

# **State Policy – Preventing Lost Tax Returns**

## **Background**

- National Tax-Aide policy regarding preventing lost tax returns is set forth in the *Tax-Aide Policy and Procedures Manual*. It requires a written procedure to be in place for each site that ensures all returns started are tracked from inception until being e-filed and accepted by the IRS, or another resolution is reached if e-filing is not possible.
- Further, it strongly recommends using one or more Notes within the return to record unusual circumstances, reject reasons, corrective action taken, and other information about the return that may be helpful if questions arise before/during acceptance or at a later date.

## **Washington State Policy**

The State Coordinator, in consultation with the State Management Team, has adopted the following State Policy to help prevent lost tax returns.

1. For the purpose of this state policy the terms “return” or “tax return” include all federal and related state and/or local tax returns.
2. A “Lost Tax Return” is one that is active in TaxSlayer at the end of the tax season (Status is not Accepted, Paper, or Deactivated) and for which return Notes and/or Tags do not present a valid reason for it not being e-filed or converted to a paper return and given to the Taxpayer to mail. At the end of the tax season all returns for all tax years should have been e-filed and accepted, paper-filed and given to the taxpayer to mail, or deactivated. Returns left in any other status are suspect Lost Returns.
3. Each District must have and follow a written District No Lost Return Procedure that details how all volunteers, depending on role, ensure every tax return is e-filed and accepted, or another resolution is reached if e-filing is not possible (e.g., is paper-filed or deactivated). It must:

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- a. Describe how the district uses the Tags, Statuses, and Notes in TaxSlayer, in conjunction with the required Site Activity Log (and other local tracking records if used), to record detailed status, reject reasons and their resolution, and other issues and actions taken with current status, and any other information that will help verify the proper disposition of each return.
  - b. Describe how to verify that all federal, state, and local returns, including Washington’s Working Family Tax Credit (WFTC) returns, have been correctly transmitted, repaired if rejected and accepted, or given to the taxpayer to mail.
  - c. Include instructions for verifying all returns and/or amendments prepared for current and prior years.
4. **Submittals. NO LATER THAN DECEMBER 15TH ANNUALLY** each DC must submit their District No Lost Return Procedure by email to the SC and their ASC. This date is intended to allow time for review and resolution of any changes identified by the SC and ASC before January training begins.
- a. A district may request, via email to the SC and ASC prior to Dec 15<sup>th</sup>, approval to continue to use the prior year approved procedure by stating that the prior year procedure has been reviewed and remains accurate and complete for the new tax year. If there are any changes, a new procedure must be submitted and approved.
5. **Options.** A WA1 No Lost Returns Template (“Template”) is available on the WA1 “DC Resources” Google Drive to help DCs meet this requirement. DCs have three options: (1) to adopt the Template as written (verbatim), (2) to submit a slightly modified version of the Template, or (3) to write and submit a unique Procedure, as further described below.
- a. **Option 1.** Districts may adopt the Template verbatim for their district. If so, download the Template and enter customizing information as indicated to create the District Procedure. Then attach the Procedure to an email and

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submit it per **Submittals**, above. The Procedure will be approved automatically. See **Implementation and Training**, below.

- b. **Option 2.** Districts may modify the Template based on their unique operating situation. Modifications will be made using Microsoft Word or Google Docs Revisions (Track Changes enabled) so changes are easily identifiable. Enter the customizing information, and submit it per **Submittals**, above. Once the Procedure is approved see **Implementation and Training**, below.
  - c. **Option 3.** Districts may prefer (or need) to write a custom District Procedure. Submit the Procedure per **Submittals**, above. Once the District Procedure is approved see **Implementation and Training**, below.
6. **Implementation and Training.** Districts shall not open any site or prepare any tax returns before a current SC-approved Preventing Lost Return Procedure is in place. Once the District Procedure is approved the DC must ensure that all volunteers have access to the Procedure and are trained on it not only in its overall processes and intent, but also their specific duties and responsibilities under the Procedure.
7. **Reporting.** DCs shall notify the SC, cc their ASC, by email of all instances of potential or known lost returns within 24 hours of discovery. The SC will determine if further notifications are required.