

January 29, 2009

To: Cybertax members

From: David Alexander, Business Process Specialist, AARP Tax-Aide

Subject: Cybertax 2009-09: TaxWise Major Update 23.07 and the Recovery Rebate Credit

We know there has been some confusion around the Recovery Rebate Credit (RRC) and hope that this latest update will address your questions and concerns. I apologize for the confusion. This process for the RRC is a change from update 23.06.

TaxWise version 23.07 updates the software to calculate the RRC on worksheet 5 and carries the credit through to Form 1040, page 2, line 70 (line 42, Form 1040A, line 9, Form 1040EZ). It is critical volunteer preparers validate the amount of economic stimulus payment, if any, received by the taxpayer in 2008 before completing worksheet 5. The taxpayer is responsible for providing this information and can be verified in one of the following ways:

(1) Taxpayers should bring Notice 1378, Economic Stimulus Payment Notice, or

(2) Use IRS.gov, *How much was my 2008 Stimulus Payment?* at <https://sa1.www4.irs.gov/irfof/IRServlet?app=IRACTC&selectLanguage=en>, or

(3) Taxpayer can contact the IRS' ESP hotline (866-234-2942), to verify the amount of economic stimulus payment received for completion of their federal tax return.

We know that many sites will not have the capacity to access the hotline or the web site, so we encourage you to communicate the importance to the taxpayer on having this information with him or her. Please educate your client facilitators and your appointment-takers on this.

Question: What happens if the ESP/RRC is incorrectly entered?

Answer: You will either:

A. If the amount reported by the taxpayer is incorrect on line 28 of worksheet 5 (taxpayer filing with no dependents): The ERO will get a reject codes 269 or 273. Both of these reject codes affect the filing of a return **of a taxpayer with no dependents** and indicates the return is being rejected because it reflects an incorrect amount on line 70, Form 1040, (line 42, Form 1040A, line 9, Form 1040EZ). This reject occurs because IRS systems indicate the taxpayer has already received the maximum amount allowed. (Returns filed with dependents, bypass these error reject codes and are sent directly to error resolution in IRS if the RRC

amount claimed on line 70, Form 1040, does not match the IRS' system. In this case the return will be accepted and no further filing action is required by the ERO.)

OR

B. If the amount of RRC claimed on the return does not match the IRS system, the return will be sent for error resolution. Resolution of the error could be as little as 1 to 2 days, or worst case could take one week. Once resolved the return is processed and the refund (if applicable) is issued. Preparers will not be notified if the return is sent to error resolution. The return will be considered an accepted return. In this case, NO additional action is required by the ERO. Taxpayers wishing to check on the status of their refund should be encouraged to use *"Where's my refund?"* on IRS.gov

Again, the IRS would like it stressed that it is critical volunteer preparers validate the amount of economic stimulus payment, if any, received by the taxpayer in 2008 before completing worksheet 5.

It is important that before preparing any returns at our sites that you apply update 23.07 to your computer. If a return was prepared while using TaxWise version 23.06 but not e-filed, once update 23.07 is applied, the return will update to version 23.07 when it is opened. Any returns e-filed with TaxWise version 23.06 will be processed according to the information above, meaning if the taxpayer is entitled to a recovery rebate credit and \$0 was shown on line 70, Form 1040 (line 42, Form 1040A, line 9, Form 1040EZ) the return will be sent to error resolution.

TaxWise Major Update 23.07 is now available for download from the TaxWise Support Site or the Electronic Filing Center. All TaxWise software users wanting to file must have been running version 23.07 by noon EST, Thursday, January 29, 2009. The purpose of major update 23.07 is to make changes to the Recovery Rebate Credit. Release notes are attached.

Leaders, please share this information with volunteers who may not receive CyberTax.

**CyberTax messages will be available weekly on the Extranet
(<http://www.aarp.org/tavolunteers>) in the "General Program Communication" section.

*** "Release Notes Major Update 2307.pdf" attached.

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