

## ***Tax Training: FM Verification and Conflicting Information Agenda***

The recorded version of our training consists of several discrete webinars, covering a wide range of topics. The core program is described below. Additional webinars may become available later in the processing cycle.

### **F-01 Verification: Acceptable Documentation**

Federal Verification is a two-part process. In this webinar, we will look at the first part: collecting the correct documentation. We will take a detailed look at the acceptable documentation that the Department requires institutions to collect from tax filers and non-filers. We will cover non-filers, non-filers who don't have tax identification numbers, people required to file a tax return who have not yet filed one (tax extenders), tax filers, tax filers who amended their return, tax filers whose returns were amended by the IRS, filers of foreign tax returns, victims of tax-related identity theft, serviceperson exemptions, signature requirements for tax returns, and requirements for students eligible for the Automatic Zero EFC variant. We will also cover the steps you'll need to take if a required document is unavailable.

### **F-02 – Verifying Non-filers**

In this webinar, we will look at the steps aid officers should take to complete verification of non-filers, after collecting the required documentation. We will look at how to make sure the income earned from work questions are correct, and conflicting information that may arise after collecting this statement, including the possibility that the applicant or family member was required to file a tax return. We will cover the IRS's rules that define when a person is required to file a tax return, and when they are not required to file a return. We will look at gross income limits, self-employment income limits, household employee income, and unusual situations where earned income may be tax-exempt. Resolution of C code 20 will also be covered.

### **F-03 – Taxation of Scholarships and Grants (Optional Webinar)**

In this short webinar, we'll discuss when scholarships and grants are taxable, and when they are tax-exempt, including a discussion of the ways schools have structured graduate assistantships to try to minimize their tax impact on students.

### **F-04 Who Must File a Tax Return? Examples**

The information from webinars F-02 and F-03 will be applied to case studies, to help participants understand how to use the documentation they collect from non-tax filers.

## **F-05 – Verifying Tax Filers**

In this webinar, we will explore what aid officers must do with the tax returns they collect. We will start by locating the FAFSA data that must be verified on Form 1040 and Schedules 1, 2, and 3, and how to use these to resolve conflicting information that might arise after collecting them. We will also cover the “Did you file a Schedule 1?” question, whether you need to collect a Schedule 1, 2 and/or 3 if you do not receive them with Form 1040, and how to address IRA and pension rollovers.

## **F-06 – Filing Status**

Financial aid administrators are required to understand which filing statuses are allowable for a taxpayer and which are not, and must inform applicants and family members who have used an incorrect filing status that they must amend their return before they can receive federal financial aid. This webinar will review the five filing statuses, with a focus on the head of household filing status. The tax concepts of temporary absences and “considered unmarried for head of household status” will be defined, and we will look at how a noncitizen’s residency impacts their spouse’s eligibility for the head of household filing status.

## **F-07 – Filing Status – Case Studies**

The information from webinar F-06 will be applied to case studies, to help participants understand how the IRS’s rules for determining filing status and the Verification process come together.

## **F-08 – Amended and Changed Tax Returns**

Whether we learn that a taxpayer’s tax return was changed after it was filed because the ISIR shows an IRS Request Flag of 07, because the applicant or a family member tells us about the change, or we asked the taxpayer to amend their tax return to correct an incorrectly filed tax return, reviewing an application that contains an amended or changed tax return is challenging. In this webinar, we will review IRS Form 1040-X, and develop a strategy for completing the review of these files as efficiently as possible. This webinar will also review what can, and cannot, be gleaned from an IRS tax account transcript, and how to address changes to the 2020 tax code that triggered the IRS to adjust millions of taxpayers’ tax returns.

## **F-09 – IRS – FAFSA Marital Status Mismatches**

The IRS asks taxpayers to choose their filing status based on their marital status on the last day of the tax year. The FAFSA marital status is defined on the day the application is signed. The IRS’s definitions of marital statuses differ from the FAFSA definitions as well. These differences can lead to a FAFSA that requires information from one person – who filed a joint tax return, or a couple – each of whom filed an individual tax return.

In this webinar, we will review the guidance around marital status mismatches between the FAFSA and the tax return filing status, and between the date the FAFSA was signed and the date Verification is performed. We will use case examples to combine the data from two individual returns when two people are required to report information on the FAFSA, and to split an AGI and the Income Tax for 2020, when we must derive one person’s information from a joint tax return.

### **F-10 – Income Adjustment Professional Judgments (Advanced)**

We are frequently asked to adjust the income that we use to determine a student's eligibility for financial aid. In this webinar, we will look at how to make such adjustments, including adjusting the AGI, income earned from work, and Income Tax for 2020 so they are consistent within the application. We will focus on the different ways ordinary income, business income, and capital gains are taxed, so that adjustments in each kind of income can be properly calculated.

This is an advanced webinar that goes beyond the tax table method for calculating the Income Tax for 2020.

### **F-11 – Income Earned from Work**

Income earned from work is not a verification item for tax filers but may be a source of conflicting information. In this webinar, we will review the income earned from work questions to make sure we understand the correct way to answer them, and look at unusual situations – such as when a tax filer is married to a non-filer with earned income, working citizens of foreign countries or international organizations, and rare examples of United States tax-exempt untaxed income.

### **F-12 – Unique Issues in the 2020 Tax Code**

The pandemic hit many people hard in 2020, and Congress made changes to the tax code that are reflected on 2020 tax returns. In this webinar, we will look at the changes that are likely to change the way to review files, including the unemployment compensation exclusion, the waiver of the requirement that taxpayers repay excess advance premium tax credit repayments, reversible coronavirus related IRA and pension distribution requirements, and economic impact payment reconciliations on the 2020 Form 1040.