

ACA ISSUES SCENARIOS

Follow the steps outlined in the attached TaxSlayer Blog, “Instructions for Identifying Potential Returns Impacted by ACA Calculations”, posted on March 23 to identify returns with ACA errors. The returns will fall into one of the following categories:

Scenario 1: Returns **prepared** in the 22-hour period starting at 7 AM ET on March 9th. The errors were:

- Shared Responsibility Payment (SRP) was not calculating.
- Form 8962 was not calculating correctly which could involve either the excess advance premium tax credit (Form 1040 line 46) or the net premium tax credit (line 69).

If the return falls into this scenario, the taxpayer was given a copy of an erroneous return and this return may need to be amended. When the return is now opened in TaxSlayer, it will correctly include the SRP and/or Form 8962.

See instructions below for the [next steps](#) for this scenario.

Scenario 2: Returns **transmitted** during the period of Friday, March 10th (5 AM) through Thursday, March 16 (10:30 AM). TaxSlayer determined that one specific e-file server was extracting ACA information from returns when they were e-filed. The errors were:

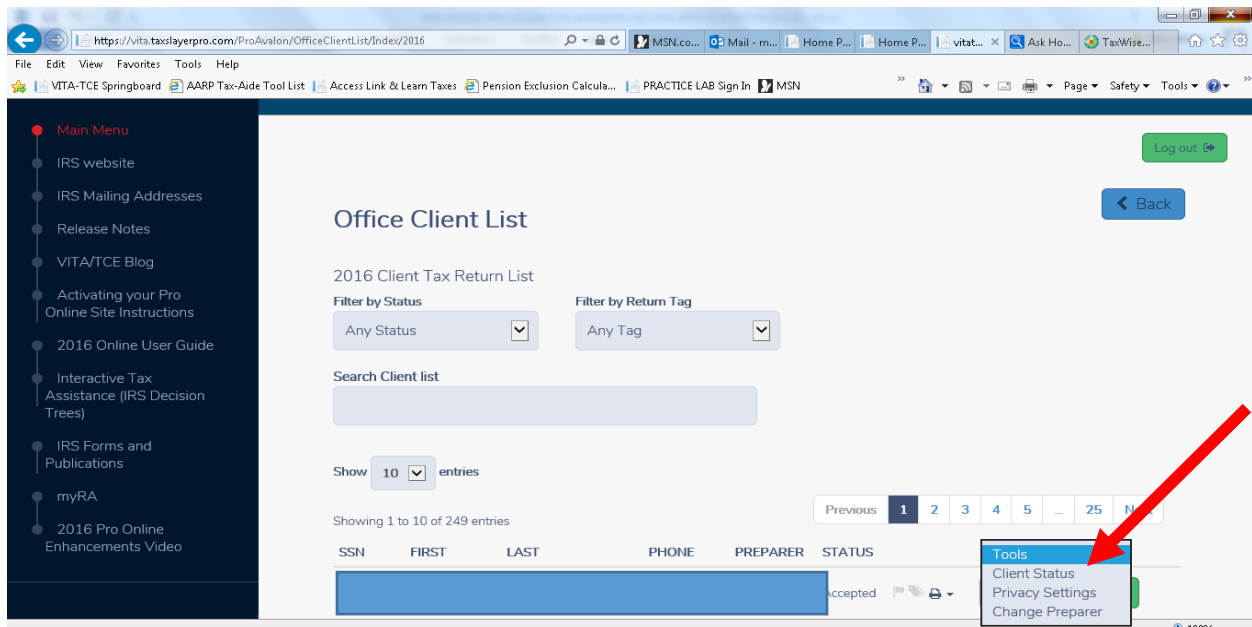
1. An Individual Shared Responsibility Payment was included on the original return but was not included on Form 1040 line 61 in the e-file transmitted from TaxSlayer to the IRS and the Full-year coverage box at line 61 was not checked. Note: if a Form 8965 for Exemptions was included in the original return, it was also not included in the e-file transmitted from TaxSlayer to the IRS – **and/or** –
2. There was no Form 8962 in the return to reconcile the Form 1095-A received by the taxpayer. As a consequence
 - 2.a. Excess advance premium tax credit repayment was calculated on the return but not included on line 46 in the e-file transmitted from TaxSlayer to the IRS. – **or** –
 - 2.b. Net premium tax credit was calculated on the return but not included on line 69 in the e-file transmitted from TaxSlayer to the IRS.

If the return falls into this scenario, the taxpayer has a copy of the correct return since the ACA-related information was extracted **after** the return was transmitted. These returns may need to be amended unless rejected by the IRS. Again, the return in TaxSlayer correctly shows the SRP and/or excess advance premium tax credit or net premium tax credit, but the return received by the IRS does not include this information.

See instructions below for the [next steps](#) for this scenario.

Procedure for Amending Returns Scenario 1: Returns Prepared on 3/9/17

Open TaxSlayer and select client search and you will land on the Office Client List page. Click on drop down arrow in tools and select client status.



Note the amount of refund or balance due in the client history return section and in the transmission section. These should match the amount shown on the problem return report.

EFIN	last4	First Name	Refund	Amount Due
			\$557.00	\$0.00

IRS Transmissions				
Description	Date	Service Center	SubmissionId	Refund
Direct Deposit	03/09/2017	Austin		\$557.00

1. Contact the taxpayer and explain that we recently learned that the payment calculations related to the Affordable Care Act were incorrect on March 9 due to a software problem. As a result, the refund shown on the tax return was overstated or the amount due was understated or a required form is missing from the return. We recommend that the taxpayer schedule a second visit so that a correct return can be prepared.
2. The IRS has already sent many taxpayers a Letter 0012C for returns it received that do not include a required Form 8962. The letter requests a completed Form 8962 and a copy of Form 1095-A, but includes no refund or balance due dollar amounts. Prepare, **but do not file**, a correct return so that the taxpayer is aware of any difference in refund or balance due compared to the original return. The taxpayer should mail or fax a copy of the Form 8962 and the Form 1095-A per the instructions in the letter. Also explain that either the refund will be less than originally expected or to expect a second notice from the IRS if there is a larger balance due than originally shown.

If there is only an SRP calculation problem on the return, the IRS will probably send the taxpayer a notice eventually. Note that if the taxpayer decides to wait for a notice from the IRS, it may come after the tax season and our volunteers may not be available to provide any assistance. Our recommendation is to instead prepare and have the taxpayer file a Form 1040X to amend the return per the steps below since the return that the IRS received is incorrect. Done now, this should also eliminate any notice from the IRS.

3. Open the return by selecting enter return in the client search page and review the calculation summary page (the 1040 view) to determine the error. For example, the taxpayer's records include a Form 1095-A, but the original return provided to the taxpayer does not contain a Form 8962 or any excess advance premium tax credit on line 46 or net premium tax credit on line 69 of the Form 1040. You note that the return in TaxSlayer contains \$155 on line 46 of the Form 1040 and that a Form 8962 has been included in the corrected return. The return does not need to be amended if this is the only problem as the IRS will send a notice as explained above.

46	Excess advance premium tax credit repayment. Attach Form 8962	46	155.00
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4. To amend a return that was missing the SRP on line 61, select "2016 Amended Return" and you will land on the Amended Tax Return – Form 1040X page. Since you have already verified that TaxSlayer has corrected the return you do not need to make any changes in the "Make Corrections for Amended Return section".
5. Select, "Original Federal Return Information" and the information from the original return should already be entered. Check to verify that the amount of refund or balance due from the original return has been included. Also note if the taxpayer paid some or all of any balance due.

Scenario 1: Returns Prepared on 3/9/17

If the information is not present, you must enter it.

Overpayment, if any, as shown on original return or as previously adjusted by the IRS [Where is this located?](#)

\$557

Amount of refund you would like applied to next year's estimated taxes:

\$

Check here to enter your originally filed exemption amounts for yourself, spouse, and dependent(s).

Check here if the Address has changed from your last filed return and you would like the IRS to change it in their records.

Check here if you did not previously want \$3 to go to the Presidential Election Campaign Fund but now want it to.

Check here if your spouse did not previously want \$3 to go to the Presidential Election Campaign Fund but now want it to.

6. Open the Explain changes Section and enter the reason for the amendment. For example, taxpayer owed a Shared Responsibility Payment but it not included on original return due to TaxSlayer error.
7. Print out 2 copies of the 1040X and include copies of page 2 of the Form 1040 and copies of the Form 8965. Explain to taxpayer that since the original return accepted by the IRS did not include the ACA information, the refund or balance due was not correct or the return was missing a required form. If there is an amount showing on line 20 of the 1040X, they owe that amount and should include a check with the amended return.

Amended return filing status. You must check one box even if you are not changing your filing status. Caution: In general, you can't change your filing status from joint to separate returns after the due date.		Full-year coverage. If all members of your household have full-year minimal essential health care coverage, check "Yes." Otherwise, check "No." (See instructions.)		
<input checked="" type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately <input type="checkbox"/> Head of household (If the qualifying person is a child but not your dependent, see instructions.) <input type="checkbox"/> Qualifying widow(er)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Use Part III on the back to explain any changes		A. Original amount or as previously adjusted (see instructions)	B. Net change—amount of increase or (decrease)—explain in Part III	C. Correct amount
Income and Deductions				
1	Adjusted gross income. If net operating loss (NOL) carryback is included, check here <input type="checkbox"/>	19583		19583
2	Itemized deductions or standard deduction	6300		6300
3	Subtract line 2 from line 1	13283		13283
4	Exemptions. If changing, complete Part I on page 2 and enter the amount from line 29	4050		4050
5	Taxable income. Subtract line 4 from line 3	9233		9233
Tax Liability				
6	Tax. Enter method(s) used to figure tax (see instructions): Table	923	155	1078
7	Credits. If general business credit carryback is included, check here <input type="checkbox"/>			
8	Subtract line 7 from line 6. If the result is zero or less, enter -0-	923	155	1078
9	Health care: individual responsibility (see instructions)			
10	Other taxes			
11	Total tax. Add lines 8, 9, and 10	923	155	1078
Payments				
12	Federal income tax withheld and excess social security and tier 1 RRTA tax withheld (if changing, see instructions)	1480		1480
13	Estimated tax payments, including amount applied from prior year's return			
14	Earned income credit (EIC)			
15	Refundable credits from: <input type="checkbox"/> Schedule 8812 Form(s) <input type="checkbox"/> 2439 <input type="checkbox"/> 4136 <input type="checkbox"/> 8863 <input type="checkbox"/> 8865 <input type="checkbox"/> 8962 or <input type="checkbox"/> other (specify):			
16	Total amount paid with request for extension of time to file, tax paid with original return, and additional tax paid after return was filed			
17	Total payments. Add lines 12 through 15, column C, and line 16			1480
Refund or Amount You Owe				
18	Overpayment, if any, as shown on original return or as previously adjusted by the IRS		557	
19	Subtract line 18 from line 17 (if less than zero, see instructions)		923	
20	Amount you owe. If line 11, column C, is more than line 19, enter the difference		155	
21	If line 11, column C, is less than line 19, enter the difference. This is the amount overpaid on this return			
22	Amount of line 21 you want refunded to you			
23	Amount of line 21 you want applied to your (enter year): estimated tax			

Complete and sign this form on Page 2.
 For Paperwork Reduction Act Notice, see instructions. **QNA** Form **1040X** (Rev. 1-2017)



In this example, the amount owed is \$155, the excess premium tax credit that was not calculated in the original return.

Procedure for Amending Return

Scenario 2 – Returns Transmitted Between 3/10 and 3/16

1. If the return was rejected by the IRS, simply open the return, navigate to the E-File page to verify that any direct debit dates are later in the year and then complete the normal site process to complete and transmit the return. No taxpayer notification is necessary unless the direct debit date is changed.
2. Contact the taxpayer and explain that we recently learned that the payment calculations related to the Affordable Care Act were incorrectly transmitted to the IRS from March 10 – 16 due to a software problem. While the refund or amount due shown on the tax return given to the taxpayer is correct, the information received by the IRS is incorrect. As a result, the refund or the balance due in the IRS records may be different than that shown on the return.
3. The IRS has already sent many taxpayers a Letter 0012C for returns it received that do not include a required Form 8962. The letter requests a completed Form 8962 and a copy of Form 1095-A, but includes no refund or balance due dollar amounts. If the original return included the required Form 8962 **and** there is no SRP issue, do not file a Form 1040X to amend the return. The taxpayer should mail or fax a copy of the Form 8962 and the Form 1095-A per the instructions in the letter.

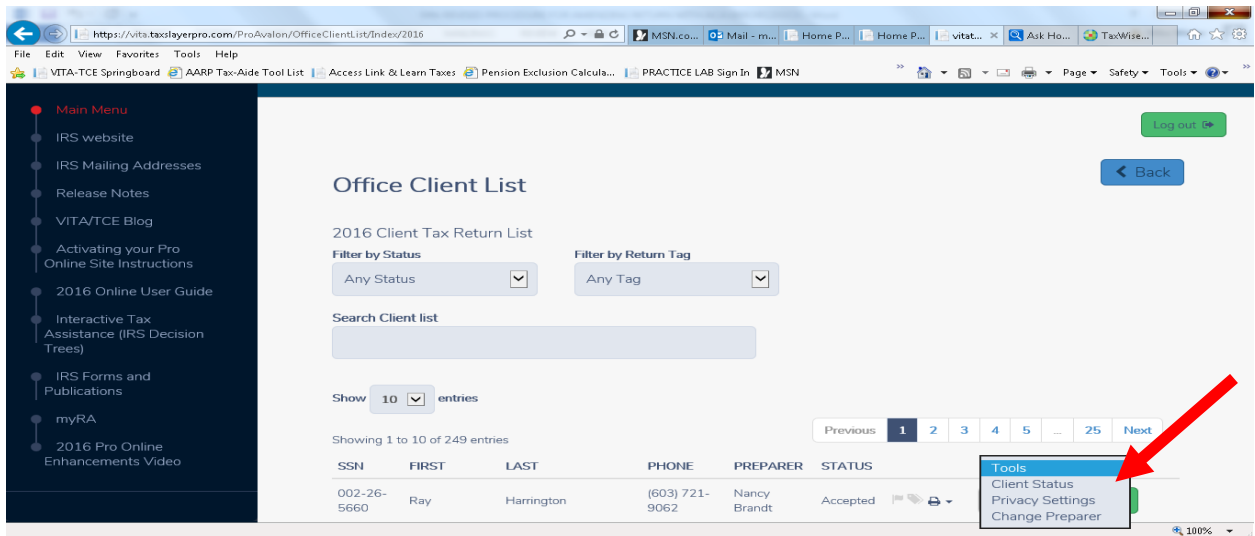
If the original return included the required Form 8962 **and** there is no SRP issue, but the taxpayer has not received a letter from the IRS, again do not file a Form 1040X to amend the return. Inform the taxpayer that when the letter does arrive, he or she should mail or fax a copy of the Form 8962 and the Form 1095-A per the instructions in the letter.

Note: If the taxpayer receives a letter because the original return as prepared did **not** include a Form 8962 because of preparer oversight, it is outside this Scenario and will not be on the problem report list. In this case, prepare an amended return per the steps below with the Form 8962 so that the taxpayer has a correct copy of his or her return and knows the amount of any refund or balance due. **Do not** file the amended return if this is the only change. The taxpayer should instead respond to the IRS Letter 0012C by mailing or faxing a copy of the Form 8962 and the Form 1095-A per the instructions in the letter.

4. If there is an SRP issue, the IRS will probably send the taxpayer a notice eventually. Note that if the taxpayer decides to wait for a notice from the IRS, it may come after the tax season and our volunteers may not be available to provide any assistance. Our recommendation is to instead prepare and have the taxpayer file a Form 1040X to amend the return per the steps below since the return that the IRS received is incorrect. Done now, this should also eliminate any notice from the IRS.

Scenario 2 – Returns Transmitted Between 3/10 and 3/16

- Open TaxSlayer and select client search. Click on drop down arrow in tools and then select client status.



Note the amount of refund or balance due in the client history return section (refund of \$537). This should match the amount shown on the problem return report. Compare it to amount of refund or balance due shown on the IRS transmission line (refund of \$817). If the amounts differ, then the return must be amended unless the difference is due to a missing Form 8962 as explained above. The steps below are the same if there is a missing SRP.

EFIN	last4	First Name	Refund	Amount Due
			\$537.00	\$0.00

Client Return History

Action Taken - EfileSaved Username - [redacted] Log Time - 3/6/2017 4:11:38 PM Preparer - [redacted]	Return Information - Filing Status - 1 AGI - 21346 Refund - 537.00 Return Type - Direct Deposit
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IRS Transmissions				
Description	Date	Service Center	SubmissionId	Refund
Direct Deposit	03/10/2017	Austin	[redacted]	\$817.00

In the example above, the return transmitted to the IRS contained a refund of \$817 while the refund shown in the problem return report and the client return history was only \$537.

Scenario 2 – Returns Transmitted Between 3/10 and 3/16

6. Open return by selecting enter return in the client search page and review Form 1040 on the calculation summary page (the 1040 view) to determine the reason for the difference noted above. For example, you noted that the amount of the difference is \$280 and the return in TaxSlayer includes \$280 of excess advance premium tax credit on line 46 of Form 1040.

46	Excess advance premium tax credit repayment. Attach Form 8962	46	280 00
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7. Select, “2016 Amended Return” and you will land on the Amended Tax Return – Form 1040X page. The current return in TaxSlayer should contain the correct amounts for lines 46 and 61 of Form 1040 and you are not required to make any changes.
8. Select, “Original Federal Return Information” and the information from the original return should already be entered. If the original return information is not present you must enter it. You must also delete any amounts shown on line 46 or 61.

Overpayment, if any, as shown on original return or as previously adjusted by the IRS Where is it located?
\$817

9. Open the Explain changes Section and enter reason for amendment. For example, taxpayer owed a Shared Responsibility Payment that was not included on the return transmitted to the IRS due to a TaxSlayer server problem.
10. Print out 2 copies of the 1040X and include copies of page 2 of the Form 1040 and copies of Form 8962 and/or 8965. Explain to taxpayer that since the original return that was accepted by the IRS did not include the ACA information, the refund or balance due submitted to the IRS was not correct. They should send in the amended return with check for the excess refund after they receive the original refund. If there is an amount showing on line 20 of the 1040X, they owe that amount and should include a check. The amount due in this example is the \$280 that was eliminated from the return when processed by the faulty server.

Scenario 2 – Returns Transmitted Between 3/10 and 3/16

Income and Deductions		(see instructions)	explain in Part III
1	Adjusted gross income. If net operating loss (NOL) carryback is included, check here <input type="checkbox"/>		
		1	21346
2	Itemized deductions or standard deduction	2	6300
3	Subtract line 2 from line 1	3	15046
4	Exemptions. If changing, complete Part I on page 2 and enter the amount from line 29	4	4050
5	Taxable income. Subtract line 4 from line 3	5	10996
Tax Liability			
6	Tax. Enter method(s) used to figure tax (see instructions): Table	6	1183
			280
			1463
7	Credits. If general business credit carryback is included, check here <input type="checkbox"/>	7	
8	Subtract line 7 from line 6. If the result is zero or less, enter -0-	8	1183
			280
			1463
9	Health care: individual responsibility (see instructions)	9	
10	Other taxes	10	
11	Total tax. Add lines 8, 9, and 10	11	1183
			280
			1463
Payments			
12	Federal income tax withheld and excess social security and tier 1 RRTA tax withheld (If changing , see instructions.)	12	2000
13	Estimated tax payments, including amount applied from prior year's return	13	
14	Earned income credit (EIC)	14	
15	Refundable credits from: <input type="checkbox"/> Schedule 8812 Form(s) <input type="checkbox"/> 2439 <input type="checkbox"/> 4136 <input type="checkbox"/> 8863 <input type="checkbox"/> 8885 <input type="checkbox"/> 8962 or <input type="checkbox"/> other (specify):	15	
16	Total amount paid with request for extension of time to file, tax paid with original return, and additional tax paid after return was filed	16	
17	Total payments. Add lines 12 through 15, column C, and line 16	17	2000
Refund or Amount You Owe			
18	Overpayment, if any, as shown on original return or as previously adjusted by the IRS.	18	817
19	Subtract line 18 from line 17 (If less than zero, see instructions.)	19	1183
20	Amount you owe. If line 11, column C, is more than line 19, enter the difference	20	280





Toggle navigation

ACA – Instructions for identifying Potential Returns impacted by Calculation Error

23 Mar 17

Kim Manuel

ACA, Pro Online, Tax Prep

(1) Login as a user that can run reports

(2) Click Select on Reports

Reports
Print acks, mailing labels, bank reports, and old reports.

Select

(3) Click Select on Management Reports

Management Reports
View Management Reports in regards to site return detailed information.

Select

(4) Click Problem Returns Report

State Detail Summary Report
View Production State Detail Summary for your EFINs

Problem Returns Report
View possible problem returns.

View Saved Reports
View and Run Custom Formatted Reports

(5) Click EFIN selection

Report Setup: Problem Returns Report

Filter Selection

Tax Year

2016 ▼

EFIN Selection

ACA – Instructions for identifying Potential Returns impacted by Calculation Error

(6) You must select the EFIN (even though there is only one EFIN listed)

EFIN Selection

EFIN Filter

[REDACTED]

(7) Click Run Report

Note: If there are NO potential returns the report will be blank
If there are potential returns prepared at your site, it will include the following information

- EFIN
- Last 4 of SSN
- First Name
- Refund at the time the return was filed
- Balance Due at the time the return was filed

Drag a column and drop it here to group by that column

EFIN	last4	First Name	Refund	Amount Due
[REDACTED]	[REDACTED]	JOANNE	\$897.00	\$0.00

Note: If your site has prepared under 999 returns, you can search by last 4.

Note: If your site has prepared over 999 returns, you will have to search by first name and compare the last 4 to your list

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