

Accounting Aid Society
Site Coordinator Update – February 12, 2022

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Updated IRS Publication 4012

The electronic version of Pub 4012, Volunteer Resource Guide, has been updated to incorporate the changes from Publication 4491-X, VITA/TCE Training Supplement. Staff and volunteers should be encouraged to use the electronic version when referencing Pub 4012 which will have a revision date of January 2022 (Rev. 1-2022).

If using a hard copy of Pub 4012 (Rev. 10-2021), be sure to reference Pub 4491-X for any changes to the Pub 4012 page(s) being referenced.

TINs and EINs

Taxpayer Identification Number (TIN) – Preparers and quality reviewers should verify that the taxpayer’s TIN (e.g., Social Security number, ITIN) on the taxpayer’s information documents (e.g., W-2, 1099-R) lists the correct number for the taxpayer. If it is incorrect, please see the Site Coordinator Update dated February 5, 2022, for instructions.

Employer Identification Number (EIN) and Payer’s TIN – Please remind preparers and quality reviewers that we must be sure that the EIN and payer’s TIN in TaxSlayer match the taxpayer’s paper information documents. It’s been reported that some of these identifying numbers have changed from the previous year.

With returns where information was carried forward, please double-check that EINs and TINs match the paper form and make corrections where necessary. Name and address of the employer or payer should also be changed in TaxSlayer to match the paper form.

In situations when the EIN or payer’s TIN is entered in the software, and the employer/payer name auto-populates, verify the name and address of the employer/payer match the paper form. Make changes in TaxSlayer as warranted.

Retirement and Pension Benefit Distribution Issues

Coronavirus-related Distributions

Please note that coronavirus-related distributions could *not* be made after December 31, 2020.

TaxSlayer Instruction: After information is entered on the 1099-R page, select SKIP on the next page entitled, *Qualified 2021 Disaster Retirement Plan Distributions and Repayments*. If a taxpayer had a coronavirus-related distribution in 2020 and elected to spread the taxable income over three years, Form 8915-F on the 2021 return must be completed. The access point for this form is on the Income page in TaxSlayer. See further instruction below under TaxSlayer Issues.

Form 1099-R, Distribution Code 4 in Box 7

Please review returns carefully with code 4 in Box 7 of Form 1099-R from a deceased spouse where entries were made in the Michigan section of TaxSlayer to get a retirement and pension benefits subtraction on Form 4884. It's unclear at this point if TaxSlayer is handling these returns properly. Please refer to instructions for Form 4884 in the MI-1040 instructions book for complete instruction on deceased spouse retirement benefits. Please contact us with any questions.

If there is a 1099-R, code 4 distribution from a deceased spouse, please add a Note in TaxSlayer indicating the year of birth and year of death for the deceased spouse, and name the Note, Deceased Spouse Info. This will allow us to more readily see and verify this information in future tax years.

Emergency Financial Aid Grants

There is the potential that we will have students at the tax sites who have received emergency financial aid grants due to the COVID-19 pandemic. Please see the attached *Higher Education Emergency Grants Frequently Asked Questions*. The FAQs can also be accessed at the following link: <https://www.irs.gov/newsroom/higher-education-emergency-grants-frequently-asked-questions> .

These grants are not included in gross income. And a student does not reduce an amount of qualified tuition and related expenses by the amount of an emergency financial aid grant.

If a taxpayer's Form 1098-T, Tuition Statement, has an amount in Box 5 for scholarships or grants:

- Ask if they received an emergency financial aid grant under the CARES Act or other Act referenced in the FAQs due to the COVID-19 pandemic
- If they answer Yes or are unsure, you must (as always) look at the student's account statement from the school to determine qualified tuition and related expenses, and to review scholarships and grants
- Review the account statement to see if the grants listed are identifiable as qualifying emergency financial aid grants referenced in the FAQs. And to determine if they are included in the amount in Box 5
(We realize the FAQs state that the schools do not have to report these emergency grant amounts, but we suspect that the schools accounting systems may be set up to do so.)
- If there is any uncertainty, the student should be instructed to contact the school's Financial Aid office for clarification on the grant(s) received and on inclusion in Box 5 of Form 1098-T, before we can prepare the return.

TaxSlayer Issues

Form 8915-F, Qualified Disaster Plan Retirement Distributions and Repayments – It is unclear at the time of this update if the form has been fully rolled out in TaxSlayer. It appears that line D of Form 8915-F should be checked on the form for the in-scope return described below; however, TaxSlayer does not have a checkbox for coronavirus disaster.

- In scope for VITA – If the taxpayer had a coronavirus-related retirement distribution in 2020 and on Form 8915-E elected to spread the income over three years, Form 8915-F is used in 2021 to report the 1/3 ratable inclusion in income, and to show any repayments made up through the timely filing date of the tax return.
- In TaxSlayer, access Form 8915-F from the *Income* page. (**Do not** access it from the page that appears after you enter 1099-R information.)

- If the 2020 return information is available in TaxSlayer (2020 Form 8915-E), the input fields for amounts within Form 8915-F will populate automatically.
- If the 2020 return information does not auto-populate in the 8915-F, information must be entered from the 2020 Form 8915-E. The taxpayer must have this form with them in order for us to complete the 2021 tax return.

Please continue to hold the filing of returns where Form 8915-F needs to be filed with the 2021 tax return.

Custom Credits – Unable to Enter a Negative Amount

TaxSlayer is currently not allowing the entry of a negative number in the Custom Credit field for *City TaxDue/Refund*. TaxSlayer has issued a ticket number for the issue (#6655) and we will let you know when it is resolved. In the meantime:

- If there is tax due on the City tax return, enter zero in the Custom Credit field
- Please add the return tag of “City Tax Due” to the return
- Once the issue is resolved in the software, the returns will be filtered by the return tag and the correct amount of tax due will be entered in Custom Credits

Important: Please make sure your staff/volunteers are aware that if there is tax due on the City tax return it is entered as a negative number in the Custom Credit field.

LITC Referrals

Please make note of the situations listed below when clients should be referred to our Low Income Taxpayer Clinic (LITC):

Taxpayer indicates they have not received the refund from their 2020 electronically filed tax return.

There are four notices/letters we may see at our tax sites that are sent by the IRS before a levy can be initiated by IRS. They are all a Final Notice of an intent to levy and include:

- Notice CP90
- Notice CP91 – Used for levy on Social Security benefits
- Notice LT11
- Letter 1058

The taxpayer may file for an appeal of the levy by filing Form 12153, Request for a Collection Due Process or Equivalent Hearing. **This must be filed within 30 days from the date of the notice or letter.**

If a taxpayer wishes to appeal, it’s critical that they are referred to our Low Income Taxpayer Clinic (LITC) as soon as possible. Please assist the client in completing the LITC Client Application Form which can be found at

<https://accountingaidsociety.org/low-income-taxpayer-clinic/litc-client-application-form/>