

March 13, 2013

**To:** All Volunteers for AARP Foundation Tax-Aide (with a valid email address in VMIS)  
**From:** Marcy Gouge, Assistant National Director, AARP Foundation Tax-Aide  
**Subject:** CyberTax 2013-09: Volunteer Tax Alerts- Required at Site: Retirement Savings Contributions, Pensions, and Self-Employment Expenses

In this CyberTax:

\*VTA 2012-02 Retirement Savings Contributions

\*VTA 2012-03 Pensions

\*VTA 2012-04 Self-Employment Income

\*IRS Tax Tips regarding First-time Homebuyer Credit

The IRS site reviews and site visits have helped identify some areas that volunteers may want to pay additional attention to as you are preparing returns. Site reviews have generally been positive for the program thus far, so keep up the good work as we enter the middle of the season.

**Volunteer Tax Alert 2013-02: Retirement Savings Contributions**

Figure the credit on Form 8880. See the attached for instructions and screen shots.

**Volunteer Tax Alert 2013-03: Pensions**

When the taxable amount of a pension is not determined by the payer, Box 2a of Form 1099-R is blank. In this case, preparers must use the TaxWise **Simplified Method** worksheet at the bottom of Form 1099-R to calculate the taxable amount of the gross distribution. If the Simplified Method is not used correctly, this may cause an inaccurate tax return. See the attached for instructions and screen shots.

**Volunteer Tax Alert 2013-04: Self-Employment Income**

Taxpayers can deduct the costs of running their business. These costs are known as business expenses. Examples of these expenses include advertising, **car and truck expenses**, office expenses, supplies, taxes, licenses, and other expenses. See the attached and Instructions for Form 1040, and Publications 17 and 4012 for more information.

*Note that this Alert was drafted for the general IRS volunteer audience--AARP Foundation Tax-Aide continues to require that all volunteers must certify to the Advanced level.*

## **IRS Tax Tips for First-Time Homebuyer credit**

The IRS no longer mails reminder letters to taxpayers who have to repay the First-Time Homebuyer Credit. To help taxpayers who must repay the credit, the IRS website has a user-friendly look-up tool. See the attached for reminders about repaying the credit and using the tool.

**Please remember, Volunteer Tax Alerts should be available in paper or electronically at sites for reference.**