

## **AARP Foundation Tax-Aide CyberTax**

**January 15, 2020**

**To:** State Management Team (SMT) Members (SC, ASC, ADS, PCS, PVS, TRS, TCS)

**Cc:** National Leadership Team (Regional Coordinators, Committee Chairs), Regional Advisors, Committee Members

**From:** Lynnette Lee-Villanueva, VP and National Director, AARP Foundation Tax-Aide

**Subject:** CyberTax TY2019-04: VTA-2020-01 - Legislative Tax Extenders

Please be aware that the IRS has published Volunteer Tax Alert (VTA) 2020-01 on the topic of Legislative Tax Extenders. [Link here](#) to view the full alert and additional references and resources.

The Taxpayer Certainty and Disaster Tax Relief Act of 2019 extended certain expired provisions – known as extenders – and created some new tax provisions. Those impacting VITA/TCE sites include:

- Exclusion from gross income of discharge of qualified principal residence indebtedness
- Treatment of mortgage insurance premiums as qualified residence interest (itemized deduction)
- Reduction in medical expense deduction floor to 7.5% (itemized deduction)
- Deduction of qualified tuition and related expenses (as an alternative to an education credit)
- Nonbusiness energy property credit (residential energy credit)

Volunteers should review Publication 4491, VITA/TCE Training Guide, Legislative Extenders lesson, and Publication 4012, VITA/TCE Volunteer Resource Guide, Tab EXT, Legislative Extenders.

These provisions are now in effect for tax year 2019. Volunteers should also consult Publication 4491-X, VITA/TCE Training Supplement, when available in mid-January, for changes to the training materials and tests that are affected by this legislation.

The Link & Learn Taxes online test located on VITA/TCE Central is updated with these changes. The affected questions include:

- Advanced Test and Retest question 10
- Federal Tax Law Updates Test and Retest for Circular 230 Professionals questions 7 and 8.

Volunteers taking either of these online tests should follow the directions on the screen for assistance in answering the affected questions. Volunteers taking the paper test should wait to review the changes in Publication 4491-X.

Each of the above-referenced provisions is extended for tax years 2019 and 2020. Additionally, most of the provisions are retroactively extended for tax year 2018. Because these provisions were expired when most taxpayers filed their 2018 returns, some taxpayers may benefit by filing an amended return. This does not apply to the reduction in the medical expense deduction floor. Generally, taxpayers have until April 15, 2022, to file an amended 2018 return. See the instructions for Form 1040-X, Amended U.S. Individual Income Tax Return, for specific deadlines.

Preparing amended returns and prior-year returns is not mandatory for VITA/TCE sites. This is an optional service that partners can provide based on availability of resources. Every effort should be made to secure experienced (at least 2 years of experience) volunteers for preparing amended and prior-year returns. The volunteer preparer and quality reviewer must be certified at the appropriate VITA/TCE Volunteer level. The current year Form 13614-C can be used to determine the certification level required to prepare the amended or prior-year returns. Refer to Tab M, Other Returns, of Publication 4012 for procedures on how to prepare amended returns.

SPEC is working with TaxSlayer to determine when updates and enhancements related to the updated tax law will be released. As final information is received it will be shared through the SPEC communication channels and forwarded to all partners. Partners should also continue to closely monitor the VITA/TCE Blog for updates directly from TaxSlayer.

SPEC is also working on updated information as it pertains to tax law changes related to taxpayers impacted by federally declared disasters. At this time, there has been no change to overall scope as it pertains to taxpayers impacted by federal declared disaster areas – specifically, Casualty Losses have not been added to scope. However, some tax law changes such as retirement fund distributions and earned income computations could impact VITA/TCE taxpayers and more information will be shared on those changes.

*As part of the Tax-Aide program, information including the latest updates and program guidance is regularly sent via email to all volunteers. Please click [here](#) if you are not a volunteer in the Tax-Aide program and therefore should be deleted from receiving further emails.*