

- Adds credit disallowance period for child tax credits or American opportunity tax credits improperly claimed. Requires taxpayers to demonstrate eligibility after the CTC or AOTC is disallowed using deficiency procedures (existing requirement for EITC).
- 20% penalty on erroneous claims on refundable portion of credits.
- Higher education information reporting only include qualified tuition & related expenses actually paid. Applies to expenses paid after December 31, 2015. Following the enactment of PATH, numerous eligible educational institutions informed the IRS that implementation of the law change will require computer software reprogramming and other changes that can't be implemented in time to meet the applicable filing and furnishing due dates for Form 1098-T for calendar year 2016. In light of this, the IRS will not impose penalties with respect to 2016 Forms 1098-T solely because the eligible educational institution reports the aggregate amount billed for qualified tuition and related expenses for the 2016 calendar year. Thus, eligible educational institutions will continue to have the option of reporting either the amount of payments of qualified tuition and related expenses received or the amount of qualified tuition and related expenses billed for the 2016 calendar year without being subject to penalties.
- Expands definition of qualified higher education expenses for 529 plans to include computer equipment and technology.
- ABLE accounts to be established in any state.
- **Tax Relief available for the wrongfully incarcerated; some must amend by Dec. 2016.** Taxpayers who were wrongfully incarcerated can now take advantage of the new retroactive exclusion from civil damages, restitution, or other monetary awards received in connection with their incarceration. The retroactive exclusion is only available through **December 19, 2016** for tax years 2012 and earlier that would otherwise be barred in most cases. Eligible taxpayers must file Form 1040X for each year these payments were reported and write "Incarceration Exclusion PATH Act" at the top.
- In general, taxpayers can amend their tax returns for tax years 2013 and after by filing Form 1040X within three years after the date they file their original return. Going forward, there are no reporting requirements for receipt of an award qualifying for the wrongful-incarceration exclusion. This means for the year an award is received, recipients need not report the award on their Form 1040 tax return or submit any documentation to the IRS.
- Details on who qualifies and how to file are contained in frequently asked questions posted on [irs.gov](https://www.irs.gov/individuals/wrongful-incarceration-faqs): <https://www.irs.gov/individuals/wrongful-incarceration-faqs>

### Installment Agreement Fees

Installment agreement fees are being changed. Adding a Form 9465 to the return will cost the taxpayer \$225 (\$107 with direct debit). Online payment agreement is significantly less (\$149 or \$31 with direct debit.)

The proposed schedule of user fees:

Regular installment agreement:	\$225
Regular direct debit installment agreement:	\$107
Online payment agreement:	\$149
Online payment agreement with direct debit:	\$31
Restructured or reinstated installment agreement:	\$89
Low-income rate:	\$43



Congress may enact additional legislation that will affect taxpayers after this publication goes to print. Any changes will be reflected in Publication 4491-X, VITA/TCE Training Supplement, available in mid-January on [www.irs.gov](http://www.irs.gov).