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Refundable Credit

HOT Topics!



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Why Focus on Refundable Credits?

- Refundable credits are BIG money
- Clients get the credits they deserve
- Eligibility is complicated to determine
- Potential for error and fraud is high



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What's **HOT** about AOTC ?

- Increase in post-secondary enrollment
- Over 10 million claims filed
- Percent of claims filed by paid preparers
- Form 1098-T



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Placeholder for most common AOTC error video



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AOTC Video Recap

- Basic qualifications
- Common errors



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Interview Techniques and Best Practices Tips

- Request Form 1098-T
- Develop interview process
- Help your clients maximize AOTC
- Allow technology to work for you



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Work the Form 1098-T

- Amount Paid or Billed
- Costs Beyond Tuition
- Scholarships Received
- Half-Time Enrollment Status



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1098-T Slide

CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number Greatest College 1234 Any Street Any Town, GA 95286		1 Payments received for qualified tuition and related expenses \$	OMB No. 1545-1574 2014 Form 1098-T	Tuition Statement	
		2 Amounts billed for qualified tuition and related expenses \$ 14,270			
FILER'S federal identification no. 36-XXXXXXX	STUDENT'S social security number XXX-XX-XXXX	3 If this box is checked, your educational institution has changed its reporting method for 2014 <input type="checkbox"/>			Copy B For Student This is important tax information and is being furnished to the Internal Revenue Service.
STUDENT'S name Chelsey Student		4 Adjustments made for a prior year \$	5 Scholarships or grants \$ 1,200		
Street address (including apt. no.) 3465 Any Street		6 Adjustments to scholarships or grants for a prior year \$			
City or town, state or province, country, and ZIP or foreign postal code Any Town, GA 95288		7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2015 ▶ <input type="checkbox"/>			
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	10 Ins. contract reimb./refund \$		

Form 1098-T

(keep for your records)

www.irs.gov/form1098t

Department of the Treasury - Internal Revenue Service



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What's **HOT** about EITC ?

- Improper payments
- Preparer error rate
- Missing Forms 8867
- Preparer compliance initiatives
- Consequences of non-compliance



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Most Common EITC Errors

- Claiming a child who does not meet the residency and relationship requirements
- Incorrectly reporting income or expenses, particularly Schedule C's
- Filing as single or head of household when married



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Most Common EITC Due Diligence Errors

- Not meeting the knowledge requirement
- Not keeping records
- Not completing and submitting Form 8867



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Interview Techniques and Best Practices

- Know and practice your due diligence requirements
- Conduct a thorough interview with each client, every year
- Keep good records
- Use and submit Form 8867



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Work the Form 8867

Part I -- requirements for all taxpayers

Part II -- requirements for taxpayers with a child

Part III -- requirements for taxpayers without a
qualifying child

Part IV -- preparer's due diligence requirements

Part V -- list documents your client gave you



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What's **HOT** about ACTC ?

- ITINs
 - Substantial presence test
 - Obtaining ITINs
 - Original documents
 - Expirations
 - New requirements for CAAs



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ACTC Basic Rules

Qualifying Child for ACTC Must Meet the Following Criteria:

- Relationship
- Age
- Residency
- Support
- Joint Return
- Claimed as client's dependent



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Interview Tips and Best Practices

- Ask the right questions
- Review documents
- Focus on where the child lived



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Best Practice Overview

- Establish Interview Process
- Know the tax law for all credits
- Know all the special rules and exceptions to the rules
- Let IRS products work for you



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Resources to Help

EITC Central

www.eitc.irs.gov

Search: Tax Forum



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Questions/Concerns/Comments?

Reach out to us...

at

EITC.Program@irs.gov