

FACT SHEET FOR SPEC PARTNERS

PREPARING PRIOR YEAR AND AMENDED RETURNS AT VITA/TCE SITES



OCTOBER 2015

Key Messages

- Prior year returns can be prepared for the previous three tax years, or later years if the sites are equipped with the necessary tools and resources.
- Direct deposit is not available for prior year or amended returns.
- Impact of same-sex marriages to prior year returns may apply.
- Tax law certified preparers and quality reviewers must be certified at the appropriate level for the return.
- Some prior years can be e-filed in TaxWise; amended returns cannot be e-filed.
- Find reference materials & Forms 13614-C for prior years on IRS.gov.
- Quality review on prior year and amended returns is required.
- Refer to Pub 4012 for balance due tax return guidance.
- IRS Tax Assistance Centers do not prepare tax returns.

This fact sheet provides resources and guidance for preparing Amended and Prior Year returns at Volunteer Income Tax Assistance and Tax Counseling for the Elderly (VITA/TCE) sites.

Background

Stakeholder Partnerships, Education and Communication (SPEC) strongly encourage partners to offer tax preparation of prior year and amended returns at VITA/TCE sites. Resources and guidance are provided to ensure the VITA/TCE sites are equipped with the necessary tools to prepare accurate prior year and amended returns.

In General:

- We recommend our VITA/TCE partners educate and supply volunteers with the necessary tools for preparing, at least, the last three prior years. Sites can prepare additional prior years if they have knowledgeable volunteers, the necessary tools and required reference materials.
- Amended returns can be prepared regardless of who prepared the original return as long as the taxpayer has a copy of the return as filed or an IRS transcript for the original return.
- The taxpayer must have the required information needed to prepare an accurate amended or prior year return. Volunteers should not attempt to assist the taxpayers with determining their income, deductions, and/or expenses without the necessary supporting documents (such as IRS income transcripts, source documents, list of expenses, etc.).
- Preparing amended and prior year returns is not mandatory for VITA/TCE Sites. This is an optional service that partners can provide at their discretion and availability of resources.

IMPORTANT: Generally, taxpayers must file a return within three (3) years following the original due date of the return (including extensions) in order to avoid loss of a refund due to the refund expiration statute. Also, a refund for a prior year or amended return cannot be direct deposited into the taxpayer's account. IRS will mail a paper check to the address on the return.

Impact of Same-Sex Marriage Couples (SSMC) on Prior Year Tax Returns

- **Filing status** - For federal returns, SSMC generally must file using the married filing jointly (MFJ) or married filing separately (MFS) status regardless of which state they currently reside.
- **Amended returns** - SSMC may choose to amend their federal prior year returns to reflect their married status if the period of limitations has not expired. Refer to Form 1040X instructions on [irs.gov](https://www.irs.gov).
- **State returns** - The laws for filing state prior year and amended returns vary across the United States. If you need to prepare a return with a filing status different than the federal return, refer to the [Site Coordinator Corner](https://www.irs.gov) at [irs.gov](https://www.irs.gov) for the following resources:
 - Fact Sheet: Preparing Same-Sex Tax Returns for Prior Years
 - How to Prepare Tax Returns If State Disallows SSMC to file State Returns Jointly in Prior Years

Volunteer Certification

Every effort should be made to secure experienced (at least 2 years of

experience) volunteers for preparing prior year and amended returns. The volunteer preparer and quality reviewer must be certified at the appropriate level required by the return. The current Form 13614-C will determine the certification level required to prepare the amended or prior year return. However, if the tax year includes expired tax law, the volunteer **must** be certified at the advanced level.

Prior Year Tax Preparation Software

VITA/TCE sites **must** use tax preparation software to prepare prior year tax returns. Sites using TaxWise software have access to the prior years' software packages.

- **TaxWise Desktop** - The tax year's final version of the Federal and State software must be used. You may contact TaxWise Customer Support at 1-800-411-6391 to request a copy. If e-filing prior year returns, use the EFIN and registration code assigned for that particular year. Contact your SPEC relational manager if there is a need for a prior year registration code.
- **SIDN** - Receiving credit for preparing prior year returns depends on the correct Site Identification Number (SIDN) being listed on each return. It is best to set-up the defaults in TaxWise with the correct SIDN for each prior year software package.
- **TaxWise Prior Year e-file** – Federal tax returns for tax years 2013 and 2014 can be e-filed. For tax years prior to 2013, taxpayers must mail returns with supporting documents such as W-2, 1099, etc. to IRS. Please note IRS will reject a direct deposit request and send a check if a 2014 or older return is filed after 12/31/2015.

The states willing to accept e-filing of prior year state returns will be determined at a later date.

- **Amended Return in TaxWise** - Refer to the current Publication 4012, *VITA/TCE Volunteer Resource Guide*, for instructions on preparing amended tax returns. Amended returns **cannot** be e-filed. They must be printed and taxpayer must mail it to the IRS with all supporting documents.

Intake/Interview & Quality Review

Prior & Amended Year Intake Sheet – Use the current year Form 13614-C, *Intake/Interview and Quality Review Sheet*, to prepare both prior year and amended returns. However, a copy of each prior year Form 13614-C should be available as a resource for preparing prior year returns.

Reference Material - The correct prior year reference materials must be available for preparing prior year and amended returns. These reference tools are available in TaxWise or at IRS.gov.

- Publication 17, *Your Federal Income Tax (For Individuals)*
- Pub 4012, *Volunteer Resource Guide*

Prior year Forms 13614-C and above reference [materials](#) are on IRS.gov.

Quality Review - A complete quality review process is required for all amended and prior year tax returns prepared at VITA/TCE sites. Based on the complexity of the tax return, a volunteer with the appropriate certification level must perform the quality review.

Balance Due Returns – VITA/TCE volunteers cannot accept balance due payments. Advise taxpayers to send payments to the IRS or request an installment agreement by completing Form 9465, *Installment Agreement Request*. See Publication 4012 for more information.

Unable to Prepare Prior Year or Amended Returns - If the site is unable to prepare prior year or amended returns, the taxpayers may be referred to another site or to a professional paid preparer. Partners should provide site coordinators with referral instructions. IRS Taxpayer Assistance Centers no longer prepare any tax returns.

Addendum: Prior Year Returns & Expired Tax Provisions

The following expired provisions may apply when preparing prior year tax returns. For further information, refer to the prior year resource materials such as *Publication 17, Your Federal Income Tax*, and *Publication 4012, VITA/TCE Volunteer Resource Guide*.

Tax Year	Expired provisions
2014, 2013, 2012, 2011	None
2010	*First-time Homebuyer Credit, Making Work Pay Credit
2009	*First-time Homebuyer Credit, Economic Recovery Payment, Making Work Pay Credit & Government Retiree Credit, Deduction for Tax Paid on New Motor Vehicle Purchased in 2009
2008	*First-time Homebuyer Credit, Economic Stimulus Payment & Recovery Rebate Credit

***First-time Homebuyer Credit (FTHC):** There are two different FTHCs relative to 2008, 2009 and 2010 tax returns. If necessary research applicable Publications 17 and 4012 for more information on preparing these returns.

- **Repaying the 2008 FTHC:** If claimed in 2008, generally, re-payments of the credit must begin in 2010 and continue with equal yearly installments for 15 years. Additional research is required if the taxpayer sold the home and/or no longer lives in the home as their main home.
- **Repaying the 2009 or 2010 FTHC:** Taxpayers are not required to repay the credit provided the home remained their main home for the 36-month period beginning on the purchase date. Additional research is required if the taxpayer sold the home and/or no longer lives in the home as their main home.

2010 Making Work Pay Credit: This credit applies to taxpayers who received earned income from working. It is based on income and the refundable credit can be up to \$400 (\$800 if married filing jointly).

2009 Economic Recovery Payment: \$250 payments were made to recipients of social security benefits, supplemental security insurance, railroad retirement benefits, or certain veterans' disability compensation or pension benefits. These payments reduce any Making Work Pay Credit or Government Retiree Credit.

2009 Making Work Pay Credit: Applies to taxpayers who received earned income from working. It is based on income and the refundable credit can be up to \$400 (\$800 if married filing jointly). However, it is reduced by any Economic Recovery Payment received and/or by any Government Retiree Credit.

2009 Government Retiree Credit: This credit applies to taxpayers who received a government pension or annuity, but it reduces any Making Work Pay Credit.

2009 Deduction for Tax Paid on New Motor Vehicle Purchased: Taxpayers who bought a qualifying new motor vehicle can deduct the state or local sales or excise taxes they paid.

2008 Economic Stimulus Payment (ESP) & Recovery Rebate Credit (RRC): Eligible taxpayers, who did not receive the ESP on their 2007 return, can claim the RRC on their 2008 tax return.