



VITA/TCE

2021 TaxSlayer Pro Online Enhancements

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Changes to TaxSlayer Pro Online

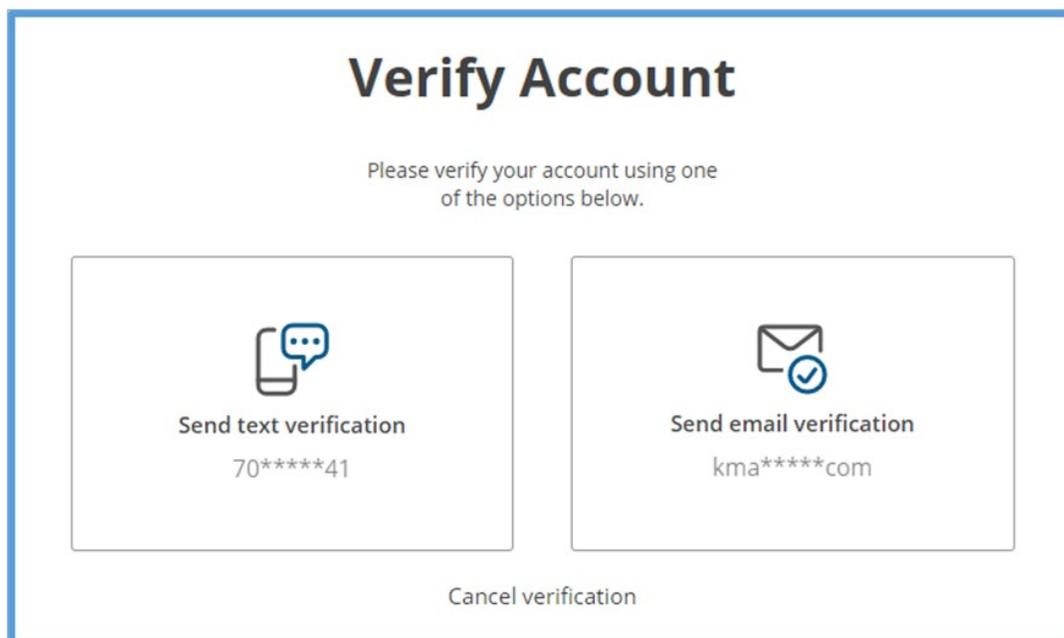
After completing this lesson, you should be able to:

1. List and describe changes to TaxSlayer Pro for the 2021 Tax Year.
2. Describe changes to TaxSlayer Pro Online, including the visual changes and password box change.
3. Use the new Reports page.

Interface Changes

TaxSlayer has made minor some visual changes to TaxSlayer Pro Online for Tax Year 2021. These changes help you view information and work through the return more easily.

Many pages in TaxSlayer Pro Online have a cleaner look that helps you view the page more easily. For example, the **Verify Account** page allows you to send the verification text or email with one click, as shown below.



Previously, TaxSlayer Pro Online required you to select the verification method and then click to send the code.

Password Boxes

You can now view the password to avoid typing an incorrect password. Click the **Click here to show/hide password** (eye) icon to display the password as you enter it.

Update Password

Your password has expired.
Please create a new password to continue.

Create new password



- Must contain one special character (@\$!%*?&)
- Must contain at least one upper and one lower case letter
- Must contain one number
- At least 8 characters long
- No more than 25 characters long
- New and confirm passwords must match

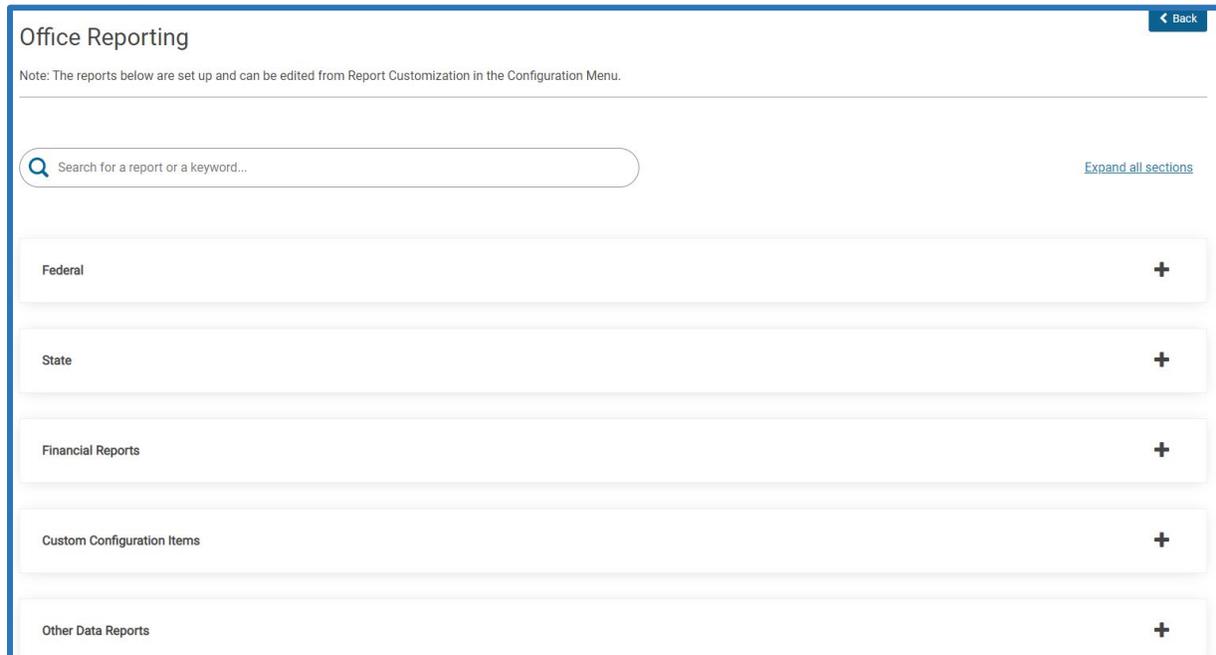
Confirm new password



UPDATE PASSWORD

Cancel

Change to Running Reports



TaxSlayer made some changes to how you run reports beginning in late 2021:

- The page has a cleaner look.
- You can search for a report or expand all sections.
- Some reports are recategorized.
- You can expand all sections.

Reports are organized into the following categories:

- Federal
 - Accepted Returns
 - IRS Acknowledgements
 - Federal Non-Accepted returns
 - Federal Returns Not Transmitted
 - Old IRS Acknowledgements
 - Old Validation Errors
 - Rejected Returns
 - Returns Transmitted
 - Validation Errors
 - Extension Report
- State

- State Non-Accepted Returns
- Old State Acknowledgements
- State Acknowledgements
- State Returns Not Transmitted
- Financial Reports (Note that many financial reports are not used by VITA/TCE sites.)
 - Fees Charged
 - Fee Deposits
 - IRS/State ACH Deposits
 - Id Theft Service Report
 - Inventory Report
 - New Business Report
 - Old Bonu\$ Reports
 - Old Business Report
 - Old Fee Deposits
 - Old IRS/State ACH Deposits
 - Voided Receipts Report
 - Bonu\$ Reports
- Custom Configuration Items
 - Return Tag Report
 - Custom Consents
 - Question Statistics
 - Return Questions With Consent Indicator Report
 - Return Questions
 - Custom Credit Report
 - Referral Report
- Other Data Reports
 - Management Report
 - Mailing Labels
 - Client Retention Report
 - Marketing Report
 - Username Report
 - Failed Review Report
 - EIN Report

Changes in the Return

After completing this lesson, you should be able to:

1. List and describe changes in return preparation for TaxSlayer Pro Online for Tax Year 2021.
2. Describe the change to the New Return screen.
3. Reconcile economic stimulus payments.
4. Add Form 1099-NEC for non-employee compensation.
5. Describe changes to state e-filing for Form 1040NR.
6. Electronically file an amended return.
7. Describe the changes to e-filing a return and navigate the new e-filing and submission information.

Start a New Return

TaxSlayer now requires that you type the Social Security number first when starting a new return. This way, the Social Security number box is immediately active so you can start typing right away. After typing the Social Security number, you can choose a taxpayer profile:

Enter Social Security Number

Social Security Number

... - .. -

Confirm Social Security Number

... - .. -

Available Taxpayer Profiles

Basic (No Profile)
Create a return without a Taxpayer Profile.

Master Profile ↕
IRS Guidelines: This profile will automatically display the following input screens after the personal information has been completed: Form W-2, 1099-R, 1099-INT, 1099-DIV, 1099-B, SSA-1099.

Start Return

Rebate Recovery Information

TaxSlayer Pro Online includes a page to reconcile economic stimulus payments. To add rebate recovery information, use the following steps from the **Basic Information** page:

1. Click the **Recovery Rebate Credit** line.
2. Read the information on the page carefully and answer the applicable questions.
3. Click **Continue**.

Note: Tax law for reconciling the third economic stimulus payment has not been implemented at the time this manual was written. This page is subject to change based on final tax law.

TIP: You can navigate to the **Recovery Rebate Credit** page at any time during return preparation from either the **Basic Information** or **Federal** pages.

Form 1099-NEC

Taxpayers who receive compensation as non-employees previously received Form 1099-MISC, *Miscellaneous Income*. They now receive Form 1099-NEC, *Non-Employee Compensation*. The new form is incorporated in TaxSlayer Pro Online.

To add Form 1099-NEC, use the following steps from the **Income** page:

1. Click the **1099-NEC** line.

TaxSlayer Pro Online displays the **Form 1099-NEC** page:

Form 1099-NEC

CANCEL

Payer Information

Payer's name *

Check here if foreign address

Address (street number & name) *

ZIP code * City, town, or post office * State *

Use payer's SSN as ID

Payer's TIN *

Also may be found in the box labeled Payer's Federal Identification Number

2. Type the information on this form as it appears on the paper copy of the taxpayer's Form 1099-NEC.
3. Use the following tips for completing Form 1099-NEC in TaxSlayer Pro Online:
 - a. If the payer used a Social Security number instead of an EIN, select the **Use Payer's SSN as ID** check box. TaxSlayer Pro

Online displays a Social Security number box instead of the EIN box.

- b. If the payer is a business, and you entered that payer previously, TaxSlayer Pro Online automatically completes the payer's name and address when you type the EIN.
- c. If the taxpayer's address on the paper Form 1099-NEC is different from the one on the tax return, make changes to the taxpayer's address on this page.
- d. TaxSlayer Pro Online disables boxes on this form that are not used for e-filing the tax return. You can leave these boxes blank.

4. When you finish typing information on the form, click **Continue**.

TaxSlayer Pro Online needs direction on where to report the income and displays a page similar to the following:

Transferring 1099-NEC to Schedule

Income recorded on a 1099-NEC is reported as either business income (on a Schedule C) or as farm income (on Schedule F).

How would you like to report this income? *

Schedule C - Business Income

Schedule F - Farm Income

In this example, we will create a Schedule C. For other needed forms, follow the instructions on-screen.

5. Select **Schedule C – Business Income** to add a new form to the return, or choose an existing form.

TaxSlayer Pro Online displays the Schedule C you added and includes the Form 1099-NEC income on the appropriate page:

Schedule C - Income

Income

Total Income from Form 1099-NEC \$1,000.00

This value will be automatically added in. Do not include it on this form.
Gross receipts or sales (including income reported on Form 1099-K)

Income reported to you on Form W-2 as Statutory Employee

Returns and allowances

Other Income

6. Complete the form. When you finish, click **Continue**.

TaxSlayer Pro Online displays the **Form 1099-NEC** summary page with the payer you entered listed:

Form 1099-NEC

[Add another Form 1099-NEC](#)

Payer	Owner	Carried To
TEST COMPANY	Taxpayer	Schedule C

CONTINUE

7. If the taxpayer received multiple Forms 1099-NEC, click **Add another Form 1099-NEC** and follow the same steps to add them.

8. When you finish adding forms, click **Continue**.

TIP: If the payer entered the income in Box 1, Nonemployee compensation, and you have determined this to be hobby income or reported as other income incorrectly, you can enter the description and amount as **Other Inc. Not Reported Elsewhere** on the **Other Income** page. Do **not** complete the 1099-NEC in this circumstance.

Note: To add a Form 1099-NEC to an existing schedule, select the **Report this income on a Schedule C that I already created for my business**.

Transferring 1099-NEC to Schedule

Income recorded on a 1099-NEC is reported as either business income (on a Schedule C) or as farm income (on Schedule F).

How would you like to report this income? *

- Schedule C - Business Income
 Schedule F - Farm Income

Where would you like to report this income? *

- Create a new Schedule C to report this business income
 Report this income on a Schedule C that I already created for my business

Report this income on the following Schedule C:

Rooming boarding ▾

Nonresident Alien State Return e-filing

Many state returns can now be electronically filed with Form 1040NR, *U.S. Nonresident Alien Income Tax Return*. See the information in the State section of Form 1040NR for the latest information on which states can be filed electronically.

Electronic Filing of Amended Returns

You can e-file amended returns for Tax Year 2019 and later if certain conditions apply:

- The original return must be accepted by the IRS.
- The taxpayer must use the same filing status and dependents as on the original return.

Taxpayers who do not meet these conditions must print and mail the amended return.

Note: State tax returns must still be printed and mailed as of November, 2021. State amendment e-filing may be supported later in the season. See the VITA/TCE Blog for any updates.

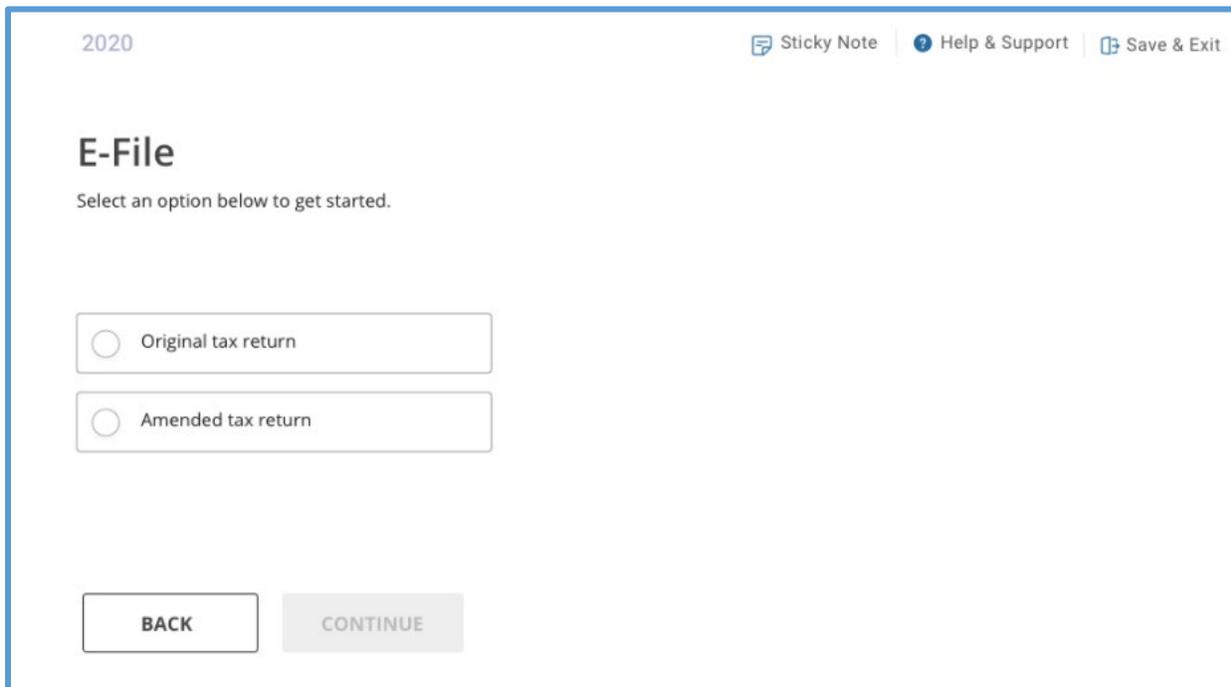
TIP: If the taxpayer is due a refund on the amended return, he or she can opt for direct deposit of the refund. If taxpayer owes a balance due, direct debit is not available. The taxpayer must mail the payment or use online payment on www.irs.gov.

To e-file an amended federal return, use the following steps:

1. Complete Form 1040X.
2. Complete the steps for e-filing, including reviewing warnings and notes, and navigate to the **E-File** page.

Tip: See the *Creating the e-file* lesson for more information on preparing a return for e-filing.

TaxSlayer Pro Online displays the **E-File** page:



The screenshot shows the 'E-File' page for the year 2020. At the top right, there are three utility icons: 'Sticky Note', 'Help & Support', and 'Save & Exit'. The main heading is 'E-File' with the instruction 'Select an option below to get started.' Below this, there are two radio button options: 'Original tax return' and 'Amended tax return'. At the bottom, there are two buttons: 'BACK' and 'CONTINUE'.

3. Select **Amended tax return** to choose that you want to e-file Form 1040X.
4. Click **CONTINUE**.

TaxSlayer Pro Online displays the **ERO** and **Federal Return** sections, as well as the **State Return** section if a state return is included:

2020 Sticky Note Help & Support Save & Exit

Amended Return

REGULAR E-FILE AMENDED E-FILE

Determine how the taxpayer wants to pay their taxes due or receive their refund.

Amended Return Submission Page

ERO

Mike's Tax Office (EFIN 123456) ▼

Federal return

How would the client like to send their tax return and receive their federal tax refund?

Federal refund - \$1,120

E-file - paper check ▼

Only transmit the state return(s)

State return

How would the client like to send their tax return and receive their state tax refund?

GA state refund - \$1,120 SC state refund - \$840

E-file ▼ E-file ▼

BACK CONTINUE SAVE & EXIT

5. Select how the taxpayer wants to file the federal return and receive any refund or pay the balance due.

6. Select how the taxpayer wants to file the state return and receive any refund or pay the balance due.
7. Click **CONTINUE**.

If the taxpayer chose to have a refund direct deposited, TaxSlayer Pro Online displays the **Bank Account** page:

2020 Sticky Note Help & Support Save & Exit

Bank Account

REGULAR E-FILE AMENDED E-FILE

Enter the taxpayer's bank account information for the account(s) they want the refund deposited into.

Amended Return Bank Account Submission Page

Account type

Checking

Savings

Bank name

Deposit amount [Pull refund](#)

Routing number

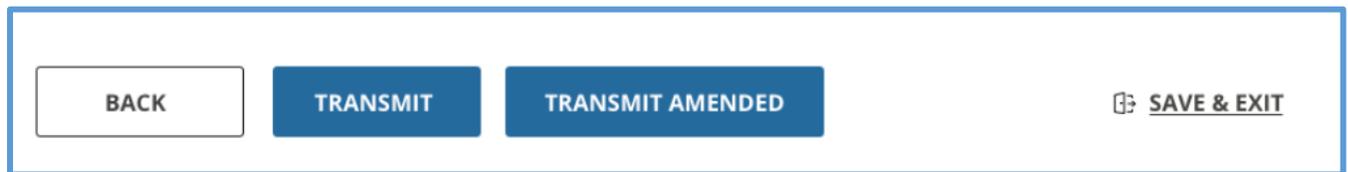
Bank account number

Confirm routing number

Confirm bank account number

8. Complete the bank information as you would for any other type of return.
9. Click **CONTINUE**.

10. Follow the usual process for completing all other information to e-file the return.
11. When you finish information on the **E-File** and **Submission** pages, click **TRANSMIT AMENDED**.

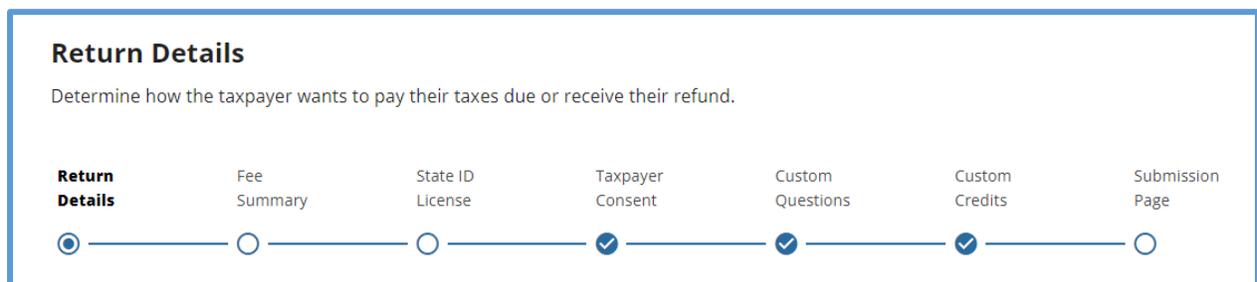


Electronically Filing a Return

TaxSlayer made changes to electronically filing a tax return beginning in Tax Year 2021. You will complete the same information, but the page(s) for e-filing are reorganized to allow easier navigation.

Note: Review e-file errors, warnings, and notes as usual. TaxSlayer changed the **E-File** and **Submission** pages.

Previously, all information for return details, consents, bank information, etc., were on one page. TaxSlayer Pro Online now displays these sections on separate pages with a navigation bar at the top of the page:



When you complete e-file information, use the **Continue** buttons at the bottom of the screen to advance to the next section. TaxSlayer Pro Online displays the section in the top navigation bar. If you need to navigate to another section while completing e-file information, click the section in the navigation bar.

Use this guide to navigate the e-file information:

- Return Details
 - ERO/EFIN information
 - Federal and state return and refund/balance due selection
 - Form 8879/PIN information
 - Third party designee information
- Bank Account (if applicable)
 - Bank account information
 - Deposit amount
 - Splitting refund (Form 8888)
 - Savings bond purchase
- State ID License (optional)
 - Driver's license or other ID
- Taxpayer Consent
 - Consent to Disclose Tax Return Information to VITA/TCE Tax Prep Sites
 - Other consents as defined by your site
- Custom Questions
 - Questions defined by your site
- Custom Credits
 - Custom credits as defined by your site
- Amended Return (if applicable)
 - Electronic filing information for Form 1040X
- Submission
 - Taxpayer Signature (if taxpayer signed using Customer Portal)
 - Print return
 - Customer Portal
 - Return Tags
 - Mark return as complete/ready for review
 - Return Review Status

See the *Creating the e-file* lesson for detailed instructions on completing the e-file and submission information.

Changes to Optional TaxSlayer Programs

After completing this lesson, you should be able to:

1. List and describe changes to optional programs for TaxSlayer Pro Online for Tax Year 2021.
2. List and describe changes to TaxSlayer FSA for Tax Year 2021.
3. Describe the purpose of the Scanned Document Program.
4. Set up a return tag for Scanned Documents.
5. Upload scanned documents to a return.
6. Access scanned documents to prepare a return.
7. Delete scanned documents from a return.
8. Define the purpose of the Customer Portal.
9. Set up preparer access to the Customer Portal.
10. Send a Customer Portal invitation to a taxpayer.
11. Resend a Customer Portal link to a taxpayer.
12. Access Customer Portal files uploaded by the taxpayer.
13. Chat with a taxpayer through the Customer Portal.
14. Make tax documents available via the taxpayer's Customer Portal.

TaxSlayer FSA

Beginning in Tax Year 2021, TaxSlayer made the following changes to the FSA program:

- The taxpayer can change the language to Spanish from the TaxSlayer FSA **Welcome** page.
- Taxpayers can only use TaxSlayer FSA if AGI on the return is less than \$73,000. If the AGI is more than this amount, the volunteer should discuss alternate tax preparation and e-filing options with the taxpayer.

Scanned Document Program

What is the Scanned Document Program?

The Scanned Document program allows volunteers to upload scanned documents into TaxSlayer for storage. A certified volunteer can then access those documents later to prepare the return.

Benefits

The Scanned Document program gives the following benefits:

- The client keeps all original documents.
- TaxSlayer securely stores all documents used in tax preparation.
- The volunteer can prepare the return remotely.

Overview

Each site provides their own scanner and any scanning software. Ensure that you have a security template available that allows users to access scanned documents.

When you upload scanned documents into a return, use the appropriate return tag to denote that the return contains scanned documents.

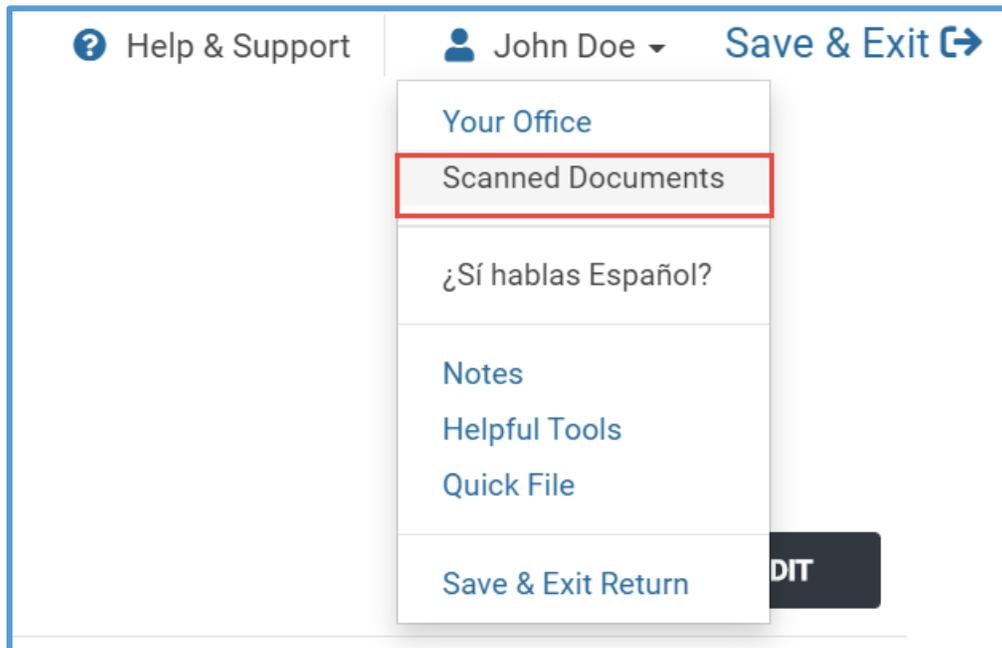
Setting up Scanned Documents

The office administrator can create security templates to allow users to access or delete scanned documents. See the *Setting up Security Templates* lesson for detailed instructions on creating or editing security templates.

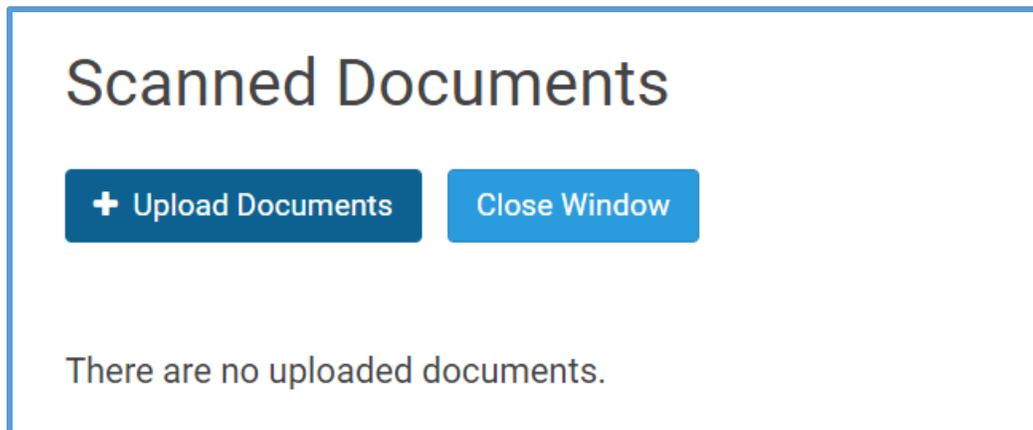
Adding Scanned Documents to a Return

Any user who has the appropriate permissions in an assigned security template can add scanned documents to a return. To add scanned documents to a return, use the following steps:

1. Start a new return or open an existing return.
2. Complete the taxpayer's filing status and personal information based on IRS Publication 13614.
3. Select **Scanned Documents** from the **taxpayer** drop-down list, as shown below:

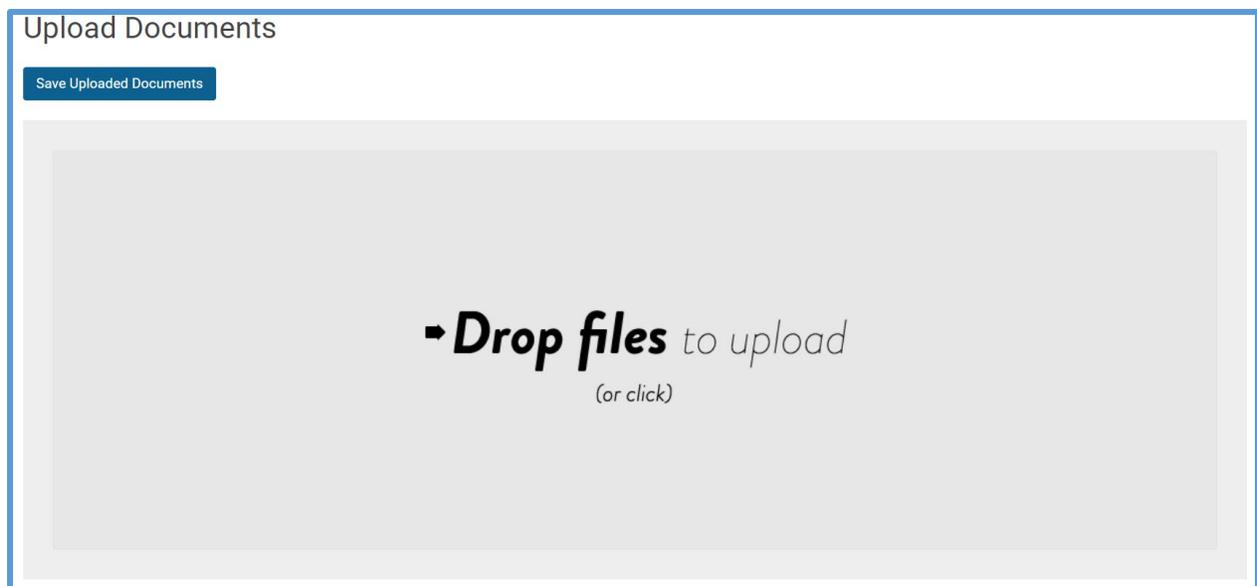


TaxSlayer Pro Online displays the **Upload Documents** page in a new browser window:



4. Click **Upload Documents**.

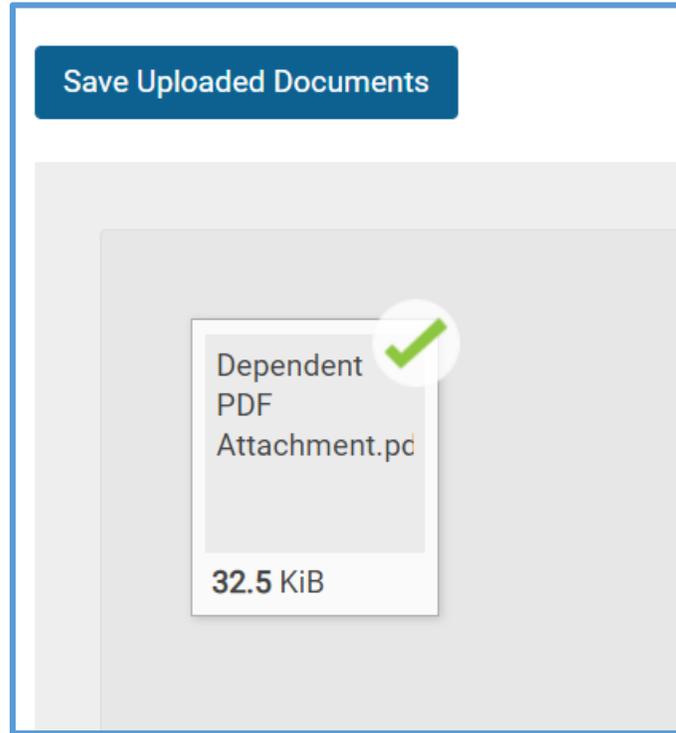
TaxSlayer Pro Online displays the **Upload Documents** page:



5. Do one of the following:
- Drag a PDF from your desktop and drop it into the **Drop files** box.
 - Click the **Drop files** box, navigate to the PDF, and upload it using the Windows upload process.

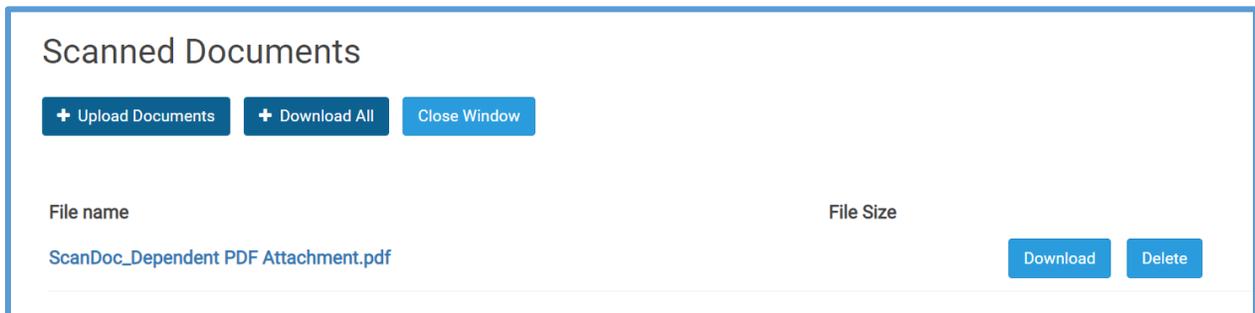
Note: You cannot upload documents larger than 25 MB, and Scanned Documents allows only PDF attachments.

TaxSlayer Pro Online displays the PDF in the box:



6. Continue using the same steps to add as many PDFs as you need.
7. Click **Save Uploaded Documents**.

TaxSlayer Pro Online displays the **Scanned Documents** page with the PDFs listed:



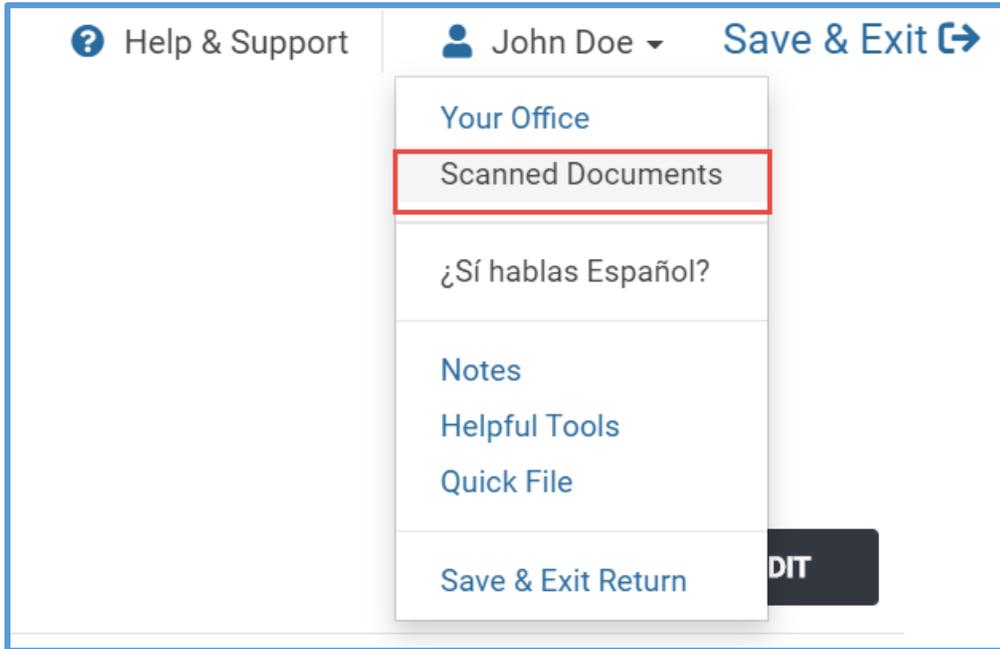
8. Click **Close Window**.

TaxSlayer Pro Online closes the window and displays the return.

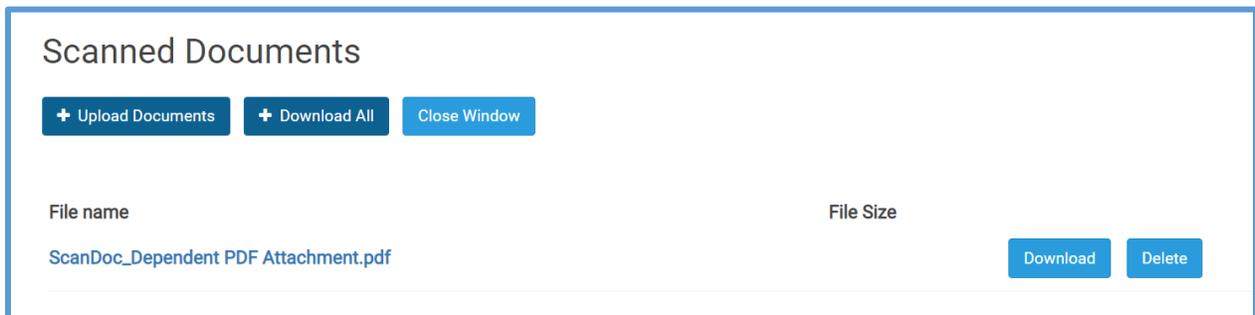
Accessing Scanned Documents

When the user is ready to prepare the return, use the following steps from the open return:

1. Select **Scanned Documents** from the **Taxpayer** drop-down list, as shown below:



TaxSlayer Pro Online displays the **Upload Documents** page in a new browser window:



2. Click the name of the document to open it.

TaxSlayer Pro Online displays the **View Document** window with the PDF:



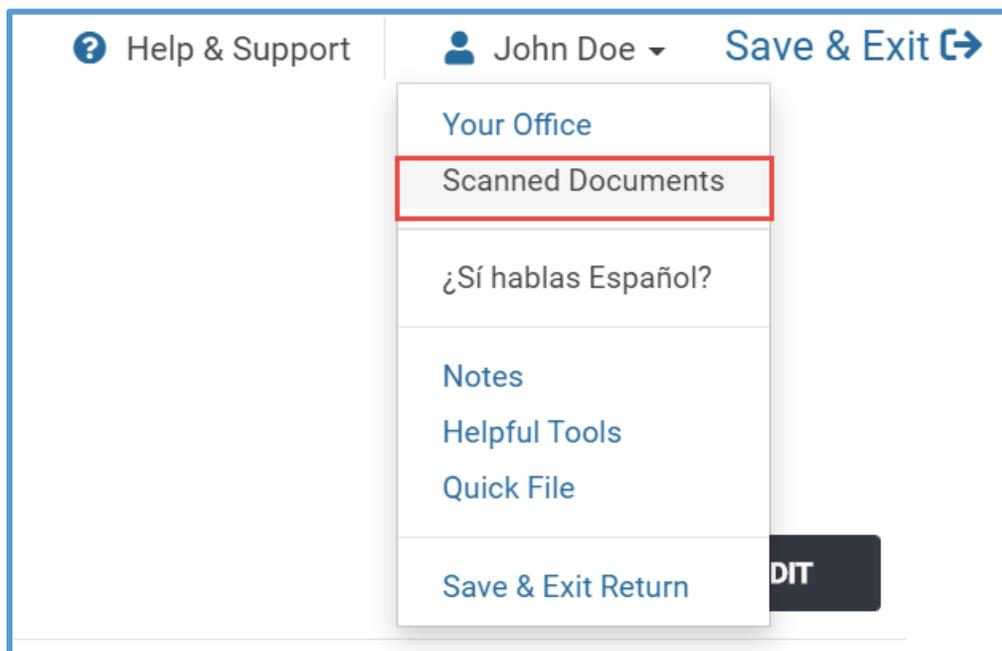
3. Use the document to prepare the taxpayer's return.
4. Click **Go Back**.
5. Click each document as needed and use it to prepare the taxpayer's return.

Note: You are not required to have two monitors to use Scanned Documents, but it is helpful to do so when preparing a return using Scanned Documents.

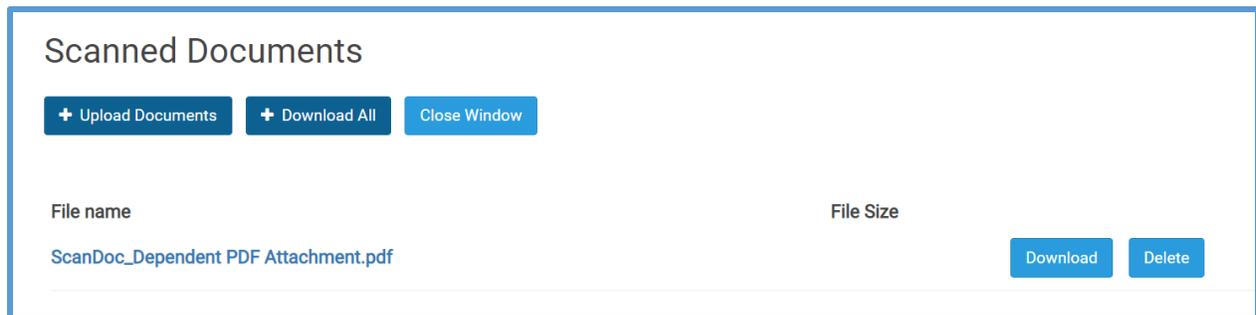
Deleting Scanned Documents

After you use the scanned documents to prepare the return, you can delete the scanned documents. To do so, use the following steps from the open return:

1. Select **Scanned Documents** from the **Taxpayer** drop-down list, as shown below:



TaxSlayer Pro Online displays the **Upload Documents** page in a new browser window:



2. Click **Delete** on the line for the PDF you want to delete.

TaxSlayer Pro Online deletes the document.

3. When you finish deleting the documents, click **Close Window**.

Note: TaxSlayer will automatically delete all scanned documents in December of each tax year.

Customer Portal

Purpose of the Customer Portal

The Customer Portal is a feature available to all VITA/TCE sites with a Taxpayer Pro Online license. It can integrate with Scanned Documents to allow taxpayers to send, receive, and review documents. The administrator controls preparer access to the Customer Portal through security templates.

The Customer Portal allows you to do the following:

- Request that the taxpayer upload electronic documents.
- Share a copy of the return for Quality Review.
- Request that the taxpayer sign documents.
- Share a copy of the signed return.
- Open a communication channel with the taxpayer through chat.
- Let the taxpayer know of a quick way to check IRS status of returns.

Setting Up Customer Portal Access

The site administrator controls access to the Customer Portal through security templates. See the *Setting up Security Templates* lesson for detailed instructions on creating or editing security templates.

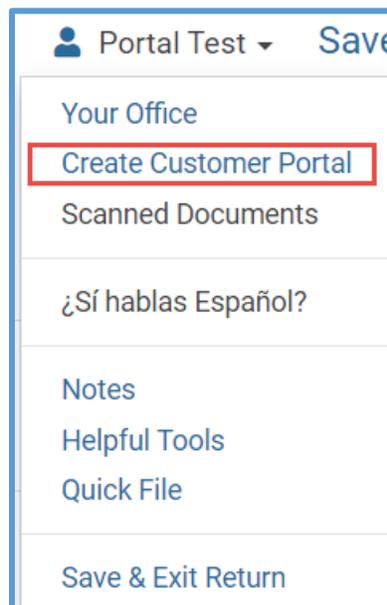
NOTE: Security templates assigned by TaxSlayer will have both Customer Portal and Scanned Documents enabled.

Inviting Taxpayers to the Customer Portal

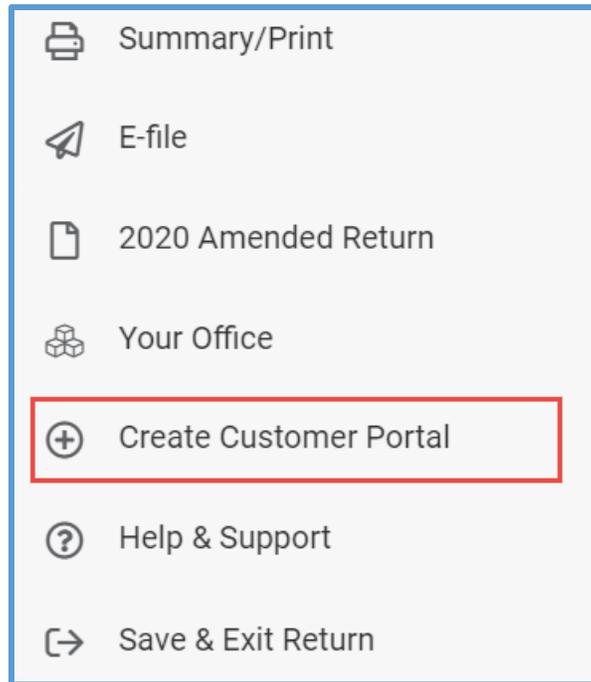
Initial Invitation

You can invite the taxpayer to the Customer Portal at any point after you complete the taxpayer's Basic Information pages. To begin the invitation to the Customer Portal, use the following steps:

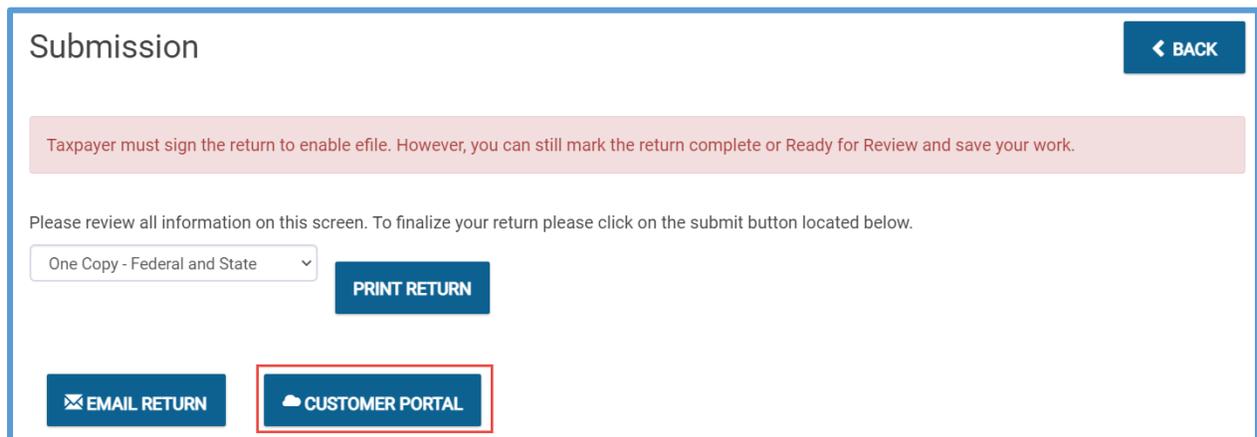
1. Do one of the following:
 - a. Click **Create Customer Portal** from the taxpayer drop-down menu, as shown below:



b. Click **Create Customer Portal** from the left navigation panel, as shown below:



c. Click **CUSTOMER PORTAL** on the **Submission** page, as shown below:



TaxSlayer Pro Online displays the **Customer Portal Link** page, defaulting the taxpayer's phone number and/or email address from **Basic Information** (if entered):

Customer Portal Link

Please enter either a phone number or email address to send the taxpayer a link to their Customer Portal

Phone Number

Email

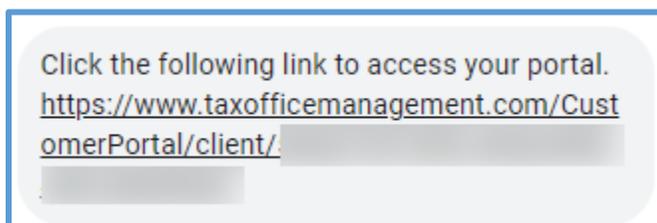
2. Verify the taxpayer's phone number or email address, or type the information in the appropriate box.

Note: If you type both a phone number and email address, the Customer Portal defaults the invitation to the taxpayer's email address.

3. Click **CONTINUE**.

TaxSlayer Pro Online displays a message that the link was sent to the taxpayer successfully.

The taxpayer receives either a text or email (as designated) with a link to create a Customer Portal account:



Note: Each link is unique to the taxpayer. It cannot be used to create a Customer Portal account for another taxpayer.

Resend Invitation

If the taxpayer later loses the link, you can resend it. To do so, use the following steps:

1. Click **Create Customer Portal** from either the Taxpayer drop-down menu, left navigation panel, or **Submission** page.

TaxSlayer Pro Online displays the **Customer Portal Link** page with a **RESEND LINK** button:

Customer Portal Link

Please enter either a phone number or email address to send the taxpayer a link to their Customer Portal

Phone Number

Email

RESEND LINK

2. Verify the phone number or email address.
3. Click **RESEND LINK**.

Working in the Customer Portal

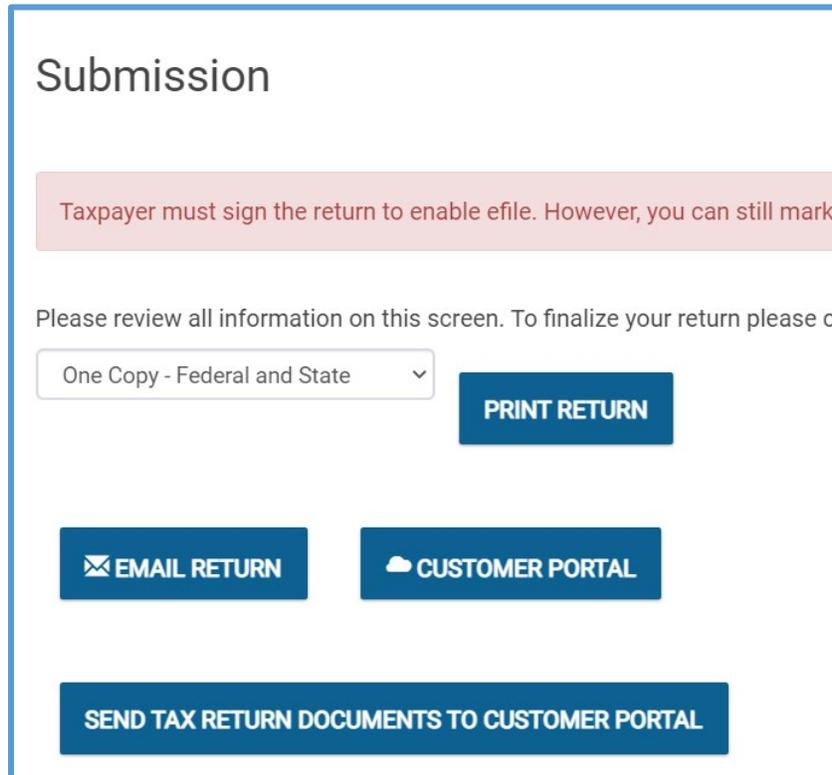
As the tax preparer, you can send tax documents to the taxpayer, access files when the taxpayer uploads them, and chat with the taxpayer. This provides a full range of communication and document sharing options when working with a taxpayer on a tax return.

Making Tax Documents Available to the Taxpayer

When you need a taxpayer to review tax documents, whether as a review before filing or after filing, you can make those documents available through Customer Portal. To do so, use the following steps:

1. Navigate through the return to the **Submission** page.

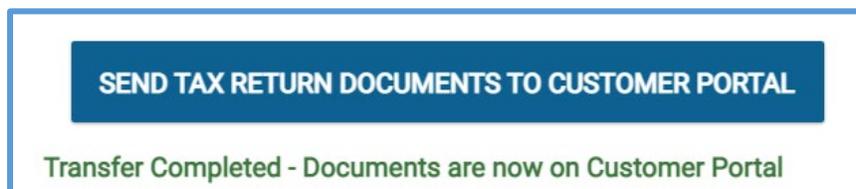
TaxSlayer Pro Online displays the **Submission** page:



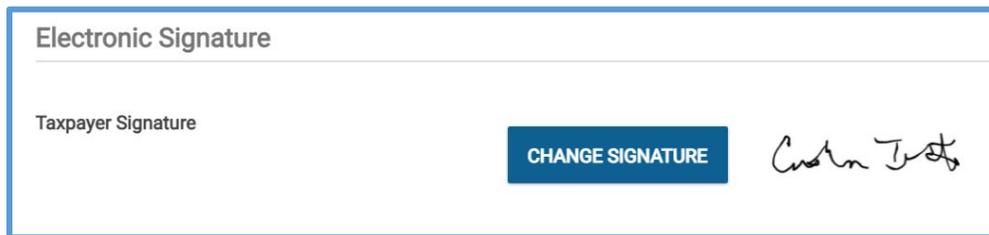
2. Click **SEND TAX RETURN DOCUMENTS TO CUSTOMER PORTAL**.

Note: This button is only available after the taxpayer sets up their Customer Portal account.

TaxSlayer Pro Online makes the documents available and displays a message confirming that the transfer is complete:



Once the taxpayer signs the document, TaxSlayer Pro Online displays the signature in the **Electronic Signature** section of the **Submission** page and uses it for necessary signatures on Form 1040, Form 8879, and any consents:

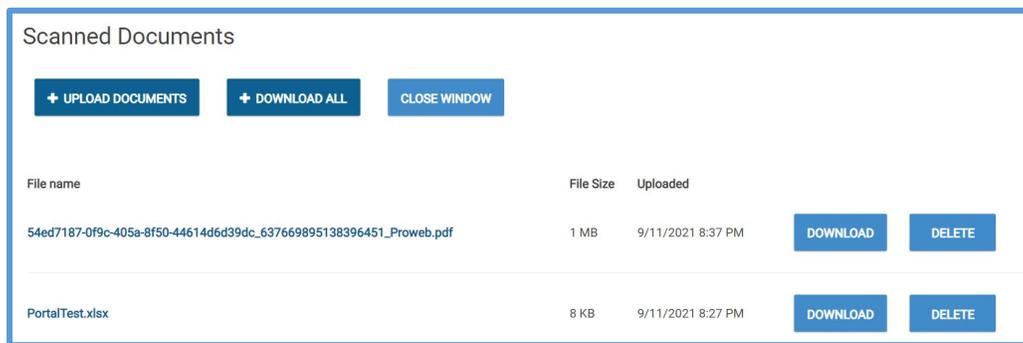


Accessing Documents After Taxpayer Upload

After a taxpayer uploads documents, you can access them from Scanned Documents. To do so, use the following steps:

1. Click **Scanned Documents** from the Taxpayer drop-down menu.

TaxSlayer Pro Online displays the **Scanned Documents** page, which includes any tax return documents you have made available to the taxpayer through Customer Portal and any documents the taxpayer has uploaded:



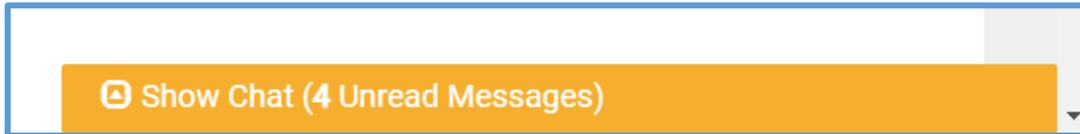
2. Download the documents as needed.

TIP: See the *Scanned Document Program* lesson for detailed information on using Scanned Documents.

Chatting with a Taxpayer

Taxpayers can exchange chat messages with you through the Customer Portal. To view chat messages from taxpayers, use the following steps from any page after logging in to TaxSlayer Pro Online:

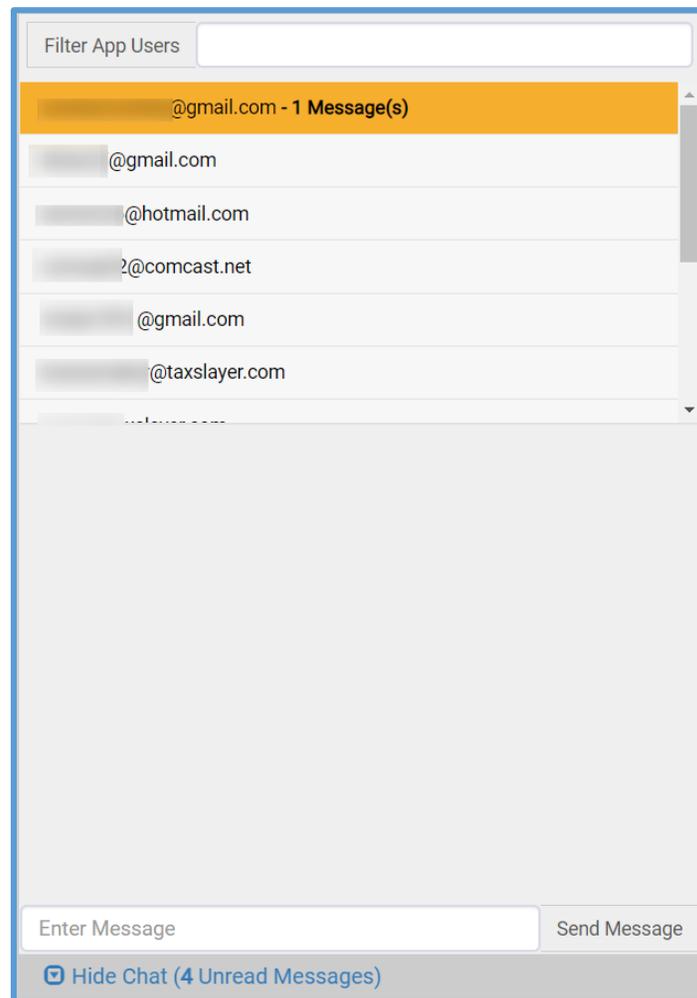
1. Find the **Show Chat** box at the lower left of the page.



Note: The chat box displays how many unread messages you have.

2. Click the box to expand it.

TaxSlayer Pro Online displays a chat window with the email addresses of all taxpayers for whom you have a tax return in progress:

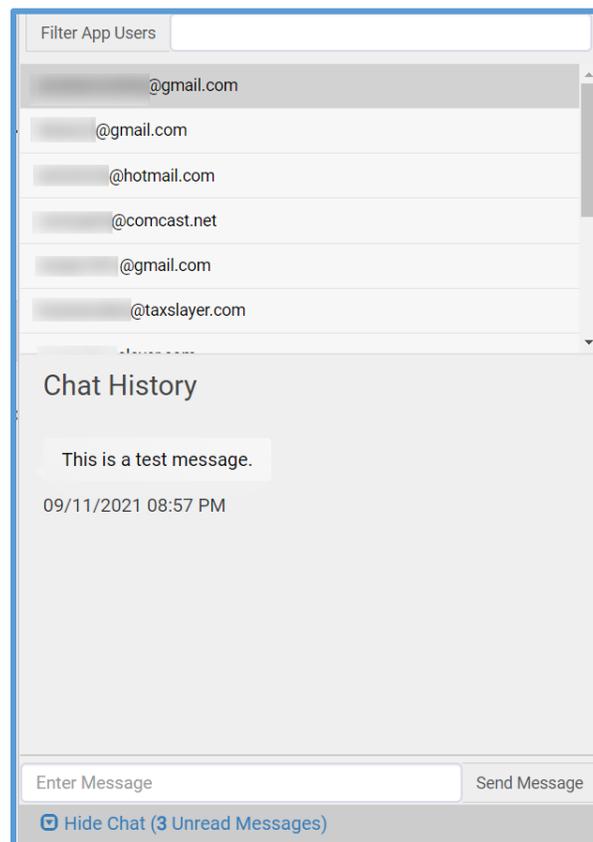


Note: If a taxpayer has sent you a message that you have not read, TaxSlayer Pro Online displays that email address in orange with the number of unread messages in bold.

3. To start a new chat to a taxpayer, click the taxpayer's email address.

TIP: To find a specific taxpayer in the list, begin typing the taxpayer's email address in the **Filter App Users** box.

TaxSlayer Pro Online displays the chat window with any chat history:



4. Type the message you want to send to the taxpayer in the **Enter Message** box.

5. Click **Send Message**.

TaxSlayer Pro Online sends the message to the taxpayer.

This lesson only includes instruction on how to work in Customer Portal as a tax preparer/volunteer. For detailed instructions on guiding the taxpayer through working in the taxpayer side of Customer Portal, see the *Using the Customer Portal* lesson.

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Appendix I: 2021 Tax Law Changes Overview

The following is a list of tax law changes for Tax Year 2021. TaxSlayer makes adjustments in TaxSlayer Pro Online for the updated calculations.

Tax Law Update Items	Summary/Description
Earned Income Tax Credit	<p>Per the March 2021 American Rescue Plan (Section 9621 – Earned Income Tax Credit (pages 381 -398)):</p> <ul style="list-style-type: none"> • For 2021 – the minimum age to collect EITC is 19 (not 25) for a taxpayer without children unless they are a full-time student (age 24) or a former foster child (age 18). • NO MAX age • Check box on 1040 - "IF you have not reached the age of 19 by Dec 31 and satisfied all other requirements..." • Check box on EIC schedule - MFS can claim EIC if they meet the reqs - can't live with spouse in last 6 months. • The amount of EITC individuals without children are eligible to receive has basically been doubled. • Investment income amount has been raised to \$10,000 (permanent change) • Taxpayers will be allowed to use 2019 Earned Income if it is greater to calculate 2021 EITC. They are not allowed to use 2020 earned income to calculate the 2021 EITC.
Child Tax Credit/Advance Child Tax Credit	<ul style="list-style-type: none"> • One year expansion for 2021 tax year only, per the American Rescue Plan Act of 2021) • For tax year 2021, the Child Tax Credit is increased from \$2,000 per qualifying child to: <ul style="list-style-type: none"> • \$3,600 for children ages 5 and under at the end of 2021; and • \$3,000 for children ages 6 through 17 at the end of 2021. <p>Note: The \$500 nonrefundable Credit for Other Dependents amount has not changed.</p>

- The Advance: 50% of it will be paid in advance with monthly payments. But those monthly payments will only run from July to December 2021. (The payments will be made on July 15, August 13, September 15, October 15, November 15 and December 15.) The remaining 50% will be claimed as a credit on your 2021 tax return.
- IF filers are paid too much (i.e., more than the child tax credit they're entitled to claim for 2021), they might have to pay back some of the money.
 - Filers with 2021 modified AGI no greater than \$40,000 (single filers), \$50,000 (head-of-household filers), or \$60,000 (joint filers) won't have to repay any child tax credit overpayments.
 - Filers with a modified AGI from \$40,000 to \$80,000 (single filers), \$50,000 to \$100,000 (head-of-household filers), or \$60,000 to \$120,000 (joint filers) will need to repay a portion of any overpayment.
 - Filers with modified AGIs above those amounts will have to pay back the entire overpayment.
- The \$2,500-of-earned-income required is dropped for 2021, too. Children who are 17 years old also qualify for the 2021 credit.

Phaseout

- The Child Tax Credit begins to be reduced to \$2,000 per child if your modified AGI in 2021 exceeds:

	<ul style="list-style-type: none"> • \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower; • \$112,500 if filing as head of household; or • \$75,000 if you are a single filer or are married and filing a separate return. <p>The first phaseout reduces the Child Tax Credit by \$50 for each \$1,000 (or fraction thereof) by which your modified AGI exceeds the income threshold described above that is applicable to you.</p> <ul style="list-style-type: none"> • The Child Tax Credit won't begin to be reduced below \$2,000 per child until your modified AGI in 2021 exceeds: <ul style="list-style-type: none"> • \$400,000 if married and filing a joint return; or • \$200,000 for all other filing statuses. <p>The second phaseout reduces the Child Tax Credit by \$50 for each \$1,000 (or fraction thereof) by which your modified AGI exceeds the income threshold described above that is applicable to you.</p>
<p>Child and Dependent Care Tax Credit</p>	<ul style="list-style-type: none"> • One year expansion for 2021 tax year only, per the American Rescue Plan Act of 2021 • For tax year 2021, the child and dependent care credit is <u>fully refundable</u>. (Previously non-refundable) • Increased credit rate and income phaseout amounts -- the maximum credit percentage jumps to 35% to 50%. • More care expenses are available for the credit. • For 2021, the credit is allowed for up to <u>\$8,000 in expenses for one child/disabled person</u> and <u>\$16,000 for more two or more qualifying persons</u>.

	<ul style="list-style-type: none"> Increased the maximum exclusion amount for employer-provided dependent care benefits to \$10,500 <p>Phaseout: Instead of the credit percentage starting to decrease when AGI exceeds \$15,000, it won't be reduced until AGI reaches \$125,000.</p> <p>So...</p> <ul style="list-style-type: none"> Every eligible family with an AGI of \$125,000 or less will get a credit worth 50% of their qualifying expenses. The percentage is gradually reduced from 50% to 20% for people with an AGI between \$125,001 and \$183,001. It stays at 20% for families with an AGI from \$183,001 to \$400,000, but then it's gradually reduced again from 20% to 0% for taxpayers with an AGI above \$400,000. If your AGI is above \$438,000, you won't get a credit.
<p>Recovery Rebate Credit / EIP 3</p>	<p>The widest net was casted with EIP 3:</p> <p>Program Note: We are assuming we will capture this information on the RRC page like we did for payment 1 and payment 2</p> <p>Generally, someone is eligible for the full amount of the third Economic Impact Payment if they:</p> <ul style="list-style-type: none"> are a U.S. citizen or U.S. resident alien (and their spouse if filing a joint return), and are not a dependent of another taxpayer and their adjusted gross income (AGI) is not more than:

	<ul style="list-style-type: none"> ○ \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower ○ \$112,500 if filing as head of household or ○ \$75,000 for eligible individuals using any other filing status <p>Payments will be phased out – or reduced -- above those AGI amounts. This means people will not receive a payment if their AGI is at least:</p> <ul style="list-style-type: none"> • \$160,000 if married and filing a joint return or if filing as a qualifying widow or widower • \$120,000 if filing as head of household • \$80,000 for eligible individuals using any other filing status <p>From <https://www.irs.gov/coronavirus/third-economic-impact-payment></p> <p>Letter/Notice 1444-C mailed to filer that received the EIP 3 for reporting of their on their 2021.</p>
<p>Retirement Plans - RMDs</p>	<p>RMD suspension only applied for one year. Seniors were allowed to skip their RMDs in 2020 without having to pay a penalty.</p> <p>Filers at least 72 years old by the end the year are required to take an RMD for 2021.</p> <p>From <https://www.kiplinger.com/taxes/tax-law/603037/tax-changes-and-key-amounts-for-the-2021-tax-year></p>
<p>Unemployment TY20</p>	<p>The \$10,200 exemption for single filers (\$20,400 MFJ) ONLY applied to tax year 2020. Revert back for tax year 2021.</p> <p><u>Per the March 2021 American Rescue Plan Section 9042 – Suspension of tax on</u></p>

	<p><u>portion of unemployment compensation (page 299-300) -</u> \$10,200 of unemployment reported on the tax return shall not be subject to tax for 2020. This applies to taxpayer with AGI of less than \$150,000. This appears to be a maximum of \$10,200 even on a joint return when both taxpayer and spouse receives unemployment. This was retroactive for 2020 and NOT 2021.</p>
Standard Deduction	<p>2021 Standard Deduction Amounts</p> <p>For 2021 taxes filed in 2022, the standard deductions increase to:</p> <ul style="list-style-type: none"> • \$12,550 for single taxpayers • \$12,550 for married taxpayers filing separately • \$18,800 for heads of households • \$25,100 for married taxpayers filing jointly • \$25,100 for qualifying surviving spouses
Charitable Contributions \$300	<p>Continues for TY21</p> <ul style="list-style-type: none"> • Charitable contributions for non-itemizers is extended to 2021. <u>Must be cash contribution to eligible charitable organization.</u> Maximum amount is \$600 for MFJ; \$300 for all other filers. This is now a below the line deduction and no longer above the line.
Student Loan Relief	<p>Starting in 2021, this rule is suspended for most canceled student loan debt that was incurred for a post-secondary education. The change is only temporary, though. In 2026, forgiven student loan debt will once again be taxed.</p>

	<p>exclude up to \$5,250 of college loans paid by their employer in 2020 from taxable wages was also extended through 2025. The \$5,250 cap applies to both student loan repayment benefits and other educational assistance offered by an employer.</p>
<p>Self Employed</p>	<p>Changes that self-employed Americans need to know about include:</p> <ul style="list-style-type: none"> • The deduction for business meals is increased from 50% to 100% for 2021 and 2022; • Self-employment taxes cannot be deferred in 2021 as they were in 2020; and • The \$250,000 cap on deductible business losses (\$500,000 for joint filers) is back in play after being suspended for the 2018 to 2020 tax years.
<p>Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals (7202)</p>	<p>Tax credits that were allowed in 2020 for self-employed people who couldn't work for a reason that would have entitled them to pandemic-related sick or family leave if they were an employee have been extended to cover leave through September 30, 2021.</p> <p>The number of days for which self-employed people can claim the credit for family leave was also increased from 50 to 60, and the 10-day limit on the maximum number of days for which a self-employed person can claim the sick leave credit was reset to begin again on January 1, 2021.</p> <p>Section 9642 – Credit for Sick leave for the Self-employed (pages 433 – 438)</p> <ul style="list-style-type: none"> • The sick leave benefits for the self-employed due to COVID-19 are extended through September 30. The days re-set as of April 1. <p>Section 9643 – Credit for Family leave for the Self-employed (pages 439 – 446)</p>

	<ul style="list-style-type: none"> The family leave benefits for the self-employed due to COVID-19 are extended through September 30. The days re-set as of April 1.
Adoption Credit	<p>For 2021, the adoption credit can be taken on up to \$14,440 of qualified expenses (\$14,300 for 2020). The full credit is available for a special-needs adoption, even if it costs less. The credit begins to phase out for filers with modified AGIs over \$214,520 and disappears at \$254,520 (\$214,520 and \$254,520, respectively, for 2020).</p> <p>The exclusion for company-paid adoption aid was also increased from \$14,300 to \$14,440 for 2021.</p>
Tuition and Fees Deduction/Lifetime Learning Credit	<ul style="list-style-type: none"> Tuition and Fees Deduction has been eliminated and no longer is being extended <p>However, to balance out the loss of the tuition and fees deduction, the phase-out thresholds for the lifetime learning credit (LLC) were permanently increased.</p> <ul style="list-style-type: none"> For the 2020 tax year, the credit was gradually reduced to zero for joint filers with a modified AGI from \$118,000 to \$138,000 and single filers with a modified AGI between \$59,000 and \$69,000. Beginning in 2021, the phase-out range for married couples filing a joint return is \$160,000 to \$180,000, and it's \$80,000 to \$90,000 for single filers. (The same phase-out ranges apply to the American Opportunity tax credit.)
Premium Tax Credit	<p>The American Rescue Plan enhanced the credit for 2021 and 2022 to lower premiums for people who buy coverage on their own.</p>

- First, it increases the credit amount for eligible taxpayers by reducing the percentage of annual income that households are required to contribute toward the premium.
- It also allows the credit to be claimed by people with an income above 400% of the federal poverty line.

In addition, when insurance is purchased through an exchange, eligible people can choose to have an estimated credit amount paid in advance to their insurance company so that less money comes out of their own pocket to pay monthly premiums. Then, when they complete their tax return, the calculated credit is compared to the advance payments. If the advance payments are greater than the actual allowable credit, the difference (subject to certain repayment caps) must be paid back either by subtracting the difference from a tax refund or adding it to the tax owed.

The American Rescue Plan suspended the repayment of excess advanced payments of the premium tax credit...but only for the 2020 tax year. So, advance payments in 2021 that exceed the credit amount on your 2021 tax return will have to be repaid.

Per the March 2020 American Rescue Plan **Section 9661 – Premium Tax Credit** (pages 462 – 438):

- The premium support has been adjusted for 2021 and 2022, providing greater support.
- Households with income above 400% of the federal poverty level will receive PTC in the

	<p>amount that health coverage exceeds 8.5% of the Household Income.</p> <ul style="list-style-type: none">• Special rule for individuals receiving unemployment.
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