

## **Policy CO1-07: Incomplete and Incorrect Returns**

*Background.* Counselors are occasionally unable to complete a taxpayer's tax return. For the purposes of this policy, an incomplete tax return is a return that is started in TaxSlayer but not completed for any reason (missing information, not quality reviewed, not approved to efile or paper file, etc.). In some situations when this happens, the taxpayer may ask for a copy of the tax return even though it is incomplete.

There are also situations where a Counselor prints a taxpayer's return, but then discovers the return is incorrect or incomplete (often because of an entry error or because the taxpayer provides additional information). However the return is subsequently handled, there will exist a paper copy of the taxpayer's return that is incorrect or incomplete. That return should be discarded and the Counselor is left with the dilemma of how to discard it.

The Volunteer Standards of Conduct state that volunteers will not knowingly prepare a false return (Standard 4). Volunteers should not prepare a return for a taxpayer if they believe the taxpayer is not being truthful in the information they provide. Further, volunteers should not prepare a return for a taxpayer if the taxpayer is uncertain of his income or expenses or if he is estimating some of his income or expenses.

Additionally, QSR 10 (Security) and AARP Foundation Tax-Aide policy require that no taxpayer forms or information be retained by Tax-Aide volunteers. This includes discarded or unneeded taxpayer forms that are printed at the site.

These situations introduce risk for the Counselor and for the Tax-Aide program because taxpayers may misunderstand the instructions they are given or confuse the forms they are given, with the result that they inadvertently or purposefully file an incomplete or incorrect tax return that was prepared by Tax-Aide. This policy provides guidance for Counselors when they find themselves in one of these situations.

*Policy.* Incomplete returns shall be considered incorrect. The standards and policies for incorrect returns will apply to incomplete returns. Taxpayers will not be given an unblemished copy of a tax return that is incorrect. This policy covers both the Federal return and state returns for any state and includes both paper and electronic copies. Preparers will not use estimated numbers provided by the taxpayer or any other person to prepare a tax return, except that taxpayer estimates for the value of personal property they have donated may be used.

### *Implementation.*

Tax preparers should not print copies of Federal or state tax returns that are incomplete, regardless of why they are incomplete, the taxpayer's desire for a copy of the return, or any other reason. By not printing an incomplete return, the Counselor removes the possibility that the return can be filed.

If a return cannot be finished for any reason, inform the taxpayer of the steps he can take based on his situation. In the examples below, use of the pronouns "he," "him," or "his" should be taken to mean all genders.

**Example 1.** While working on the taxpayer's return the taxpayer discovers he has forgotten a required document. If the taxpayer plans to return with the document at a future time, you may continue working on the return in accordance with site policy. The partially-completed return cannot be printed, but will reside in the TaxSlayer system until the taxpayer returns. If the taxpayer cannot or does not want to return and wants a copy of what has been entered so far, inform the taxpayer that policy prevents you from giving him a copy of the incomplete return.

**Example 2.** While working on the taxpayer's return you discover the return is out of scope. You should stop work on the return immediately and inform the taxpayer that you cannot complete the return (and why). If the taxpayer wants a copy of what has been entered so far, inform the taxpayer that policy prevents you from giving him a copy of the incomplete return.

**Example 3.** You complete the Federal and Colorado state returns, but are not qualified to complete the taxpayer's out of state tax return. The taxpayer wants a copy of the out of state return prepared by TaxSlayer to help him prepare the return himself. Inform the taxpayer that policy prevents you from giving him a copy of the incomplete out of state return.

All taxpayer materials, including discardable material such as forms printed in error, duplicate forms, and returns with errors, must be returned to the taxpayer. All such discardable materials shall be rendered unsuitable for filing by tearing them in half or writing "Trash," "Discard," "Invalid for Filing," or other descriptive words in prominent letters across the pages.

**Example 4.** You print a copy of the taxpayer's return, then discover an error on the return. You correct the error and print another copy of the return. You take the incorrect return and tell the taxpayer you will shred the return when you get home. This is a violation of policy. You should tear the incorrect return in half and return it to the taxpayer.

**Example 5.** When the tax return is printed, you find that a Schedule C is also printed, even though the taxpayer is not filling a Schedule C. You write "Trash" in large letters on the form and return it to the taxpayer. You could also tear the form in half and return it to the taxpayer.

If the site has a shredder and the discardable material will be shredded, encourage the taxpayer to shred his own documents before leaving the site. This way the taxpayer is always responsible for his documents.

In all cases where the Counselor must return discardable material to the taxpayer, the Counselor should make clear to the taxpayer that the material is trash and should not be filed.

#### *References.*

AARP Foundation. *The Policy and Procedures Manual of Tax-Aide, 2019-2020.*

Internal Revenue Service. Publication 5166 (rev. 10-2019), *IRS Volunteer Quality Site Requirements.*

Internal Revenue Service. Form 13615 (rev. 10-2018), *Volunteer Standards of Conduct Agreement – VITA/TCE Programs.*