-A.
 - If a form or schedule is not listed, it is out of scope because no training has been provided.
- Publication 4491 – Refer to the applicable chapter in the Volunteer Training Guide. Out of scope situations are summarized at the end of each chapter, but also within each chapter there may be a more descriptive explanation of an OOS situation.
- Note: If a volunteer or staff member has not been trained on an in-scope tax law topic, that topic is OOS for that volunteer or staff member.

Michigan and City Tax Returns – If you have questions on whether a form, schedule or situation is in scope for preparing a Michigan or city return, please consult with Maysaa Rahal.

Review the Tax Return with the Taxpayer(s)

Before the taxpayer signs Form 8879 (or their paper returns), be sure to go through the tax return with the client – all federal, Michigan and city forms/schedules.

- Be sure they understand the exemptions being claimed including dependents and, on Michigan and city returns, any special exemptions.
- Review with them all income items shown on the return and reference the source document(s).
- Review all deductions, additions and subtractions on each tax return.
- Be sure they are aware of any nonrefundable and refundable credits claimed on the return(s).
- For the Michigan credit claims, review all amounts shown for total household resources, the amount of rent or property taxes claimed, any heating costs claimed, and the calculated amount of their property tax credit and/or home heating credit.

- Be sure they know the refund or tax due amounts for each tax return by completing the Client Letter and stapling it as the top page of the return to keep for their records.
- **IMPORTANT:** Don't forget to inform the taxpayer that they are responsible for the information on their tax return. The review of the tax return with them ensures that they get a chance to ask questions and to better understand the tax return as a whole.

TaxSlayer Best Practices – Reviewing Taxpayer Notes

There are two opportunities in TaxSlayer where Taxpayer Notes from prior years will appear and should be reviewed. Please remind preparers of the following:

- Carrying Information Forward From a Prior Year Return – After entering the Social Security number in TaxSlayer, if the “*We’ve found data to import*” menu appears, always select Yes at the bottom of the page where it asks, “Would you like us to import this data?”.
 - If there are Taxpayer Notes on this page, do not uncheck the box(es). Notes should be imported along with other data.
 - Review the Notes and follow up with the taxpayer as warranted, such as if it’s indicated that a prior year return rejected because an IP PIN wasn’t entered or Form 8962, Premium Tax Credit, wasn’t present in the return.
 - Consider adding information in the Additional Notes/Comments section on page 5 of the federal intake/interview sheet to document what was in the Note and any conversation with the taxpayer. Comments on the intake sheet can also help the quality reviewer.
- Warnings on Your Federal Return – If there are Taxpayer Notes in the return, they will also appear at the beginning of the E-file section as a warning. Do not ignore warnings.

Reviewing Taxpayer Notes and addressing them with the client can help prevent a rejected return for the current tax year and/or ensure that we don’t have missing information on the return. Tell the quality reviewer about any Taxpayer Notes in the return.

Quality reviewers will not readily see Taxpayer Notes because very often the preparer moves on to the Submission Page before calling for a quality review. Reviewers can see Notes while in the return by clicking on the drop-down menu next to the taxpayer’s name at the top right of a page.

Be Alert and Aware for Scammers – Press Release from Michigan Department of Treasury

Michigan Department of Treasury has issued a press release reminding taxpayers to be cybersecurity alert and prepared to fight tax-related identity theft. Please read the press release at the link at the end of this section. Share this information with taxpayers if warranted after your conversations with them. Please note that in the last paragraph of the press release, Treasury discusses confirmation quiz letters sent to some taxpayers. Be aware of these letters in the event a client says they have received one from Michigan Department of Treasury.

<https://www.michigan.gov/treasury/news/2025/04/04/taxpayers-urged-to-be-alert-and-aware-for-scammers>