

# Tax-Aide News' N' Notes

Volume 7, Issue 2

October 2007

## Don't Call Me!!!!!!

The current edition of **AARP Bulletin** reminds us that when we register on the National Do Not Call Registry, we need to renew our registration every five years. To see what your status is, go to [www.donotcall.gov](http://www.donotcall.gov) or call 1-888-382-1222. You can also report violators to the same site and telephone number.

### Inside this issue:

<i>Foreclosure may be Income</i>	2
<i>Greeting from Foundation Executive Director</i>	2
<i>Business Expenses &amp; EITC</i>	2
<i>December 31 Deadline for Energy Credits</i>	3
<i>Calendar</i>	3
<i>Leadership Changes</i>	3
<i>Donors Help with Funding</i>	4

## New Method of Teaching for January Classes

### PROCESS BASED TRAINING (PBT)

#### Volunteer Tax Preparation Program

By Neva Correll, State Training Coordinator

The IRS has been piloting a new method of training volunteers called Process Based Training (PBT). This new training method has been so well received by volunteers who have used it, that, beginning next year, it is going to replace the existing method of volunteer training nationwide.

The PBT method follows a "process of preparing a correct tax return by

using all the resources available to the volunteer." It emphasizes screening and interviewing, using reference materials, and doing a quality review.

PBT stresses the use of the Interview and Intake Sheet, follows the Form 1040 line-by-line to teach the tax law, and refers to the Volunteer Resource Guide, the Pub 17 and relevant tax forms, as appropriate, to reinforce the lesson materials. The material is equally adaptable for training volunteers to prepare paper or computer returns. Everything that is "In the Scope" of our program will be covered in the

2007 textbook.

**Kentucky has been designated to begin using PBT for training this year.** Each volunteer will receive a Pub 4491 (Process Based Training Guide) in place of the Pub 678. Instructors will receive a "Facilitator's Guide." Everything else will be the same as before.



## Technical Coordinators Workshop

Grace Ingram, KY Tax-Aide Technology Specialist, has announced plans for an early workshop for Technology Coordinators. The event will be held in Louisville on **October 16**. Seven TC's from Louisville invited to attend include

Larry Curtis, Al Eisert, John Emmerich, Bill Jasper, Bill Long, Bob Lukes and Dick Trowbridge. Others are expected from around the state.

A number of changes in technology and proce-

dures will require additional work by the TC's and ERO's, which in turn should make it easier for counselors doing e-filing this year. Networking is being expanded and greater collaboration amount districts is expected.

## Foreclosure (Forgiveness of Indebtedness) may result in taxable income

Do you know that a foreclosure may result in taxable income? With foreclosures of personal residences a major topic now, it is time to look at the income tax consequences.



Under federal tax law, if the debt wiped out through foreclosure exceeds the value of the property, the difference is normally taxable

income. Borrowers whose debt is reduced or eliminated receive a year end statement, Form 1099-C, from the lender. By law, this form must show the amount of debt forgiven and the fair market value of property given up through foreclosure.

There "may" be some relief for these taxpayers. There is a special rule which allows insolvent borrowers to offset that income to the extent their liabilities exceed their assets. CAUTION! This special rule is limited or unavailable in some situations.

Forgiveness of indebtedness is a complex tax issue, so this is one of Tax-Aide's "do not do" items. If a taxpayer presents a Form 1099-C that shows potential taxable income, direct the taxpayer to a paid tax service.



## Greeting from Executive Director of AARP Foundation

Some local Tax-Aide volunteers attended the AARP Exposition in Boston in September. The AARP Foundation hosted a breakfast for contributors to the Foundation. There District Coordinator Julia Carey hoped to meet some of the ten person staff of Washington, DC Tax-Aide, however they were not in attendance. But I did



meet and talk with Robin Talbert, Executive Director of the Foundation, who sends her gratitude and best wishes to the 160 Louisville area Tax-Aide volunteers. Ms. Talbert asked that I relay to our volunteers the high regard she has for their contribution and dedication to the Foundation's program.

## IRS & Tax-Aide - all business expenses must be claimed

**Tax-Aide recently issued a memo through CyberTax about taxpayers who do not claim full business expenses for the purpose of increasing Earned Income Tax Credit.** IRS has ruled that business taxpayers are to claim all applicable business expenses. AARP Tax-

Aide wrote: "In addition to not claiming full business expenses for a taxpayer so that the taxpayer could increase EITC benefits, it would also **not** be appropriate for AARP Tax-Aide Counselors to give taxpayers advice about how to reduce or minimize their business expense deductions in

the future to increase their EITC."

CyberTax: August 24, 2007

IRS: CCA 200022051



# December 31 is deadline for energy credits

If you're considering installing a new furnace or heat pump, adding insulation or replacing your old water heater, it's time to do it. Qualified purchases of these items are available for the federal energy tax credits if the purchases are made before December 31. That's when the law expires.

The Energy Policy Act offers a maximum \$500 credit for purchases made in 2006 and 2007. Look for the Energy Star on purchases and save your receipts. Credits include:

- \$300 credit for a high energy



air conditioning system or heat pump

- \$150 credit for a new furnace

or boiler

- 10% credit (maximum of \$200) of the cost of new energy efficient windows or skylights
- \$300 credit for a new Energy Star water heater
- 10% credit (maximum of \$500) for home insulation.

Remember, credits are generally better than deductions because credits reduce income taxes dollar for dollar.

For more information, go to [irs.gov](http://irs.gov) or IRS Publication 17.

## Calendar of Events

Friday, October 19, 10:00, **New Prospect Orientation**

October 29 - 31, District Coordinators Meeting, Mammoth Cave National Park

**Friday, November 9, 1:30, New E-filer Orientation**

**Monday, November 12, 9:30,**

### Local Coordinators Meeting

Tuesday, November 13, 1:30, New Prospect Orientation

December 10 - 12, Instructors Workshop, Rough River Lake State Park

Except as noted all meetings are at the AARP Office.

*Remember:  
Everyone is normal  
until you get to know  
them.*

## Leadership changes

There are some site leadership changes this year:

New Local Coordinators - Bill Long at Jeffersontown, Bob Pessolano at Special Sites

New Associate Local Coordinators - Roman Rusinek at Lyndon, Wayne Rudloff at Salem

New Electronic Return Originators - Bob Pessolano at Special Sites, Anne Bobigian at Sts. Mary & Elizabeth

New Associate Electronic Return Originator - Marty Tittlebaum at Hillview

New Technology Coordinator - Bill

Long

Welcome back Bill Giles, who after a year off for medical treatment, is returning as Local Coordinator and Electronic Return Originator at Urban.

Special thanks to these six for stepping up to take additional duties.

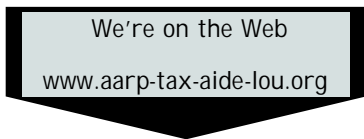


**AARP TAX-AIDE**  
**10401 LINN STATION ROAD**  
**SUITE 121**  
**LOUISVILLE, KY 40223**  
**(502) 394-3443**  
**LOUTAX-AIDE@INSIGHTBB.COM**

District Coordinators  
 Dick Trowbridge  
 Julia Carey

*People Helping People*

Tax-Aide News' N' Notes is a publication for volunteers of AARP Tax-Aide in Bullitt, Henry, Jefferson, Oldham, Shelby and Spencer Counties, Kentucky.



*We are now recruiting for new volunteers. Call 394-3443 or go online to [www.aarp-tax-aide-lou.org](http://www.aarp-tax-aide-lou.org) for information. All prospective volunteers are invited to attend our next orientation on Friday, October 19, 10:00 am at the AARP Office on Linn Station Road. Counselors, who prepare tax returns, and Client Facilitators, who are greeters, are needed. Training is provided in January. Counselors must pass a test. Upon being certified by the IRS (passing the test), counselors are ready to report for service to one of our 17 sites, which are open from February 1 to April 15. During that ten week period, volunteers are asked to donate 50 hours service.*

**Donors Help with Funding  
 Reminder - Check out our Web Site**

**Donors Help Spread Tax-Aide Impact**

Thanks to the extra goodness and thoughtfulness of 43 volunteers, almost \$1,600 was saved during the last tax season. The flat rate, available to all Tax-Aide volunteers, was turned down by 38 counselors and client facilitators and five coordinators. Many thanks for your generosity!

This expense savings helps provide additional support for the acquisition of equipment and supplies. By the same token, volunteers who do not take the flat rate can itemize their mileage on their individual tax returns. You can do this for any similar expenses where you volunteer for your

church or other qualifying organization.

Throughout the year, many of the ERO's and Coordinator's also take advantage of the 100% refunds on various items like the flash drives offered recently by Office Depot. Last year, over 20 helped in this manner and were recognized in an earlier edition of **News' N' Notes**. In September, Bob Lukes, Dick Trowbridge and Julia Carey helped in this manner.

**Reminder**

All volunteers are encouraged to use the web site, [www.aarp-tax-aide-lou.org](http://www.aarp-tax-aide-lou.org), to read future editions of **News' N' Notes**. This saves postage and paper and keeps you up to date with news

and information about Tax-Aide. If you can use the web, please e-mail us (if you have not already done so) so we can mark our records and save the expense. If you elect to use the web, an e-mail will be sent to you each time a new edition of News' N' Notes is released.

We are trying to use the web and e-mail for most of our communications now. It is quicker and saves funds for other uses. Thanks for helping.

Also, please let us know if you change your e-mail address.

