

# Scope

NTTC – R10 – AZ

November, 2023

# ■ 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 is specific

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

If not listed, the form is considered Out of Scope

Supersedes Pub 4491 & Statement of Scope in Pub 4012

NTTC modified Pub's 4491 & 4012 also contain NTTC Scope

# Locating the Scope Manual – Tiny URL



<https://ta-nttc.tiny.us/List-of-NTTC-TinyURLs>



List of NTTC TinyURLs 2023-10-17

**.XLSX**



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Tag (Category)	Title/Description	TinyURL	Update	Version
Scope	Tax-Aide Scope Manual - TY20	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY20">https://ta-nttc.tiny.us/Scope-Manual-TY20</a>	2020-10-30	TY20
Scope	Tax-Aide Scope Manual - TY21	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY21">https://ta-nttc.tiny.us/Scope-Manual-TY21</a>	2021-11-03	TY21
Scope	Tax-Aide Scope Manual - TY22	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY22">https://ta-nttc.tiny.us/Scope-Manual-TY22</a>	2023-01-20	TY22
Scope	Tax-Aide Scope Manual - TY23	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY23">https://ta-nttc.tiny.us/Scope-Manual-TY23</a>	2023-11-01	TY23

# ■ Locating the Scope Manual – AZ Website



Administration & Sites ▾

## ▼ Manuals & Guides

1. [Local Coordinator Guide TY20](#)
2. [Policy & Procedures Manual TY23^](#)  
— [Policy & Procedures Updates TY23^](#)
3. **[Pub 4012 TY22^](#)**
4. [Pub 4299 – Privacy, Confidentiality & Civil Rights](#)
5. [Pub 4491 – Training Guide \(modified\) TY21](#)  
— [Pub 4491-X Training Supplement](#)
6. [Pub 5166 – IRS Quality Site Requirements](#)
7. [Schedule C Manual r3 TY20](#)
8. [Scope Manual TY23^](#)



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# ■ Locating the Scope Manual – AZ Website

MAIN

Administration & Sites ▾



Tax Preparation ▾

## Tools & Info for Volunteers

### ▼ Manuals & Presentations

1. [Pub 17 – Your Federal Income Tax](#)
2. [Pub 969 – Health Savings Accounts](#)
3. **[Pub 4012 TY22](#)**<sup>^</sup>
4. [Pub 4299 – Privacy, Confidentiality, and Civil Rights](#)
5. [Pub 4491 TY22 — Training Guide](#)
6. [Scope Manual TY23](#)<sup>^</sup>



# ■ Tax-Aide In Scope – Income

- Can we limit taxpayers with higher incomes?
  - **Are ALL Income levels in Scope?**  
**Yes**, due to IRS TCE Grant requirements – **HOWEVER:**
  - Some Forms/Parts allow scope limitations – (Review TOC)
    - 1099-R Box 7 Code J and T if distribution is not qualified
    - 1099-B Box 2 – If Ordinary is checked
    - 1099-K – Some entries make it Out of Scope
    - Form 8958 – Income Allocation is Out of Scope (see R10 exception)
    - If Form 8959 -Medicare Tax Surcharge is require it is Out of Scope
      - Required for wages above \$137,500 for (S, HoH, MFS); \$250,000 (MFJ)

# ■ Tax-Aide Out of Scope – Partial list

- Out-of-scope:
  - State & Local items determined by RC or SC as out of scope
    - AZ Out of Scope is marked in Cactus Guide on relevant pages
  - Any in-scope tax law item for which a counselor is not trained
  - Other States & Puerto Rico returns - even with PR certification
  - Married taxpayers in community property states who are not filing jointly, (see **R10 Exception** on AZ website, AZ page)
  - Any return with taxpayer virtual currency transactions
    - In line with VITA scope

# ■ Tax-Aide Things to Know about Scope

- IRS issues guidance regarding scope
- Digital Currency change! – (Buy & Hold is in Scope)
- Schedules 1, 2, 3; Schedules 8812 & F2441 are in Scope
- Use Table of Contents to select form to review
- Yellow Highlighting shows NEW UPDATES
- Solar is still Out of Scope
  - Why?
  - Most are leased, not purchased
  - Contracts may defer rebates to installer

# ■ 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

# ■ Tax-Aide Policy

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

**AND**

  - For which they have successfully completed training or certification

**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

# ■ Volunteer Protection Act of 1997

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

