

Scope

National Tax Training Committee

■ Agenda

We are reviewing:



- Why Tax-Aide has their own Scope Manual
- Scope Manual is National Policy
 - what is in or out of scope
 - How to use Scope Manual
- Volunteers are required to stay in scope



■ Adherence to Scope

Scope refers to any Tax Law topics that a Counselor *MAY* encounter during the preparation of a tax return.

■ Why is there a Tax-Aide Scope Manual?

IRS Pub 4012 includes a detailed
Scope of Service ...

So why do we need a
Tax-Aide Scope Manual



■ Why is there a Tax-Aide Scope Manual?

IRS Pub 4012 is the generic VITA/TCE scope

AARP Tax-Aide Scope Manual

Defines forms/schedules that a Tax-Aide Volunteer might see as either in or out of scope

Forms not listed are Out of Scope





Supersedes Pub 4491 & Statement of Scope in Pub 4012

NTTC modified Pub's 4491 & 4012 contain NTTC Scope

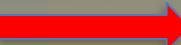

Locating the Scope Manual – Portal Library

Libraries ▸ [Tax-Aide: Training and Tax Law](#) ▸ [C - Tax Law](#)
Scope
4 items



Title ↑	Last Modified Date
 Scope Adherence	9/25/2019 12:22 AM
 Scope Change Form	10/11/2019 3:11 PM
 Tax-Aide Scope Differences Summary TY21	11/1/2021 1:43 PM
 Tax-Aide Scope Manual TY21 Rel1	11/2/2021 1:18 PM

■ Locating the Scope Manual – AZ Website


Administration & Sites  Tax Preparation  ... Logout

Tools & Info for Volunteers

... provides the tools and information useful in actually preparing tax returns for our clients.

▶ Handouts, Worksheets & Guides

▼ Manuals & Publications

1. [Pub 17 – Your Federal Income Tax](#)
 2. [Pub 969 – Health Savings Accounts](#)
 3. **[Pub 4012 r2 \(modified\) TY21](#)**
 4. [Pub 4299 – Privacy, Confidentiality, and Civil Rights](#)
 5. [Pub 4491 – Training Guide \(modified\) TY21](#)
— Pub 4491-X Training Supplement
 6. [Pub 5187 – Affordable Care Act](#)
 7. [Schedule C Manual, Rel 3, TY20](#)
 8. [Scope Manual r1 TY21](#)
— [Scope Summary TY21](#)
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■ Tax-Aide In Scope – Partial list

■ In-scope:

- State tax refund only when the taxable portion can be clearly determined (Bogart)
- “Sale” of totally worthless securities
- Form 5329 - Part IX to waive additional tax for failure to take RMD
- Section 1250 gains reported on Form 1099-DIV
- Form 1099-R codes 6, U and W; codes J and T if distribution is not taxable and if first-time homeowner exception does not apply
- Income from the rent of bare land reported on 1099-MISC or received as cash
- Canadian or German social security income that is treated as US social security
- Form 8283 to report non-cash donations of more than \$500, but less than \$5,000
- Form 8606 Parts I and II only

■ Tax-Aide Out of Scope – Partial list

- Out-of-scope:
 - State & Local items determined by RC or SC as out of scope
 - Any in-scope tax law item for which a counselor is not trained
 - Other State & Puerto Rico returns - even with PR certification
 - Married taxpayers in community property states who are not filing jointly, see exception for R10
 - Any return with taxpayer holding virtual currency, even if there are no transactions
 - In Scope for VITA

■ Tax-Aide Things to Know about Scope

- IRS issues guidance regarding scope
- No Changes this year! – (except Forms & Schedules)
- Schedules 1, 2, 3; Schedules 8812 & F2441 and maybe more
- New W-4P and W-4R
- Added Exception Codes for F5329
- Qualifying Widower is now Qualifying Spouse

■ Scope Manual – New Section

- Added to front of Scope Manual
- Tax-Aide Scope Manual defines the maximum scope
- New section provides guidance to limit scope for
 - Regions
 - States
 - Districts
 - Sites
- Read requirements carefully

Scope Manual Example

F(orm) S(chedule) #	L(ine) B(ox) #	IN SCOPE Yes No	<p>Column 3: Yes = The form, line or box is in scope for sites having at least two volunteers certified at the appropriate level. No = The form, line or box is out of scope.</p> <p>Column 4: = Limitations or expansion of each scope topic including certification levels which may be in/out of scope.</p>
F 1099-DIV		Yes	<p>⊗ Dividends and Distributions</p> <p>Not in scope for:</p> <ul style="list-style-type: none"> • Taxpayer is a nominee • Box 2c Section 1202 gain • Box 2d Collectibles (28%) gain • Box 2e Sec 897 ordinary dividends • Box 2f Section 897 capital gain • Box 9-10 (Liquidation Distributions) • FATCA filing requirement

Scope Manual Example (completing a form)

F(orm) S(chedule) #	L(ine) B(ox) #	IN SCOPE Yes No	<p>Column 3: Yes = The form, line or box is in scope for sites having at least two volunteers certified at the appropriate level. No = The form, line or box is out of scope.</p> <p>Column 4: = Limitations or expansion of each scope topic including certification levels which may be in/out of scope.</p>
F 1116		Yes	<p>⚠ Foreign Tax Credit (Individual, Estate or Trust)</p> <p>In scope for:</p> <ul style="list-style-type: none"> • Simplified limitation election [total creditable foreign taxes of no more than \$300 (\$600 if filing status is MFJ)] no F 1116 required • Complete F 1116 in scope with International certification only <p>Not in scope for</p> <ul style="list-style-type: none"> • Taxpayers who must report a carryback or carryover on F 1116 • Taxpayers who must file a separate Form 1116 required for foreign income from a sanctioned country, using the “Section 901(j) income” category.

■ Tax-Aide Policy

- Counselors may prepare returns that:
 - Are within Tax-Aide’s scope

AND

 - For which they have successfully completed training

AND

 - Which they feel comfortable to prepare

- Region/State/Site can choose to opt out of a specific in-scope tax topic if:
 - Volunteers are not trained
 - Local Coordinator is not confident of proper application of tax law

■ Tax-Aide Policy – Local Scope Limitations

- State/District/Site may further limit Tax-Aide Scope:
 - Scope restrictions must apply to ALL taxpayers at the Tax-Aide site
 - **Scope restrictions must be clearly defined before the season and remain in effect during the entire season to avoid discrimination**
 - Scope restrictions must be consistent with AARP focus on +50LI
 - **Specific income or age limits cannot be restricted because the IRS (TCE) grant prohibits income and/or age restrictions**
 - Which they feel comfortable to prepare
- Refer Out-of-Scope taxpayer to another site that does not restrict
- Local and District Coordinators should get State & Regional guidance

■ Volunteer Protection Act of 1997

- Certified Volunteer is not liable for harm caused by an act or omission if:
 - Volunteer completed IRS & AARP training
 - Harm is not willful
 - Volunteer acted within scope of program & training
 - Following AARP Policy & Procedures

■ Volunteer Protection Act of 1997

- Volunteer is not protected from liability caused by:
 - Willful or criminal misconduct
 - Gross negligence or reckless misconduct
 - Conscious or blatant disregard of the rights or safety of the individual harmed

■ Consequences for Going Out of Scope

- Volunteer is liable for any taxpayer action
- Program is liable for any taxpayer action
- Volunteers may be removed from program
- Site may be shut down
- Program grant in jeopardy

What to do if an Out-of-Scope return is prepared at a Tax-Aide site

Required action:

1. Discuss out-of-scope issue with that volunteer
2. Seek resolution of the out-of-scope concern with LC
3. LC to conference with DC about concern/solution
4. File Incident report to State Coordinator

■ Family & Friends tax returns

Family & Friends returns may be prepared if:

1. Tax Return must be tagged as Family & Friend
2. LC must be aware of relationship/friendship return
3. Preparer & QR not protected for Out-of-Scope items
4. Taxpayer agrees that preparer may not be trained nor certified
5. Recommend each F&F Tax Return be Quality Reviewed

■ Questions?

