

January 22, 2009

To: Cybertax members

From: Bonnie Speedy, National Director, AARP Tax-Aide

Subject: Cybertax 2009-06: Important Section 7216 - Season Starting Guidance

As many of you have already learned through the AARP Tax-Aide program policies and procedures PowerPoint used in many training sessions (and available for all on the AARP Tax-Aide extranet):

The Internal Revenue Code Section 7216 has been updated for this season.

- The updated section provides penalties against tax return preparers who make unauthorized use or disclosure of tax return information
- The IRS now requires a very specific authorization process for taxpayers to approve use and disclosure of their data to others (Consent to use personal income tax data and Consent to disclose personal income tax data forms)
- AARP Tax-Aide does not need to use those procedures as we do not/cannot share specific data with anyone including VITA, banks, mortgage companies, others in AARP, etc.

There has been significant activity with this Section 7216 issue in the last few weeks. Many of you may have noticed the new Consent to use personal income tax data and Consent to disclose personal income tax data forms in TaxWise. Perhaps some of you were given instructions by others, including the IRS, to use these forms.

I just had a final confirmation call with SPEC (Stakeholders, Partnership, Education and Communication- it's the division of the IRS that your IRS Territory Office falls under) IRS this morning. I am very pleased to report that we can continue to move forward without any completion of these 7216 use and disclosure forms added to TaxWise this year. Even minimally checking the boxes for consent denied is not necessary. However, there are two very important actions to take:

1. **Prior to February 9, 2009**, AARP Tax-Aide volunteers must NOT, under any condition, share taxpayer data, **INCLUDING aggregate/summary site data**, with anyone who doesn't have a need to know to move the return to e-file acceptance.
2. Please check for TaxWise updates regularly, the 7216 fix to undo many of the changes for 7216 (mostly related to locking down data for consent denied/"nos"), will be coming very shortly in an update. Stated differently, this fix is intended to allow EROs to get all data for all taxpayers.

This Section 7216 rule does not in any way affect our continued use of Carry Forward of last year's tax data.

IRS SPEC was still waiting for some additional information from their legal counsel concerning this issue. We do not expect the information will be problematic. Unless IRS legal counsel announces something that we all need to know immediately, I intend to wait until just before February 9, the date the rules change per pending section 7216 clarification, to share new rules for use of aggregate data after that date. My hope is that holding back until that time will reduce additional confusion.

If you have any questions about this issue, ask your volunteer leaders. Leaders, please share this information with volunteers who may not receive Cybertax.

Hoping you have a great and very fulfilling tax season!

Regards,

Bonnie

Bonnie Speedy, VP
AARP Tax-Aide National Director

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