ProFiler® Mid-Season Practice Scenario #3

Learning Objectives

- Amended return completed for the following:
  - Use the prior-year earned income lookback provision to determine the highest Earned Income Credit (EIC) and Additional Child Tax Credit (ACTC)
  - Claim the Recovery Rebate Credit

General Information

Use the information provided in the scenario to prepare a tax return. After you complete the return, review the "Lessons Learned" section for some valuable insight about tax preparation, products, and promotions related to the scenario.

ProFiler® Navigation: As you practice, apply the information in the ProFiler Quick Reference Guide (available in the Learning Center Catalog) to save time by using shortcut keys, best practices, tips, and helpful resources that reside within ProFiler.

Scanning Documents/ID: When preparing 'live' returns, you will be scanning documentation and client IDs. You must see and scan an ID for the taxpayer (and their spouse if filing jointly). Consult your supervisor for guidance about using scanning equipment locally and whether they want you to use the scanner during practice.

Disclaimer: *This scenario is a mock interpretation of a client interview. It does not provide answers to every question in ProFiler. Therefore, where specific information is not provided, continue by answering logically. However, when preparing 'live' returns, never make assumptions and never answer questions for clients.*

Never use any of the scenario information when preparing 'live' returns. For example, if the client does not provide an e-mail address, do not create one using @nomail.com. Only use valid e-mail addresses when preparing 'live' returns.

Scenario Information

This scenario is based on ProFiler Practice Scenario (PPS) #13.

Coral Liu's original return was prepared based on the information in PPS #13. She would like to amend that tax return.

Information from PPS #13 is included next as a refresher of what was included on Coral's original return. Complete her amended return using the additional amended return information included for the objectives of this Mid-Season PPS.

PERSONAL INFORMATION & POTENTIAL DEPENDENTS

Primary Name (as shown on SS Card):				Spouse Name (as shown on SS Card):			
Coral Liu							
Last 4 of SSN: XXX-XX-4013	Date of Birth (MM/DD/YYYY): 8/8/1981			Last 4 of SSN: XXX-XX-	Date of Birth (MM/DD/YYYY):		
Drivers License # 8764500142	State: YS	Issue Date: 7/17/2019	Expire Date: 7/18/2024	Drivers License #	State	Issue Date	Expire Date
Email Address: Coral1223@nomail.com				Email Address:			
Occupation: Repair Dispatcher				Occupation:			
Are you a dependent of another taxpayer?: No				Are you a dependent of another taxpayer?:			

Address:	City:	State:	Zip Code:
1223 Celedon Road	Your City	YS	Zip Code

Marital Status:	If married, live together (Yes/No)?	State of Residence:	Phone (Day):	Phone (Evening):
Married	No	Your State	260-000-1198 (Cell)	Same

Dependent Name (First, M.I., Last) as shown on SS Card	Date of Birth MM/DD/YYYY	Social Security Number	Relationship Son=S Daughter=D Grandchild=G Other=O (Specify) None=N Foster Child=F	If S, D, G or F - Where do parents live?	Months lived in your home in 2020?	Can anyone else claim this child for Earned Income Tax Credit (EITC)?
1. Bai Liu	8/14/2004	401-00-4013	S	Home	12	No
2. Feng Liu	12/2/2006	402-00-4013	S	Home	12	No
3. Chen Liu	10/14/2007	403-00-4013	D	Home	12	No
4. See Attached						

Dependent Name (First, M.I., Last) as shown on SS Card	Date of Birth MM/DD/YYYY	Social Security Number	Relationship Son=S Daughter=D Grandchild=G Other=O (Specify) None=N Foster Child=F	If S, D, G or F - Where do parents live?	Months lived in your home in 2020?	Can anyone else claim this child for Earned Income Tax Credit (EITC)?
4 ~~1.~~ Handen Liu	7/22/2010	404-00-4013	D	Home	12	No
5 ~~2.~~ Wera Liu	7/22/2010	405-00-4013	D	Home	12	No

Coral Liu (400-00-4013) is married but has not shared a home with her spouse, Boqin Liu (11-30-1981, 410-00-4013), for several years while he has lived overseas. She does not want to file jointly with him. Coral rents the house where she lives.

Coral chooses to receive reduced Front Office Printing (FOP). Therefore, answer **YES** for the ProFiler question in the "Personal Information" section that asks about reducing the amount of paperwork that prints and accessing documents electronically through MyJH. If applicable, answer **YES** for the ProFiler question in the "Products, Services and Fees" section that asks about reduced paperwork and continuing with the printing of the front office paperwork.

Coral and Boqin's children lived with Coral all year. Their children are

- Bai Liu, son
- Feng Liu, son
- Chen Liu, daughter
- Handen Liu, daughter
- Wera Liu, daughter

Coral supports all of the children and provides the entire cost of maintaining the home. No one else lives with them, and she has not given Boqin permission to claim their children. He has *not* had contact with their children since he moved overseas.

Coral brought all of the children's school records. You scan and save these documents for your files. You also explain to Coral that she must be able to provide, upon IRS request, any documentation she has to support her filing status and claiming credits related to her children.

INCOME

Coral is employed as a repair dispatcher working from her home. Her employer covers all of her network and phone expenses (W-2 shown).

Coral started selling magazines door-to-door during September of the tax year to make some extra money (Form 1099-NEC shown). She uses the cash method of accounting. She did *not* receive any income for the business other than the 1099-NEC amount, and she did not make any payments that require her to file any Forms 1099 for other individuals or businesses.

Coral started completing the Schedule C Client Data Sheet for her door-to-door sales using her 1099-NEC, but she did not enter any expenses. When you ask Coral about expenses, you find out the only expenses she has are related to driving her only vehicle to go to different neighborhoods to sell magazines.

This is the first time Coral used her car for business purposes. It is her personal vehicle. Coral tells you she drove about 10,000 miles during the year, of which about 1,000 were for business. She doesn't know anything about commuting miles. You ask additional questions to get details about the specific date Coral started using the car for business and the actual miles she drove. She doesn't remember, but fortunately she's been keeping a mileage log. She didn't bring it with her, but she will return to the office with her log book. Click the 'Pending' check box on the right side of the screen for the vehicle questions about dates purchased and placed in service and about miles. This prevents the tax return from being saved as a completed return and places the return on hold.

OTHER

Coral has never had a retirement plan.

Coral has received refundable credits in previous years and has never received any correspondence from the IRS about any issues. She does not know her prior-year earned income and has not been able to get it.

Coral received $3,700 for the first economic impact payment (EIP1). She anticipates receiving $3,600 for the second EIP (EIP2).

Later in the day, Coral drops by the office with her log book and completes and signs her Schedule C Client Data Sheet (shown). She did not keep records of actual expenses for her car. When you ask when she purchased the car, she tells you 03-20-2016.

22222	a. Employee's social security number 400-00-4013	OMB No. 1545-0008	
b. Employer identification number (EIN) 00-4510001		1 Wages, tips, other compensation 39396.25	2. Federal income tax withheld 1144.31
c. Employer's name, address, and ZIP code JEFFERSON SERVICES 22 NORTH PLAIN STREET PECAN GA 30002		3 Social security wages 39396.25	4 Social security tax withheld 2442.57
		5 Medicare wages 39396.25	6 Medicare tax withheld 571.25
		7 Social security tips	8 Allocated tips
d. Control number		9	10 Dependent care benefits
e. Employee's first name and initial / Last name / Suff. CORAL LIU 1223 CELEDON ROAD YOUR CITY YS ZIP CODE f. Employee's address and ZIP code		11 Nonqualified plans	12a See instructions for box 12 Code
		13 Statutory Employee / Retirement Plan / Third Party Sick Pay	12b Code
		14 Other	12c Code
			12d Code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
YS	4510001	39396.25	1969.81	39396.25	393.96	YLC

Form **W-2** Wage and Tax Statement **2020**

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.

This information is being furnished to the Internal Revenue Service.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. MS INTERNATIONAL 5186 SHARPING PL TRAVERTON TX 77739 1-888-000-8634		OMB No. 1545-0116 **2020** Form **1099-NEC**	**Nonemployee Compensation**
		1 Nonemployee compensation $ 847.63	**Copy B For Recipient**
PAYER'S TIN 00-0400813	RECIPIENT'S TIN 400-00-4013	**2**	
RECIPIENT'S name CORAL LIU		**3**	This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 1223 CELEDON RD		**4 Federal income tax withheld** **$**	
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY YS ZIP CODE			
	FATCA filing requirement		
Account number (see intructions)		**5** State tax withheld $ $	**6** State/Payer's state no. / **7** State income $ $

Form **1099-NEC** (keep for your records) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

Jackson Hewitt® TAX SERVICE

PROFIT & LOSS FROM BUSINESS SCHEDULE C DATA SHEET

Date: 01/16/2021

This form is to assist you in gathering your business-related tax information. All income must be reported, including cash and bartering.

General Business Information

Business name NONE

Last four (4) digits of SSN # 4013

Fed EIN # ____

Business owner Coral Liu

Business phone ____ Cell 260-000-1198

Address 1223 Celedon Road

City Your City ST YS Zip ZIP Code

Accounting method ☑ Cash ☐ Accrual ☐ Other (specify)____

Gross receipts 847.63

Inventory at beginning of the year $ ____

Inventory at end of the year $ ____

Total expenses $ ____

Net income $ 847.63

Did you purchase equipment? ☐ Yes ☑ No

Specify ____

First time filing a Schedule C? ☑ Yes ☐ No

Did you use your home in connection with this business? ☐ Yes ☑ No

General Expenses

	Amount	Have receipts (initial)	Have check, credit card statement or documentation
Advertising			
Commission			
Employee benefits program			
Insurance			
Mortgage interest			
Other interest (except vehicle)			
Legal and professional			
Office expenses			
Phone			
Pension and profit sharing plans			
Rent			

	Amount	Have receipts (initial)	Have check, credit card statement or documentation
Vehicle, machinery & equipment			
Maintenance			
Supplies			
Taxes—real estate			
Taxes—other			
Travel			
Total meals and entertainment			
Sub-contract labor			
Wages			
Other expenses			
Materials			

Vehicle Expenses

Description of vehicle Personal Car

Cost of vehicle $ 12,746

Date placed in service 09/11/2020

Do you have a mileage log or other written records to support your miles driven? ☑ Yes ☐ No

Total miles driven 10,042

Business miles driven 983

Commuting miles 846

Parking fees and tolls $ ____

Gasoline, lube, oil $ ____

Tires, repairs $ ____

Insurance $ ____

License plate fees/property tax $ ____

Interest (car loan) $ ____

Based on tax law, you are required to claim all expenses for your self-employment income.
If there are no expenses for the Schedule C, explain why: No expenses for door-to-door sales except vehicle expenses

We prepare the returns from information you furnished us, without verification. Upon examination of the returns by taxing authorities, request may be made for underlying data. We therefore recommend that you preserve all records, which you may be called upon to produce in connection with such an examination.

I certify that the information on this and any other form submitted is complete and correct.

Client Signature *Coral Liu* Secondary Taxpayer Signature ____ Date 01/16/2021

Note: The new Qualified Business Deduction (QBI or 199A) that is part of Tax Reform is determined based on the net profit from your business(es).

Scenario Information - Amended Return

Coral has returned to have her federal tax return amended because

- She did not have her prior-year earned income information when she originally filed, so her current tax year earned income was used to calculate her EITC and ACTC. Her tax year 2019 IRS transcript shows her prior-year earned income is $50,732. She did not receive any combat pay. She would like to see if she can benefit from using her prior-year earned income to calculate her EITC and/or ACTC. Coral wants to claim the highest credit amounts.
- She did not claim the Recovery Rebate Credit (RRC) on her original return. However, she has not received her second economic impact payment (EIP2), so she would like to claim the RRC. Coral used the IRS “Get My Payment” tool to show you she has not received her EIP2.

None of Coral’s personal information has changed from her original return.

Coral gives Jackson Hewitt permission to discuss her return with the IRS.

The best way to reach Coral is by using her cell phone number.

Prepare Coral’s amended tax return.

CONSENT QUESTIONS - AMENDED RETURN

The client must provide consents. You collect this information verbally during the interview, and they complete and sign paperwork that documents their decisions.

After explaining the purpose of the consents, Coral chooses the following:

- Consent to **contact** her to provide marketing information about refund status, appointments, and products and services. **YES**
- Consent to **share** her tax information with, and receive communications from, an affiliate (Jackson Hewitt Marketing Services), third-party lenders, and other companies about additional products, services, and offers. **YES**

PRODUCT CHOICES - AMENDED RETURN

Coral chooses the following:

- IRS Direct
- Direct Deposit - Coral wants her amended return refund disbursed as a Direct Deposit to the same checking account she used for her original return refund (Webber Bank, routing number 120139013, and account number JJJ12345).

ELECTRONIC FILING - AMENDED RETURN

Coral wants to file her amended return electronically. She wants to electronically sign her amended return using her own PIN. Her PIN is 16963, and Coral authorizes you to enter the PIN for her into ProFiler®. She will pay her tax preparation fees in cash.

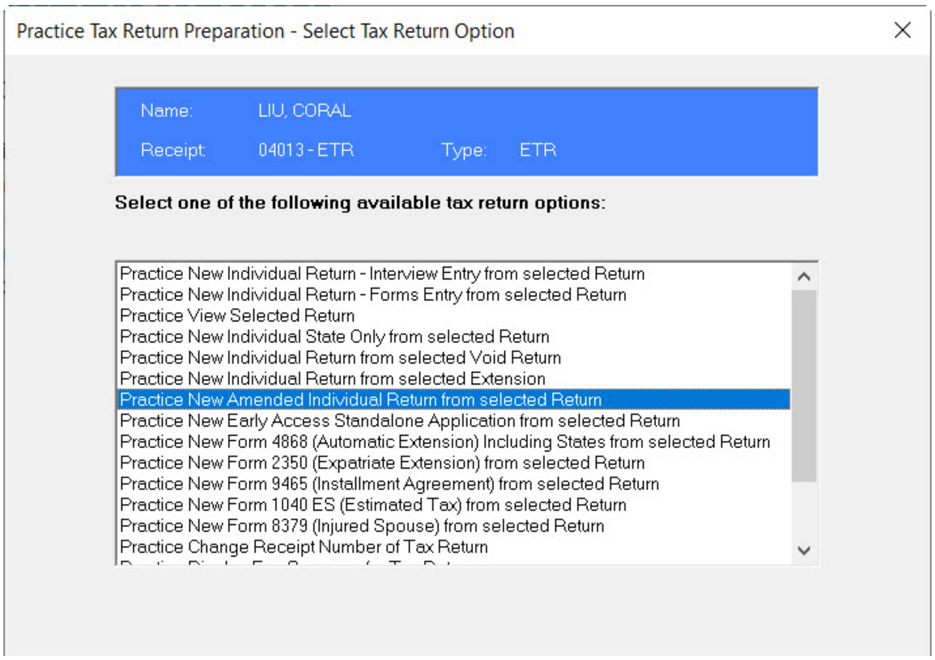
She says her cell phone number is the best number to reach her.

This section describes the lessons you should have learned from this exercise.

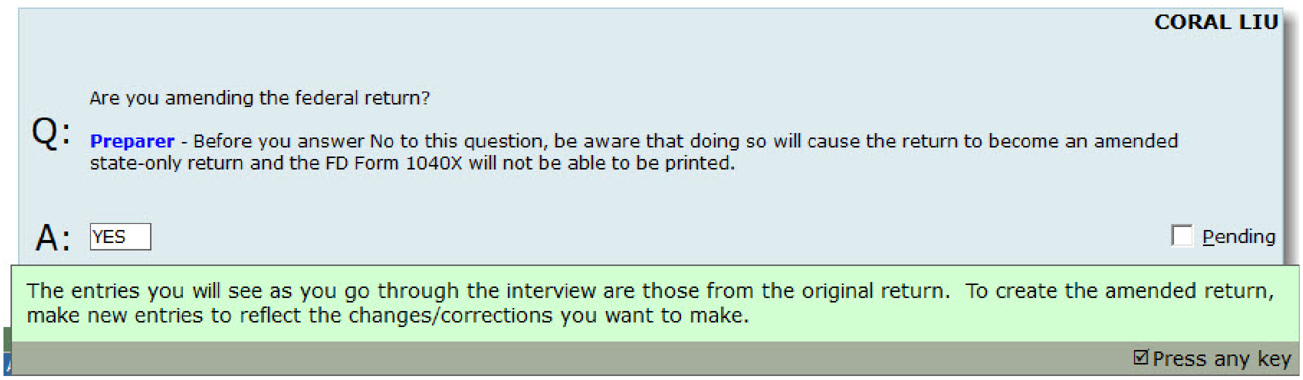
Amended Return

After selecting the ProFiler ‘Practice Tax Programs’ option to ‘Practice Tax Return Preparation’ and entering the taxpayer’s SSN and last name, select the ‘Use Existing Tax Return’ option and the original return from the “Practice Tax Return Preparation - Existing Tax Returns” window. Then, click **Next**.

Select ‘Practice New Amended Individual Return from selected Return’ from the “Practice Tax Return Preparation - Select Tax Return Option” window, and click **Next**.



After following additional prompts, ProFiler opens. In the “Personal Information” section, answer **YES** to the question about amending the federal return.



Next, go through the interview and make entries for the amended return. In this case, enter

- Coral's prior-year earned income to see if she can benefit from using it to calculate her EITC and/or ACTC
- Zero for Coral's second EIP after you confirm she has not received it

After entering changes, the Form 1040X pops up. It shows the original return information in Column A, your new entries for the amended return in Column C, and the differences between the two in Column B.

Form **1040-X** (Rev. January 2020)

Department of the Treasury - Internal Revenue Service

Amended U.S. Individual Income Tax Return

▶ Go to *www.irs.gov/Form1040X* for instructions and the latest information

OMB No. 1545-0074

This return is for calendar year ☐ 2019 ☐ 2018 ☐ 2017 ☐ 2016

Other year. Enter one: calendar year 2020 **or** fiscal year (month and year ended):

Your first name and middle initial	Last name		Your social security number
CORAL LIU			400-00-4013
If a joint return, spouse's first name and middle initial	Last name		Spouse's social security number
Current home address (number and street). If you have a P.O. box, see instructions.		Apt. no.	Your phone number
1223 CELEDON ROAD			
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).			
YOUR CITY, GA 30002			
Foreign country name	Foreign province/state/county		Foreign postal code

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 a joint return to separate returns after the due date.

☐ **Full-year health care coverage (or, for amended 2018 returns only, exempt).** If amending a 2019 return, leave blank. See instructions.

☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Qualifying widow(er) (QW) ☒ Head of household (HOH)

If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent.▶

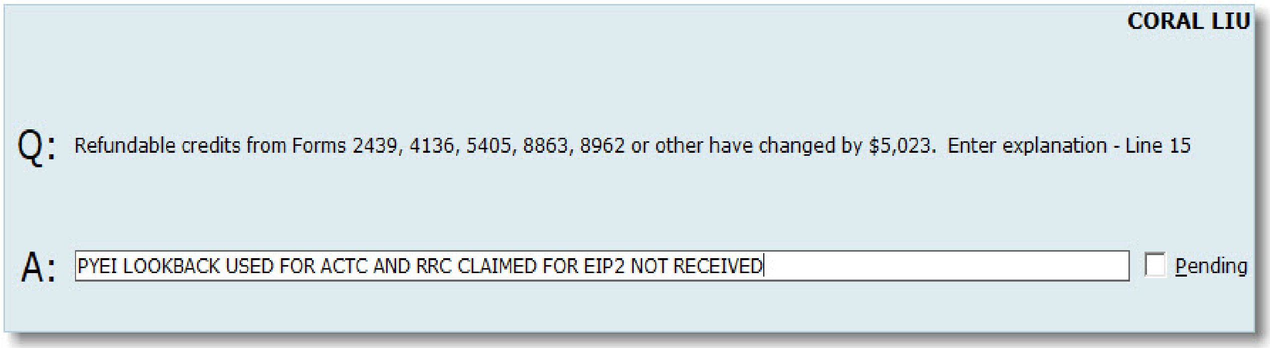
Use Part III on the back to explain any changes		A. Original amount reported or as previously adjusted (see instructions)	B. Net Change - amount of increase or (decrease) - explain in Part III	C. Correct Amount
Income and Deductions				
1 Adjusted gross income. If a net operating loss (NOL) carryback is included, check here ▶ ☐	1	39,679		39,679
2 Itemized deductions or standard deduction	2	18,650		18,650
3 Subtract line 2 from line 1	3	21,029		21,029
4a Exemptions (amended 2017 or earlier returns only). **If changing,** complete Part I on page 2 and enter the amount from line 29	4a			
b Qualified business income deduction (amended 2018 or later returns only)	4b	57		57
5 Taxable income. Subtract line 4a or 4b from line 3. If the result is zero or less, enter -0-	5	20,972	0	20,972
Tax Liability				
6 Tax. Enter method(s) used to figure tax (see instructions): TABLE	6	2,235		2,235
7 Credits. If general business credit carryback is included, check here ▶ ☐	7	2,235		2,235
8 Subtract line 7 from line 6. If the result is zero or less, enter -0-	8			
9 Health care: individual responsibility (amended 2018 or earlier returns only). See instructions	9			
10 Other taxes	10			
11 Total tax. Add lines 8, 9, and 10	11			
Payments				
12 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld (**if changing,** see instructions)	12	1,144		1,144
13 Estimated tax payments, including amount applied from prior year's return	13			
14 Earned income credit (EIC)	14	2,375		2,375
15 Refundable credits from: ☒ Schedule 8812 Form(s) ☐ 2439 ☐ 4136 ☐ 8863 ☐ 8885 ☐ 8962 or ☒ other (specify): RBC	15	5,577	5,023	10,600

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	14,119
Refund or Amount You Owe		
18 Overpayment, if any, as shown on original return or as previously adjusted by the IRS	18	9,096
19 Subtract line 18 from line 17 (If less than zero, see instructions)	19	5,023
20 **Amount you owe.** If line 11, column C, is more than line 19, enter the difference	20	
21 If line 11, column C, is less than line 19, enter the difference. This is the amount **overpaid** on this return	21	5,023
22 Amount of line 21 you want **refunded to you**	22	5,023
23 Amount of line 21 you want **applied to your (enter year):** estimated tax	23	

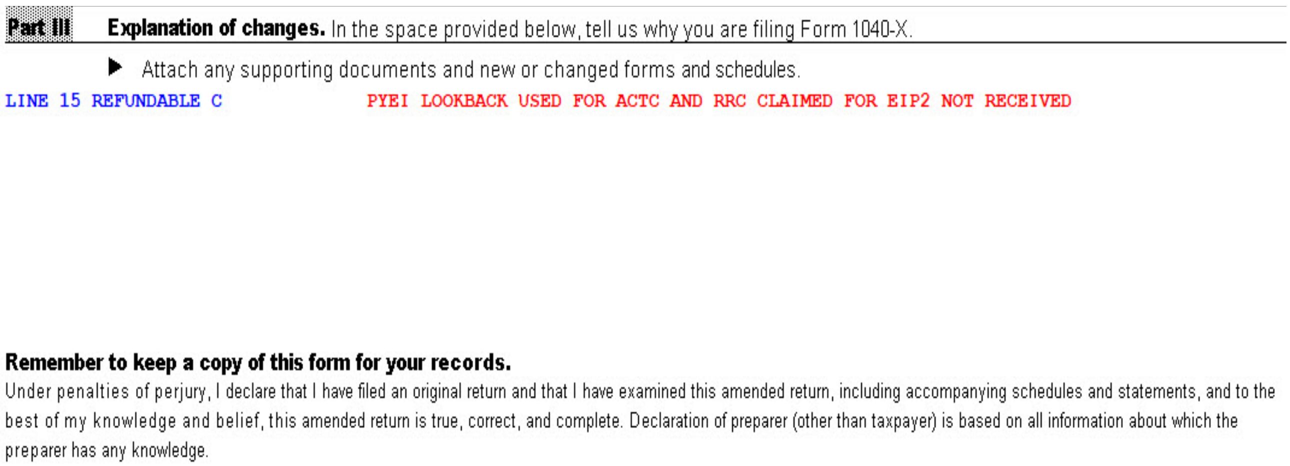
Complete and sign this form on Page 2.

For Paperwork Reduction Act Notice, see instructions. Cat. No. 11360L Form **1040-X** (Rev. 1-2020)

After exiting the pop-up form, questions are asked for you to enter explanations for changes shown on the Form 1040X.



These entries are shown in the Federal Return Recap on Page 2 of Form 1040X.



Part III **Explanation of changes.** In the space provided below, tell us why you are filing Form 1040-X.

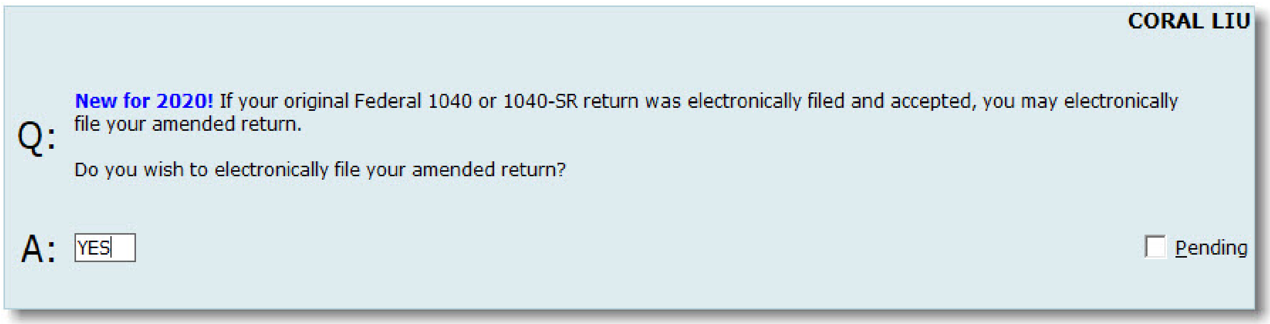
▶ Attach any supporting documents and new or changed forms and schedules.

LINE 15 REFUNDABLE C PYEI LOOKBACK USED FOR ACTC AND RRC CLAIMED FOR EIP2 NOT RECEIVED

Remember to keep a copy of this form for your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information about which the preparer has any knowledge.

Coral's amended return can be filed electronically because she filed her original return electronically.



Using Prior-Year Earned Income for EITC and ACTC

The Consolidated Appropriations Act, 2021, allows qualified taxpayers to elect to “lookback” and use either their 2019 earned income (not to be confused with AGI) or 2020 earned income to calculate the EITC and ACTC if their 2020 earned income is less than their 2019 earned income.

Clients may choose use the 2019 earned income for both credits, just one of the credits, or neither credit. ProFiler calculates the credits using all the different combinations, and then clients select the option they want to use. They will likely choose the method that results in the highest credit amounts.

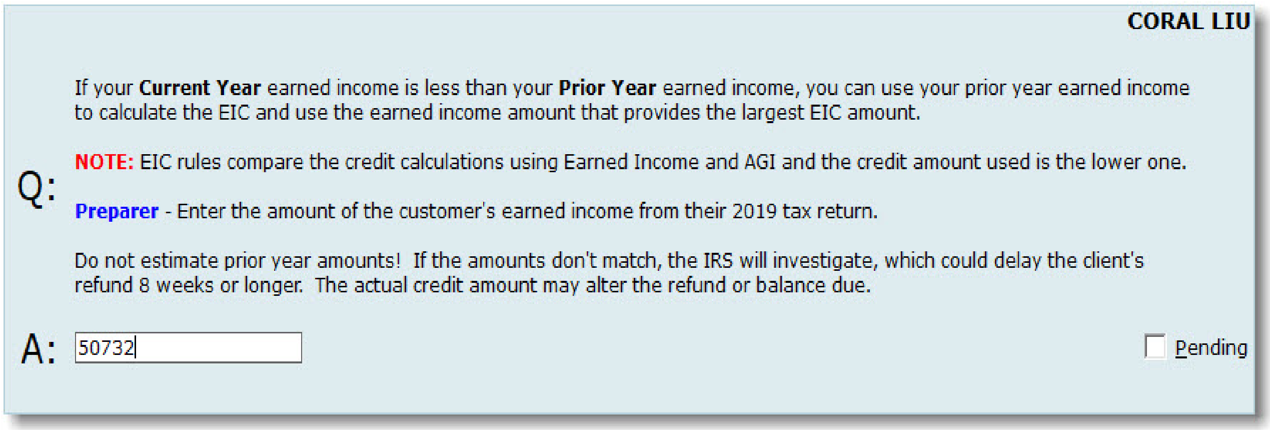
Note: Remember, the EITC is the lower credit amount based on earned income and AGI. Even if the 2019 earned income is used for the EITC calculation, the credit is the lower amount based on 2019 earned income and 2020 AGI.

When using LYS for prior-year clients, ProFiler automatically uses the prior-year data to determine the EITC and ACTC amount options for the client. As part of your due diligence, you need to confirm the prior-year data did not change from the data stored in LYS. For new clients, you need to enter their 2019 earned income for ProFiler to determine the credit amount options.

Coral is not a prior-year client. Her IRS transcript for her prior-year tax return shows her 2019 earned income was $50,732. It shows her 2019 earned income is $50,732. Her 2020 earned income is less than her 2019 earned income, so use the lookback calculations to determine the amount of EITC and ACTC for which she qualifies.

ProFiler Entries

Answer the following questions in ProFiler related to using the lookback calculations. ***Never*** estimate the prior-year earned income.



CORAL LIU

Q: If your **Current Year** earned income is less than your **Prior Year** earned income, you can use your prior year earned income to calculate the EIC and use the earned income amount that provides the largest EIC amount.

NOTE: EIC rules compare the credit calculations using Earned Income and AGI and the credit amount used is the lower one.

Preparer - Enter the amount of the customer's earned income from their 2019 tax return.

Do not estimate prior year amounts! If the amounts don't match, the IRS will investigate, which could delay the client's refund 8 weeks or longer. The actual credit amount may alter the refund or balance due.

A: 50732 Pending

CORAL LIU

Q: If the taxpayer, or spouse, were in the military last year, please be sure to enter the amount of elected combat pay here. The combat pay must be printed on Form 1040/1040-SR if using prior year earned income for EIC purposes.

A: 0 ☐ Pending

CORAL LIU

Q: If the taxpayer or spouse was active duty military and deployed to a combat zone, enter the total amount of combat pay from the prior year tax return for ACTC purposes.

A: 0 ☐ Pending

For the following question, ProFiler defaults to the choice with the highest credit amount. In Coral's case, using her current-year earned income to calculate the EITC and her prior-year earned income to calculate the ACTC results in the highest total credit amount.

CORAL LIU

Q: The lookback provision allows us to use either current year earned income or prior year earned income to calculate your EIC and Additional Child Tax Credit (ACTC). There are 4 options when you have both EIC and ACTC and 2 when you have only EIC.

Say to the Client: If you select a prior year option, the IRS must review your return, which will delay your refund by 8 weeks or longer. Though your refund may be higher using prior year earned income, please confirm whether you want to wait longer for the larger refund or opt to use the current year earned income, get a smaller refund sooner, and possibly file an amended return to receive the rest of the refund.

Preparer - Remember that the EIC rules compare the credit calculations using Earned Income and Adjusted Gross Income and the figure used will be the lower of the two calculations.***The EIC calculation was limited due to AGI. When explaining this to the taxpayer show the earned income credit worksheet in the return recap.

The client's refund will be highest (or balance due lowest) if we use Option 4 as shown below. -- However, since this is a prior year option, it means a refund delay.

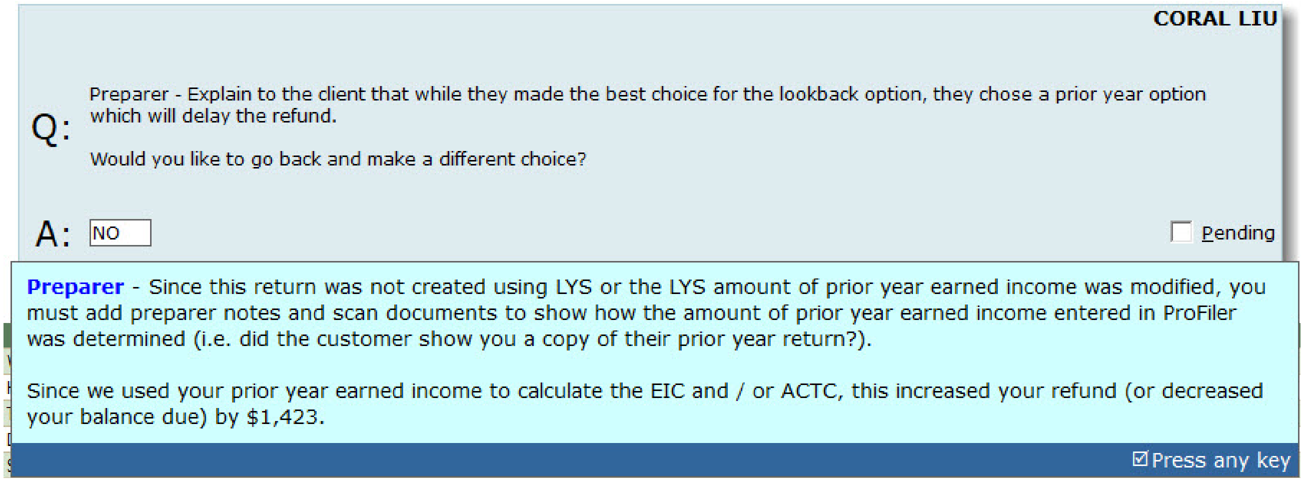
ENTER the appropriate number for the amount the taxpayer wishes to use:

1 - Prior Year earned income for EIC and ACTC is **$7,048**
2 - Current Year earned income for both EIC and ACTC is **$7,952**
3 - Prior Year earned income for EIC and Current Year earned income for ACTC is **$5,625**
4 - Current Year earned income for EIC and Prior Year earned income for ACTC is **$9,375**

A: 4 ☐ Pending

The next question is used to verify the client's choice. The default is blank, so you must respond with **YES** or **NO**. If the answer is **YES**, ProFiler goes back to the previous question. If the answer is **NO**, ProFiler proceeds with the interview.

Note: The client's refund is subject to being delayed if any of the choices using prior-year earned income are used. Coral wants to claim the highest credit amounts. Prior-year earned income is used in the calculation, so her amended return refund is subject to being delayed.



In Coral's case, it is to her advantage to use the lookback to calculate her ACTC.

Need more information? Refer to this resource available from the Learning Center Catalog:

- Using the Lookback Amount (2019 Earned Income) for EIC and ACTC Job Aid

Recovery Rebate Credit

The Recovery Rebate Credit (RRC) is a credit for qualified taxpayers who did not receive both economic impact payments (EIPs) and for those who received EIPs but are eligible for an additional amount. There are a few situations that could exist, including

- EIP = amount entitled to receive, so no credit on the tax return
- EIP < amount entitled to receive, so claim a credit on the tax return
- EIP > amount entitled to receive; so no credit on the tax return; also, the taxpayer generally is not required to pay back the difference

Coral received the first EIP (EIP1) equal to the amount she was entitled to receive, but she did not receive the second EIP (EIP2). Leave the ProFiler entry for EIP1 as it was for her original return, but change the EIP2 to zero.

CORAL LIU

Q: **New for 2020!** The recovery rebate credit is available for qualified taxpayers who did not receive the first and/or second economic impact payments or those eligible for an additional amount. If the taxpayer's first economic impact payment was reduced or used in full to pay delinquent child support, the taxpayer is considered to receive the payment and is not eligible for a credit on the amount they did not receive.

The first round of ecomonic impact payments (EIP 1) was sent out beginning April 2020, and the second round of economic impact payments (EIP 2) was sent out beginning in late December 2020.

According to the tax data entered, the taxpayer should have received **FIRST round economic stimulus rebate payments** of **$3700** in 2020.

Enter the amount of the **FIRST** economic impact payment (EIP 1) shown on Notice 1444 or actual amount of stimulus payment received, if different:

A: 3700 Learn More Pending

CORAL LIU

Q: The second round of economic impact payments (EIP 2) was sent out beginning in late December 2020.

According to the tax data entered, the taxpayer should have received **SECOND round economic stimulus rebate payments** of **$3600** in 2020.

Enter the amount of the **SECOND** economic impact payment (EIP 2) shown on Notice 1444-B or actual amount of stimulus payment received, if different:

A: 0 Learn More Pending

Preparer - Please enter **the amount of the SECOND stimulus only.** If this amount is not correct, and a recovery rebate credit is determined based on incorrect information, the IRS could **reject** or **delay** processing the return, or the refund could be adjusted by the IRS causing further delay. Are you sure the amount is accurate? **(select YES or NO)**

✓Yes ×No

After selecting 'Yes' for the preparer message above, ProFiler shows Coral qualifies for a $3,600 RRC on her amended return, which is equal to the EIP2 she should have received.

The default to the next question is blank, so you must respond with **YES** or **NO**.

CORAL LIU

Q: **Recovery Rebate Credit of $3,600 is ON 2020 tax return:**

Preparer - Life changes related to dependency, will **not** cause a delay due to claiming the RRC when the IRS processes the tax return, so we can add the RRC for this situation without worry.

Say to the Client: The IRS will compare the Recovery Rebate Credit information in your return against any stimulus payments they sent to you. If the 2 amounts don't match, the IRS will review your return, which could delay your refund 8 weeks or longer. However, we can file your return now without the Recovery Rebate Credit and file an amended return for you later if you don't receive the stimulus payment you are eligible to receive.

Would you like to file your return **without** the Recovery Rebate Credit, to avoid potential refund delays?

A: NO Pending

Need more information? Refer to this resource available from the Learning Center Catalog:

- Reconciling the Recovery Rebate Credit Job Aid

Taxpayer-Selected PIN

Coral does not authorize you, as the preparer, to allow ProFiler to automatically generate a PIN for signing Form 8879. Coral chooses her own PIN.

When a taxpayer selects their own PIN, they can either allow you to enter it on their behalf, or they can enter it directly on your keyboard, which you can pass over to them for privacy.

IRS Direct

- Clients can choose to have JH send their tax return to the IRS electronically (e-file).
- They receive their refund directly from the IRS via the disbursement option chosen.
- There is no charge for IRS Direct. However, JH fees must be paid BEFORE the tax return is filed.
- Most offices accept cash, check, or charge for the fees. Your supervisor will provide local details.

Need more information? Refer to these resources available from the Learning Center Catalog:

- Filing Options: IRS Direct & Assisted Refund (AR) Module
- Filing Options: IRS Direct & AR and Refund Disbursement Options Job Aid

Direct Deposit to a Bank Account

When clients choose Direct Deposit to their personal bank account, they will need to provide you with the Bank Name, Routing Transit Number (RTN), and the Depositor Account Number (DAN) associated with the account. It is critical that you enter this information correctly. Incorrect information will create a major delay for the client's refund and serious client service issues.

Here are a few best practices:

- Double check your entry
- Turn the screen towards your client and have them verify the information as well
- Retrieve this information from a voided check or other reliable source. Never use a deposit slip.

Need more information? Refer to these resources available from the Learning Center Catalog:

- Refund Disbursement Module
- Filing Options: IRS Direct & AR and Refund Disbursement Options Job Aid