

# Publication 4012

## VITA/TCE Volunteer Resource Guide

Volunteer Income Tax Assistance (VITA)/Tax Counseling for the Elderly (TCE)

**2022** RETURNS

Volume 1 of 14



Take your VITA/TCE training online at <https://apps.irs.gov/app/vita>. Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.



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# How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491-X, VITA/TCE Training Supplement. The most recent version can be downloaded at:

**[www.irs.gov/pub/irs-pdf/p4491x.pdf](http://www.irs.gov/pub/irs-pdf/p4491x.pdf)**

# **Volunteer Standards of Conduct**

## **VITA/TCE Program**

The mission of the VITA/TCE return preparation program is to assist eligible taxpayers in satisfying their tax responsibilities by providing free tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

Annually all VITA/TCE volunteers (whether paid or unpaid) must pass the Volunteer Standards of Conduct (VSC) certification test and agree that they will adhere to the VSC by signing and dating Form 13615, Volunteer Standards of Conduct Agreement, prior to volunteering at a VITA/TCE site. In addition, return preparers, quality reviewers, coordinators, and tax law instructors must certify in Intake/Interview and Quality

Review. Volunteers who answer tax law questions, instruct tax law classes, prepare or correct tax returns, or conduct quality reviews of completed returns must also certify in tax law prior to signing the form. Form 13615 is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer's identity, name and address, and signs and dates the form and signs and dates the form.

As a volunteer in the VITA/TCE Program, you must adhere to the following Volunteer Standards of Conduct:

VSC 1 Follow the Quality Site Requirements (QSR).

VSC 2 Do not accept payment, ask for donations, or accept refund payments for federal or state tax return preparation from customers.

VSC 3 Do not solicit business from taxpayers you assist or use the information you

gained about them (their information) for any direct or indirect personal benefit for yourself or any other specific individual.

VSC 4 Do not knowingly prepare false returns.

VSC 5 Do not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct considered to have a negative effect on the VITA/TCE program.

VSC 6 Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE program;
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely;
- Deactivation of your sponsoring partner's site VITA/TCE EFIN (electronic filing ID number);

- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization's partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

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## **Confidentiality Statement:**

All tax information you receive from taxpayers in your volunteer capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.



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# How to Use This Guide

This publication is designed as a guide to assist you in preparing a return using TaxSlayer.\* Not all forms are authorized for all volunteer programs. Forms intended specifically for the Military VITA Program will be annotated as such. Volunteers should only provide tax assistance based on their level of certification— Basic, Advanced, Military, International, Foreign Student and Puerto Rico 1 & 2.

The screening sheets/decision trees, charts and interview tips are from your training materials, **Publication 17**, Your Federal Income Tax Guide For Individuals, and other tax topic related publications. Use these tools during the dialogue with the taxpayer—“ask the right questions; get the right answers.”



Notes



Tips



Caution



TaxSlayer



Navigation

Here are the Icons used for ease of navigation though-out this publication. Hyperlinks in blue bold type will link you to the link or document labeled. Also the Table of Contents is linked to jump to every listing.

**Interactive Tax Assistant (ITA)**, is an excellent tool to guide you through answers to tax law questions and is available **[www.irs.gov/help/ita](http://www.irs.gov/help/ita)**.

SPEC allows volunteers to use the IRS provided software to prepare and electronically file their own tax return and the returns of family and friends. Unlike VITA/TCE returns, these returns have no income or tax law limitations.



*The software may change after this publication becomes available. Screen shots in this guide may depict last year's version of the software. Follow the menus and prompts to enter current year tax information in the software. If additional information is needed, refer to TaxSlayer's VITA/TCE Blog. The blog will keep you up to date with any changes and notifications regarding preparing, creating or modifying returns. **Publication 4491-X**, VITA/TCE Training Supplement, will be released in January to notify volunteers of any tax law and software updates.*

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# **Scope of Service**

When using the list, please note that column 3 (In Scope?) does not stand alone.

Additional information contained in columns 4 and 5 (Scope Limitations and Certification Levels) may include topics or certification levels that affect whether volunteers may or may not prepare the return under the provisions of the Volunteer Protection Act.

If no certification level is listed, the topic is in scope for all certification levels.

Many forms and schedules that are out of scope are included as reference. If a form or schedule is not listed, it is out of scope because no training has been provided. In addition, if a volunteer has not been trained on an in-scope tax law topic, that topic is out of scope for that volunteer.

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F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 1040	Digital asset (virtual currency) question	Y	In scope if taxpayers can check the No box. Taxpayers check No if they: <ul style="list-style-type: none"><li>• held no virtual currency for the tax year or if the taxpayer’s only transactions involving virtual currency during the tax year were purchases of virtual currency with real currency</li><li>• held virtual currency in a wallet or account</li><li>• transferred virtual currency from one wallet or account they own or control to another that they own or control</li><li>• received virtual currency as an inheritance or gift</li></ul>	
F 1040	1	Yes	Wages, salaries, tips, etc.	Advanced certification required for unreported tip income.
F 1040	2a, b	Yes	Tax-exempt and taxable interest See F 1099-INT for limitations	
F 1040	3a, b	Yes	Qualified and Ordinary dividends See F 1099-DIV for limitations	
F 1040	4a, 4b, 5a, 5b	Yes	IRAs, pensions and annuities See F 1099-R for limitations <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Foreign retirement arrangements that may need special reporting on FINCEN 114 or F 8938</li></ul>	Basic certification if taxable amount is determined. Advanced certification required if taxable amount is <b>NOT</b> determined.
F 1040	6a, b	Yes	Social Security benefits <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Foreign social security from Canada or Germany that is treated as U.S. Social Security</li></ul>	
F 1040	7	Yes	Capital gain or loss. See F 8949 limitations	Advanced certification required.
F 1040	12	Yes	Standard deduction or Itemized deductions See F 1040 Schedule A limitations	Advanced certification required for itemized deductions.
F 1040	13	Yes	Qualified Business Income deduction <b>In scope for:</b> <ul style="list-style-type: none"><li>• The 20% deduction for sole proprietors and taxpayers with qualifying REIT dividends</li><li>• Form 8995</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Taxable income over \$175,050 (\$340,100 if MFJ)</li><li>• Publicly traded partnership income</li><li>• Form 8995-A</li></ul>	
F 1040	16	Yes	Tax See Schedule 2 for limitations	
F 1040	19	Yes	Child tax credit or credit for other dependents	
F 1040	23	Yes	Other taxes See limitations on Schedule 2	

F(form) or S(schedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 1040	25	Yes	Federal income tax withheld from Forms W-2, 1099, and other forms	
F 1040	26	Yes	Estimated tax payments and amount applied from prior year return	
F 1040	27, 28, 29	Yes	Earned income credit, Additional child tax credit, American opportunity credit See Schedule 3 for limitations	
F 1040	35 a,b,c,d	Yes	Direct deposit of refund See also F 8888	
F 1040	36	Yes	Refund applied to estimated tax	
F 1040	37	Yes	Amount you owe	
F 1040	38	No	Estimated tax penalty	
F 1040-ES		Yes	Estimated Tax for Individuals	
F 1040-NR		Yes	U.S. Nonresident Alien Income Tax Return <b>In scope (with Foreign Student certification only) for:</b> <ul style="list-style-type: none"> <li>Students on F, J, M, or Q Visa</li> <li>Teacher or trainee on J Visa</li> </ul> <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Individuals having a dual status for the tax year</li> <li>Nonresident aliens who do not meet the green card or substantial presence test and are not married to a U.S. citizen or resident alien</li> </ul>	Foreign Student certification required
F 1040-PR		Yes	Self-Employment Tax Return – Puerto Rico (in Spanish)	Puerto Rico certification required
F 1040-SP		Yes	Declaracion de Impuestos de los Estados Unidos Sobre los Ingresos Personales See limitations for F 1040	
F 1040-SR		Yes	U.S. Income Tax Return for Seniors See limitations for F 1040	
F 1040-SS		Yes	U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico)	Puerto Rico certification required
F 1040-X		Yes	Amended U.S. Individual Income Tax Return <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Original return was out of scope and is not brought into scope by the amendment</li> <li>Taxpayers who may qualify for an exception to the three-year time limit for filing an amended return except for applying for standard refund of tax on military disability payments</li> </ul>	Advanced certification required
F W-2		Yes	Wage and Tax Statement See F 8615 limitations for children with unearned income <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Box 12 codes: <ul style="list-style-type: none"> <li>Q (<b>Military certification required. Active duty military taxpayer returns only</b>)</li> <li>R, T</li> <li>FF if premium tax credits are involved</li> <li>W (<b>Advanced certification required</b>)</li> </ul> </li> <li>Ministers</li> <li>Other members of the clergy who present issues such as: parsonage/ housing allowance, whether earnings are covered under FICA or Self-Employed Contributions Act (SECA) or rules for determining exemption from coverage</li> </ul>	All certification levels <b>International certification required</b> for foreign employer compensation
F W-2G		Yes	Certain Gambling Winnings <b>Not in scope for:</b> Professional gamblers who use Schedule C	
F W-7		Yes	Application for IRS Individual Taxpayer Identification Number	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S 1	1	Yes	Taxable refunds, credits or offsets of state or local income taxes <b>Not in scope for:</b> Refund for other than previous tax year	
S 1	2a, b	Yes	Alimony received, Date of original divorce or separation agreement <b>Not in scope for:</b> Pre-1985 divorces	
S 1	3	Yes	Business income or loss See Schedule C limitations	Advanced certification required
S 1	4	No	Other gains or (losses)	
S 1	5	Yes	Rental real estate, royalties, partnerships, S corporations, trusts, etc. See Schedule E limitations	<b>Military certification required</b> active duty only
S 1	6	No	Farm income or (loss)	
S 1	7	Yes	Unemployment compensation	
S 1	8a–z	Yes	Other income See F 1099-MISC, F 1099-PATR, F 1099-Q, F 1099-QA, F 1099-SA, F 982 and F 2555 for limitations <b>In scope for:</b> Cancellation of nonbusiness credit card debt Discharge of qualified principal residence indebtedness (if extended) <b>Not in scope for:</b> Cancellation of other debt income, Rental, hobby or other income when “not for profit,” Net operating loss deduction	Advanced certification required for discharge of principal residence indebtedness <b>International certification required</b> for foreign earned income exclusion
S 1	11	Yes	Educator expenses	
S 1	12	Yes	Certain business expenses of reservists, performing artists and fee-basis government officials. See F 2106 limitations	Military certification required
S 1	13	Yes	Health saving account deduction See F 8889 limitations	Advanced certification required
S 1	14	Yes	Moving expenses for members of the Armed Forces See F 3903 limitations	Military certification required
S 1	15	Yes	Deductible part of self-employment tax	Advanced certification required
S 1	16	No	Self-employed SEP, SIMPLE and qualified plans	
S 1	17	Yes	Self-employed health insurance deduction See Schedule C for limitations <b>Not in scope for:</b> Insurance purchased through Marketplace when taxpayer is eligible for Premium Tax Credit	Advanced certification required
S 1	18	Yes	Penalty on early withdrawal of savings	
S 1	19a, b, and c	Yes	Alimony paid recipient SSN, date of divorce or separation agreement <b>Not in scope for:</b> Pre-1985 divorces	
S 1	20	Yes	IRA deduction <b>In scope for:</b> <ul style="list-style-type: none"> <li>Deductible traditional IRA contributions</li> </ul> <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Nondeductible traditional IRA contributions</li> </ul>	Advanced certification required
S 1	21	Yes	Student loan interest deduction	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S 2	1	No	Alternative minimum tax	
S 2	2	Yes	Excess advance premium tax credit repayment See F 8962 limitations	Advanced certification required
S 2	4	Yes	Self-employment tax	Advanced certification required
S 2	5	Yes	Unreported Social Security and Medicare tax on unreported tip income <b>In scope for:</b> <ul style="list-style-type: none"> <li>F 4137</li> </ul>	Advanced certification required
S2	6	No	Uncollected social security and Medicare tax on wages	
S 2	8	Yes	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts See F 5329 for limitations <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Taxpayers subject to additional tax due to excess IRA contributions</li> </ul>	Basic certification if additional tax applies Advanced certification required if exceptions to the additional tax apply
S 2	9	No	Household employment taxes	
S 2	10	Yes	Repayment of first-time homebuyer credit from Form 5405 See F 5405 for limitations	
S 2	11	No	Additional Medicare Tax	
S 2	12	No	Net investment income tax	
S 2	13	Yes	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	Advanced certification required
S 2	14	No	Interest on tax due on installment income from the sale of certain residential lots and timeshares	
S 2	15	No	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	
S 2	16	No	Recapture of low-interest housing credit	
S 2	17	Yes	Other additional taxes See F 8889 limitations <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Lines 17a, 17b, 17e-z</li> </ul>	Advanced certification required
S 3	1	Yes	Foreign tax credit See F 1116 for limitations	Advanced certification required for FTC without F 1116 <b>International certification required for F 1116</b>
S 3	2	Yes	Credit for child and dependent care expenses from Form 2441, line 11	
S 3	3	Yes	Education credits <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Taxpayers who must repay (recapture) part or all of an education credit claimed in a prior year</li> </ul>	
S 3	4	Yes	Retirement savings contribution credit	
S 3	5	Yes	Residential energy credits See F 5695 for limitations	Advanced certification required
S 3	6a–z	Yes	Other credits from F 3800, 8801, and (write-in) <b>In scope for:</b> <ul style="list-style-type: none"> <li>Line d, Schedule R</li> </ul> <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>All other lines</li> </ul>	



F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S 3	9	Yes	Net premium tax credit See F 8962 for limitations	Advanced certification required
S 3	10	Yes	Amount paid with request for extension to file	
S 3	11	Yes	Excess Social Security and tier 1 RRTA tax withheld	
S 3	12	No	Credit for federal tax on fuels	
S 3	13	Yes	Other payments or refundable credits <b>In scope for:</b> F 7202 (Qualified Sick and Family Leave Credits) <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>All other lines</li> </ul>	Advanced certification required for F 7202
S A		Yes	Itemized Deductions <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Investment interest</li> <li>Taxpayers affected by a charitable contribution carryover</li> <li>Taxpayers affected by limits on charitable deductions</li> <li>F 8283 (noncash contribution exceeding \$500)</li> <li>Form 1098-C, Contributions of Motor Vehicles, Boats and Airplanes</li> <li>Donation of property previously depreciated</li> <li>Donation of capital gain property (such as securities or art work)</li> <li>Casualty or theft losses</li> </ul>	Advanced certification required
S B		Yes	Interest and Ordinary Dividends See FinCEN F 114, F 3520 and F 8938 for limitations See F 1099-INT, F 1099-DIV, and F 1099-OID for limitations	
S C		Yes	Profit or Loss from Business (Sole Proprietorship) See F 1099-K for limitations See F 1099-MISC for limitations See F 1099-NEC for limitations <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Hobby income or not for profit activity</li> <li>Professional gamblers</li> <li>Bartering</li> <li>Any transactions involving digital assets</li> <li>Method of accounting other than cash</li> <li>Taxpayers who do not materially participate in the business</li> <li>Payments made that require F 1099 to be filed</li> <li>Returns and allowances</li> <li>Cost of goods sold (inventory)</li> <li>Total expenses over \$35,000</li> <li>Vehicle expenses reported as actual expenses</li> <li>Contract labor</li> <li>Depletion</li> <li>Depreciation or when F 4562 is required</li> <li>Expenses for employees</li> <li>Car rental or lease more than 30 days (use standard mileage rate method only)</li> <li>Casualty losses, amortization</li> <li>Business use of home</li> <li>Net losses</li> </ul>	Advanced certification required

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S D		Yes	<p>Capital Gains and Losses See F 8949 for limitations See F 1099-B for limitations</p> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"><li>• Lines 4 and 11</li><li>• Taxpayers who sold any assets other than stock, mutual funds, or a personal residence</li><li>• Taxpayers who trade in options, futures, or other commodities, whether or not they disposed of any during the year</li><li>• Taxpayers who have transactions using digital assets. If the taxpayer can check the No box to the virtual digital asset question on Form 1040, the return is in scope. Refer to scope limitations for the digital assets question at the beginning of the scope of service chart.</li><li>• Determination of basis issues:<ul style="list-style-type: none"><li>◦ Basis of any asset acquired other than by purchase or inheritance, such as a gift or employee stock option, unless the taxpayer provides the basis and holding period</li><li>◦ Basis of inherited property determined by a method other than the FMV of the property on the date of the decedent's death, unless the taxpayer provides the basis and holding period</li></ul></li><li>• Like-kind exchanges and worthless securities</li><li>• Reduced exclusion computations/determinations for the sale of a home</li><li>• Married homeowners who do not meet all requirements to claim the maximum exclusion on the sale of a home</li><li>• Decreases to basis, including deductible casualty losses and gains a taxpayer postponed from the sale of a previous home before May 7, 1997</li><li>• Depreciation during the time the home was used for business purposes or as rental property</li><li>• Taxpayers with "nonqualified use" issues</li><li>• Sale of a home used for business purposes or as rental property</li></ul>	Advanced certification required
S E		Yes	<p>Supplemental Income and Loss (Rental) See F 1099-MISC and S K-1 for limitations</p> <p><b>In scope for:</b></p> <ul style="list-style-type: none"><li>• Royalties reported on Form 1099-MISC, if there are no associated expenses (Advanced)</li><li>• Certain income from Schedules K-1 (Forms 1065, 1120S, and 1041) (Advanced)</li><li>• Home rental (including Part I, lines 5-19) <b>if military certified</b> and taxpayer is active duty military</li><li>• Rental of personal residence for less than 15 days for the year is not considered a rental activity and is not taxable income (Advanced) unless taxpayer is in the rental business or cleaning, linen, food or similar services were provided during the rental period (out of scope)</li></ul> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"><li>• Rental income and expenses for nonmilitary taxpayers</li><li>• Taxpayers who rent their property at less than fair rental value</li><li>• Rental-related interest expenses other than mortgage interest</li><li>• The actual expense method (auto and travel expense deductions)</li><li>• Casualty loss</li><li>• Completing Form 8582 if volunteers are required to enter additional data in Form 8582 in the software</li><li>• Completing Form 4562</li><li>• Taxpayers who are unable to provide an amount for depreciation</li><li>• Taxpayers who filed or need to file Form(s) 1099</li></ul>	Advanced certification required for royalties reported on Form 1099-MISC and Schedule K-1 <b>Military certification required for rental income</b>
S EIC		Yes	Earned Income Credit	



F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S F		No	Profit or Loss From Farming	
S H		No	Household Employment Taxes	
S J		No	Income Averaging for Farmers and Fishermen	
S K-1		Yes	Beneficiary, Partner or Shareholder's Share of Income, Deductions, Credits, etc. <b>In scope for:</b> <ul style="list-style-type: none"><li>Schedules K-1 (Forms 1065, 1120S, and 1041).<ul style="list-style-type: none"><li>Taxable and tax-exempt interest income</li><li>Dividend and Qualified dividends income</li><li>Net short- and long-term capital gains and losses</li><li>Royalty income (Schedule E) with no associated expenses</li></ul></li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Other income, deductions, and credits not listed above</li></ul>	Advanced certification required
S LEP		Yes	Request for Alternative Language Products by Taxpayers With Limited English Proficiency (LEP)	
S Q		No	Quarterly Notice to Resident Interest Holder of REMIC Taxable Income of Net Loss Allocation	
S R		Yes	Credit for the Elderly or the Disabled	
S SE		Yes	Self-Employment Tax <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Ministers or church workers if special rules apply</li></ul>	
S 8812		Yes	Additional Child Tax Credit	
F T (Timber)		No	Forest Activities Schedule	
F 56		No	Notice Concerning Fiduciary Relationship	
F 709		No	United States Gift (and Generation-Skipping Transfer) Tax Return	
F 843		No	Claim for refund and request for abatement	
F 982		Yes	Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment) – (if extended) <b>In scope for:</b> <ul style="list-style-type: none"><li>Line 1e, Line 2, Line 10b</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Issues other than discharge of qualified principal residence indebtedness</li><li>Principal residence used in business or as rental property</li><li>Taxpayer filed bankruptcy or was insolvent immediately before the debt was canceled</li></ul>	Advanced certification required
F 1040-C		No	U.S. Departing Alien Income Tax Return	
F 1045		No	Application for Tentative Refund	
F 1066 (Sch Q)		No	Quarterly Notice to Resident Interest Holder of REMIC Taxable Income or Net Loss Allocation	
F 1095-A		Yes	Health Insurance Marketplace Statement	Advanced certification required
F 1095-B		Yes	Health Coverage	
F 1095-C		Yes	Employer Provided Health Insurance Offer and Coverage	
F 1098		Yes	Mortgage Interest Statement	Advanced certification required
F 1098-C		No	Contributions of Motor Vehicles, Boats, Airplanes	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 1098-E		Yes	Student Loan Interest Statement	
F 1098-MA		No	Mortgage Assistance Payments	
F 1098-Q		Yes	Qualifying Longevity Annuity Contract Information (information only) No tax reporting required.	
F 1098-T		Yes	Tuition Statement <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Boxes 4 and 6 (Adjustments)</li></ul>	
F 1099-A		Yes	Acquisition or Abandonment of Secured Property See F 982 for limitations <b>In scope for:</b> <ul style="list-style-type: none"><li>Qualified principal residence (if extended)</li></ul>	Advanced certification required
F 1099-B		Yes	Proceeds from Broker and Barter Exchange Transactions <b>Not in scope for:</b> <ul style="list-style-type: none"><li>FATCA filing requirement box checked</li><li>Boxes 1f, 3 and 7-11, 13</li></ul>	Advanced certification required
F 1099-C		Yes	Cancellation of Debt See F 982 for limitations <b>In scope only for:</b> <ul style="list-style-type: none"><li>Nonbusiness credit card debt cancellation including interest in box 3 when taxpayer is solvent before the cancellation</li><li>Discharge of qualified principal residence indebtedness</li><li>Discharge of certain student loan debt in 2021 through 2025</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Cancellation of debt when Form 1099-C includes an amount for interest (exception listed above)</li></ul>	Advanced certification required
F 1099-CAP		Yes	Changes in Corporate Control and Capital Structure (information only) <ul style="list-style-type: none"><li>No tax reporting required.</li></ul>	
F 1099-DIV		Yes	Dividends and Distributions <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Taxpayer is a nominee</li><li>Boxes labeled Unrecap Sec. 1250 gain, Section 1202 gain, Collectibles (28%) gain , Section 897 ordinary dividends, Section 897 capital gain, Cash liquidation distributions, and Noncash liquidation distributions</li><li>FATCA filing requirement box checked</li></ul>	
F 1099-G		Yes	Certain Government Payments <b>In scope for:</b> <ul style="list-style-type: none"><li>Unemployment compensation</li><li>Refunds, credits, or offsets of state or local income tax</li><li>Box 5, RTAA payments</li><li>Box 6, Taxable grants</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>Box 3 is other than the current tax year</li><li>Boxes 7-9</li></ul>	
F 1099-H		No	Health Coverage Tax Credit	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 1099-INT		Yes	Interest Income See F 8615 for limitations (children with unearned income) <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Taxpayer is a nominee</li> <li>• An adjustment is needed to any amount reported</li> <li>• Amounts reported in the box labeled Specified private activity bond interest if AMT applies</li> <li>• Amounts reported in the box labeled Bond premium that exceed amounts reported in the box labeled Interest</li> <li>• FATCA filing requirement box checked</li> <li>• Accrued bond interest other than for savings bonds</li> <li>• Bonds bought or sold between interest payment dates other than for savings bonds</li> <li>• Bond premium on Treasury obligations that exceed Interest on U.S. Savings Bonds and Treasury obligations</li> <li>• Bond premium on tax-exempt bond that exceed Tax-exempt interest</li> </ul>	
F 1099-K		Yes	Payment Card and Third Party Network Transactions <b>In scope for:</b> <ul style="list-style-type: none"> <li>• Taxable income received for self-employment income (such as shared-economy driving).</li> <li>• Form 1099-K received for rental income is in scope for Military certification only.</li> </ul> <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Forms 1099-K received for any other type of taxable income</li> </ul>	Advanced certification required; Military certification if received for rental income
F 1099-LTC		Yes	Long-Term Care and Accelerated Death Benefits	Advanced certification required
F 1099-MISC		Yes	Miscellaneous Information <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Box 5 Fishing boat proceeds</li> <li>• Boxes 7-15</li> <li>• FATCA filing requirement box checked</li> </ul>	Military certification required for Box 1 Basic certification required for Box 3 Advanced certification required for all other entries
F 1099-NEC		Yes	Nonemployee compensation <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Athletes receiving NIL income</li> </ul>	Advanced Certification required
F 1099-OID		Yes	Original Issue Discount <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• FATCA filing requirement box checked</li> <li>• Box 6 Acquisition premium</li> <li>• Adjustment needed, or no form received</li> </ul>	
F 1099-PATR		Yes	Taxable Distributions Received From Cooperatives <b>In scope for:</b> <ul style="list-style-type: none"> <li>• Box 1 for personal use only</li> </ul>	Advanced certification required
F 1099-Q		Yes	Payment From Qualified Education Programs (under section 529 and 530) <b>Not in scope for:</b> Distributions from Educational Savings Accounts if: <ul style="list-style-type: none"> <li>• Funds were not used for qualified education expenses or</li> <li>• Distribution was more than the amount of the qualified expenses</li> </ul>	
F 1099-QA		Yes	Distribution from ABLE Account <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Distribution from ABLE Account that was more than the amount of the qualified expenses</li> </ul>	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 1099-R F CSA 1099-R		Yes	Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• IRA rollovers that do not meet the tax-free requirements</li><li>• Taxpayers who used the General Rule to figure the taxable portion of pensions and/or annuities for past years</li><li>• Box 7 codes 2 and 7, if the IRA/SEP/SIMPLE box is checked and there were nondeductible contributions</li><li>• Box 7 codes 5, 6, 8, 9, A, E, J, K, N, P, R, T, U, W</li></ul>	Basic certification if taxable amount is determined  Advanced certification required if taxable amount is NOT determined
F RRB-1099		Yes	Payments by the Railroad Retirement Board Annuities or Pensions by the Railroad Retirement Board	Advanced certification required
F 1099-S		Yes	Proceeds from Real Estate Transactions <b>In scope for:</b> <ul style="list-style-type: none"><li>• Personal residence</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Home was used for rental purposes</li><li>• Sales of business property</li><li>• Installment sales income</li><li>• Like-kind exchanges</li></ul>	Advanced certification required
F 1099-SA		Yes	Distributions From an HSA, Archer MSA or Medicare Advantage MSA See F 8889 for limitations <b>Not in scope for:</b> Archer MSA, Medicare Advantage MSA	Advanced certification required
F SSA-1099		Yes	Social Security Benefit Statement	
F 1116		Yes	Foreign Tax Credit (Individual, Estate or Trust) <b>In scope for:</b> <ul style="list-style-type: none"><li>• Taxpayers who have foreign tax paid reported on F 1099-INT, F 1099-DIV, or S K-1 and can elect to report foreign tax without filing Form 1116 (Advanced certification)</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Taxpayers who may deduct a foreign income tax that is not allowed as a credit in certain circumstances</li><li>• Certain expenses deducted to reduce foreign gross income</li><li>• Taxpayers who must report a carryback or carryover on Form 1116</li><li>• Taxpayers who must file a separate Form 1116 required for foreign income from a sanctioned country, using the “Section 901(j) income” category</li></ul>	<b>International certification required</b> for F 1116
F 1127		No	Extension of Time for Payment of Tax Due to Undue Hardship	
F 1310		Yes	Statement of Person Claiming Refund Due a Deceased Taxpayer	
F 2106		Yes	Employee Business Expenses <b>In scope for:</b> <ul style="list-style-type: none"><li>• Reservist expenses (adjustment to gross income)</li><li>• U.S. Armed Forces members who were provided a commuter highway vehicle (such as a van) by their employer</li></ul>	<b>Military certification required</b>
F 2120		Yes	Multiple Support Declaration	
F 2210		No	Underpayment of Estimated Tax by Individuals, Estates and Trusts	
F 2439		No	Notice to Shareholder of Undistributed Long-Term Capital Gains	
F 2441		Yes	Child and Dependent Care Expenses <b>Out of scope for:</b> <ul style="list-style-type: none"><li>• Taxpayers who need assistance in determining if employment taxes are owed for household employees</li></ul>	
F 2555		Yes	Foreign Earned Income	<b>International certification required</b>



F(form) or S(schedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 2848		Yes	Power of Attorney and Declaration of Representative (Very limited uses in form instructions)	
F 3468		No	Investment Credit	
F 3520		No	Foreign Trusts/Foreign Gifts	
F 3800		No	General Business Credit	
F 4136		No	Credit for Federal Tax Paid on Fuels	
F 4137		Yes	Social Security and Medicare Taxes on Unreported Tip Income	Advanced certification required
F 4562		No	Depreciation and Amortization (including information on listed property)	
F 4684		No	Casualties and Thefts	
F 4797		No	Sales of Business Property	
F 4835		No	Farm Rental Income and Expenses	
F 4852		Yes	Substitute for F W-2 or F 1099-R	
F 4868		Yes	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return	
F 4952		No	Investment Interest Expense Deduction	
F 4972		No	Tax on Lump-Sum Distributions	
F 5329		Yes	Additional Tax on Qualified Plans (including IRAs) and Other Tax-Favored Accounts <b>In scope for:</b> <ul style="list-style-type: none"> <li>Part I</li> </ul> <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>IRA minimum distributions not withdrawn when required</li> <li>Excess contributions to an IRA that are not withdrawn by the due date of the return including extensions</li> <li>Parts II through IX</li> </ul>	
F 5405		Yes	Repayment of the First-Time Homebuyer Credit <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Taxpayers who claimed credit and their home is destroyed, condemned or disposed of under threat of condemnation</li> <li>Taxpayers who claimed the first-time homebuyer credit may be required to repay the credit in the year of sale. The repayment is limited to the amount of gain on the sale. This situation is out of scope for VITA/TCE.</li> </ul>	Advanced certification required
F 5498		Yes	IRA Contribution Information <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>SEP or SIMPLE contributions</li> <li>Nondeductible contributions</li> </ul>	Advanced certification required
F 5498-ESA		Yes	Coverdell ESA Contribution Information (Information only) No tax reporting required	
F 5498-QA		Yes	ABLE Account Contribution Information (Information only) No tax reporting required	
F 5498-SA		Yes	HSA, Archer MSA or Medicare Advantage MSA Information <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Archer MSA</li> <li>Medicare Advantage MSA</li> </ul>	Advanced certification required
F 5695		Yes	Residential Energy Credit <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>Residential Energy Efficient Property Credit (Part I)</li> </ul>	Advanced certification required


F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 6251		Yes	Alternative Minimum Tax <b>In scope for:</b> <ul style="list-style-type: none"> <li>Interest from private activity bond on Line 2g</li> </ul> <b>Out of scope if AMT applies</b>	
F 6252		No	Installment Sales Income	
F 6781		No	Gains and Losses From Section 1256 Contracts and Straddles	
F 7202		Yes	Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals	Advanced certification required
F 3903		Yes	Moving Expenses <b>In scope for:</b> <ul style="list-style-type: none"> <li>Active duty military taxpayer only</li> </ul>	<b>Military certification required</b>
F 8275		No	Disclosure Statement	
F 8275 R		No	Regulation Disclosure Statement	
F 8283		Yes	Noncash Charitable Contributions <b>In scope for:</b> <ul style="list-style-type: none"> <li>Noncash contributions of \$500 or less are reported on Schedule A and are in scope (Advanced certification required)</li> <li>Noncash charitable contributions over \$500 are in scope for Military certification only</li> </ul>	Advanced certification required Military certification if >\$500
F 8332		Yes	Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent	
F 8379		Yes	Injured Spouse Allocation See F 8958 limitations (community property states)	
F 8396		No	Mortgage Interest Credit	
F 8453		Yes	U.S. Individual Income Tax Transmittal for an IRS e-file Return	
F 8582		No	Passive Activity Loss Limitations	
F 8606		No	Nondeductible IRAs	
F 8615		Yes	Tax for Certain Children Who Have Unearned Income (also known as Kiddie Tax) <b>In scope for:</b> <ul style="list-style-type: none"> <li>Native Americans receiving per capita payments</li> <li>Alaska residents receiving permanent fund dividends</li> </ul>	Advanced certification required
F 8621		No	Information Return by A Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund	
F 8801		No	Credit for Prior Year Minimum Tax	
F 8805		No	Foreign Partner's Information Statement of Section 1446 Withholding Tax	
S 8812		Yes	Additional Child Tax Credit	
F 8814		Yes	Parent's Election to Report Child's Interest and Dividends <b>In scope for:</b> <ul style="list-style-type: none"> <li>Alaska residents receiving permanent fund dividends</li> </ul>	Advanced certification required
F 8815		No	Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued after 1989	
F 8821		No	Tax Information Authorization	
F 8829		No	Expenses for Business Use of Your Home	
F 8833		No	Treaty-Based Return Positive Disclosure Under Section 6114 or 7701 (b)	
F 8834		No	Plug-In Electric Vehicle Credit	
F 8839		No	Qualified Adoption Expenses	
F 8848		No	Consent to Extend the Time to Access the Branch Profits Tax Under Regulations Section 1.884-2 (a) and (c)	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 8853		Yes	Archer MSAs and Long-Term Care Insurance Contracts <b>In scope for:</b> <ul style="list-style-type: none"><li>• Section C</li></ul>	
F 8857		No	Request for Innocent Spouse Relief	
F 8862		Yes	Information to Claim Earned Income Credit After Disallowance	
F 8863		Yes	Education Credits (American Opportunity and Lifetime Learning Credits)	
F 8865		No	Return of U.S. Persons With Respect to Certain Foreign Partnerships	
F 8880		Yes	Credit for Qualified Retirement Savings Contributions	
F 8885		No	Health Coverage Tax Credit	
F 8886		No	Reportable Transaction Disclosure Statement	
F 8888		Yes	Allocation of Refund (Including Savings Bond Purchases)	
F 8889		Yes	Health Savings Accounts (HSAs) <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Excess contributions to an HSA that are not withdrawn in a timely fashion</li><li>• Qualified HSA funding distributions from an IRA</li><li>• Death of an HSA holder (when spouse is not the designated beneficiary)</li><li>• Additional Tax for Failure to Maintain HDHP Coverage</li><li>• Deemed distributions from an HSA due to prohibited transactions, such as using an HSA as a security for a loan</li><li>• Archer Medical Saving Accounts (MSA)</li><li>• Medicare Advantage MSA</li><li>• Health Reimbursement Arrangement</li><li>• Part III, lines 18-21</li></ul>	<b>Advanced certification required</b>
F 8903		No	Domestic Production Activities Deduction	
F 8908		No	Energy Efficient Home Credit	
F 8910		No	Alternate Motor Vehicle Credit	
F 8911		No	Alternative Fuel Vehicle Refueling Property Credit	
F 8915-B		No	Qualified 2017 Disaster Retirement Plan Distributions and Repayments	
F 8915-C		No	Qualified 2018 Disaster Retirement Plan Distributions and Repayments	
F 8915-D		No	Qualified 2019 Disaster Retirement Plan Distributions and Repayments	

F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 8915-F		Yes	Qualified Disaster Retirement Plan Distributions and Repayments <b>In scope for:</b> <ul style="list-style-type: none"><li>• 2020 Coronavirus distributions and repayments</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Any other disaster-related distributions</li></ul>	Advanced certification required
F 8919		No	Uncollected Social Security and Medicare Tax on Wages	
F 8936		No	Qualified Plug-in Electric Drive Motor Vehicle Credit	
F 8938		No	Statement of Specified Foreign Assets	
F 8948		No	Preparer Explanation for Not Filing Electronically <ul style="list-style-type: none"><li>• Not applicable to volunteers</li></ul>	
F 8949		Yes	Sales and other Dispositions of Capital Assets <b>In scope for:</b> <ul style="list-style-type: none"><li>• Sale of stocks, mutual fund shares and personal residences</li><li>• Bond sales reported on a brokerage statement with capital gain or loss only (no ordinary income/loss)</li><li>• Capital gains and losses reported on K-1</li><li>• Capital loss carryovers</li><li>• Inherited property of types listed above in this section and, if inherited in 2010, taxpayer provides the basis</li><li>• Wash sales if reported on brokerage or mutual fund statement</li></ul> <b>Not in scope for:</b> <ul style="list-style-type: none"><li>• Adjustment codes N, Q, X, R, S or C</li><li>• Reduced exclusion on sale of home</li><li>• Residence inherited or received as gift and not used as personal residence. If used as personal residence, taxpayer must provide basis.</li><li>• Taxpayers who have sold any assets other than stock, mutual funds, or a personal residence</li><li>• Taxpayers who trade in options, futures, or other commodities, whether or not they disposed of any during the year</li><li>• Determination of basis issues:<ul style="list-style-type: none"><li>◦ Basis of any asset acquired other than by purchase or inheritance, such as a gift or employee stock option, unless the taxpayer provides the basis and holding period</li><li>◦ Basis of inherited property determined by a method other than the FMV of the property on the date of the decedent's death, unless the taxpayer provides the basis and holding period</li></ul></li><li>• Like-kind exchanges and worthless securities</li><li>• Form 1099-B, boxes with entries for any of the following: Bartering; Profit or (loss) realized on closed contracts; Unrealized profit (loss) on open contracts – prior year; Unrealized profit or (loss) on open contracts – current year; or Aggregate profit (loss) on contracts; Proceeds from collectibles; or FATCA filing requirement</li><li>• Reduced exclusion computations/determinations for the sale of a home</li><li>• Married homeowners who do not meet all requirements to claim the maximum exclusion on the sale of a home</li><li>• Decreases to basis, including: Deductible casualty losses and gains a taxpayer postponed from the sale of a previous home before May 7, 1997</li><li>• Depreciation during the time the home was used for business purposes or as rental property</li><li>• Taxpayers with “nonqualified use” issues</li><li>• Sale of a home used for business purposes or as rental property</li></ul>	Advanced certification required



F(orm) or S(chedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 8958		Yes	Allocation of Tax Amounts Between Certain Individuals in Community Property States <b>In scope for:</b> <ul style="list-style-type: none"> <li>• Taxpayers who are not certain they are in a common law marriage (rules are complex and differ from state to state)</li> <li>• Applicable returns as limited by Site or Program Coordinator</li> <li>• Depending on your tax assistance program, community property tax laws for married taxpayers who file a separate return from their spouse</li> </ul>	
F 8959		No	Additional Medicare Tax	
F 8960		No	Net Investment Income Tax – Individuals, Estates and Trusts	
F 8962		Yes	Premium Tax Credit (PTC) <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Self-employed health coverage deductions for taxpayers who are also allowed a PTC</li> <li>• Form 8962 Part IV, Allocation of Policy Amounts, and Part V, Alternative Calculation for Year of Marriage</li> <li>• Individuals eligible for the health coverage tax credit</li> <li>• If there is a code FF on Form W-2, box 12 and the employee has a Marketplace policy and is otherwise eligible for PTC</li> </ul>	Advanced certification required
F 8995		Yes	Qualified Business Income Deduction Simplified Computation <b>Not in scope for:</b> <ul style="list-style-type: none"> <li>• Certain rental real estate enterprises treated as a single trade or business</li> </ul>	Advanced certification required
F 8995-A		No	Qualified Business Income Deduction	
F 9000		Yes	Request for Alternative Format or Language	
F 9452		No	Filing Assistance Program	
F 9465		Yes	Installment Agreement Request (See fee schedule)	
F 13844		No	Application For Reduced User Fee For Installment Agreement	
F 14039		Yes	Identity Theft Affidavit	
F SS-8		No	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding	
FinCEN F 114		No	Report of Foreign Bank and Financial Accounts	



Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, is in scope only for volunteers with Foreign Student & Scholar certification.

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# **VITA/TCE Quality Site Requirements**

All taxpayers using the services offered through the VITA/TCE programs should be confident they are receiving accurate tax return preparation and quality service. The purpose of the ten **Quality Site Requirements (QSR)** is to ensure quality and accurate tax return preparation and consistent site operations. The QSR are required to be communicated to all volunteers and partners to ensure IRS and partner mutual objectives are met. The ten requirements are listed below.

QSR 1: Certification

QSR 2: Intake/Interview & Quality Review Process

QSR 3: Confirming Photo Identification and Taxpayer Identification Numbers (TIN)

QSR 4: Reference Materials

QSR 5: Volunteer Agreement

QSR 6: Timely Filing of Tax Returns

QSR 7: Civil Rights

QSR 8: Correct Site Identification Number (SIDN)

QSR 9: Correct Electronic Filing Identification Number (EFIN)

QSR 10: Security

For detailed guidance on the QSR, refer to **Publication 5166**, VITA/TCE Quality Site Requirements. For guidance on applying the QSR to alternative filing methods, see **Publication 5324**, Fact Sheet for Partners and Employees-Quality Site Requirements for Alternative Filing Models.

# Notes

[illegible]

[illegible]

# **Legislative Extenders**

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*This provision has been renewed through tax year 2025. Refer to this tab and the Temporary Provisions lesson in **Publication 4491** for additional information.*

## **Discharge of Qualified Principal Residence Indebtedness**

Use the job aid on the following page to determine if the debt forgiveness on the main home is within scope.

Taxpayers may exclude from income certain debt forgiven or canceled debt on their principal residence. This exclusion is applicable to the discharge of “qualified principal residence indebtedness.” If the canceled debt qualifies for exclusion from gross income, the debtor may be required to reduce tax attributes (certain credits, losses, and basis of assets) by the amount excluded.

If a property was taken by the lender (foreclosure) or given up by the borrower (abandonment), the lender usually sends the taxpayer **Form 1099-A**, Acquisition or Abandonment of Secured Property. Form 1099-A will have information needed to determine the gain or loss due to the foreclosure or abandonment.

- If the debt is canceled, the taxpayer will receive **Form 1099-C**, Cancellation of Debt. If foreclosure/ abandonment and debt cancellation occur in the same calendar year, the lender may issue only Form 1099-C, including the information that would be reported on Form 1099-A.

Volunteers may assist taxpayers who meet the following requirements:

- The home was never used in a business or as 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
- Form 1099-C doesn't include an amount for interest
- 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 \$750,000 (\$375,000 if Married Filing Separately). The maximum amount a taxpayer can treat as qualified principal residence indebtedness for debt discharged after 2006 and before 2021 is \$2 million (\$1 million if married filing separately).



*To exclude debt forgiven on principal residence, go to Income>Other Income>Cancellation of Debt>Exclusions*



*Form 1099-C, Box 3 (Interest if included in Box 2, Amount of Debt Canceled) and Box 6, Code A **Out of Scope.***



*If a bankruptcy, **Out of Scope.***



*If personally liable for the debt, sales price is the lesser of balance of principal outstanding (Form 1099-A, Box 2) or fair market value of property (Form 1099-A, Box 4); if not personally liable on the debt, sales price is the balance or principal outstanding.*

# **Screening Sheet for Foreclosures/Abandonments and Cancellation of Debt (Page 1)**



**Publication 4731-A**

**Screening Sheet for  
Foreclosures/  
Abandonments and**

**Cancellation of Debt**

If the taxpayer is in bankruptcy, the tax return is Out of Scope for the VITA/TCE Programs.

**Instructions:** Use this Screening Sheet to assist taxpayers with Form(s) 1099-A and/or 1099-C with cancellation of debt issues.

- Use Part I for taxpayers with only Form 1099-A for a foreclosure or abandonment of their principal residence.

- Use Part II for taxpayers with Form 1099-C, or both Forms 1099-A and 1099-C resulting from cancellation of debt on a home mortgage loan.
- Use Publication 4731, Screening Sheet for Nonbusiness Credit Card Debt Cancellation, for taxpayers with Form 1099-C resulting from cancellation of credit card debt.

## **Part I – Home Mortgage Loan**

1. Did the taxpayer receive Form 1099-A, Acquisition or Abandonment of Secured Property, from their home mortgage lender?

☐ **Yes** – Go to Step 2

☐ **No** – Advise the taxpayer to get the documentation from the home mortgage lender.

2. Did the taxpayer ever use the home in a trade or business or as rental property?

☐ **Yes** – Go to Step 6

☐ **No** – Go to Step 3

3. Is Box 5 of Form 1099-A checked indicating a recourse loan in which the taxpayer is personally liable?

☐ **Yes** – The sales price is the lesser of Box 2 (Balance of principal outstanding) or Box 4 (Fair market value of property) on Form 1099-A.

☐ **No** – The sales price is the amount in Box 2 (Balance of principal outstanding) on Form 1099-A. The taxpayer is not personally liable (nonrecourse loan).

4. Ask the taxpayer for the cost or basis of the home.

Refer to Publication 523, *Selling your Home*, for further information, if needed.

5. Report the sale of the personal residence on Form 8949, *Sales and Other Disposition of Capital Assets*, and Schedule D, *Capital Gains and Losses*.

If the disposition of the property results in a:

**Gain** – The taxpayer may qualify for the Section 121 exclusion (\$250,000 or \$500,000 if Married Filing Jointly) of the gain on the sale of a principal residence, if all requirements are met.

**Loss** – The taxpayer cannot claim a loss on the sale or disposition of a principal residence. Use adjustment



Code L on Form 8949 to exclude this loss.

Refer to Publication 4012 (Legislative Extenders Tab), "Entering Forgiveness of Qualified Principal Residence Indebtedness" for further information.

6. These tax issues are outside the scope of the volunteer program.

**Refer the taxpayer to:**

- IRS website for the most up-to-date information
- A professional tax preparer.
- The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.

**Additional Resources:**

- Publication 523, Selling your Home

- Publication 525, Taxable and Nontaxable Income
- Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments
- Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment) and Instructions

## **Screening Sheet for Foreclosures/Abandonments and Cancellation of Debt (Page 2)**

### **Part II – Home Mortgage Loan**

1. Did the taxpayer receive Form 1099-C, Cancellation of Debt, from their home mortgage lender and is the information shown on the form correct?

☐ **Yes** – Go to Step 2

☐ **No** – Go to Step 6

**Note:** Answer “yes” if the taxpayer has received a Form 1099-A and Form 1099-C.

2. Did the taxpayer ever use the home in a trade or business or as rental property?

☐ **Yes** – Go to Step 6

☐ **No** – Go to Step 3

3. Does Box 3 of Form 1099-C show any interest or does box 6 show code A indicating bankruptcy?

☐ **Yes** – Go to Step 6

☐ **No** – Go to Step 4

**Note:** If Box 6 is not marked with code A but the taxpayer has subsequently filed bankruptcy, answer “yes.”

4. Ask the following questions to determine if the discharged debt is “qualified principal residence indebtedness:”
- a. Was the mortgage taken out to buy, build, or substantially improve the taxpayer’s principal residence? (**Note:** A principal residence is generally the home where the taxpayer lives most of the time. A taxpayer can have only one principal residence at any one time.)

☐ **Yes** – Go to Step 4b

☐ **No** – Go to Step 6

- b. Was the mortgage secured by the taxpayer’s principal residence?

☐ **Yes** – Go to Step 4c

☐ **No** – Go to Step 6

c. Was any part of the mortgage used to pay off credit cards, purchase a car, pay for tuition, pay for a vacation, pay medical/dental expenses, or used for any other purpose other than to buy, build, or substantially improve the principal residence?

☐ **Yes** – Go to Step 6

☐ **No** – Go to Step 4d

d. Was the mortgage amount more than \$750,000 (\$375,000 if Married Filing Separately)?

☐ **Yes** – Go to Step 6

☐ **No** – Go to Step 5

5. The discharged debt is “qualified principal residence indebtedness.”

The volunteer should complete the applicable lines on Form 982, and file it with the taxpayer’s return. If the

residence was disposed of, the taxpayer also may be required to report the disposition (sale) on Form 8949 and Schedule D.

6. These tax issues are outside the scope of the volunteer program. The taxpayer may qualify to exclude all or some of the discharged debt. However, the rules involved in the mortgage debt relief exclusions are complex.

**Refer the taxpayer to:**

- IRS website for the most up-to-date information
- A professional tax preparer.
- The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.

## **Additional Resources:**

- Publication 523, Selling your Home
- Publication 525, Taxable and Nontaxable Income
- Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments
- Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment) and Instructions

# Entering Forgiveness of Qualified Principal Residence Indebtedness



*Income>Other Income>Cancellation of  
Debt>Exclusions*



# Reduction of Tax Attributes

## Part I: General Information

Form belongs to

- ☒ Taxpayer Example
- ☐ Spouse Example

Amount excluded is due to (check applicable boxes):

- ☐ Discharge of indebtedness in a title 11 case.
- ☐ Discharge of indebtedness to the extent insolvent (not in a title 11 case).
- ☐ Discharge of qualified farm indebtedness.
- ☐ Discharge of qualified real property business indebtedness.
- ☐ Discharge of qualified principal residence indebtedness.

Total amount of discharged indebtedness excluded from gross income \*

\$

- ☐ Check here if you elect to treat all real property described in section 1221(a)(1), relating to property held for sale to customers in the ordinary course of a trade or business, as if it were depreciable property.

## Part II: Reduction of Tax Attributes

Enter amount excluded from gross income:

Discharge of qualified real property business indebtedness

\$

Use the job aid on the preceding pages to determine if the debt forgiveness on the main home is within scope.

**Form 982**, Reduction of Tax Attributes Due to Discharge of Indebtedness, must be filed with the taxpayer's return to report the excluded amount of discharged indebtedness and the reduction of certain tax attributes:

- Indicate whether the Form 1099-C was issued to the taxpayer or spouse
- Check the box for Discharge of qualified principal residence indebtedness
- Enter the amount of primary mortgage debt cancelled (Form 1099-C, Box 2)

Elect under section 108(b)(5) to reduce basis. (If you enter anything here, you must write an explanation below)

\$

Any net operating loss

\$

Any general business credit

\$

Any minimum tax credit carryover

\$

Any net capital loss

\$

Basis of nondepreciable and depreciable property (line 10a)

\$

Basis of your principal residence (line 10b)

\$

Farm depreciable property used or held for use in business

\$

Farm land used or held for use in business

\$

If the taxpayer had a portion of the mortgage debt canceled but kept the home (loan modification or mortgage workout):

- Enter the amount of debt canceled in Part II, Reduction of Tax Attributes, on the line for “Basis of your principal residence” (line 10b).

# **Foreclosure and Abandonment**

## **Key Highlights**

If the taxpayer disposed of the home due to foreclosure or abandonment, and the lender canceled the remaining mortgage debt:

- No entry is made in Part II, Reduction of Tax Attributes
- Report the gain or loss from Form 1099-A in the Schedule D, Capital Gains section
  - The basis is the taxpayer's adjusted basis in the home
  - The sale price (amount realized) is based on whether the taxpayer is personally liable (recourse loan) or not personally liable (nonrecourse loan) for the debt:
    - If the taxpayer is personally liable, the sale price is the lesser of the balance of the principal mortgage

debt outstanding or the fair market value

- If the taxpayer isn't personally liable, then the sale price is the full amount of the outstanding debt, as reflected on Form 1099-A
  - For both recourse and nonrecourse loans, add any proceeds the taxpayer received from the foreclosure sale to the amount realized.
- If the taxpayer ends up with a gain on the sale, some or all of the gain can be excluded under the rules for sale of main home, if the taxpayer qualifies
- A loss on the main home **can't** be deducted

# Residential Energy Credits



*Federal Section > Deductions > Credits > Residential Energy Credit; or Keyword "5695"*



*This provision has been extended through December 31, 2032.*

**Form 5695**, Residential Energy Credit, is used to calculate and claim the residential energy credits.

**Part I, Residential Clean Energy Credit**, is available for taxpayers who purchased qualified residential alternative energy equipment, such as solar hot water heaters, stoves that burn biomass fuel, geothermal heat pumps and wind turbines. This part of the form is Out of Scope. Taxpayers that have these expenses should be referred to a professional tax preparer.

## **Part II, Energy Efficient Home Improvement Credit Key Points:**

- A total combined credit limit of \$500 (\$200 limit for windows) for all tax years after 2005.
- The maximum credit for residential energy property costs is \$50 for any advanced main air circulating fan; \$150 for any qualified natural gas, propane, or oil furnace, or hot water boiler; and \$300 for any item of energy-efficient building property. Any of the following that meet the required efficiency rating may qualify as energy-efficient building property. See the Instructions for Form 5695 for details:
  - Electric heat pump water heater; electric heat pump; central air conditioner; natural gas, propane, or oil water heater

- The credit applies to:
  - Qualified energy efficiency improvements such as adding insulation, energy-efficient exterior windows and doors, and qualifying metal or asphalt roofs. (doesn't include labor costs for onsite preparation, assembly or installation)
  - Qualified residential energy property improvements such as energy-efficient heating and air conditioning systems. For a complete list of items see Form 5695. (includes labor costs for onsite preparation, assembly, or original installation)
- The improvements must be made to the taxpayer's main home located in the United States (must be existing home).
- Qualifying improvements must be placed into service by the taxpayer during the tax year.

- Expenditures which are made from subsidized energy financing can't be used to figure the credit.
- The credit is taken on Part II, Form 5695. See Form 5695 and Instructions for more information.



*Not all ENERGY STAR products qualify for a tax credit. Since 2016, exterior doors, exterior windows, and skylights are only eligible for the energy efficient home improvement credit if they meet or exceed the specific requirements of the version 6.0 Energy Star program. For detailed information about qualifying improvements, visit the U.S. Department of Energy's EnergyStar website.*

*Manufacturers must certify that their products meet new standards and they must provide a written statement to the taxpayer such as with the product packaging or in a printable format on the manufacturer's website.*

*Taxpayers should keep a copy of the manufacturer's certification statement and*



*receipts with their other important tax records.*



*Recent legislation extended, increased and modified this credit. The increase and modifications apply to property placed in service after December 31, 2022. Those changes will be reflected in the 2023 version of this publication.*

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