

# FACT SHEET FOR SPEC PARTNERS

## PREPARING PRIOR YEAR AND AMENDED RETURNS AT VITA/TCE SITES



OCTOBER 2014

### Key Messages

- Resources and guidance are provided to ensure the VITA/TCE sites are equipped to prepare accurate prior year and amended returns.
- 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.
- 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.
- Form 13614-C for prior years is available on IRS.gov.
- Quality review on prior year and amended returns is required.
- Reference materials should be available for prior years.
- Refer to Pub 4012 for balance due tax return guidance.

*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) updated the policy for prior year and amended returns prepared 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 the past, prior year returns could be prepared for the previous three tax years and amended returns could be prepared if the site prepared and filed the taxpayer's original return.

### Update:

- Prior year return preparation is strongly encouraged at VITA/TCE sites. 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 also choose to prepare prior year returns beyond three years if they have knowledgeable volunteers, the necessary tools, and references required to prepare prior year tax returns.
- Amended returns can be prepared as long as the taxpayer has the original filed tax return or an IRS transcript for the original return.

Note: The taxpayer must have the necessary information required to prepare an accurate amended or prior year return before they come to the site. Volunteers are not obligated and 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.

### 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. 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. For more difficult prior year and amended returns, the certification level must be comparable.

### 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 three year's software packages.

- **TaxWise Desktop** - The tax year's final version of the Federal and State software issued by TaxWise must be used for return preparation.

If your site does not have the final version, 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.

- **TaxWise Online (TWO)** - Access the prior year software using the following URLs:  
Tax Year 2011: <https://twonline.taxwise.com/11>  
Tax Year 2012: <https://twonline.taxwise.com/12>  
Tax Year 2013: <https://twonline.taxwise.com/13>
- **SIDN** - To receive credit for prior year returns prepared at the site, the Site Identification Number (SIDN) must be included 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 2012 and 2013 can be e-filed through TaxWise. Tax returns prior to 2012 must be printed and provided to the taxpayer to mail to the IRS with all supporting documents.

Some prior year state tax returns can also be e-filed. States that allow e-file of 2012 and 2013 returns in TaxWise are – Indiana, Kansas, Montana, New Mexico, Hawaii, Oklahoma, Oregon, Missouri, Michigan, Utah, Vermont, and West Virginia. Please note these are only the states that TaxWise received confirmation from as of September 2014. If your state is not listed, check with TaxWise before your site opens.

- **Amended Return in TaxWise** - Refer to the current Publication 4012, *VITA/TCE Volunteer Resource Guide*, for step-by-step instructions on how to prepare amended Federal tax returns using TaxWise software. Amended returns **cannot** be e-filed. They must be printed and provided to the taxpayer to mail 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, one 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 to use 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 prior year reference materials can be found on IRS.gov or by following the link : <http://apps.irs.gov/app/picklist/list/priorFormPublication.html>

**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

The taxpayer should be advised to send in any balance due payments or arrange for an installment agreement by completing Form 9463, *Installment Agreement Request*. VITA/TCE volunteers cannot accept balance due payments. See Publication 4012 for more information

## Unable to Prepare Prior Year or Amended Returns

If the site is unable to prepare prior year return, 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
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