

**Accounting Aid Society**  
**Site Coordinator Update – April 6, 2024**

**CONTENTS:**

<ul style="list-style-type: none"><li>▪ Quality Site Requirement Alert</li></ul>	<ul style="list-style-type: none"><li>▪ Best Practices – Intake Sheets, Reference Materials, Out of Scope Situations, and Review of the Tax Return with the Taxpayer</li></ul>
--	--

## **Quality Site Requirement Alert**

---

The IRS has issued their second Quality Site Requirement Alert (QSRA) for the current filing season and is listed below. Please share the information with volunteers and staff.

- [QSRA 2024-02, Quality Reminders](#)

The alert reminds us of the importance of the Intake/Interview and Quality Review process for the accuracy of tax returns provided to taxpayers. It lists some of the findings from IRS reviews conducted this filing season.

The IRS issues QSRA's throughout the tax season. They are available under the Site Manual tab on our Resources page, <https://www.accountingaidresources.org>, and in the IRS Site Coordinator Corner at <https://www.irs.gov/individuals/quality-and-tax-alerts-for-irs-volunteer-programs>.

## **Best Practices**

---

In addition to reviewing the information on the above-referenced QSRA, we are including some other reminders to assist in preparing a correct and accurate tax return for taxpayers. We realize that most of these practices are being done at the tax sites, but we wanted to remind you of their importance, especially at this time of the filing season when we may see more complicated tax returns.

### **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. Some specific reminders for this update include:

#### **Form 13614-C, Intake/Interview and Quality Review Sheet**

- Personal Information section -- Verify the answers to questions 6 and 9 by reviewing definitions in IRS Publications 4012 and 17, if needed, for full-time student, totally and permanently disabled, and blind.  
Verify the answers to questions 10 and 11 regarding if the taxpayer or spouse can be claimed as a dependent on another person's return and if anyone on the return has been a victim of tax related identity theft or been issued an Identity Protection PIN.
- Household Information section at the bottom of page 1 – *Always* ask taxpayers to list *everyone* who lived in their household during the tax year and to also list anyone they supported but who did not live with them in the tax year. Use page 3 of the Intake Sheet if more space is needed. For each person listed, be sure to answer the questions in the grayed-out section for completion by a certified volunteer tax preparer. This not only helps with dependency determinations, but is also useful information for the Michigan credit claims. For the home heating credit, a list of household members is needed.
- Income section – In addition to indicating how many W-2s were received, also indicate if more than one other information document was received, i.e., Form 1099-INT, Form 1099-

DIV and Form 1099-R. For a married filing jointly return where Social Security benefits were received, indicate which spouse received the benefits.

- Income, Expenses, Life Events, and Additional Comments sections – Make notes as needed 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.
- Prior Year Returns – We should only be preparing 2023 tax returns at the tax sites, but if time permits and your site prepares a prior year return, the federal Intake Sheet for the prior year should be used for the intake and interview of the taxpayer. As with all tax returns, make sure you have all information needed before starting the tax return in TaxSlayer.

### **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 2023 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.  
Note: If the individual is receiving SSI and is age 65 or over, verify why they received SSI (age 65 or older, or because they are blind or disabled).
  - If it is a married filing jointly return or if a dependent is being claimed, indicate who qualified for the exemption.
- 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 tax year, indicate the number of days they owned or rented their home.
- Due Diligence section:
  - Does income substantiate rent/property taxes 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. We

will also need the deceased spouse's Social Security number (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 Sheet.
- Make notes as needed on the Michigan Intake 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 and 4491, and the Form 1040 instructions; the Michigan instructions for Forms MI-1040, MI-1040CR/CR-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:

- Publication 4012 – 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.
  - In addition to referring to the Scope of Service chart, look at the applicable tax law topic section in Pub 4012 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-38 of Pub 4012.
  - 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 your assigned VITA Program Manager.

### **Review the Tax Return with the Taxpayer**

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.