Scope Training TY 2025

AARP – National, Pacific Region, Arizona

11/15/25

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Agenda

We are reviewing:

- Scope policy is National
- Tax-Aide has their own Scope Manual
  - Where is the Scope manual?
  - How to use the 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 (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 IRS Pub 4491 & Pub 4012

NTTC E-version Pub's 4491 & 4012 contain AARP Scope

Locating the Scope Manual - NTTC

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

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

File Edit View Insert Format Data Tools Help

Title/Description	TinyURL
Scope Change Form	https://ta-nttc.tiny.us/Scope-Change-Form
Tax-Aide Scope Manual - Latest tax year & release	https://ta-nttc.tiny.us/Scope-Manual
Tax-Aide Scope Manual - TY18	https://ta-nttc.tiny.us/Scope-Manual-TY18
Tax-Aide Scope Manual - TY19	https://ta-nttc.tiny.us/Scope-Manual-TY19
Tax-Aide Scope Manual - TY20	https://ta-nttc.tiny.us/Scope-Manual-TY20
Tax-Aide Scope Manual - TY21	https://ta-nttc.tiny.us/Scope-Manual-TY21
Tax-Aide Scope Manual - TY22	https://ta-nttc.tiny.us/Scope-Manual-TY22
Tax-Aide Scope Manual - TY23	https://ta-nttc.tiny.us/Scope-Manual-TY23
Tax-Aide vs. VITA/TCE Scope Differences Summary	https://ta-nttc.tiny.us/Scope-Differences
TY23 Scope Change - Digital Assets (Powerpoint for Video)	https://ta-nttc.tiny.us/Scope-Digital-TY23-v-PPT
TY23 Scope Change - Digital Assets (Video)	https://ta-nttc.tiny.us/Scope-Digital-TY23-video

Locating the Scope Manual – AZ Website

Training and TaxSlayer

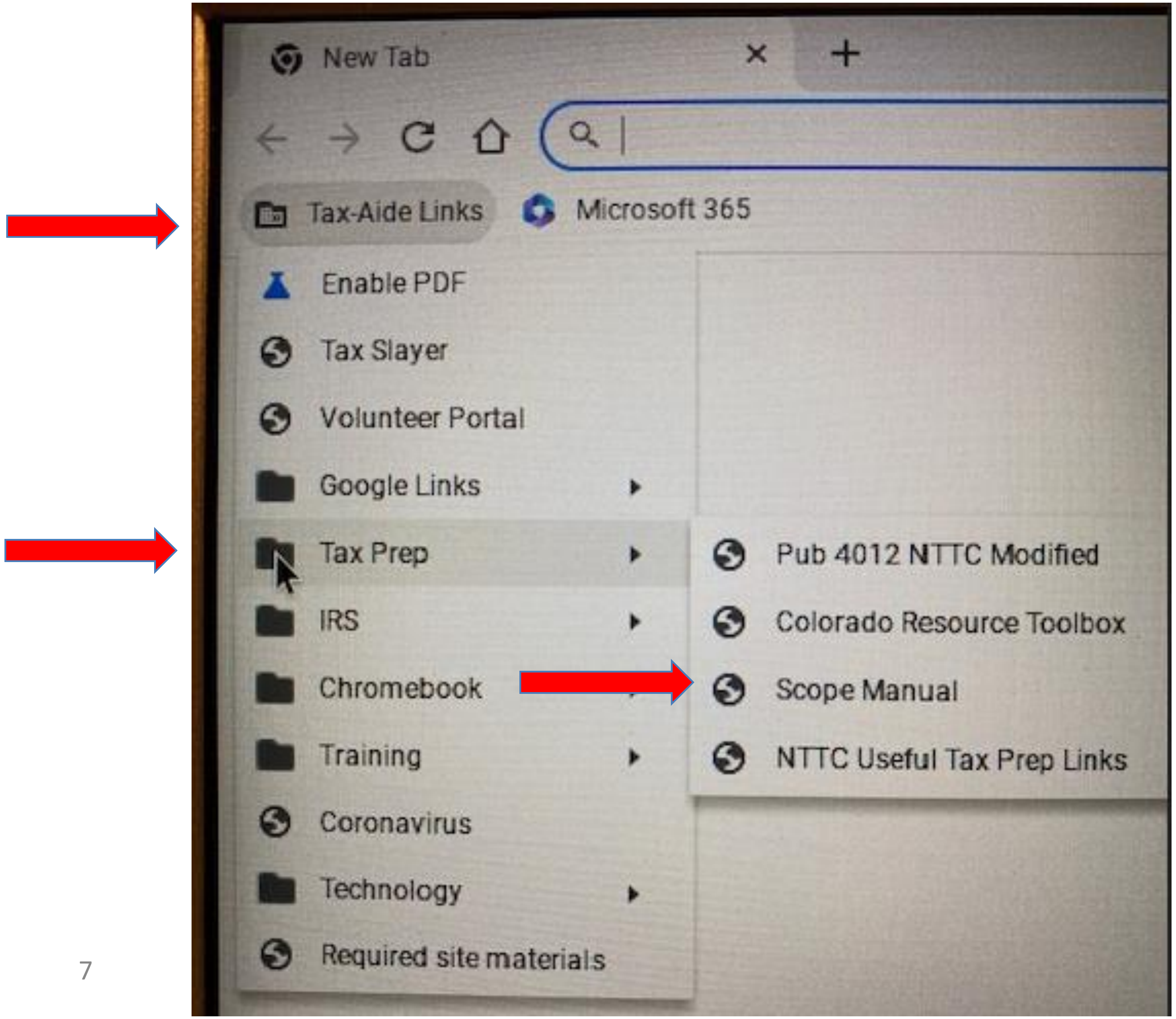
▼ NTTC / National Tax Training Committee

8. NTTC Scope Manual (link)^

— Scope Differences (link)^

— Scope (slides) TY24^

Locating the Scope Manual – Chromebook



AARP Foundation
Tax-Aide

National Tax Training Committee

Tax-Aide Scope Manual

Tax Year 2025, Release 1

FOR USE BY AARP FOUNDATION TAX-AIDE VOLUNTEERS ONLY

The entries below are links.

Table of Contents

Tax-Aide In Scope – Income

- Must we service ALL Incomes?
  - **Yes**, AARP's IRS 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 6

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)

	Form 8959 is OOS, but required for **any of the following situations**:
	• Medicare wages and tips on any single Form W-2 (box 5) are greater than $200,000,
	• RRTA compensation on any single Form W-2 (in box 14) is greater than $200,000, or
	• Either of the following exceed the applicable threshold amount below(*):
	  ○ 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)
	  ○ RRTA compensation and tips totaled across all Forms W-2 (in box 14)
		Form 8960 is OOS, but required if **AGI is greater than the applicable threshold amount below,**
		
		<u>and</u> the return includes any of the following:
		• Taxable interest,
		• Taxable dividends,
		• Net capital gains,
		• Form 1099-R box 7 code D annuities,
		• Royalties, or
		• Rent
			Form 8995-A is OOS, but required if **Taxable Income before QBI deduction (Form 1040 line 11 - line 12) is greater than the applicable threshold amount below,**
			
			<u>and</u> the return includes any of the following:
			• Section 199A dividends reported in Form 1099-DIV Box 5,
			• Section 199A dividends reported on a Schedule K-1, or
			• QBI from Schedules C or E

Scope Changes for TY25

Scope Manual Changes for Tax Year 2025

- Basic certification is available to counselors at the discretion of local leadership. The Scope Manual has been updated to indicate which forms are basic and which are advanced, by utilizing the following indicators:
  - Yes-(B) indicates basic certification
  - Yes-(A) indicates advanced certification
  - Yes-(I) indicates international certification
  - Yes-(FS) indicates foreign student certification
  - Yes-(M) indicates military certification
  - Yes-(PR) indicates Puerto Rico certification
  - Yes-* see item description for specific scope information
- New F 1040 S 1-A, Additional Deductions, has been added. In scope, however, individual deductions have not yet been classified as (A) or (B)
- New F 1098-VLI, Vehicle Loan Interest Statement, has been added.

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 filing separately
    See Exception for R10 in Arizona website
  - 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 a form to review details
- Updated to show Basic (B) and Advanced (A) topics
- Form 5695 – Residential Energy Credit
  - Part 1 – Residential Clean Energy – Out of Scope – Includes Solar
  - Part II – Energy Efficient Home Improvement – IN SCOPE

Tax-Aide Things to Know about Scope

- New Addition: 1099-R Box 7 Code 8 is in scope
  - Excess contributions plus earnings/excess deferrals are taxable in current year
- New Schedule 1-A is in Scope
  - No tax on tips and No tax on overtime
  - No tax on car loan interest – Requires Form 1098-VLI (vehicle loan interest)
  - Enhanced Senior (65+) deduction
- Use Scope Manual Table of Contents to select a form to review details
- Updated to show Basic (B) and Advanced (A) topics
- Form 1099-DA is NOT in Scope – Digital Asset Proceeds

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

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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

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

Questions?

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