



DEPARTMENT OF THE NAVY
COMMANDER NAVY REGION SOUTHWEST
937 NO. HARBOR DR.
SAN DIEGO, CA 92132-0058

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IN REPLY REFER TO:

COMNAVREGSWNOTE 5840
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COMNAVREGSW NOTICE 5840

Subj: 2002-2003 NAVAL LEGAL SERVICE OFFICE SOUTHWEST INCOME
TAX ASSISTANCE AND ELECTRONIC FILING PROGRAM

Ref: (a) ELF Manual, Electronic Income Tax Filing Program,
United States Navy, 1997 Edition (22 Sep 97)

1. Purpose. To implement standard policies for the Navy Income Tax Assistance and Electronic Income Tax Filing Program, per reference (a), within the San Diego area.

2. Background and Scope. The Navy Income Tax Assistance and Electronic Filing Program (ELF) for the upcoming 2002-2003 tax season will provide federal and state income tax preparation service to active duty and retired military personnel and their families. Success of this valuable quality of life program depends upon active support and participation from all commands within the San Diego area.

a. Personal income tax return preparation is often perceived as a complicated and time-consuming activity. Consequently, many service members refrain from preparing their own returns, instead paying private businesses to prepare their returns for them. Moreover, some members who pay such private businesses for tax assistance elect to receive "instant refunds" up front, which basically amount to short term loans at high interest rates. Those members choosing to prepare their own tax return occasionally fail to claim legitimate deductions and credits, resulting in a lower refund than they would otherwise be entitled.

b. The Navy has an important interest in ensuring its personnel file their personal income tax returns accurately and expeditiously, without having to resort to paying commercial preparers. To achieve this goal, the Navy has implemented an income tax assistance program that offers both free preparation assistance and electronic filing service to active duty and retired military personnel and their families. As a result, service members can now have their returns processed more accurately, and those choosing to file their returns electronically will receive their refunds sooner than would otherwise be possible.

c. Last year, 29,529 federal and state tax returns were prepared for San Diego area military families by Naval Legal Service Office Southwest (NLSO SW) tax assistance volunteers. This represents a 38% increase from the previous year. In all,

NOV 21 2002

more than 17,000 military members, dependents, and retirees received \$10,939,291 in total refunds and saved more than \$1,301,223 in tax preparation and e-filing fees charged by commercial civilian preparers. The continued growth and success of this important CNO-sponsored program depends on the contribution by individual commands of necessary material and personnel assets. Although NLSO SW will provide one full-time attorney to oversee tax operations, NLSO SW is not staffed to support the full manning requirements.

3. Tasking.

a. Naval Legal Service Office Southwest (NLSO SW). The Commanding Officer, NLSO SW has primary responsibility for the organization, legal oversight, and operation of the Navy tax assistance centers within the San Diego area, training of all tax return preparers, and submission of all required reports to the Office of the Judge Advocate General (Code 36) and the Internal Revenue Service (IRS). Specifically, Commanding Officer, NLSO SW is responsible for:

(1) Appointing a Regional Tax Officer (RTO) for the upcoming 2002/2003 tax season. The RTO will be responsible for the computer hardware and software and material set-up at each tax center, and for the training of all tax preparers.

(2) Accepting nominations for site supervisors and screening such nominations for qualification as site supervisors.

(3) Establishing the Navy Income Tax Assistance Center dates and hours of operation and publicizing the services of the Navy Income Tax Assistance and Electronic Income Tax Filing Program. Publicity efforts shall include the aggressive use of base and command newspapers, base billboards, naval messages, sidewalk signs, flyers, posters, and other measures. In addition, advertisement flyers will be attached to military pay Form W-2s before distribution to local commands. Commander, Navy Region Southwest (CNRSW) will provide funding for the printing of such flyers.

(4) Training all Command Tax Assistants (CTA) and Volunteer Tax Assistants (VTA) in the proper preparation of income tax returns and the safeguarding of personal financial information. Commanding Officer, NLSO SW may establish different levels of qualification for tax preparers. Tax preparers who were trained in previous years must be familiarized with any changes to the Internal Revenue Code. CNRSW may provide funding for some regional tax officer and site supervisor off-site training.

(5) Setting up the Navy Income Tax Center at each host command, including the establishment of computer workstations. CNRSW will provide the periodic funding for paper, printer toner, and other necessary office supplies.

NOV 21 2002

(6) Supervising the efforts of all site supervisors during the 2002/2003 tax season. Commanding Officer, NLSO SW may establish guidelines for the type of income tax returns that are beyond the program's scope or competence of Navy preparers.

(7) Correcting any tax returns rejected by the electronic filing program computer software manufacturer or the Internal Revenue Service.

(8) Completing all required reports, pursuant to reference (a), for the Office of the Judge Advocate General (Code 36), the Internal Revenue Service, and other cognizant agencies.

(9) Submitting personnel awards and letters of commendation for deserving tax preparers. Because of the volunteer nature of tax preparer duties, the long hours and intensive effort required during peak periods, and the importance of this quality of life program, such personnel recognition shall be encouraged to the maximum extent.

b. Personnel Support Detachments. Officers-in-charge of Personnel Support Activity Detachments (PSD) at Naval Base San Diego, Naval Base Coronado, and Naval Base Point Loma, upon the receipt of military pay Form W-2s from the Defense Finance and Accounting Service in January 2003, will be responsible for contacting the NLSO SW RTO and making the W-2s available for up to three business days, prior to their distribution, for attachment of tax center publicity flyers.

c. Host Command. Naval Base San Diego, Naval Base Coronado and Naval Base Point Loma are designated as host commands and will be responsible for:

(1) Providing a suitable location for an onboard Navy income tax center. This center should be available from January through April 2003 with sufficient space for six to ten tax preparers, their computer workstations and telephone lines, and a suitable waiting area for tax center customers.

(2) Funding the cost of telephone service and postal charges incurred in the course of tax center operations.

(3) Provide one HP laser jet printer for use by the tax center, as needed.

(4) Provide one 56,600 bps or higher data capable modem, as needed.

(5) Coordinate with NLSO SW RTO to meet the requirements of subparagraph (1)-(5) above.

d. San Diego Area Naval Commands.

(1) NRSW Assistant Chiefs of Staff will identify specific personnel to be detailed to NLSO SW regional RTO by 3 December

NOV 2 1 2002

2002, and detail those personnel to NLSO SW regional RTO not later than 6 January 2003 for duty through the end of the 2003 tax season (approximately 15 April). (Naval Medical Center will be administering a separate program this year.) Personnel may be assigned at the NLSO SW or any of the three host command tax centers.

| <u>Activity Size</u> | <u>Manning Provided</u> |
|----------------------|--|
| 25-50 | 1 day/week |
| 50-100 | 2 days/week |
| 100-150 | 3 days/week |
| 150-200 | 4 days/week |
| 200-250 | 5 days/week |
| 250+ | 1 full-time TA for every 250 personnel |

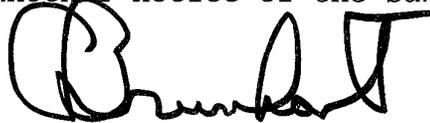
(2) San Diego area shore commands that are not in CNRSW chain of command and non-deployed afloat units not establishing a command-specific tax center within their commands are requested to provide volunteers to support this important service. The ratios published above are recommended.

(3) Selected personnel should have good mathematical and computer skills and be available for assignment to the Navy income tax center from January 2003 through April 2003. Consistent with operational commitments, commands are encouraged to assign CTAs to the area Navy income tax center on the same day each week.

(4) Identifying personnel by 3 December 2002 and detailing them no later than 6 January 2003 will allow the NLSO time to arrange for the appropriate number of classrooms and instructors and appropriately train all Volunteer Tax Assistants prior to the opening of the tax center.

(5) Coordinate with NLSO SW Regional Tax Officer to meet the requirements of subparagraph (1) and (2) above.

4. Cancellation contingency. This notice will be remain in effect until superceded by another notice of the same subject matter.



A. D. BRUNHART
Deputy and
Chief of Staff

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