



## Prior Year Return Topics

### 2016 returns must be Paper (2016 only)

We cannot e-file 2016 tax returns in TaxSlayer. Complete the tax return and mark it as Paper.

### Due Diligence Checklist (for 2016 only)

For 2016 returns only, volunteers will need to complete the due diligence checklist within TaxSlayer Pro. Refer to the due diligence checklist on CTC Resources (under “Tax & Credits”) for assistance.

### Qualified Principle Residence Indebtedness (for 2016-2019)

Refer to Pub 4012 Ext-1 for more information on this topic.

The lender may issue a 1099-A or 1099-C. The taxpayer must present at least one of these forms.

We can assist taxpayers who meet the following requirements:

- The home was never used as a rental property.
- The debt was not canceled because the taxpayer filed bankruptcy.
- The taxpayer isn’t in bankruptcy when he/she comes to the site for assistance.
- The Form 1099-C doesn’t include an amount for interest (box 3).
- The debt must be a mortgage used only to buy, build, or substantially improve the taxpayer’s primary residence, i.e., this money was not used to pay off credit cards, medical/dental expenses, vacations, etc.
- The mortgage was secured by the taxpayer’s primary residence.
- The mortgage was not more than \$2 million (\$1 million if Married Filing Separately).

**Note:** This extender is available retroactively for tax year 2018, so **taxpayers who had to include as income for tax year 2018 discharged debt from their main home can now file an amendment to exclude the cancelled debt from their income.**

### Residential Energy Credits (for 2016-2019)

Part I of Form 5695 Residential Energy Efficient Property Credit is out of scope for VITA.

Part II of Form 5695 Nonbusiness Energy Property Credit is in scope for VITA. This credit is for qualified energy efficiency improvements (such as adding insulation, energy-efficient exterior windows and doors, and qualifying metal or asphalt roofs) or qualified residential energy property improvements (such as energy-efficient heating and air conditioning systems). There is a total combined credit limit of \$500 (\$200 limit for windows) for all tax years after 2005.

Refer to Pub 4012 Ext-7 for more information on this topic.



## **Tuition and Fees Deduction (for 2016-2019)**

This is a nonrefundable credit for qualified education expenses. Note: the American Opportunity Credit and Lifetime Learning Credit are alternate higher education tax credits that usually have a more beneficial effect on the return.

Refer to Pub 4012 Ext-6 for more information on this topic.

## **Health insurance (all years)**

**For tax year 2019**, we only need to report the details of Marketplace coverage (using Form 1095-A as presented by the taxpayer. Forms 1095-B and 1095-C are not needed.

**For tax years 2014 to 2018**, we need to report the details of Marketplace coverage and also determine whether a taxpayer qualifies for an exemption (if they did not have health coverage for the year). Refer to the ACA section on CTC Resources for more information on this topic. **Make your notes about coverage and exemptions in the Additional Notes section on page 3 of the intake sheet!** Forms 1095-B and 1095-C are not required but can be helpful in determining coverage.

## **Schedule A (itemizing deductions) (all years)**

Check out our [Quick Calculation Tool](#) (under Tax & Credits on CTC Resources) for determining whether it makes sense for a taxpayer to itemize deductions for the tax year in question. You can also refer to Pub 4012 pages F-3 to F-11.

Note: You can include health insurance premiums as medical expenses, including the portion you paid for Marketplace insurance (including after Premium Tax Credits have been calculated). However, if you used pretax amounts to pay for the premiums you cannot also count them toward your itemized medical expenses.

## **ITINs (all years)**

**For 2018 and forward**, spouses and dependents living in Mexico must qualify for an allowable tax benefit to apply for or renew an ITIN (e.g. parent living in Mexico who qualifies taxpayer for Head of Household filing status). Separately, dependents who are from Mexico and are living in the US must now present proof of US residency on ITIN applications and renewals.

**For 2016 and 2017**, dependents living in Mexico do not need to show an allowable tax benefit to apply for or renew an ITIN. Additionally, dependents from Mexico living in the US do not need to show proof of US residency on ITIN applications and renewals.