

**OUT OF SCOPE FOR TAXAIDE INCLUDING ADDITIONAL ITEMS SPECIFIC TO
BOULDER/BROOMFIELD DISTRICT
TY 2013**

Filing Status

- Taxpayers who cannot substantiate their identity
- A spouse who may be relieved of joint liability (i.e., innocent spouse)
- Taxpayers who are not certain they are in a common law marriage
- Taxpayers with F, J, M, or Q visas (temporary student visas)
- Unmarried nonresident aliens who do not meet the green card or substantial presence test

Income

- Taxpayers with income from the following sources reported on Form 1040:
 - Other gains/losses (line 14)
 - Farm income (line 18)
- Taxpayers affected by the Additional Medicare Tax
- Dependent child under the age of 18 (age 24 if a full-time student), who has investment income of more than \$1,900
- Certain children with unearned income who must file Form 8615
- Casualty losses
- Accrual method for reporting income
- Taxpayers who buy or sell bonds between interest payment dates
- Form 1099-INT, box 9
- Alternative Minimum Tax including that triggered by Private Activity Bond income
- Adjustments needed for any of the amounts listed on Form 1099-OID, or if the taxpayer should have received Form 1099-OID but did not receive one
- Form 1099-DIV, boxes 2b, 2c, 2d, 8, 9
- State or local income tax refunds received in 2013 for a tax year other than 2012
- Alimony/divorce agreements executed before 1985
- Minister tax returns with parsonage/housing allowance
- Rental income unless land only (i.e., no depreciation)
- Royalty income reported on Form 1099-MISC **other than small oil and gas**

Schedule C - Business Income

- Expenses over \$10,000
- Returns and allowances
- Inventory and/or cost of goods sold
- Expenses for employees
- Business use of home
- Casualty losses
- Vehicle expenses reported as actual expenses
- Depreciation
- Rental or lease expenses
- Accounting methods other than the cash method
- Net losses
- “No” on line G, or the taxpayer does not meet any of the tests of material participation

**OUT OF SCOPE FOR TAXAIDE INCLUDING ADDITIONAL ITEMS SPECIFIC TO
BOULDER/BROOMFIELD DISTRICT
TY 2012**

- Taxpayers who receive any credit card or similar payments that included amounts that are not includible in income
- A “Yes” response indicating there is a requirement to file Form 1099

Capital Gains

- Taxpayers who have sold any assets other than stock, mutual funds, or a personal residence
- Determination of basis issues:
 - Basis of stock acquired other than by purchase or inheritance, such as a gift or employee stock option plan
 - Basis of inherited property determined by a method other than the FMV of the property on the date of the decedent’s death
 - Basis of property acquired from a decedent who died in 2010
 - Basis of property received as a gift
- Like-kind exchanges, wash sales unless small amount and loss disallowed is shown on broker statement and worthless securities
- Profits or losses on open or closed contracts (boxes 9-12 on 1099B)
- Reduced exclusion computations/determinations in the sale of a home
- Married homeowners who do not meet all requirements to claim the maximum exclusion
- Decreases to basis, including:
 - Deductible casualty losses and gains a taxpayer postponed from the sale of a previous home before May 7, 1997
 - Depreciation during the time the home was used for business purposes or as rental property
- Sale of a home used for business purposes or as rental property

IRAs and Pensions

- Retirement income from SIMPLE IRAs and SEP IRAs
- The taxpayer needs to file Form 8606 (non-deductible IRAs)
- Taxpayers who made nondeductible contributions to a traditional IRA
- Taxpayer subject to additional tax due to excess IRA contributions or early distributions
- Roth IRA distributions that are taxable or partially taxable
- IRA rollovers that do not meet the tax free requirements
- Part of a distribution is a return of after-tax contributions (may require Form 8606)
- Taxpayers who used the General Rule to figure the taxable portion of pensions and/or annuities for past years
- Form 1099-R, box 7 distribution code A (lump-sum distribution qualifying for special tax treatments)

K-1 Income

**OUT OF SCOPE FOR TAXAIDE INCLUDING ADDITIONAL ITEMS SPECIFIC TO
BOULDER/BROOMFIELD DISTRICT**

TY 2013

- Income reported on Schedules K-1 other than:
 - ← • Interest income & dividend income
 - ← • Net short-term capital gains and losses
 - ← • Net long-term capital gains and losses
 - ← • Tax-exempt interest income
 - Royalty income
- Deductions, credits, and other items reported on Schedules K-1

Educational Savings Accounts

- Distributions from ESAs in which the funds were not used for qualified education expenses or distribution was more than the amount of the qualified education expenses

Adjustments

- Self-employed health insurance deduction unless for Medicare premiums
- Self-employed SEP, Simple and qualified plans
- Domestic production activities deductions
- Form 8606, Non-deductible IRAs

Deductions

- The actual expense method (auto and travel expense deductions)
- Casualty loss
- Completing Form 8582 - Passive Activity Losses
- Casualty and theft losses
- Investment interest deduction
- Form 1098-C, Contributions of Motor Vehicles, Boats or Airplanes
- Taxpayers affected by limits on charitable deductions
- Taxpayers that file Form 8283 to report non-cash contributions of more than \$5000
- If the taxpayer is donating property that was previously depreciated
- If the taxpayer is donating capital gain property

Credits and Penalties and Additional Taxes

- Tax payers who need assistance in determining if employment taxes are owed for household employees
- Taxpayers who must repay (recapture) part or all of a prior year education credit
- Taxpayers who must complete Form 1116
- Taxpayers who paid foreign taxes that do not qualify for the credit, and wish to deduct the taxes on Schedule A
- Residential energy-efficient property credit (Form 5695, Part I)
- Plug-in electric vehicle credit

**OUT OF SCOPE FOR TAXAIDE INCLUDING ADDITIONAL ITEMS SPECIFIC TO
BOULDER/BROOMFIELD DISTRICT
TY 2012**

- Conversion kits
 - Alternative fuel vehicle refueling credit and alternative motor vehicle credit
 - Mortgage interest credit
 - Household employment taxes
 - IRA minimum distributions not withdrawn when required
 - Excess contributions to an IRA are not removed by the due date of the return
 - Parts II - VIII of Form 5329 - Additional Tax on Qualified Plans (Part I is in scope)
 - Taxpayers who claimed the first-time homebuyer credit and their home is destroyed, condemned, or disposed of under threat of condemnation
 - Taxpayers who choose to claim any of the following credits:
 - Form 4136, Credit for Federal Tax Paid on Fuels
 - Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
 - Form 8801, Credit for Prior Year Minimum Tax
 - Form 8839, Qualified Adoption Expenses
 - Form 8885, Health Coverage Tax Credit
 - Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts
 - Taxpayers who may qualify for an exception to the three-year time limit for filing an amended return
-
- **Additional AARP District 18 Out of Scope Items:**
 - State returns other than Colorado & most Colorado credits
 - Cancellation of debt
 - Foreclosures
 - Bankruptcy
 - Sale of home with taxable gain other than see sale of home flow chart in reference materials
 - Educational, Archer or HRA savings accounts (HSA are in scope for those certified)
 - IRA rollover to an HSA
 - Employee business expenses
 - Moving expenses
 - Active military or reservist personnel (i.e., usually involves moving expenses, rentals, business expenses)
 - Foreign income except small amounts of foreign tax credit
 - AMT (Alternative Minimum Tax)
 - Extremely complex returns
- ←
- **Any return that the counselor and a QR person and the Local Coordinator are not comfortable preparing**