PTIN MODULE 7

TAX PREPARATION WORKFLOW

Master Study Guide

Review these notes before taking the Module 7 quiz. Focus on return workflow, Form 1040 review, rejects, amendments, notices, extensions, and balances due.

Lesson 7.1 — The Return Workflow

Use the same controlled process for every return: complete intake and identity verification; collect and inventory documents; conduct the interview and record open items; enter information using the correct tax year; reconcile income, withholding, dependents, and payments; perform diagnostics and a preparer review; explain the return and obtain required signatures and authorizations; transmit through an authorized ERO; monitor acknowledgments and resolve rejects; and deliver the final accepted return with retention guidance.

Never treat 'transmitted' as 'accepted.' Keep proof of federal and state acknowledgments.

Lesson 7.2 — Reviewing The Form 1040

Before e-filing, review the actual return, not only the refund screen.

Confirm names, Social Security numbers, dates of birth, address, filing status, dependents, digital-asset response, income lines, adjustments, deduction choice, qualified business income deduction when applicable, credits, payments, refund or balance due, bank information, preparer information, and required schedules.

Compare the return to source documents and the prior year. Differences are not automatically errors, but they should be explainable.

Review unusually high withholding, duplicate entries, missing state returns, estimated-payment mismatches, and carryovers.

Lesson 7.3 — Rejects, Amendments, And Notices

An e-file rejection means the return was not accepted. Read the reject code, correct the cause with the taxpayer's authorization, and retransmit promptly.

Never change substantive return information merely to force acceptance.

Use Form 1040-X when a filed return must be amended. An amendment is not a replacement for a rejected original return.

Before amending, obtain the original return, all changed documents, the reason for the change, and any IRS adjustment notices.

An amended return can increase or decrease a refund or balance and may affect state returns.

When a client receives a notice, confirm that it is authentic, read the tax year and response deadline, compare it to the return, and obtain authorization before contacting the IRS.

A PTIN alone does not create representation authority.

Lesson 7.4 — Extensions And Balances Due

An extension generally extends the time to file, not the time to pay.

Estimate the liability, explain payment options, and document the conversation.

A taxpayer should file an accurate return even when unable to pay in full.

Do not delay filing solely because the taxpayer owes.