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Federal Income Taxes

Fall 2014 VITA Training

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Today's Approach

- Use Form 1040 and common tax forms to discuss key areas of completing a tax return for VITA taxpayers.
- Not comprehensive. Self-study needed.
- TP=abbreviation for taxpayer

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Your Tax Knowledge

- How would you rate your current knowledge about personal income taxes?
  - 1=Very Good
  - 2= Fair
  - 3=Blank Slate Ready to Learn

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Process

1. Arrive for shift: sign in. End of shift: sign out.
2. Once you ready to start, get a taxpayer from waiting area.
3. Review the intake interview form to verify that information is correct. Clarify as needed. Sign your initials on areas changed. Enter data into TaxWise.
4. Once you are done, review work for accuracy.
5. Ask a shift supervisor to check your return.
6. Give the completed return to the supervisor for storing.
7. Get another taxpayer, repeat the above.

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Process Continued

- **Returning taxpayers**' Social Security numbers and names are correct in the system (unless they married).Verify. Missing SS card is ok. Check picture ID.
- Check to make sure taxpayer is eligible for VITA.
  - Look at all income documents before starting.
  - ASK if there is anything they have forgotten.
  - Estimate total income to make sure they are within the guidelines.

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Filing Requirements

- See filing requirement chart in *1040 Instruction Booklet*.
- Generally required to file if income equals the standard deduction for your filing status plus the personal exemption amount

2014	Personal Exemption	Standard Deduction	Must file if your gross income was at least
Single under 65	$3,950	$6,200	$10,150

See front of 1040 Instruction Booklet

Chart A—For Most People

IF your filing status is . . .	AND at the end of 2011 you were* . . .	THEN file a return if your gross income** was at least . . .
Single (see the instructions for line 1)	under 65 65 or older	$9,500 10,950
Married filing jointly*** (see the instructions for line 2)	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	$19,000 20,150 21,300
Married filing separately (see the instructions for line 3)	any age	$3,700
Head of household (see the instructions for line 4)	under 65 65 or older	$12,200 13,650
Qualifying widow(er) with dependent child (see the instructions for line 5)	under 65 65 or older	$15,300 16,450

*If you were born on January 1, 1947, you are considered to be age 65 at the end of 2011.

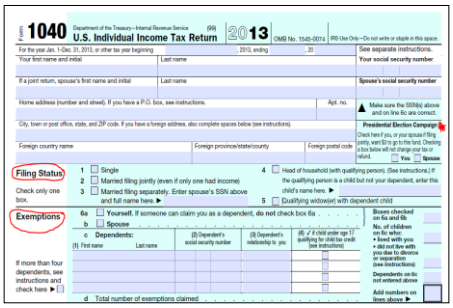
**Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). Do not include any social security benefits unless (a) you are married filing a separate return and you lived with your spouse at any time in 2011 or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than $25,000 ($32,000 if married filing jointly). If (a) or (b) applies, see the instructions for lines 20a and 20b to figure the taxable part of social security benefits you must include in gross income. Gross income includes gains, but not losses, reported on Form 8949. Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, in figuring gross income, do not reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.

***If you did not live with your spouse at the end of 2011 (or on the date your spouse died) and your gross income was at least $3,700, you must file a return regardless of your age.

Question 1-Filing Requirement

Q. If you are not required to file a return according to the IRS chart, why might you file a return if you had earned income?

A: To get taxes withheld that are due to you.



Form 1040 U.S. Individual Income Tax Return 2013

Filing Status

Check only one box.

1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here.
4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.
5 Qualifying widow(er) with dependent child

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a
b Spouse
c Dependents: (1) First name Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) ✓ if child under age 17 qualifying for child tax credit (see instructions)
If more than four dependents, see instructions and check here
d Total number of exemptions claimed

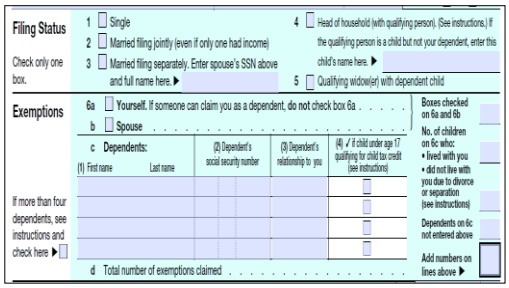
Boxes checked on 6a and 6b
No. of children on 6c who:
• lived with you
• did not live with you due to divorce or separation (see instructions)
Dependents on 6c not entered above
Add numbers on lines above

Personal Information

- Check spelling of name. Should match what is on Social Security Card.
- MFJ--List names as listed on previous tax returns. Do not swap position of names for married couples.
- Previous TP at the PSU VITA site, information will auto-fill on tax forms. Preparer must verify that the information has not changed. On TaxWise use **carry-forward data**.

Presidential Election Campaign

- If TP checks this box, it will not lower the TP's individual refund.
- Where does the money come from?
  - Tax dollars (already paid)
- Money is used by presidential campaigns—general elections, conventions, presidential primaries.
- http://www.fec.gov/info/checkoff.htm#anchor1387639



Filing Status

Check only one box.

1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here.
4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.
5 Qualifying widow(er) with dependent child

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a
b Spouse
c Dependents: (1) First name Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) ✓ if child under age 17 qualifying for child tax credit (see instructions)
If more than four dependents, see instructions and check here
d Total number of exemptions claimed

Boxes checked on 6a and 6b
No. of children on 6c who:
• lived with you
• did not live with you due to divorce or separation (see instructions)
Dependents on 6c not entered above
Add numbers on lines above

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Filing Status

- Single
- Married filing jointly
- Married filing separately. Need spouse SS#
- Head of household
- Qualifying widower

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Question 2-Filing Status

Q: What is the difference between head of household (HOH) and single?

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Question 2--Answer

- **Qualifying child:** son, daughter, grandchild who lived with TP more than ½ of year
- **Qualifying relative** (Mom or Dad)
- Qualifying relative who lived with TP more than ½ year
- Not sure--use decision tree in Publication 4012.

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Qualifying Widower

- Spouse died in past two years (2012 & 2013) and you did not remarry.
- At death TP could have filed a joint return
- You paid more than ½ cost of home upkeep
- Your dependent child or stepchild lived in your home all year.

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Exemptions

- A dollar amount that can be deducted from income
- Two types—personal and dependent
  - Parents/TP take personal exemption
  - Dependents (children, parents, qualifying relatives listed on the return)
- Total number of exemptions transfers to line 42
- How valuable is an exemption?
  - 2013 $3,900 2014 $3,950

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Form 1040

Consider it a simple math problem. See left section of form.

- ❖Income (+)
- ❖Adjusted Gross Income (-) (Adjustments)
- ❖Taxes & Credits (-)
- ❖Other Taxes (+)
- ❖Payments (-)
- ❖Refund
- ❖Amount You Owe

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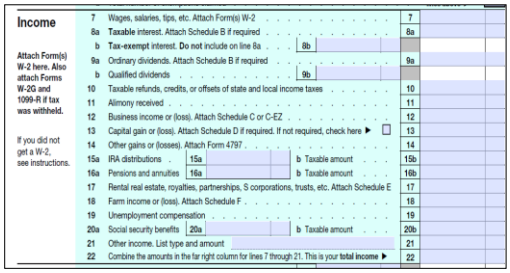
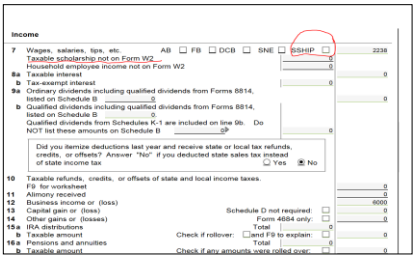


Income			
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7
	8a	Taxable interest. Attach Schedule B if required	8a
	b	Tax-exempt interest. Do not include on line 8a (8b)	
	9a	Ordinary dividends. Attach Schedule B if required	9a
	b	Qualified dividends (9b)	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10
	11	Alimony received	11
	12	Business income or (loss). Attach Schedule C or C-EZ	12
If you did not get a W-2, see instructions.	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13
	14	Other gains or (losses). Attach Form 4797	14
	15a	IRA distributions (15a) b Taxable amount	15b
	16a	Pensions and annuities (16a) b Taxable amount	16b
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17
	18	Farm income or (loss). Attach Schedule F	18
	19	Unemployment compensation	19
	20a	Social security benefits (20a) b Taxable amount	20b
	21	Other income. List type and amount	21
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22

Income-Line 7

- **W-2 income**
  - Various styles of w-2s
  - Read each carefully.
  - Pay attention to numbered boxes
  - PSU w-2 common at the site
- Ways to add income not on usual tax forms
  - Scholarships (box on TaxWise)
  - Scratch Pad. Example 1042-S international students

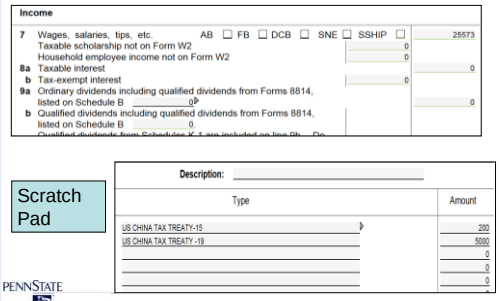
TaxWise Screen Shot



Income

7 Wages, salaries, tips, etc. AB ☐ FB ☐ DCB ☐ SNE ☐ SSHIP ☐ 2238
Taxable scholarship not on Form W2 0
Household employee income not on Form W2 0
8a Taxable interest 0
b Tax-exempt interest 0
9a Ordinary dividends including qualified dividends from Forms 8814, listed on Schedule B 0 0
b Qualified dividends including qualified dividends from Forms 8814, listed on Schedule B 0.
Qualified dividends from Schedules K-1 are included on line 9b. Do NOT list these amounts on Schedule B 0 0
Did you itemize deductions last year and receive state or local tax refunds, credits, or offsets? Answer "No" if you deducted state sales tax instead of state income tax ☐ Yes ☒ No
10 Taxable refunds, credits, or offsets of state and local income taxes. Fill for worksheet 0
11 Alimony received 0
12 Business income or (loss) 6000
13 Capital gain or (loss) Schedule D not required: ☐ 0
14 Other gains or (losses) Form 4684 only: ☐ 0
15a IRA distributions Total 0
b Taxable amount Check if rollover: ☐ and F9 to explain: ☐ 0
16a Pensions and annuities Total 0
b Taxable amount Check if any amounts were rolled over: ☐ 0

TaxWise—Additional income not on w-2 added to line 7



Income

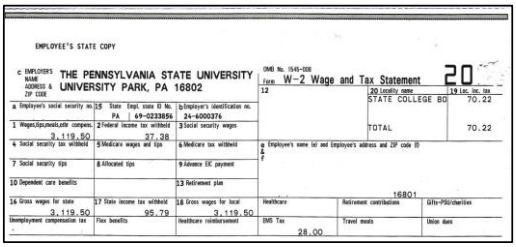
7 Wages, salaries, tips, etc. AB ☐ FB ☐ DCB ☐ SNE ☐ SSHIP ☐ 25573
Taxable scholarship not on Form W2 0
Household employee income not on Form W2 0
8a Taxable interest 0
b Tax-exempt interest 0
9a Ordinary dividends including qualified dividends from Forms 8814, listed on Schedule B 0 0
b Qualified dividends including qualified dividends from Forms 8814, listed on Schedule B 0.

Scratch Pad

Description:

Type	Amount
US CHINA TAX TREATY-15	200
US CHINA TAX TREATY -19	5000
	0
	0
	0

Example—PSU w-2



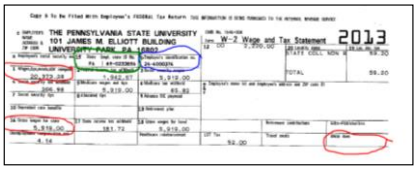
EMPLOYEE'S STATE COPY

c EMPLOYER'S NAME, ADDRESS & ZIP CODE: THE PENNSYLVANIA STATE UNIVERSITY, UNIVERSITY PARK, PA 16802

OMB No. 1545-0008 Form W-2 Wage and Tax Statement 20

a Employee's social security no.	15 State	Empl. state ID No.	b Employer's identification no.	20 Locality name	19 Loc. inc. tax
	PA	69-0233856	24-6000376	STATE COLLEGE BO	70.22
1 Wages, tips, other compens. 3,119.50	2 Federal income tax withheld 37.38	3 Social security wages		TOTAL	70.22
4 Social security tax withheld	5 Medicare wages and tips	6 Medicare tax withheld	c Employer's name, address and ZIP code		
7 Social security tips	8 Allocated tips	9 Advance EIC payment			
10 Dependent care benefits		13 Retirement plan		16801	
16 Gross wages for state 3,119.50	17 State income tax withheld 95.79	18 Gross wages for local 3,119.50	Healthcare	Retirement contributions	Gifts-PSU/charities
Unemployment compensation tax	Flex benefits	Healthcare reimbursement	EMS Tax 28.00	Travel meals	Union dues

PSU w-2



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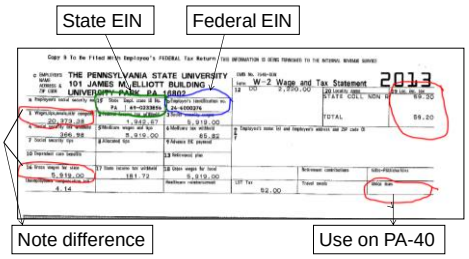
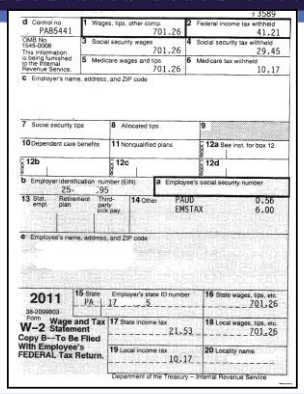
101 JAMES M ELLIOTT BUILDING
UNIVERSITY PARK, PA 16802

Form W-2 Wage and Tax Statement 2013

PSU w-2

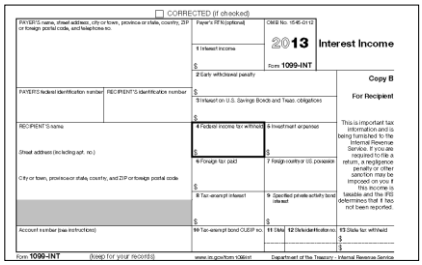




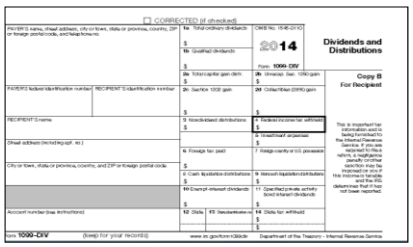
Income-Lines 8 & 9

- Taxable interest
- Tax exempt interest (identified on documents)
- If ≤ $1,500 (2013), no Schedule B needed
- Over $1,500 (2013), report on Schedule B
- Dividends (type identified on tax document)
  - Ordinary (identified on documents)
  - Qualified (identified on documents)

1099 INT



1099 Div



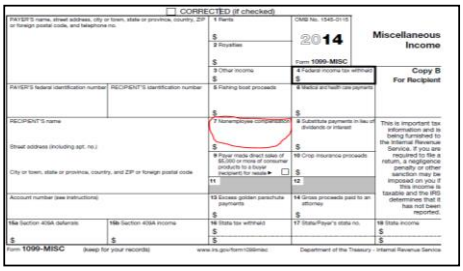
Income-Lines 10 &11

- Local and state tax refunds. Include **only** if taxpayer itemized deductions in previous year. (Hint: Ask taxpayer or look at last year's return for a Schedule A.)
- Alimony received

Income- Line 12 Business Income

- Small business owners/independent contractors will have a Form 1099 Misc.
- Report income & expenses on a Schedule C or CEZ.
- DO NOT enter income directly on line 12.
- Link ▶ from line 12 and complete the Form 1099
- Record information on a Schedule C or C-EZ and the correct amount will flow back to line 12.
- Expenses $5,000 or less=C-EZ. up to $10,000=C

1099-Miscellaneous



TaxWise 1099-Miscellaneous

Lock All Unlock All

US 1099-MISC — Miscellaneous Income — 2013

This 1099M worksheet is for the: ☐Taxpayer ☐Spouse

If Schedule E income, select parent property

Payer's information EIN: or SSN:	1 Rent 0	2 Royalties 0
Name	3 Other income 0	4 Federal withholding 0
Street address	5 Fishing boat proceeds 0	6 Medical payments 0
Zip code, city, and state	7 Nonemployee compensation 0	8 Substitute payments in lieu of dividends or interest 0
Recipient's identification number: 246-88-2375		
Recipient's name	9 Payer made direct sales of $5,000 or more of products	10 Crop insurance proceeds

Income-Line 13

- Capital Gains (Loss)--from Form 1099-DIV or substitute statement, list gain (loss).
- Line 14 (not likely used at VITA site)

Income--Lines 15a &15b

- IRA distributions--income reported on 1099-R
- Copy the paper 1099-R in the electronic version. Complete all boxes.
- Mostly affects retirees.
- Others who withdraw funds before age 59 ½

Income-Line 16

- Pensions and Annuities
- Reported on 1099R

TaxWise 1099-R

Lock All Unlock All

US 1099-R **Distributions from Profit-Sharing, Retirement Plans, IRA's, etc.** **2013**

This 1099-R is for the: ○ Taxpayer ○ Spouse

Recipient's name: Recipient's SSN: 246-88-2375

☐ Check if this 1099-R is handwritten, altered, or appears not to be a true 1099-R. ☐ Corrected
☐ Check if this is the taxpayer's address shown on the 1099-R or
☐ Check and make changes to the U.S. address or foreign address below.
U.S. address
Zip code, city, and state
Foreign street address
Foreign city
Foreign province / state
Foreign Zip code
Foreign country code

Payer's ID: Name code:	1 Gross (RRB line 7) 0	Taxable amount not determined ☐
Payer's name	2 Taxable amount 0	Total distribution ☐ Elect 10 averaging ☐

Income-Lines 17, 18 & 19

- Rental Estate—Farm income. Not applicable to VITA sites. We cannot do returns with these.
- Line 19—Unemployment Compensation
  - Replicate the hard copy of the Form 1099-G

TaxWise 1099G

Lock All Unlock All

US 1099-G **Unemployment Benefits Received Worksheet** **2013**

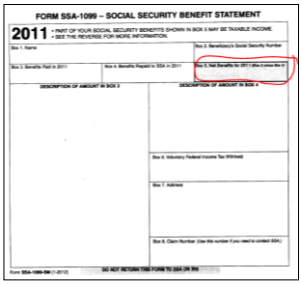
This 1099G worksheet is for the: ○ Taxpayer ○ Spouse

1 Payer's name Payer's EIN	
2 Unemployment benefits received	0
3 Repayment of unemployment benefits received in 2013 and repaid in 2013 Repayment of pre-2013 unemployment benefits must be manually entered on Schedule A, line 23.	0
4 Taxable unemployment benefits	0
5 Federal income tax withheld	0
6 ___ state income tax withheld	0

Income—Line 20

- Social Security—part may be taxable. Software will calculate the taxable amount.
- Reported on Form SSA-1099
- Read the SSA-1099
- Documents from the Social Security Administration can be used to verify Social Security number.

SSA-1099

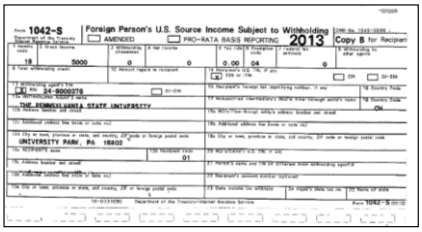

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2011

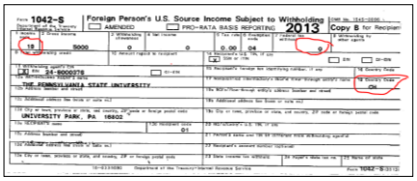
Income—Line 21

- Other income—line 21
- Mostly 1042-S income received by international students
- Depending on the tax code and country, this income is usually exempt from federal taxes, thus is subtracted on Line 21.

Example 1042-S



Example 1042-S



TaxWise—Additional income not on w-2 added to line 7

Income

7	Wages, salaries, tips, etc. AB ☐ FB ☐ DCB ☐ SNE ☐ SSHIP ☐		25573
	Taxable scholarship not on Form W2	0	
	Household employee income not on Form W2	0	
8a	Taxable interest		0
b	Tax-exempt interest	0	
9a	Ordinary dividends including qualified dividends from Forms 8814, listed on Schedule B 0		0
b	Qualified dividends including qualified dividends from Forms 8814, listed on Schedule B 0		

Scratch Pad

Description:

Type	Amount
US CHINA TAX TREATY-15	200
US CHINA TAX TREATY -19	5000
	0
	0
	0

Form 1040, Line 21 Other Income Worksheet

TSJ (taxpayer, spouse, joint) boxes are provided for entries that are not calculated from other forms.

		TSJ	Amount
1	Gambling winnings from Form W-2G		0
2	Form 1099-MISC, lines 3, 7, and 8		0
3	Taxable distributions from education savings accounts (ESAs) and QTPs		0
4	Recovery of itemized deductions		0
5	Foreign income exclusion from Form 2555, line 45		0
6	Foreign income exclusion from Form 2555-EZ, line 18		0
7	Income addition from Form 6478, line 2		0
8	Income addition from Form 8814, line 12		0
9	Taxable Archer MSA distributions from Form 8853, line 8		0
10	Taxable Medicare Advantage MSA distributions from Form 8853, line 12		0
11	Taxable long-term care insurance contract payments from Form 8853, line 26		0
12	Taxable HSA distributions from Form 8889, line 16		0
13	Income for failure to maintain HDHP coverage from Form 8889, line 20		0
14	Jury duty pay		0
15	NOL carried forward - enter as a negative amount A statement is required for e-file. F9 here for the NOL statement ☐		0
16	Describe FOREIGN PERSONS US SOURCE INCOME SUBJECT TO WITHO		-5200
17	Describe		0
18	Describe		0

1042-S Income subtracted

21	Other income. Type: FOREIGN PERSONS US S * Amounts from Forms W2G, 1099M, 2555, 2555-EZ, 6478, 8814, 8853, 8889, ESAs, QTPs, recovery of itemized deductions, and NOLs transfer to the other income worksheet. If you need to list other income, F9 on line 21 to access the worksheet and enter the income on the lines provided.		-5200
22	**Total income**	(Earned: 25573)	20373

Tax Treaties

Income Code	Explanation	Treaty Article Code for China
15	Fellowship/Grant	20(b)
18	Teaching or Research	19
19	Studying and Training	20(c)

Line 21 of Form 1040, write:
China Treaty 20(b) - amount on Line 21 income sheet.

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STAND IN PLACE—STRETCH BREAK

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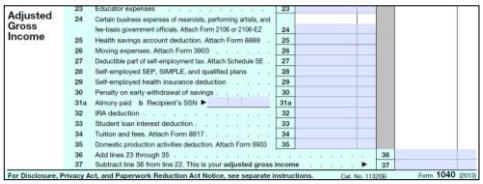
Adjusted Gross Income



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Adjustments-Line 23

- Educator Expense—for public school educators.
- Up to $500 spent on school supplies

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Adjustments-Line 27

- Self-employment tax deduction. TP get to deduct the portion of tax paid as the employee
- Social Security Tax

	Social Security	Medicare	Total
Employer	6.20	1.45	7.65
Employee	6.20	1.45	7.65
Total			**15.30**

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Adjustments-Line 28

- Not likely to occur at PSU VITA

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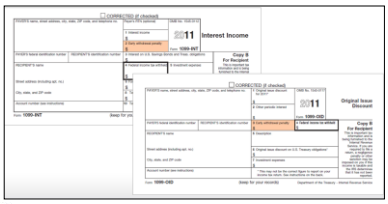
Adjustments-Line 30

- Penalty on early withdrawal of savings
  - If applicable will be listed on the 1099=INT



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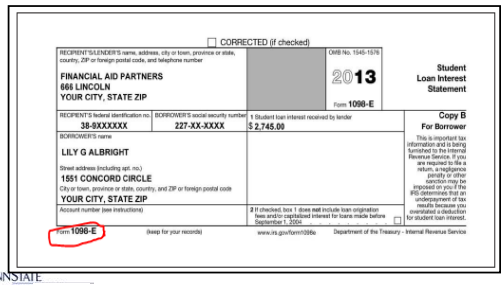
Adjustments-Lines 31-34

- Alimony paid
- IRA deduction (tax deductible IRA)
- Student loan interest (limited to $2,500 in 2013)
- Tuition and fees (most take the education credit on p. 2 line 49 as it is more valuable)

1098 -E Student Loan Interest



☐ CORRECTED (if checked)

RECIPIENT'S/LENDER'S name, address, city or town, province or state, country, ZIP or foreign postal code, and telephone number
FINANCIAL AID PARTNERS
666 LINCOLN
YOUR CITY, STATE ZIP

OMB No. 1545-1576
2013
Form 1098-E

Student Loan Interest Statement

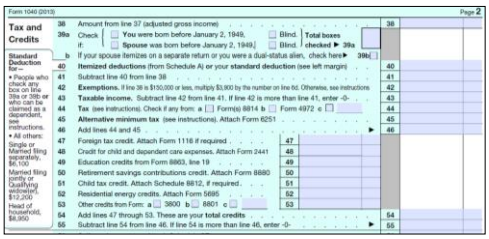
RECIPIENT'S federal identification no. 38-9XXXXXX
BORROWER'S social security number 227-XX-XXXX
1 Student loan interest received by lender $ 2,745.00

Copy B For Borrower

BORROWER'S name
LILY G ALBRIGHT
Street address (including apt. no.)
1551 CONCORD CIRCLE
City or town, province or state, country, and ZIP or foreign postal code
YOUR CITY, STATE ZIP
Account number (see instructions)
2 If checked, box 1 does not include loan origination fees and/or capitalized interest for loans made before September 1, 2004 ☐

Form 1098-E (keep for your records) www.irs.gov/form1098e Department of the Treasury - Internal Revenue Service

Taxes and Credits



Form 1040 (2013) Page 2

Tax and Credits

38	Amount from line 37 (adjusted gross income)			38
39a	Check ☐ You were born before January 2, 1949, ☐ Blind. Total boxes if: ☐ Spouse was born before January 2, 1949, ☐ Blind. checked ▶ 39a			
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b ☐			
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	
41	Subtract line 40 from line 38		41	
42	Exemptions. If line 38 is $150,000 or less, multiply $3,900 by the number on line 6d. Otherwise, see instructions		42	
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	
44	Tax (see instructions). Check if any from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐		44	
45	Alternative minimum tax (see instructions). Attach Form 6251		45	
46	Add lines 44 and 45	▶	46	
47	Foreign tax credit. Attach Form 1116 if required	47		
48	Credit for child and dependent care expenses. Attach Form 2441	48		
49	Education credits from Form 8863, line 19	49		
50	Retirement savings contributions credit. Attach Form 8880	50		
51	Child tax credit. Attach Schedule 8812, if required	51		
52	Residential energy credits. Attach Form 5695	52		
53	Other credits from Form: a ☐ 3800 b ☐ 8801 c ☐	53		
54	Add lines 47 through 53. These are your total credits		54	
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	▶	55	

Standard Deduction for —
• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.
• All others:
Single or Married filing separately, $6,100
Married filing jointly or Qualifying widow(er), $12,200
Head of household, $8,950

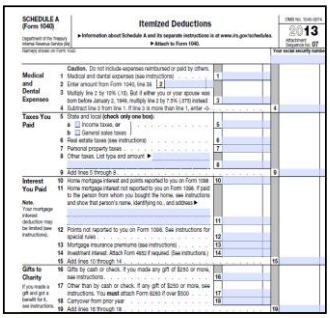
Taxes and Credits

- Line 38 is the AGI from page 1
- Lines 39 additional deduction for those 65 & older. Auto calculated.
- Line 40 Itemize or standard deduction (most take standard deduction)
- Line 42-Exemptions (amount x #of individuals on the return.
- Line 43 Taxable income
- Line 44 Tax from tax table (TaxWise calculates)

Schedule A

- Used if TP itemizes deductions
- Tip-Estimate taxpayer's expenses using a calculator before making entries in TaxWise. The standard deduction may be larger.

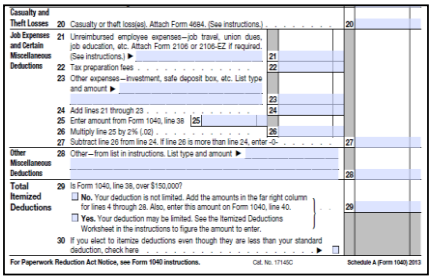
Schedule A



SCHEDULE A (Form 1040) — Itemized Deductions — 2013

Medical and Dental Expenses
Taxes You Paid
Interest You Paid
Gifts to Charity

Schedule A-continued



Casualty and Theft Losses	20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)		20
Job Expenses and Certain Miscellaneous Deductions	21	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	21	
	22	Tax preparation fees	22	
	23	Other expenses—investment, safe deposit box, etc. List type and amount ▶	23	
	24	Add lines 21 through 23	24	
	25	Enter amount from Form 1040, line 38	25	
	26	Multiply line 25 by 2% (.02)	26	
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-		27
Other Miscellaneous Deductions	28	Other—from list in instructions. List type and amount ▶		28
Total Itemized Deductions	29	Is Form 1040, line 38, over $150,000? ☐ No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. ☐ Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.		29
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ ☐		

For Paperwork Reduction Act Notice, see Form 1040 instructions. Cat. No. 17145C Schedule A (Form 1040) 2013

BREAK TIME

Taxes & Credits

- Line 47—Foreign tax credit (mutual funds)
  - Usually does not require Form 1116 as amounts are low. (Single <$300, MFJ <$600)
- Line 48—Child and dependent care expenses
- Line 49—Education Credits (Hope or Lifetime Learning)
- Line 50—Retirement Savers Credit
- Line 51—Child Tax Credit
- Line 52—Residential Energy Credits
- Line 53—Other Credits
- Line 54—Total of lines 47 to 54

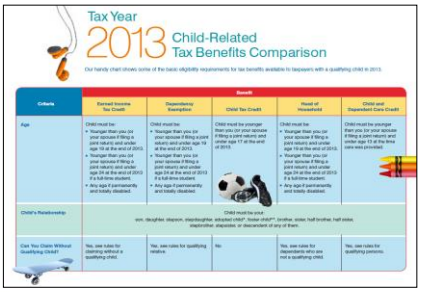
Nonrefundable Credits

- Can only decrease your tax bill. Any amount remaining after your taxes are subtracted or lost.
- **Child and dependent care expenses**
  - Child under 13, expenses paid so you can work
  - Mentally/Physically incapable of self-care any age who you can claim as a dependent or could claim except they had income X (std. deduction amount)

Nonrefundable Credits

- Child Tax Credit
- Retirement Savers
  - Credit for saving for your retirement
  - Eligible if box 12 on w-2 is checked
  - Eligible if they have a Roth or traditional IRA
  - Certain income guidelines apply

http://www.irs.gov/pub/irs-pdf/p5085.pdf



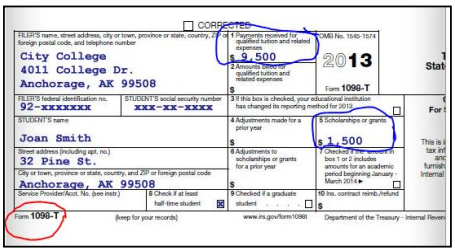
Education Credits

	American Opportunity	Lifetime Learning
Maximum credit	Up to $2,500 credit per **eligible student**	Up to $2,000 credit per **return**
Refundable or nonrefundable	40% of credit may be refundable	Credit limited to the amount of tax you must pay on your taxable income
Number of years of postsecondary education	**ONLY** for the first **4** years of postsecondary education	All years of postsecondary education and for courses to acquire or improve job skills
Number of tax years credit available	**ONLY** for **4** tax years per eligible student	An unlimited number of years

Education Credits

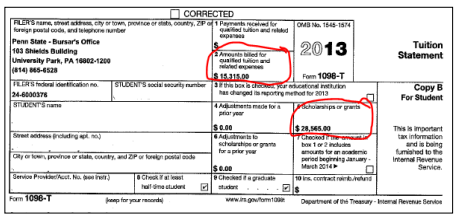
	American Opportunity Credit	Lifetime Learning Credit
Number of courses	Must be enrolled at least half time for at least one academic period during the tax year	Available for one or more courses
Felony drug conviction	No felony drug convictions	Felony drug convictions are permitted
Qualified expenses	Tuition and required enrollment fees. Course-related books, supplies, and equipment **do not** need to be purchased from the institution in order to qualify.	Tuition and required enrollment fees, including amounts required to be paid to the institution for course-related books, supplies, and equipment.

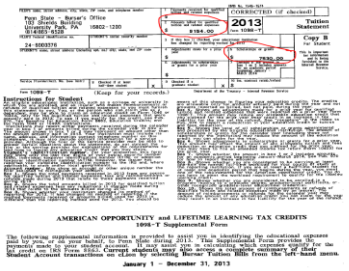
1098-T Tuition Statement



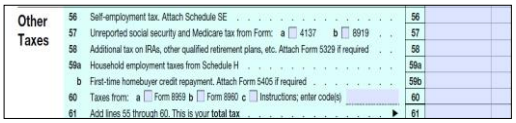
PSU 1098-T

PSU 1098-T





Other Taxes

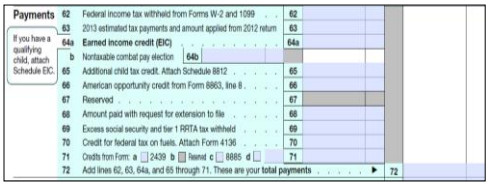


Other Taxes	56	Self-employment tax. Attach Schedule SE	56	
	57	Unreported social security and Medicare tax from Form: a ☐ 4137 b ☐ 8919	57	
	58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
	59a	Household employment taxes from Schedule H	59a	
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
	60	Taxes from: a ☐ Form 8959 b ☐ Form 8960 c ☐ Instructions; enter code(s)	60	
	61	Add lines 55 through 60. This is your total tax ▶	61	

Other Taxes Lines 56-61

- Line 56-Self-Employment Tax. Schedule SE
- Line 58-Tax on IRA-10% penalty for early withdrawal.
- Lines 57, 59, 60 usually not applicable at our site.

Payments



Payments	62	Federal income tax withheld from Forms W-2 and 1099	62	
If you have a qualifying child, attach Schedule EIC.	63	2013 estimated tax payments and amount applied from 2012 return	63	
	64a	**Earned income credit (EIC)**	64a	
	b	Nontaxable combat pay election 64b		
	65	Additional child tax credit. Attach Schedule 8812	65	
	66	American opportunity credit from Form 8863, line 8	66	
	67	Reserved	67	
	68	Amount paid with request for extension to file	68	
	69	Excess social security and tier 1 RRTA tax withheld	69	
	70	Credit for federal tax on fuels. Attach Form 4136	70	
	71	Credits from Form: a ☐ 2439 b ☐ Reserved c ☐ 8885 d ☐	71	
	72	Add lines 62, 63, 64a, and 65 through 71. These are your **total payments** ▶	72	

Payments

- Line 62-Federal Income Tax Withheld
  - Auto populated from w-2
  - Add more on electronic form
- Line 63 estimated taxes paid, self-employed, recipients of taxable fellowships
- Line 64a Earned income tax credit

Payments

Refundable *Tax Credits*

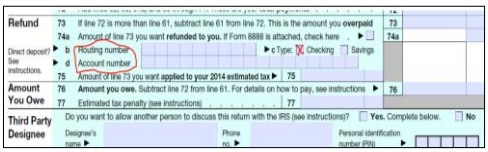
- Line 64a Earned income tax credit
- Line 65 Additional child tax credit
- Line 66 American Opportunity Credit
- Lines 67 to 71—not applicable to VITA

- Premium Tax Credit for those with assist for health insurance.??????????????

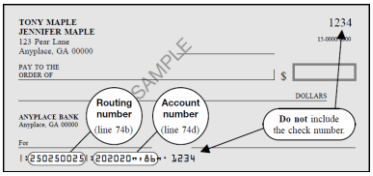
Earned Income Tax Credit

- A credit that can be paid to low-income workers, even if no income tax was withheld from the worker's pay. Taxpayers must file a tax return to receive the credit.
- **Refundable Credit:** Occurs when the amount of a credit is greater than the tax owed. Even if taxpayers' tax liability is zero, they can receive a "refund" of excess credit.
- ITINs and ATINS cannot be used to claim the EIC
- Use the decision trees in Publication 4012

- Copy directly from a check not a deposit slip
- Previous year return if returning taxpayer.

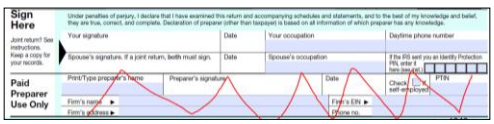


Check Routing & Account Number



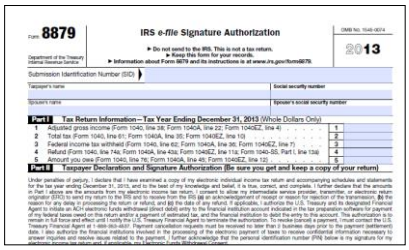
Signature

- Electronic returns signed electronically
- Make sure to get telephone number and e-mail address if they use e-mail.
- Site PIN and EFIN will print automatically



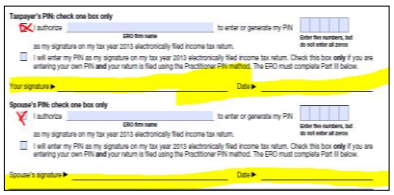
Federal e-file Authorization

- 2 copies will print. 1 for site and 1 for taxpayer



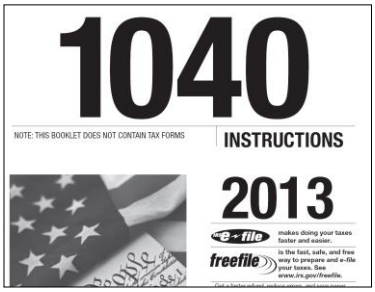
Federal e-file Authorization-8879

- Signature area

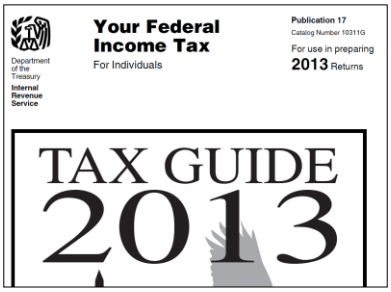


RESOURCES

1040 Instruction Booklet



Publication 17



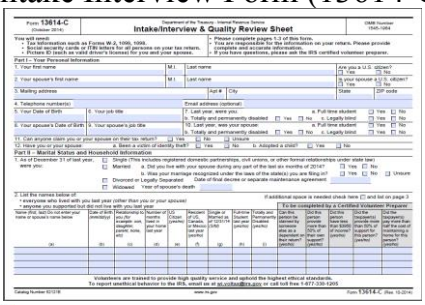
Publication 4012

Review Tax Forms

- 1099 Misc. – Non-employee independent contractor services, rental income, etc.,
- 1099 INT – Interest income on investment accounts, saving bank account, etc.,
- 1099 DIV- Dividends and Distributions on investments

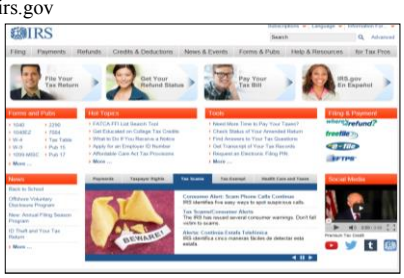
- 1098 – Mortgage Interest Statement, mortgage points, mortgage insurance premiums
- 1098 T – Tuition Statement
- 1098 E – Student Loan Interest Statement

Intake Interview Form (13614-C)



Internal Revenue Service (IRS)

- www.irs.gov



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Link & Learn

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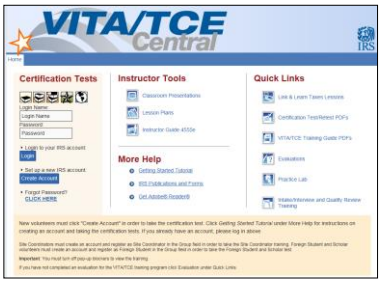
https://www.linklearncertification.com/d/



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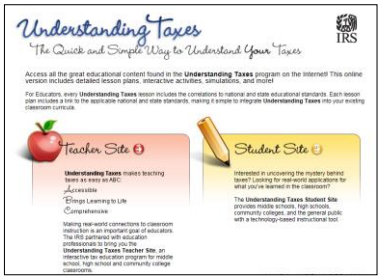
Understanding Taxes



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Just In!!

- Pub 5101 – Intake/Interview & Quality Review PPT
- Pub 4961 – Volunteer Standards of Conduct

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Next Steps for Tax Preparers

- Browse Link & Learn
- Make sure you are getting VITA e-mail
- Inform us if you cannot continue
- 2014 Updates to TaxWise and Link & Learn should be up by end of November

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