

Tax-Aide Scope Summary

This document summarizes the in or out of scope tax forms and items that are different for Tax-Aide compared to the standard VITA/TCE Advance certification and Pubs 4491 and 4012. If there are questions, please refer to the Tax-Aide Scope Manual that lists virtually all forms and schedules a Tax-Aide Counselor might see. This summary will be updated as necessary.

In-scope:

- State tax refund from any prior year when it is clearly fully taxable or fully nontaxable
- Sale of bonds that mature or are sold with no gain or loss or are reported on a brokerage statement with capital gain or loss only (no ordinary income/loss)
- “Sale” of totally worthless securities
- Form 5329 Part IX to waive additional tax for failure to take Required Minimum Distribution
- Section 1250 gains reported on Form 1099-DIV
- Form 1099-R codes 6, U and W; codes J and T if distribution is not taxable and if first-time homeowner exception does not apply
- Income from the rent of land reported on 1099-MISC or received as cash
- Canadian or German social security income that is treated as US social security
- Form 8283 to report non-cash donations of more than \$500, but less than \$5,000
- Form 1099-LTC and Form 8853 for Long-Term Care Insurance payments
- Form 8606 Parts I and II only
- Kiddie tax for all applicable income, not just taxable scholarships or grants (2018 onward only)
- To assist in identifying and preventing identity theft, Tax-Aide recommends taxpayers e-file returns, even if not required. Since a \$0 AGI return cannot be e-filed, enter \$1 on Line 21 Other Income and describe as “IN ORDER TO EFILE.” This will also force a long Form 1040 to print for years prior to 2018 and to be transmitted in the e-file.
- To force printing and transmitting Form 1040 Sch C (instead of Sch C-EZ), enter \$1 in Cost of Goods Sold (Part III) beginning inventory and ending inventory.

Out-of-scope:

- Rental income from sources such as a home **except** for 1) an active duty military taxpayer **AND** the Counselor and Quality Reviewer both have Military certification and 2) rental of a personal residence for less than 15 days for the year, which is not considered a rental activity and is not reportable income. All other rental situations (room in home, apartment over garage, separate building, for profit, not for profit, Airbnb, etc.) are out of scope regardless of certifications.
- Schedule C-EZ continues out of scope as no training is provided.
- State/local unique topics set by regional or state leaders as out of scope due to complexity and/or lack of sufficient training.
- Specific in-scope tax law topics and state returns on which a counselor is not trained.