



VITA/TCE Volunteer Tax Alert (VTA)

Thank you for volunteering and for your dedication to top QUALITY service!

VTA Number	VTA-2020-02
Date Issued	January 29, 2020
Tax Law Topic	<ul style="list-style-type: none">• Form 1099-R Box 7 Distribution Codes• Self-Employed Health Insurance Deduction• Special Rule for Determining Earned Income for Individuals Impacted by Federally Declared Disasters
Purpose	To alert VITA/TCE partners and volunteers that an updated Publication 4491-X, VITA/TCE Training Supplement, is now available and contains corrections to the tax law topics referenced above.
Identified Issue	<p>Publication 4491-X was originally posted to irs.gov with errors. The updated Publication 4491-X contains modified language and requires the following corrections in Publication 4012, VITA/TCE Volunteer Resource Guide:</p> <ol style="list-style-type: none">1) Page D-39, under Explanations for Box 7 Distribution Codes, 7-Normal distribution, add a seventh bullet:<ul style="list-style-type: none">• If the IRA/SEP/SIMPLE box IS checked, additional reporting may be required on Form 8606. In that case, the return is Out of Scope.2) E-4, insert a gray text box pointing to net profit and other earned income box with this text:<p>Enter the net profit from Schedule C in the field below the insurance payment amounts (the adjustment amount cannot be greater than the net profit from the business). TaxSlayer will automatically subtract the adjustment for ½ of SE tax.</p>3) G-2, under the last Note, add:<p>Note: Certain taxpayers affected by a federally declared disaster area may elect to calculate their earned income credit (EIC) and additional child tax credit (ACTC) by substituting their earned income from the preceding taxable year if more than the year of the applicable qualified disaster.</p>

	<p>4) I-1, in the Earned Income Table, under the asterisk, add:</p> <p>Note: Certain taxpayers affected by a federally declared disaster area may elect to calculate their earned income credit (EIC) and additional child tax credit (ACTC) by substituting their earned income from the preceding taxable year if more than the year of the applicable qualified disaster. Search the IRS website for “Tax Relief in Disaster Situations” for more information.</p>
Message to Volunteers	<p>Volunteers should review Publication 4491-X prior to assisting taxpayers. The updated version (Rev.1-2020) is now available on irs.gov for downloading.</p> <p><i>If you downloaded Publication 4491-X (Rev. 12-2019) between 1/22-1/28, 2020, please disregard and refer to the updated version.</i></p>
Resources	<p>Refer to: Publication 4491-X, VITA/TCE Training Supplement (PDF)</p>

For questions, please discuss them with your site coordinator or IRS SPEC relationship manager