

# Scope – TY24

NTTC – R10 - AZ

# ■ Agenda

We are reviewing:

- Scope is National Policy
- Tax-Aide has their own Scope Manual
  - What is in or out of Scope
  - How to use Scope Manual
- Volunteers are required to follow Tax-Aide 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 does **Tax-Aide**  
need a Scope Manual



# ■ Why is there a Tax-Aide Scope Manual?

**IRS Pub 4012 (paper)** has a 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

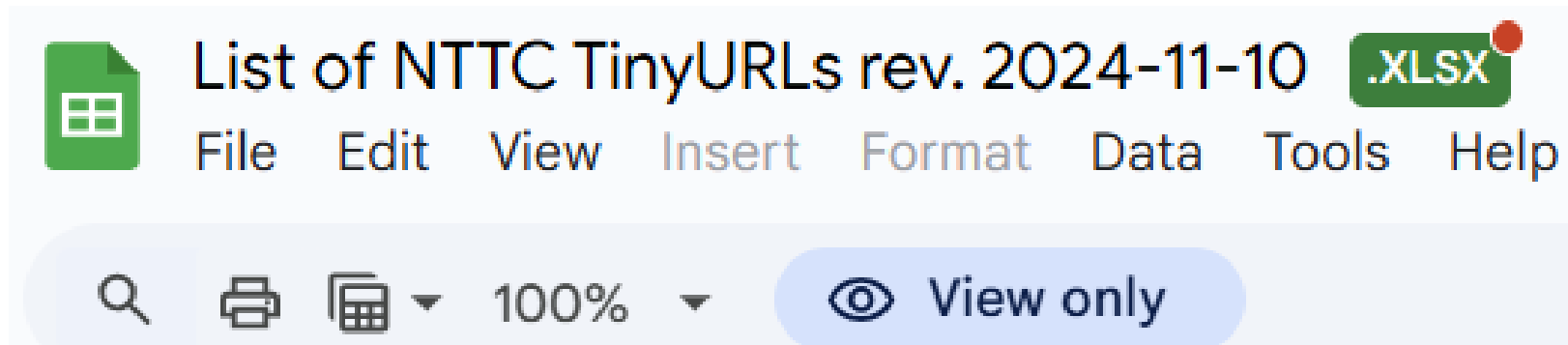
Forms not listed are Out of Scope

Supersedes Pub 4491 & Statement of Scope in Pub 4012

NTTC modified Pub's 4491 & 4012 contain NTTC Scope

# ■ Locating the Scope Manual - NTTC

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



List of NTTC TinyURLs rev. 2024-11-10 .XLSX

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Tag (Category)	Title/Description	TinyURL
Scope	Tax-Aide Scope Manual - Latest tax year & release	<a href="https://ta-nttc.tiny.us/Scope-Manual">https://ta-nttc.tiny.us/Scope-Manual</a>
Scope	Tax-Aide Scope Manual - TY18	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY18">https://ta-nttc.tiny.us/Scope-Manual-TY18</a>
Scope	Tax-Aide Scope Manual - TY19	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY19">https://ta-nttc.tiny.us/Scope-Manual-TY19</a>
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>
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>
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>
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>
Scope	Tax-Aide Scope Manual - TY24	<a href="https://ta-nttc.tiny.us/Scope-Manual-TY24">https://ta-nttc.tiny.us/Scope-Manual-TY24</a>
Scope	Tax-Aide vs. VITA/TCE Scope Differences Summary	<a href="https://ta-nttc.tiny.us/Scope-Differences">https://ta-nttc.tiny.us/Scope-Differences</a>

# ■ Locating the Scope Manual – AZ Website



## Training and TaxSlayer

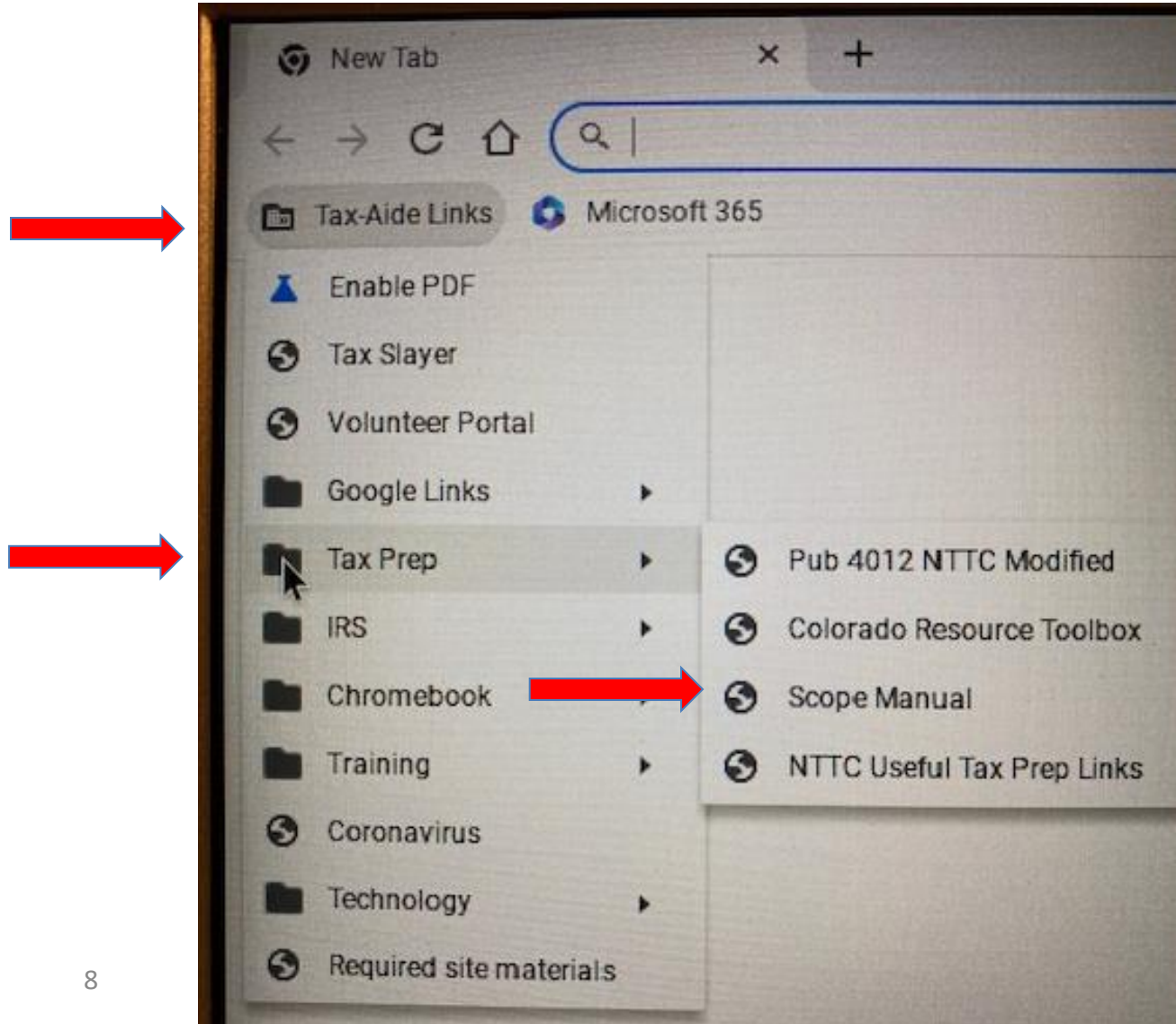


### ▼ Training Manuals and Programs



- 12. [Scope Manual \(link\)^](#)
  - [Scope Differences \(link\)^](#)
  - [Scope \(slides\) v2 TY23^](#)

# ■ Locating the Scope Manual – Chromebook



# National Tax Training Committee

## Scope Manual

Tax Year 2024, Release 1

The entries below are links.

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# ■ Tax-Aide In Scope – Income

## ■ Must we service ALL Incomes?

- **Yes**, AARP's TCE Grant prevents us from income limitations

### **HOWEVER:**

- Some Forms/Parts allow scope limitations
  - 1099-R Box 7 Code 5, 8, 9, A, E, K, N, P & R
    - Also, codes J and T if distribution is not qualified
  - 1099-B Box 2 – If Ordinary is checked
  - 1099-K – Some income entries make 1099-K Out of Scope
  - Form 8958 – Income Allocation is OOS (see R10 exception)
  - If Form 8959 -Medicare Tax Surcharge is required, it is Out of Scope
    - Required for wages above \$200,000 for (S, HofH, QSS); \$250,000 (MFJ)

# ■ Tax-Aide In Scope – High Income

## ■ Scope Manual – page 2

### **When high income can cause a return to be out of scope**

The TCE program grant does not permit a standalone income limit, however income thresholds as low as \$191,950 (\$125,000 if MFS) in combination with additional elements can require forms that are out of scope (making the entire return OOS). The following table can help you quickly determine if an otherwise in scope return will become OOS related to income thresholds for Forms 8959, 8960, or 8995-A:

# ■ Tax-Aide In Scope – High Income

Filing Status	Additional Medicare Tax (Form 8959)	Net Investment Income Tax (NIIT, Form 8960)	Qualified Business Income (QBI) Deduction (Form 8995-A)
	<p>Form 8959 is OOS, but required for <b>any of the following situations:</b></p> <ul style="list-style-type: none"> <li>• Medicare wages and tips on any single Form W-2 (box 5) are greater than \$200,000,</li> <li>• RRTA compensation on any single Form W-2 (in box 14) is greater than \$200,000, or</li> <li>• Either of the following exceed the applicable threshold amount below<sup>(*)</sup>:               <ul style="list-style-type: none"> <li>○ Medicare wages and tips plus self-employment income totaled across all Forms W-2 (box 5), Schedules SE (Part I, line 6), and Forms 4137 (line 6)</li> <li>○ RRTA compensation and tips totaled across all Forms W-2 (in box 14)</li> </ul> </li> </ul>	<p>Form 8960 is OOS, but required if <b>AGI is greater than the applicable threshold amount below,</b></p> <p><b>and the return includes any of the following:</b></p> <ul style="list-style-type: none"> <li>• Taxable interest,</li> <li>• Taxable dividends,</li> <li>• Net capital gains,</li> <li>• Form 1099-R box 7 code D annuities,</li> <li>• Royalties, or</li> <li>• Rent</li> </ul>	<p>Form 8995-A is OOS, but required if <b>Taxable Income before QBI deduction (Form 1040 line 11 - line 12) is greater than the applicable threshold amount below,</b></p> <p><b>and the return includes any of the following:</b></p> <ul style="list-style-type: none"> <li>• Section 199A dividends reported in Form 1099-DIV Box 5,</li> <li>• Section 199A dividends reported on a Schedule K-1, or</li> <li>• QBI from Schedules C or E</li> </ul>

# ■ 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 items are identified in the Cactus Guide
- Any in-scope tax law item for which a counselor is not trained
- Other US States & Puerto Rico returns - even with PR certification
- Married taxpayers in community property states who are filing separately, **Exception for R10**
- Form 1099-NEC – For Athletes that receive NIL income
  - NIL = Name, Image, Likeness

# ■ Tax-Aide Things to Know about Scope

- IRS issues guidance regarding scope
- Schedules 1, 2, 3; Schedules 8812 & F2441 are in Scope
  - Some elements are OOS, such as Pre-1985 divorce
- Use Scope Manual Table of Contents to select form to review details
- Yellow Highlighting shows **NEW UPDATES**
- Form 5695 – Residential Energy Credit
  - Part 1 – Residential Clean Energy – Out of Scope
  - Part II – Energy Efficient Home Improvement – IN SCOPE

# ■ Scope Changes for TY24

## Scope Manual Changes for Tax Year 2024

- Scope additions (to conform to VITA/TCE scope):
  - S1 Line 8m, Olympic and Paralympic medals and USOC prize money
  - S1 Line 24c, Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m. If AGI is not more than \$1,000,000 (\$500,000 for MFS) a corresponding adjustment to remove the income is made here.
- Scope for the following has been clarified:
  - [F W-2](#) in scope for church employees with wages greater than \$108.28 and boxes 3 and 5 blank (No social security or Medicare withheld). S SE must be completed.

# ■ 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 District/Site
    - **Scope restrictions must be clearly defined before the season and remain in effect during the entire season to avoid discrimination – Use Poster 2467**
  - 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 TA site that does not restrict
- Local and District Coordinators can 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

**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
  - Harm is not wilful
  - 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

## Required action:

1. Discuss out-of-scope issue with the preparer
2. Seek resolution of the out-of-scope concern with LC
3. LC must notify DC about concern/solution
4. File Incident report to State Coordinator (except for F&F)

# ■ 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 are not protected for Out-of-Scope items
4. Taxpayer knows the preparer may not be trained nor certified
5. Recommend each F&F Tax Return be Quality Reviewed

# ■ Questions?

