

Accounting Aid Society
Site Coordinator Update – February 15, 2025

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Form W-2 and/or Form 1099-R – What to Do if Incorrect or Not Received

The steps below must be followed if a taxpayer hasn’t received his or her Form W-2 and or Form 1099-R by January 31st, or if information on the form is incorrect.

- 1) Taxpayer should contact the employer/payer.
- 2) If the missing or corrected form still hasn’t been received by the end of February, advise the taxpayer to contact the IRS at 800-829-1040 for assistance. The taxpayer should have the following information available when they call the IRS:
 - a. Their name, address and Social Security number.
 - b. The employer/payer’s name and address (including zip code). The attached *IRS Topic No. 154* lists information the taxpayer should have before calling the IRS.
- 3) The IRS will contact the employer/payer and request the missing or corrected form. They will also send the taxpayer Form 4852 (Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) along with a letter containing instructions for the taxpayer.
- 4) If the taxpayer does not receive the missing or corrected form in sufficient time to file their tax return, complete Form 4852 in TaxSlayer. The taxpayer should use information from the last pay stub or remittance advice of the tax year. If the taxpayer had the same employer or payer in the prior year, look at the prior year W-2 or 1099-R for the EIN.

Note: If the EIN is unknown, the return cannot be e-filed; it must be paper filed.

For more complete details on this process, please see the attached *IRS Topic No. 154 Form W-2 and Form 1099-R (What to Do if Incorrect or Not Received)*. It can also be found at the following link, <https://www.irs.gov/taxtopics/tc154>, and is also posted on our Resources page under Tax Preparer Tools/Federal/Tools.

Note: The return should not be started in TaxSlayer if the taxpayer is missing a W-2 and/or 1099-R, or if a form is incorrect. If Form 4852 has to be used to complete the tax return, it must be the one sent by the IRS.

Married Filing Separately Returns – Spouse’s Social Security Number Unknown

If a taxpayer's filing status is Married Filing Separately and the taxpayer does not know the spouse's Social Security number (SSN), enter **111-00-1111** as the spouse's SSN. In this scenario, the return cannot be electronically e-filed, it must be paper filed.

After printing the return, Wite-Out the spouse's SSN of 111-00-111 on all of the printed tax forms, both on the returns to be mailed and on the taxpayer's copy.

TaxSlayer

STATE VALIDATION ERROR

At the time of this update, TaxSlayer was producing a State Validation Error for any return where the taxpayer was born before 1946, who had an amount on either line 25, 26 or 27 of Michigan Schedule 1, and also had an amount on line 28 of Schedule 1. The validation error reads as follows:

Returns Filing and claiming Claiming Deductions on lines 25, 26 or 27 and the dividend/interest/capital gain deduction (line 28) as the unremarried surviving spouse of someone born before 1946 who was at least 65 at the time of death are not eligible for e-file.

This return will need to be mailed.

Although the error states the line 28 deduction is being claimed "as the unremarried surviving spouse of someone born before 1946 who was at least 65 at the time of death", this is not the case on the tax returns we are seeing. The validation error occurs when the taxpayer is born before 1946 and the other conditions are met (amounts on lines 25, 26 or 27 and line 28 of Michigan Schedule 1).

GUIDANCE

If you receive the above State Validation Error on a return:

1. Complete the quality review of the entire tax return – federal, state and city.
2. Mark the Michigan return as Paper.
3. Assign the Return Tag, "MI Sch 1 Line 28".
4. Add a Note in TaxSlayer. Include the date the note was created and MI Sch 1 in the Title. In the Note, include that Michigan will be e-filed once the State Validation Error is fixed.
5. Explain to the taxpayer that their federal return will be electronically filed. That there is an error in the tax software that is preventing their Michigan return from being e-filed and that once the error is fixed, we will e-file Michigan.
6. If the return is being filed by paper (should be rare), the taxpayer can mail in all returns.
7. E-file the federal return.

Please let us know if you receive any other type of validation error.

CUSTOM CREDITS

Please note that the order of the custom credits is not consistent from one tax return to the other in TaxSlayer. The order should be to enter property tax credit amount, home heating credit amount, and city refund/tax due amount. However, TaxSlayer revises the order on some tax returns. We have been unsuccessful in getting TaxSlayer to fix the issue.

Please ensure that the preparers are reading each line on the Custom Credits page in the software and are entering the correct amount. Ensure that they are not just entering amounts off of the Preparer Return Questions sheet without looking at each line on the software page.

ADDING NOTES

A reminder to please add a Note in TaxSlayer for the situations listed below. The Note should be added in addition to selecting the applicable Return Tag.

- **Missing Information** – Add a Note in TaxSlayer listing what the taxpayer needs to bring in order for us to complete the tax return. (The taxpayer should also be given the completed Missing Information document so they have it written down for them as to what is needed. The document can be found on our Resources page.)
- **Paper Return** – Add a Note as to why the return was not electronically filed and a paper return was completed.
- **Client Does Not Want to File** – Add a Note explaining why the taxpayer chose not to file the return that we prepared for them.
- **LITC** – If a taxpayer is referred to our Low Income Taxpayer Clinic (LITC), explain why in a Note.
- **Rejected Returns** – For the sites handling rejects, include a Note(s) detailing any conversations with the taxpayer, attempts to reach the taxpayer, and how the reject was resolved.
- **Other Scenarios for Adding a Note** – Please also add a Note in the software:
 - If a taxpayer had any unusual circumstances during the tax year that affected their return.
 - If the taxpayer tells you something that affects how an item was handled in the return, but isn't evident by the forms completed or other information entered in the return.
 - If the information provided in the Note would help someone who looks at the return at a later time to help them understand why information was entered on the return in the manner it was, or why something was not entered on the return.
 - If the information provided in the Note for the current year's tax return would help in tax preparation of the subsequent year's return.

Please do not remove any current year Notes in TaxSlayer that were added by another individual.

Notes on Intake Sheets – Please remember to also add notes to both the federal intake sheet (Form 13614-C) and our Michigan Intake Sheet, as warranted. Notes on the intake sheets assist the quality reviewer and, because the clients keep the intake sheets, it may help explain for them how a certain item was handled, or not handled, on the tax return. Intake sheet notes also document your conversation with the taxpayer about any unusual situations.

Best Practices

Household Information on page 1 of the Intake/Interview & Quality Review Sheet, Form 13614-C

When completing the household information section at the bottom of page 1 of the Intake/Interview sheet, please remember to follow the instructions on the sheet to list everyone who lived with the taxpayer during the tax year (other than a spouse) and anyone they supported who did not live with them, and to answer the questions in the gray section for each individual. The Household Information section should not be used to list only dependents, and should not be described as the dependents section.

The information is not only needed for filing status and dependency determinations, but could also be helpful information for the Michigan tax return when determining who is eligible to claim the

Michigan property tax and home heating credits, when determining if anyone contributed to the taxpayer's living expenses (asked on Accounting Aid's Michigan Intake Sheet, AAS Part V, #5), and determining if the individual (if not a dependent) needs to be listed on the Home Heating Credit Claim on Line 17.

Assembly of the Completed Income Tax Return

Please remember to staple together the taxpayer's copy of the tax return for their records. We should not be giving them just loose papers. The completed Client Letter (Accounting Aid sheet with the header, YOUR _____ WORKSHEET) should be on top, followed by the federal return, Michigan return, and any city return(s).

Taxpayer Refuses to File the Income Tax Return

If a taxpayer doesn't want to file the tax return that we have completed for them, please be sure to complete the following steps:

- In TaxSlayer:
 - Leave the return as "In Progress",
 - Assign both of following return tags to the return: "Client Does Not Want to File" and "Delete this Return",
 - Do not change it to a paper return, and
 - Add a Note explaining why the taxpayer refused to file the return we prepared.
- In Quickbase, also include an explanation of why the taxpayer refused to file.

Do not give the taxpayer a copy of the return. They can be told the refund or balance due amounts that were calculated and/or the Michigan credit amounts, but they should not be given any tax forms or schedules.