

NH Tax-Aide – What’s New for 2016

NHTAXHELP.ORG

- The site was revised substantially. It is designed to provide you with all the information (or links to it) that you need as a NH Tax-Aide volunteer, including training materials.

IRS MATERIALS

- There is a new test (Circular 230); it is out of scope for Tax-Aide.
- Last year the ACA practice content was incorporated into Pub 4491; this year it is back in 5157-A
- Pub 4491 is not printed anymore by IRS, but see your Instructor: Arrangements have been made to make copies for NH volunteers.

TRAINING

- NH Tax-Aide uses L&L as its primary source of training and provides additional training needed for topics that are either not covered on L&L or different for Tax-Aide: See the NH L&L Training Supplement. BUT: Other training approaches are used throughout the state; see your Instructor for their training plan; they may also have additional information for you.
- Because of the new software requirement the minimum number of federal practice returns (using 2016 TSO PL) is now four; your Instructor/LC may require more and may also have state practice requirements.

NEW SOFTWARE: TaxSlayer Online or TSO

- Practice using the software using the NTTC Workbook and Practice Lab is critical; the software is very different from our old software. Your Instructor has Workbook answers. Note there is no longer a “training region” on the software; everyone uses the same Practice Lab “site”.
- TSO 2016 PL will mirror 2016 production, with a few exceptions, and we should expect to see software updates during training and through tax season.
- Our primary source for software entry is still Pub 4012 (with Tax-Aide modifications) and each site will also have a User Guide (which can also be accessed within TSO). We also still have a volunteer hotline.
- We won’t have carryforward data this year. It is critical to ensure clients have certain information during the interview (e.g.; loss carryforward, Simplified Method data) to ensure you have all data needed to prepare the return.
- TSO does not calculate some things correctly, provides information we need to give clients, or does not provide clear information on proper entry. Pub 4012 with Tax-Aide modifications addresses all of these issues.

TAX LAW (not all of this is in the “What’s New” lesson on L&L)

- Minor changes with the ACA: SRP has increased. Some exemptions that can no longer be obtained via the Marketplace (i.e., incarceration and healthcare ministry/Indian tribe); they are now just indicated on the tax return (although if the exemption is ‘evergreen’ and a taxpayer has a certificate number it can be used going forward).
- Also: The IRS started issuing “Letter 12C” to over a million taxpayers in 2016 requesting information (e.g., 1095A, 8962, 1040) regarding their 2015 tax return, and not all taxpayers

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responded and the IRS may have concluded examinations of the return using inadequate data. Some taxpayers may need to file or amend their 2015 return.

- Clients may not have forms 1095-B and 1095-C because the IRS extended the due dates. These forms sometimes help with return preparation, but are not needed to file a return.
- PATH = key legislation passed during 2016 that made some expiring tax provisions permanent, only extended 4 expiring tax provisions for 2016, established new provisions re: retirement rollovers, limited eligibility for certain benefits to AFTER SSN/ITIN is obtained, and requires some clients with ITINs to renew them
- The due diligence checklist, formerly just required for EIC now applies to CTC/ACTC and AOC. The checklist does not apply to volunteers, but TSO does not allow us to bypass it so there are procedures for completion in Pub 4012 with modifications.

SCOPE

- The Scope Manual is still our primary reference for scope; the Scope Summary provides a list of some VITA vs. Tax-Aide scope differences. The following are changes since last year...
- Form 1099-C is in scope if there is an amount in Box 3
- Form 1099R Box 7 coded "U" is in scope (Tax-Aide only)
- Form 1099R Box 7 coded "J" is no longer in scope (Tax-Aide only)
- Schedule C-EZ is not in scope (not an option for Tax-Aide, must use Schedule C)
- Schedule E is in scope for excludable income reported on a 1099MISC
- Form 2106 is in scope because there is no 2106EZ on TSO (non-military certified counselors can still only prepare if no reimbursement and standard mileage rate is used)
- Form 6251 in scope *only* to enter PAB interest
- De minimus election to expense asset purchases <\$2,500 on Schedule C is in scope

TAX-AIDE POLICIES AND MATERIALS

- The NTTC Workbook has been revised substantially. There is an 'errata' document on OSHC.
- The Tax-Aide "Pub 4012 Modifications" is expected again, with 'cut and paste' and 'whole page replacement' options. Wait for the final version in late December for tax topics only in scope for Tax-Aide as well as 4491X updates and TSO/other updates the IRS does not address.
- Changes to the "Policy and Procedures Manual" for 2016 are highlighted; read it! Key changes = SS cards/photo IDs and 8453, these policies vary for Tax-Aide vs VITA, and NH Tax-Aide has established policies when states have flexibility. (see "NH L&L Training Supplement")
- Some Tax-Aide tools are required as TSO workarounds, some are optional and help with complex topic. Note that these tools are not training; before using them a volunteer needs to understand the underlying tax law.

UPDATES

- Training materials are developed before tax law and software are finalized, and there are always updates and new materials. Most are expected by late December: Revised Scope Manual, NTTC slides with updated TSO info, Pub 4491X, 4012 Tax-Aide Modifications, additional information about TSO, etc.