

FACT SHEET FOR SPEC PARTNERS

PREPARING PRIOR YEAR AND AMENDED RETURNS AT VITA/TCE SITES

AUGUST 2016



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.

Key Messages

- TaxSlayer® provides software for the three years prior to the current year. The current year and the two prior years can be e-filed.
- Generally, taxpayers must file or amend tax returns within 3 years of original due date of the return to receive refunds.
- Direct deposit is not available for prior year or amended returns.
- Taxpayers with newly issued SSN/ITINs may not qualify for refundable tax credits in prior years.
- Tax law certified preparers and quality reviewers must be certified at the appropriate level for the return.
- Quality review on prior year and amended returns is required.
- See TaxSlayer® job aids in Pub 4012 Tab M for preparing prior year & amended returns.
- IRS Tax Assistance Centers do not prepare tax returns.

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 software and reference materials for preparing returns for the last three prior years. As with current year returns, tax software must be used to prepare all prior year and amended returns. *TaxSlayer Pro will only provide tax return software for three prior years.*
- Amended returns, (Form 1040X), 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 of 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.

Protecting Americans from Tax Hikes (PATH) Act 2015 – This new law prevents taxpayers from using newly issued taxpayer identification numbers to retroactively claim refundable tax credits in prior years. The new law applies to Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and American Opportunity Tax Credit (AOTC). Consequently,

- Taxpayers cannot amend a return or file a previously unfiled prior year return to claim EITC on the basis of newly issued social security numbers (SSNs) for themselves and/or qualifying dependent(s).
 - Note: In the past, someone who filed a tax return under an IRS Individual Taxpayer Identification Number (ITIN) and later got an SSN was able to file amended returns for several prior years to claim the EITC. This is no longer the case.
- Taxpayers cannot amend a return or file a previously unfiled return for a prior year to claim AOTC on the basis of newly issued SSNs, Individual Taxpayer Identification Numbers (ITINs) or Adoption Taxpayer Identification Numbers (ATINs) for themselves and/or student(s).
- Taxpayers cannot amend a return or file a previously unfiled return for a prior year to claim CTC on the basis of newly issued SSNs, Individual Taxpayer Identification Numbers (ITINs) or Adoption Taxpayer Identification Numbers (ATINs) for themselves and/or qualifying child.

For more information, refer to Volunteer Tax Alert (VTA-2016-01) at irs.gov.

Volunteer Certification

The volunteer preparer and quality reviewer must be currently 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. Every effort should be made to secure experienced (at least 2 years of experience) volunteers to prepare these types of returns.

Prior Year Tax Preparation Software

VITA/TCE sites **must** use tax preparation software to prepare prior year tax returns. Publication 4012, *Volunteer Resource Guide* Tab M, provides prior year preparation guidance. Sites using TaxSlayer® software have access to the prior years' software packages.

- **TaxSlayer® Desktop** – Sites are able to download and install prior year software from the TaxSlayer® website. Sites will use their current EFIN and setup the software as usual. There is also a generic EFIN listed on the setup screen that can be used. However, the generic EFIN should not be used to transmit prior year e-files. TaxSlayer® will validate the EFIN at the processing center. No registration codes are needed with TaxSlayer®.
- **SIDN** - Receiving credit for preparing prior year returns depends on the correct Site Identification Number (SIDN) being listed on each return. TaxSlayer® will embed each online software package with the EFIN and SIDN listed in SPECTRM at the time of software ordering. For desktop users, the sites must double key these entries during setup.
- **TaxSlayer® Prior Year e-file** – Federal tax returns for tax years 2014 and 2015 can be e-filed. For tax years prior to 2014, taxpayers must mail returns with source documents (Forms W-2, 1099-R, etc.) to IRS. Please note the IRS stops honoring direct deposit requests for prior year tax refunds. For example, a refund for a 2015 return filed after 12/31/2016 will not be direct deposited; IRS will mail the refund check to the address on record.
- **Amended Return in TaxSlayer®** - Refer to the current Publication 4012 Tab M for new step-by-step instructions on how to amend tax returns. Additionally, TaxSlayer® provides an excellent tutorial video on how to prepare [amended](#) returns. Amended returns **cannot** be e-filed. They must be printed and mailed to the IRS with all supporting documents.

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 reference materials must be available for preparing prior year and amended returns. These reference [materials](#) are available at IRS.gov.

- Publication 17, *Your Federal Income Tax (For Individuals)*
- Pub 4012, *Volunteer Resource Guide*
- Prior year Forms 13614-C, *Intake/Interview and Quality Review Sheet*

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 - Volunteers should advise taxpayers to send any balance due payment or to request an installment agreement by completing Form 9463, *Installment Agreement Request*. Various payment [methods](#) are available at irs.gov. VITA/TCE volunteers cannot accept payments.

Unable to Prepare Prior Year or Amended Returns - If the site is unable to prepare prior year or amended returns, taxpayers may be referred to another site or to a paid preparer. Please note that IRS Taxpayer Assistance Centers no longer prepare any tax returns.