

Date: February 6, 2013

To: All Volunteers for AARP Foundation Tax-Aide (with a valid email address in VMIS)

From: Marcy Gouge, Assistant National Director, AARP Foundation Tax-Aide

Subject: CyberTax 2013-05: Volunteer Tax Alert, Quality Site Requirements Alert, Brokerage Statement update, Scope Issues

The attached Volunteer Tax Alert (VTA) and Quality Site Requirement Alert (QSRA) are required to be available for reference at your site. They may be available to you and your volunteers electronically or in hard copy.

The Volunteer Tax Alert is in reference to Form 8949, Sales and Other Dispositions of Capital Assets. The Quality Site Requirement Alert is about identity theft. Additional updates regarding brokerage statements and scope are below.

Update on Instructions regarding Brokerage statements: If all capital sales transactions from a brokerage statement are listed individually on the Capital Gains Worksheet, there is no need to send a copy of that brokerage statement to the IRS. If a preparer summarizes all or part of the transactions on a brokerage statement, then a copy of that brokerage statement must be sent to the IRS either as a PDF file attached to the return or as a paper copy attached to IRS Form 8453. The instructions for Form 8949 state that the phrase "See Statement" should be entered in Columns B and C when summarizing data from a brokerage statement. TaxWise will not allow this. Enter valid dates from Brokerage Statement that ensures the long term/short term designation is properly indicated for the transactions being summarized. Also code M should be entered in column f to indicate that the entry is a summary. Column g would contain zero unless other codes are required in addition to the M code. When using the Form 8453, copies of any Forms 8949, generated in TaxWise, must be printed and attached along with the required brokerage statement.

Update on Scope Issues: There have been questions raised regarding the accuracy of the Appendix H Scope document produced by the NTTC last fall. That document was written based on 2011 tax forms. The IRS released a revised form 5695 in January. This form reverses Parts I and II in name. It should follow that since part I was in-scope and Part II was out-of-scope, that for 2012, Part II is now in-scope and Part I is out-of-scope. Similar changes to other forms recently released by IRS may be uncovered. In general, one should look at the function that was declared out-of-scope. Those functions will continue to be out-of-scope and functions that are in-scope will continue to be in-scope. For questions, please ask your volunteer supervisor or contact taxaide@aarp.org.

TaxWise: Though we certainly haven't had the problems that marred last year's season kick-off, we know that many of you have dealt with outages and some states are unable to e-file yet. We're working with the IRS and CCH aggressively and doing our best to keep the EROs and volunteer leadership up-to-date. Please report issues to TaxWise support (customer.support@cchfs.com or 1-800-411-6391) so they both have a record of the issue and can help you resolve it. Thank you as always for your patience and perseverance.

Thank you.

Attachments included with this message:

VTA Form 8949 2013 01.pdf

QSRA 2013 01 Identity Theft.pdf