



# 4012

## VITA/TCE Volunteer Resource Guide **2014 RETURNS**

Volunteer Income Tax Assistance (VITA) / Tax Counseling for the Elderly (TCE)



Take your VITA/TCE training online at [www.irs.gov](http://www.irs.gov) (keyword: Link & Learn Taxes). Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.



## How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491X, VITA/TCE Training Supplement. To access this publication, in the upper right hand corner of **www.irs.gov**, type in “Pub 4491X” in the search field.

During the tax season Volunteer Tax Alerts will be issued periodically. Type “volunteer alerts”, in the search field to access all tax alerts.

### Volunteer Standards of Conduct

#### VITA/TCE Programs

The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing **free** tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

All VITA/TCE volunteers (whether paid or unpaid workers) must complete the *Volunteer Standards of Conduct Training*, and sign Form 13615, *Volunteer Standards of Conduct Agreement*, prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, and VITA/TCE tax law instructors must certify in tax law prior to signing this form. This form is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer's identity and signs and dates the form.

As a volunteer in the VITA/TCE Programs, you must:

1. Follow the Quality Site Requirements (QSR).
2. Not accept payment or solicit donations for federal or state tax return preparation.
3. Not solicit business from taxpayers you assist or use the knowledge you gained (their information) about them for any direct or indirect personal benefit for you or any other specific individual.
4. Not knowingly prepare false returns.
5. Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA/TCE Programs.
6. Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE Programs;
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely;
- Deactivation of your sponsoring partner's site VITA/TCE EFIN (electronic filing ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization's partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

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#### Confidentiality Statement:

All tax information you receive from taxpayers in your VOLUNTEER capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.

# 4012 Table of Contents

Volunteer Standards of Conduct.....	Inside Front Cover
Table of Contents.....	1
Letter from Director.....	3
Fact Sheet - Quality Updates for 2015 .....	5
How to Use This Guide.....	7
Scope of Service Chart.....	8
Important Tax Law Changes for 2014.....	11
Form 13614-C Job Aid for Volunteers .....	15
Quality Review Process.....	17
Quality Site Requirements.....	18
Basic Steps in Preparing a Return in Taxwise® .....	20

## Tab ACA: Affordable Care Act

Determining ACA Next Steps – Insurance All Year .....	ACA-1
Determining ACA Next Steps – No Insurance All Year .....	ACA-2
Determining ACA Next Steps – Insurance Part Year.....	ACA-3
Minimum Essential Coverage .....	ACA-4
2014 Federal Tax Filing Requirement Thresholds ...	ACA-6
2014 Federal Tax Filing Requirement Thresholds – Dependents .....	ACA-7
Federal Poverty Lines .....	ACA-8

## Tab A: Who Must File

Chart A – For Most People Who Must File .....	A-1
Chart B – For Children and Other Dependents.....	A-2
Chart C – Other Situations When You Must File .....	A-3
Chart D – Who Should File .....	A-3

## Tab B: Filing Status

Decision Tree – Determination of Filing Status .....	B-1
Interview Tips – Filing Status .....	B-2
Tip – Who is a Qualifying Person Qualifying You to File as Head of Household.....	B-3
Cost of Keeping Up a Home .....	B-4

## Tab C: Exemptions/Dependency & Main Info

Tip – Exemptions.....	C-1
Interview Tips – Personal Exemptions .....	C-2
Tip – Claiming an Exemption for a Dependent.....	C-3
Tip – Qualifying Child of More Than One Person .....	C-4
Interview Tips – Dependency Exemption .....	C-5
Interview Tips – Exemption for Qualifying Relative ....	C-6
Interview Tips – Divorced/Separated Parents .....	C-8
Worksheet – Determining Support .....	C-9
Main Information Sheet.....	C-10
Determining the Last Name .....	C-16

## Tab D: Income

Income Quick Reference Guide .....	D-1
Tip – Armed Forces Gross Income.....	D-2
TaxWise® Entries.....	D-3
How/Where to Enter Income .....	D-5
Form W-2 Instructions.....	D-6
How to Enter Tip Income.....	D-8
Interest Statement for Schedule B .....	D-9

Additional Interest, NAEOB.....	D-9
Dividend Statement for Schedule B .....	D-10
Additional Dividend Entries Dividend Statement.....	D-10
Taxable State Refunds .....	D-11
Schedule C-EZ - Business Income .....	D-12
Schedule C - Business Income .....	D-13
Schedule D - Capital Gain or Loss Transactions Worksheet .....	D-15
How to Complete Cap Gn Wkt.....	D-16
Sec 121 Exclusion on Sale of Main Home .....	D-18
1099-R Pension and Annuity Income.....	D-19
1099-R Codes for Box 7.....	D-20
1099-R Exclusion Worksheet.....	D-22
Form 1099-R Simplified Method Worksheet .....	D-23
Roth IRA.....	D-24
RRB, CSA, & SSA Benefits .....	D-25
1099-R Entry Variations .....	D-26
Schedule E – Rental and Royalty Income and Loss.....	D-27
Form 2555.....	D-28
Publication 4731 – Cancellation of Debt Screening Sheets .....	D-32
Insolvency Determination Worksheet.....	D-33

## Tab E: Adjustments

Health Saving Account Helpful Hints.....	E-1
Screening for Health Savings Account.....	E-2
Tip – Alimony Requirements (after 1984).....	E-3
Tip – Overview Student Loan Interest.....	E-4
Form 1040 – Adjustments to Income .....	E-5

## Tab F: Deductions

Tip – Standard Deduction – Most People.....	F-1
Tip – Person Not Eligible for the Standard Deduction..	F-1
Tip – Standard Deduction Chart for People Born Before January 2, 1950 or Who Are Blind.....	F-2
Interview Tips – Itemized Deductions.....	F-3
Schedule A – Itemized Deductions.....	F-5
Itemized Deduction Detail Worksheet .....	F-7
Travel Expenses.....	F-9
Deductible Entertainment Expenses .....	F-10
50% Limit .....	F-11
Deductible Transportation Expenses .....	F-12
Recordkeeping .....	F-13
Form 1040, Page 2 – Deductions .....	F-14

## Tab G: Nonrefundable Credits

Nonrefundable Credits .....	G-1
Form 1116 – Foreign Tax Credit .....	G-2
Tip – Child and Dependent Care Expenses .....	G-3
Decision Tree – Child and Dependent Care.....	G-4
Form 2441 – Child and Dependent Care Credit.....	G-5
Decision Tree – Retirement Savings Credit .....	G-6
Retirement Savings Contribution Credit.....	G-7
Child Tax Credit.....	G-8
Interview Tip - Child Tax Credit .....	G-9
Decision Tree - Credit for the Elderly or the Disabled .....	G-10

**Tab H: Other Taxes and Payments**

Form 1040, Page 2 – Other Taxes and Payments ....	H-1
Form 5329 – Other taxes and Payments .....	H-1

**Tab I: Earned Income Credit**

Tip – Earned Income Table .....	I-1
Tip – Common EIC Filing Errors .....	I-1
Tip – Summary of EIC Eligibility Requirements.....	I-2
Disallowance of the Earned Income Credit .....	I-2
Interview Tips – EIC General Eligibility .....	I-3
Interview Tips – EIC with a Qualifying Child.....	I-4
Interview Tips – EIC Without a Qualifying Child.....	I-5
Tip – Qualifying Child of More than One Person.....	I-5
Schedule EIC .....	I-6
Schedule EIC Worksheet .....	I-7

**Tab J: Education Benefits**

Tax Treatment of Scholarship and Fellowship	
Payments .....	J-1
Education Expenses .....	J-1
Worksheet Taxable Scholarship and	
Fellowship Income .....	J-1
Highlights of Education Tax Benefits	
for Tax Year 2014 .....	J-2
Tip – Education Credits .....	J-4
Determining Qualified Education Expenses .....	J-6
Form 8863 – Education Credits .....	J-7
Tip – Student Under Age 24 Claiming American	
Opportunity Credit .....	J-8

**Tab K: Finishing the Return**

Pointers for Direct Deposit of Refunds .....	K-1
Split Refund.....	K-2
Balance Due Returns (amount owed on return).....	K-3
Form ACH 1040/ES Direct Debit for Balance Due or	
Estimated Tax Payment .....	K-5
PIN Guidelines .....	K-7
Form 8453, Transmittal for an IRS E-file Return .....	K-7
Return Signature .....	K-8
Power of Attorney .....	K-9
Distributing Copies of the Return .....	K-10
Where to File Paper Returns.....	K-10

**Tab L: ITIN Returns**

Decision Tree – Determining Residency Status.....	L-1
Electronic Filing of Returns with Valid ITIN .....	L-2
Starting a Return for a Primary Taxpayer Who	
Does NOT Already Have an ITIN .....	L-3
Creating a Temporary TIN when the Spouse and/or	
Dependent(s) are Applying for an ITIN.....	L-3

**Tab M: Other Returns**

Amended Returns .....	M-1
Prior Year Returns.....	M-2
Filing for an Extension Using TaxWise®? .....	M-3

**Tab N: Using Taxwise® Online**

Setting up TWO.....	N-1
Logging on to TWO the First Time .....	N-1
The TWO Homepage .....	N-2
TWO Shortcuts.....	N-2
Creating a New Return.....	N-3
The Taxwise® Online Interview .....	N-4
Navigating the Tax Return .....	N-7
Linking to a Form .....	N-7
The Taxwise® Online Forms .....	N-8
Taxwise® Online Tool Bar .....	N-9
Adding Forms to a Return .....	N-10
Additional Dependent Worksheet.....	N-11
Running Diagnostics .....	N-12
Setting Return Stage.....	N-13
Print the Active Tax Return.....	N-14
Printing from the User Homepage.....	N-16

**Tab O: Using Taxwise® Desktop**

Taxwise® Log-in Screen .....	O-1
Starting a New Return.....	O-2
Quick Reference .....	O-3
Toolbars.....	O-3
Moving Around in TaxWise® .....	O-3
Additional Dependant Worksheet.....	O-6
Running Diagnostics and Creating an	
Electronic File.....	O-6
Setting the Return Stage.....	O-7
Printing the Active Tax Return .....	O-7
Transferring Returns to TWO .....	O-7

**Tab P: References**

Identity Theft .....	P-1
Frequent Taxpayer Inquiries.....	P-2
Useful Publications and Forms .....	P-3
Where to File.....	P-4
Where's My Refund.....	P-5
Interactive Tax Assistant.....	P-5
Index .....	P-6
Taxpayer Civil Rights.....	Inside back cover
Contact Information for Volunteers.....	Back Cover





DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

WAGE AND INVESTMENT DIVISION

October 3, 2014

Greetings Volunteers,

As we prepare for the 2015 filing season, let me express my sincere appreciation for your time, talent, and unwavering support for the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. You prepared more than 3.6 million tax returns with a 92% accuracy rate during 2014 filing season; exceeding my expectations for the VITA and TCE programs, for that I say "THANK YOU!"

The quality of returns at our VITA and TCE sites will remain a priority. Therefore, Quality Site Requirements will be emphasize and the Volunteer Standards of Conduct will continue to include training and certification on Intake/Interview and Quality Review processes. We have also made changes to our policies and procedures for the 2015 filing season which are highlighted in the Fact Sheet immediately following this letter.

We strive to provide technically accurate, timely, and relevant training. We have heard your requests for relevant topics that should be in scope for the VITA/TCE programs. Therefore, the following scope changes and updates have been approved for the 2015 filing season:

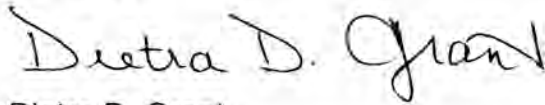
- Simple royalty income received on a Form 1099-Misc (Advanced)
- Wash Sales (Advanced)
- Medicaid Waiver payments (Basic)
- Clarification on Roth IRA distributions
- Cancellation of credit card debt will be removed from the Cancellation of Debt curriculum and inserted in the Advanced curriculum until a decision has been made on this legislative extender

I welcome your suggestions for improving the volunteer and taxpayer experience. With your help, we are looking forward to another successful filing season. Please email your feedback to [partner@irs.gov](mailto:partner@irs.gov) or mail to:

Internal Revenue Service (VITA/TCE – Training)  
401 West Peachtree Street, NW – Stop 45 W&I  
Atlanta, GA 30308

Again, thank you for your dedication to the VITA/TCE programs. If you are a new volunteer, I bid you a most sincere welcome.

Sincerely,

A handwritten signature in black ink that reads "Dietra D. Grant". The signature is written in a cursive, flowing style.

Dietra D. Grant  
Director, Stakeholder Partnerships,  
Education & Communication

# FACT SHEET – For Partners and Employees Quality & Oversight Updates for 2015 Filing Season



## Key Points

- A new question was added to Form 13614-C to assist with filing same-sex married couple state returns for states that do not allow same-sex married couple joint tax returns.
- The Affordable Care Act is addressed in a new section on Form 13614-C.
- Taxpayers' federal or state refunds cannot be deposited into any volunteer or associated partners' personal or business bank/debit card accounts.
- A new Filing Season Readiness Partner Guide was created.
- Remote Site Reviews were created to establish an effective alternative for providing support and oversight to VITA/TCE sites.
- Site/local and/or back-up coordinators are required to be available while the site is in operation.
- VITA/TCE sites can choose to file amended returns even if the original return was not prepared at the site.
- Sites with the required tools can choose to file prior year returns using the current year intake sheet to determine certification.
- Identity theft and refund fraud activities were added to Volunteer Standards of Conduct #4, Knowingly preparing a false return.

*This document summarizes quality and oversight updates for the 2015 Filing Season.*

## Background:

SPEC continues to encourage consistent site operations and effective communications to improve quality and oversight of the VITA/TCE programs.

## Updates to Quality Site Requirements (QSR)

### QSR #1 – Certification

- Military partners are now permitted to report their volunteer count at the site level.  
**Why:** The Armed Forces Tax Counsel was not able to collect the information at their level. All other volunteer listings are reported to SPEC territories from their partners.

### QSR #2 – Intake and Interview Process

- Formatted all pages of Form 13614-C, *Intake/Interview & Quality Review Sheet*, to landscape and increased the font size.
- Added a new question to Form 13614-C to assist with filing same-sex married couple state returns for states that do not allow same-sex married couple joint tax returns. This eliminates the need for the DOMA poster required during filing season 2014.
- A new section was added to address the Affordable Care Act.

## Changes to Oversight

- Clearly defined the Volunteer Standards of Conduct (VSC) **#2 - “Do not accept payment or solicit donations for federal or state tax returns preparation.”** Taxpayers' federal or state refunds cannot be deposited into VITA/TCE volunteer or any associated partners' personal or business bank/debit card accounts.  
**Why:** To protect taxpayers from potential refund fraud scams.
- A new Filing Season Readiness Partner Training Guide was developed for partner use.  
**Why:** To manage resources more effectively and provide consistent information necessary to successfully complete the filing season.

- Form 14446, *Virtual VITA/TCE Taxpayer Consent*, has been updated to include the drop-off return process.  
**Why:** To inform partners of another way to manage incoming taxpayer traffic while also giving taxpayers the ability to save time when visiting the VITA/TCE site.
- Remote Site Review procedures, forms and job aids were created explaining how to conduct site reviews.  
**Why:** To establish an effective alternative in supporting and providing oversight to VITA/TCE sites. Remote field site visits will be used during 2015 in addition to traditional field site visits (10% remote, 15% traditional).
- Site/local and/or back-up coordinators are required to be available while the site is in operation.  
**Why:** To correct noncompliant QSR and assist IRS - certified volunteers during and after return preparation. Site/local and/or back-up coordinators may be available at the site, through phone or other electronic means.
- A simplified policy is in place for completing prior year and amended tax returns allowing sites to increase production for preparing these returns. Sites can choose to file amended returns even if they did not prepare the original return. Sites with the required tools can choose to file prior year returns using the current year intake sheet to determine certification.  
**Why:** To support the IRS Service Approach and provide a return preparation service that was previously offered at Taxpayer Assistance Centers.
- The minimum returns requirement for software will increase from 35 to 50. This new policy applies to software orders placed for Filing Season 2016.  
**Why:** To reflect the increased cost of doing business; improve efficiency in the VITA/TCE programs and to emphasize growth of the VITA/TCE programs through IRS grants and expanding partnerships with specific partners, such as Educational Institutions and Credit Unions.
- Continuing Education credits for Enrolled Agents and Other Tax Return Preparers who volunteer as quality reviewers, instructors and tax return preparers will continue to be offered.  
**Why:** To increase volunteer recruitment and offer an incentive to those who volunteer.
- ITIN taxpayers requesting to file Forms 1099-R with an incorrect Social Security number must mail their paper return to their assigned service center.  
**Why:** Returns containing Form 1099-R with an incorrect Social Security Number cannot be e-filed.
- Any Form W-2, Wage and Income Statement, without a Taxpayer Identification Number (blank), SSN/ITIN, in box "a" should not be prepared at VITA/TCE sites.  
**Why:** To prevent any processing issues. Form W-2's without Social Security numbers are considered invalid and return processing will be impacted.

## Updates to Volunteer Standards of Conduct

- Identity theft and refund fraud activities were added to VSC #4, Knowingly preparing a false return.  
**Why:** To deter identity theft and refund fraud, these cases may be forwarded to Criminal Investigation Unit for further investigation.

# How to Use This Guide

This publication is designed to assist you in preparing an accurate paper or software-prepared return using TaxWise®.\*

The decision trees and interview tips are from your training materials and Publication 17, Your Federal Income Tax Guide (For Individuals). Use these tools during the dialogue with the taxpayer—“ask the right questions; get the right answers.” **NOTE: Publication 17 can be linked and researched electronically via [WWW.IRS.gov](http://WWW.IRS.gov).**

Also available via **[WWW.IRS.gov](http://WWW.IRS.gov)** is the Interactive Tax Assistant (ITA), which is an excellent tool to guide you through answers to tax law questions.

\*TaxWise® is a copyrighted software program owned by CCH Small Firm Services (CCH). The screen shots in this publication should not be extracted, copied, or distributed without written approval of the IRS.

Note:



1. TaxWise® screen shots in this guide may not be updated for current tax law. Generally, the screens depicted mirror the last year's version. However, there are some instances where there are embedded references to earlier tax years.
2. Not all forms are authorized for all volunteer programs. Forms intended specifically for the Military VITA Program will be annotated as such. Volunteers should only provide tax assistance based on their level of certification—basic, advanced, military, international, or Health Savings Accounts.

SPEC allows volunteers to use the IRS provided software to prepare and electronically file their own tax return and the returns of family and friends. Unlike VITA/TCE returns, these returns have no income or tax law limitations.



## Scope of Service

Volunteers are trained to assist in the filing of Form 1040 and certain schedules and forms. This chart covers limitations or expansion of scope of service for each certification level. The check mark indicates within scope for that level of certification. The light gray areas indicate tax law topics not covered under that certification level. Form 1040 line items omitted from this chart are out of scope. Within each line item, there are specific elements that are out of scope for the VI A/TCE programs as indicated in the training. This list is not all-inclusive. To be covered under the Volunteer Protection Act, volunteers must stay within the scope of the VITA/TCE programs and prepare returns for which they achieved certification

Form 1040 Line #	Description	Information Reporting Document	 Basic	 Advanced
<b>Filing Status</b>			See Note 1	See Note 1
1	Single		✓	✓
2	Married filing jointly		✓	✓
3	Married filing separately		✓	✓
4	Head of household		✓	✓
5	Qualifying widow(er)		✓	✓
<b>Exemptions</b>				
6a - d	Exemptions		✓	✓
<b>Income</b>			See Note 2	See Note 2
7	Wages, salaries, tips, etc.	W-2	✓	✓
8a - b	Taxable interest, tax-exempt interest	1099-INT, Sch K-1	✓	✓
9a - b	Ordinary dividends, qualified dividend	1099-DIV, Sch K-1	✓	✓
10	Taxable refunds, etc.	1099-G	✓	✓
11	Alimony received		✓	✓
12	Business income or (loss)	1099-MISC, Box 7		✓ See Note 3
13	Capital gain or (loss)	1099-B		✓ See Note 4
15a - b	IRA distributions, taxable amount	1099-R	✓ See Note 5	✓
16a - b	Pensions and annuities, taxable amount	1099-R, RRB 1099-R	✓ See Note 5	✓
17	Rental real estate (Military certification only)	1099-MISC, Box 1		
17	Royalties	1099-MISC, Box 2 & Sch K-1		✓ See Note 6
19	Unemployment compensation	1099-G	✓	✓
20a - b	Social Security benefits, taxable amount	SSA-1099, RRB-1099	✓	✓
21	Other income - varies	1099-MISC, Box 3	✓ See Note 7	✓ See Note 7

Note 1 • Limitation: Foreign Student certification only for taxpayers with J, M & Q visas

Note 2 • Limitation: Military certification only – Combat Zone, Incentive Pay, Re-Enlistment, Education Repayment, Recruitment Bonus  
• Limitation: International certification only – Foreign Pay



Note 3 • Limitation: Schedule C – Follow the Schedule C-EZ guidelines, except up to \$10,000 of expenses are allowed

Note 4 • Limitation: Wash sales shown on Form 1099-B or brokerage statements only

Note 5 • Limitation: If taxable amount has been determined

Note 6 • Limitation: Only royalty income on Form 1099-MISC, Box 2 and Sch K-1

Note 7 • Limitation: HSA certification only (requires Basic certification or higher) – Health Savings Account Distributions  
• Limitation: COD for credit cards only (requires Advanced certification)  
• Limitation: International certification only – Foreign earned income exclusion



Form 1040 Line #	Description	Information Reporting Document	 Basic	 Advanced
<b>Adjusted Gross Income</b>				
23	Reserved			
24	Certain business expenses of reservists (Military certification only)			
25	Health savings account deduction (HSA certification only)	5498-SA, 1099-SA, W-2 (Box 12, Code W)	✓ See Note 7	
26	Moving expenses (Military certification only)			
27	Deductible part of self-employment tax			✓
30	Penalty on early withdrawal of savings	1099-INT	✓	✓
31a - b	Alimony paid, recipient's SSN		✓	✓
32	IRA deduction			✓
33	Student loan interest deduction	1098-E	✓	✓
34	Reserved			
<b>Tax and Credits</b>				
39a	Check if: blind/born <1/2/1950 Total boxes checked		✓	✓
39b	If your spouse itemizes on a separate return		✓	✓
40	Standard deduction		✓	✓
40	Itemized deductions		✓	✓
42-44	Exemptions, Taxable income, Tax		✓	✓
46	Excess APTC repayment	1095-A	✓	✓
48	Foreign tax credit	1099-INT or 1099-DIV	✓ See Note 8	✓ See Note 8
49	Credit for child and dependent care expenses	W-2 and/or Provider Statement	✓	✓
50	Education credits	1098-T	✓	✓
51	Retirement savings contributions credit	W-2, Box 12	✓	✓
52	Child tax credit		✓	✓
53	Residential energy credit			✓ See Note 9
54	Credit for the elderly or the disabled			✓
<b>Other Taxes</b>				
57	Self-employment tax			✓
58	Unreported social security and Medicare tax from Form 4137 only			✓
59	Additional tax on IRAs, other qualified retirement plans, etc.	1099-R	✓ See Note 10	✓ See Note 10
60	First time homebuyer credit repayment			✓
61	Health care: individual responsibility		✓	✓

Note 7 • Limitation: HSA certification only (requires Basic certification or higher) – H Distributions  
 • Limitation: COD for credit cards only (requires Advanced certification)  
 • Limitation: International certification only – Foreign earned income exclusio

Note 8 • Limitation: International certification only if Form 116 needed

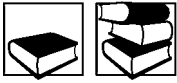
Note 9 • See Publication 4491-X current scope of Residential Energy Credits

Note 10 • Basic certification: automatic calculation only  
 • Advanced certification or higher: to remove addition to ta

Form 1040 Line #	Description	Information Reporting Document	 Basic	 Advanced
<b>Payments</b>				
64	Federal income tax withheld from	W-2 and 1099	✓	✓
65	2014 estimated tax payments and amount applied from 2013		✓	✓
66	Earned income credit (EIC)		✓	✓
66	Nontaxable combat pay election (Military certification only)	W-2, Box 12, Code Q		
67	Additional child tax credit		✓	✓
68	American opportunity credit	1098-T	✓	✓
69	Net premium tax credit	1095-A	✓	✓
70	Amount paid with request for extension		✓	✓
71	Excess social security and tier 1 RRTA	SSA-1099, RRB-1099	✓	✓
<b>Refund</b>				
75	Amount overpaid		✓	✓
76	Bank account information		✓	✓
77	Amount you want applied to 2015 estimated tax		✓	✓
<b>Amount You Owe</b>				
78	Amount you owe		✓	✓
	Third Party Designee		✓	✓
	Identity Protection PIN section		✓	✓



## Important Changes for 2014



### **Intake/Interview and Quality Review Training**

Intake/Interview and Quality Review Training is now Publication 5101 and can be found on VITA/TCE Central.

### **Due Date of Return**

The due date for the US Individual Income Tax Return for Tax Year 2014 is April 15, 2015.

### **Standard Deduction Increases**

The standard deduction for taxpayers who do not itemize deductions on Schedule A (Form 1040) has increased. The standard deduction amounts for 2014 are:

- \$12,400 – Married Filing Jointly or Qualifying Widow(er) (Increase of \$200)
- \$9,100 – Head of Household (Increase of \$150)
- \$6,200 – Single or Married Filing Separately (Increase of \$100)

#### ***Taxpayers who are 65 and Older or are Blind***

For 2014, the standard deduction for these taxpayers increased:

- \$1,550 – Single or Head of Household (increase of \$50)

The amount for Married Filing Jointly, Married Filing Separately, and Qualifying Widow(er) remains unchanged at \$1,200.

### **Personal Exemption Amount**

The amount a taxpayer can deduct for each exemption increased to \$3,950 for 2014.

### **Earned Income Credit (EIC)**

#### ***Amount of Credit Increased***

For 2014, the maximum credit is:

- \$6,143 with three or more qualifying children
- \$5,460 with two qualifying children
- \$3,305 with one qualifying child
- \$496 with no qualifying child

#### ***Earned Income Amount Increased***

To be eligible for a full or partial credit, the taxpayer must have earned income of at least \$1 but less than:

- \$46,997 (\$52,427 if Married Filing Jointly) with three or more qualifying children
- \$43,756 (\$49,186 if Married Filing Jointly) with two qualifying children
- \$38,511 (\$43,941 if Married Filing Jointly) with one qualifying child
- \$14,590 (\$20,020 if Married Filing Jointly) with no qualifying child

### **Investment Income**

Taxpayers whose investment income is more than \$3,350 cannot claim the EIC.

## Retirement Savings Contribution Credit Income Limits Increased

In order to claim this credit, your MAGI must not be more than \$30,000 (\$60,000 if Married Filing Jointly; \$45,000 if Head of Household).

## Standard Mileage Rate

For 2014, the following rates are in effect:

- 56 cents per mile for business miles driven
- 23.5 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations (no change)

## Education Benefits

**American opportunity credit** is reduced for taxpayers with modified adjusted gross income in excess of \$80,000 (\$160,000 for a joint return).

**Lifetime learning credit** is reduced for taxpayers with modified adjusted gross income in excess of \$54,000 (\$108,000) for a joint return.

**Student loan interest deduction** begins to phase out for taxpayers with modified adjusted gross income in excess of \$65,000 (\$130,000 for joint returns) and is completely phased out for taxpayers with MAGI of \$80,000 or more (\$160,000 or more for joint returns).

## Eligible Long-Term Care Premium Limits Increased

For 2014, the maximum amount of qualified long-term care premiums deductible as medical expenses has increased. Qualified long-term care premiums up to the amounts shown below can be included as medical expenses on Schedule A (Form 1040) Itemized Deductions.

\$370: age 40 or under

\$700: age 41 to 50

\$1,400: age 51 to 60

\$3,720: age 61 to 70

\$4,660: age 71 and over



The limit on premiums is for each person.

## Foreign Earned Income and Housing Exclusions

For 2014, the maximum Foreign Earned Income Exclusion increased to \$99,200. The foreign housing exclusion is \$43.48 per day or \$15,872 for the year.

## Link & Learn Taxes – Optional Courses

### ***Cancellation of Debt***

Nonbusiness credit card debt is now in the Other Income lesson/Advanced certification. The Qualified Principal Residence Cancellation of Debt has expired.

### ***Health Savings Account (HSA) Deduction***

The annual contribution limits on deductions for HSAs has been increased in 2014. Individuals with self-only coverage is \$3,300 and \$6,550 for family coverage.





## **Deduction Amount and Modified AGI Limit for Traditional IRA Contributions Increased**

For 2014, the maximum IRA deduction increased to \$5,500 (\$6,500 if age 50 or older). The additional catch up contribution for individuals aged 50 and over remains \$1,000. If a taxpayer is covered by a retirement plan at work, the deduction for contributions to a traditional IRA is reduced (phased out) if the modified AGI is:

- More than \$96,000 but less than \$116,000 for a married couple filing a joint return or a qualifying widow(er),
- More than \$60,000 but less than \$70,000 for a single individual or head of household, or
- Less than \$10,000 for a married individual filing a separate return

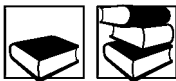
For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$181,000 and \$191,000.

The AGI phase-out range for taxpayers making contributions to a Roth IRA is:

- \$181,000 to \$191,000 for married couples filing jointly
- \$114,000 to \$129,000 for singles and heads of household
- \$0 to \$10,000 for a married individual filing a separate return

### **myRA**

In January, President Obama directed the Treasury Department to create a new retirement savings vehicle, "myRA," to be rolled out before 2015. See additional information at [www.treasurydirect.gov/readysavegrow/](http://www.treasurydirect.gov/readysavegrow/)



## **Affordable Care Act**

The Individual mandate provision of the Affordable Care Act goes into effect for tax year 2014. Additionally, individuals who obtain health insurance coverage through an Affordable Care Act Marketplace may be eligible for the premium tax credit to offset the cost of that coverage. Refer to the Affordable Care Act lesson and Publication 5157, Affordable Care Act (ACA) for VITA/TCE, for details about the advanced premium tax credit, the premium tax credit, the individual shared responsibility payment, and exemptions from the individual mandate.

## **Virtual Currency**

The IRS announced that convertible virtual currencies, such as Bitcoin, would be treated as property and not as currency, thus creating immediate tax consequences for those using Bitcoins to pay for goods and services. Taxpayers having transactions in virtual currencies are out of scope for the VITA/TCE programs.

## **Social Security Cards & Benefit Letters**

To protect the integrity of the Social Security number and prevent fraud, SSA will discontinue providing Social Security number printouts effective August 1, 2014. Taxpayers who do not have their Social Security card, will need to request a replacement Social Security card by completing the application for a Social Security Card (Form SS-5) and providing the required documentation.

Also, effective October 1, 2014, Social Security will stop providing benefit verification letters in their offices. Taxpayers will still be able to get an instant letter online with a personal my Social Security account or may call SSA to request a letter by mail.

## Expired Provisions

These provisions expired as of December 31, 2013. These provisions have been removed from this revision.

- Discharge of indebtedness on principal residence excluded from gross income of individuals
- Qualified Charitable Distribution-QCD
- Adjustments for up to \$250 for teacher classroom expenses
- Deduction for qualified tuition and related expenses
- Deduction for state and local general sales taxes
- Deduction for mortgage insurance premiums
- Nonbusiness energy property credit



Congress may enact additional legislation that will affect taxpayers after this publication goes to print. Any changes will be reflected in Publication 4491-X, VITA/TCE Training Supplement, available in mid-December on [www.irs.gov](http://www.irs.gov).

# Form 13614-C Job Aid for Volunteers

View Photo ID's for each taxpayer and spouse (if filing a Joint Return).	Name as shown on Social Security records; see Tab C for hyphenated or double names.	Taxpayer's current address (where to mail refund and/or other Correspondence).	Use Tab C, Interview Tips, to verify taxpayer and spouse dependency status.	Refer to Tab P if taxpayer is a victim of Identity Theft.	Refer to Pub 17, for definition of Legally Blind, Totally and Permanently Disabled, and Full Time Student.	If not a US citizen, see Tab I, Determining Residency Status Decision Tree, to determine taxpayer/spouse residency for tax purposes.
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Form **13614-C**  
(June 2014)

Department of the Treasury - Internal Revenue Service  
**Intake/Interview & Quality Review Sheet**

OMB Number  
1545-1064

You will need:

- Tax Information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for all persons on your tax return.
- Picture ID (such as valid driver's license) for you and your spouse.

Please complete pages 1-3 of this form.  
You are responsible for the information on your return. Please provide complete and accurate information.  
If you have questions, please ask the IRS certified volunteer preparer.

**Part I – Your Personal Information**

1. Your first name M.I. Last name Are you a U.S. citizen?  
☐ Yes ☐ No

2. Your spouse's first name M.I. Last name Is your spouse a U.S. citizen?  
☐ Yes ☐ No

3. Mailing address Apt # City State ZIP code

4. Telephone number(s) Email address (optional)

5. Your Date of Birth 6. Your job title 7. Last year, were you: a. Full time student ☐ Yes ☐ No  
b. Totally and permanently disabled ☐ Yes ☐ No c. Legally blind ☐ Yes ☐ No

8. Your spouse's Date of Birth 9. Your spouse's job title 10. Last year, was your spouse: a. Full time student ☐ Yes ☐ No  
b. Totally and permanently disabled ☐ Yes ☐ No c. Legally blind ☐ Yes ☐ No

11. Can anyone claim you or your spouse on their tax return? ☐ Yes ☐ No ☐ Unsure

12. Have you or your spouse: a. Been a victim of identity theft? ☐ Yes ☐ No b. Adopted a child? ☐ Yes ☐ No

**Part II – Marital Status and Household Information**

1. As of December 31 of last year, were you: ☐ Single (This includes registered domestic partnerships, civil unions, or other formal relationships under state law)  
☐ Married a. Did you live with your spouse during any part of the last six months of 2014? ☐ Yes ☐ No  
b. Was your marriage recognized under the laws of the state(s) you are filing in? ☐ Yes ☐ No ☐ Unsure  
☐ Divorced or Legally Separated Date of final decree or separate maintenance agreement \_\_\_\_\_  
☐ Widowed Year of spouse's death \_\_\_\_\_

2. List the names below of:  
- everyone who lived with you last year (other than you or your spouse)  
- anyone you supported but did not live with you last year

If additional space is needed check here ☐ and list on page 3

Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/14 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	Can this person be claimed by someone else as a dependent on their return? (yes/no)	Did this person provide more than 50% of their own support? (yes/no)	Did this person have less than \$3950 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					

Volunteers are trained to provide high quality service and uphold the highest ethical standards.  
To report unethical behavior to the IRS, email us at [vi.vl.tax@irs.gov](mailto:vi.vl.tax@irs.gov) or call toll free 1-877-330-1205

Catalog Number 52121E [www.irs.gov](http://www.irs.gov) Form **13614-C** (Rev. 6-2014)

Taxpayer must include <b>everyone</b> who lived with the taxpayer and <b>anyone</b> the taxpayer supported who lived elsewhere.  Always confirm this information during the interview process, especially if the taxpayer did not list anyone.	Verify birth date for each person included on the tax return. Note: Incorrect birth dates may cause e-file rejection.	Verbally confirm the number of months each person listed lived in the taxpayers' home.	If not a US citizen, see Tab L, Determining Residency Status Decision Tree, to determine residency for tax purposes.	If "no" or "unsure", consult state tax law information. This question does not affect the federal tax return.	The Certified Volunteer Preparer will complete these questions for each listed person during the Interview Process.	See Page 3 for additional information provided by the taxpayer.  Use page 4 to record interview notes.
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**Important Reminder:** Review all information in Part II before determining Filing Status and Dependency Exemptions. Use Tabs B & C to make determinations.

**Important Reminder:** Do not refer taxpayers to the Voltax e-mail address or phone number for IRS help or refund information. Refer to the back cover of Pub 4012 for appropriate IRS phone numbers.

# Form 13614-C Job Aid for Volunteers Page 2

**Important Reminder:** During the interview, question taxpayers about any items marked "Unsure" and mark them "Yes" or "No". Modify any taxpayer answers to correctly reflect all information obtained during the interview.

The certification indicators (B, A, HSA, M) should only be used to assign returns to preparers. The final scope/certification level determination should be made after completing the Interview Process using the Scope of Service Chart.

Not all of these items are reported on F1040, Line 21. See Pub 17.

Verify eligibility for Saver's Credit.

Include only qualified unreimbursed expenses (Sch A). See Pub 17.

The taxpayer may have a requirement to repay their credit.

Student Loan Interest adjustment; See Tab E.

Check appropriate box for each question in each section

## Part IV: Income – Last Year, Did You (or Your Spouse) Receive

- (B) Wages or Salary? (Form W-2) *If yes, how many jobs did you have last year?*
- (A) Tip Income?
- (B) Scholarships? (Forms W-2, 1098-T)
- (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
- (B) Refund of state/local income taxes? (Form 1099-G)
- (B) Alimony income?
- (A) Self-Employment income? (Form 1099-MISC, cash)
- (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?
- (B) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (including your home) (Forms 1099-S, 1099-B)
- (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
- (A) Distribution from Pensions, Annuities, and/or IRA? (Form 1099-R)
- (B) Unemployment compensation? (Form 1099-G)
- (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
- (M) Income (or loss) from Rental Property?
- (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, etc.) (Forms W-2G) Specify

## Part V: Expenses – Last Year, Did You (or Your Spouse) Pay

- (B) Alimony? *If yes, do you have the recipient's SSN?* ☐ Yes ☐ No *IRA (A) 401K (B) Roth IRA (B)*
- Contributions to a retirement account?
- (B) Post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
- (B) Unreimbursed employee business expenses? (such as uniforms or mileage)
- (B) Medical expenses? (including health insurance premiums)
- (B) Home mortgage interest? (Form 1098)
- (B) Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
- (B) Charitable contributions?
- (B) Child or dependent care expenses such as daycare?
- (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
- (A) Expenses related to self-employment income or any other income you received?

## Part V – Life Events – Last Year, Did You (or Your Spouse)

- (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
- (COD) Have debt from a mortgage or credit card cancelled/forgiven by a commercial lender? (Forms 1099-C, 1099-A)
- (A) Buy, sell or have a foreclosure (COD) of your home? (Form 1099-A)
- (B) Have Earned Income Credit (EIC) disallowed in a prior year? *If yes, for which tax year?*
- (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
- (B) Live in an area that was affected by a natural disaster? *If yes, where?*
- (A) Receive the First Time Homebuyers Credit in 2008?
- (B) Pay any student loan interest? (Form 1098-E)
- (B) Make estimated tax payments or apply last year's refund to this year's tax? *If so how much?*
- (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?

Catalog Number 52121E

www.irs.gov

Form 136

Page 3

Yes No Unsure Check appropriate box for each question in each section

## Part VI: Health Care Coverage (includes CHIP, Medicare, Medicaid, Employer-Sponsored Insurance, Individual Health Insurance, etc.)

- Last year, did you have health care coverage for you, your spouse, and all qualifying dependents? (Forms W-2, 1099-SSA and Form 1095A)
- Last year, did you or your spouse receive an advance payment from the Marketplace to help you pay for your monthly health care premiums? (Form 1095A)

Visit <http://www.healthcare.gov/> or call 1-800-318-2596 for more information on health insurance coverage options and assistance.

Receiving advance payments may create an automatic filing requirement. See Pub 17

Refer taxpayers who have questions or need coverage to this phone number.

Complete for taxpayers & dependents after answering questions in the Certified Volunteer Preparer Section (Page 1, Part II).

When making advance payments of the premium tax credit to help pay for your health insurance coverage, you should report life changes, such as marital status or family size changes, to your marketplace. Reporting changes will help to make sure you are getting the proper amount of advance payment.

Completed by a Certified Volunteer Preparer (Use Publication 4012 and check the appropriate box(es) indicating the health care coverage status for everyone in the household.)

Had Health Care Coverage	(B) For the Entire year (12 months)	(B) For part of the year (Less than 12 months)	(B) No Health Care Coverage at all	(B)
Member 1 (page 1)				
Member 2 (page 1)				
Member 3 (page 1)				
Member 4 (page 1)				

You must use the flow chart in Tab ACA for all taxpayers to determine Minimum Essential Coverage.



## The Quality Review Process

Every tax return must be Quality Reviewed prior to the taxpayer leaving the site.

### Volunteer Preparer

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1. Advise the taxpayer of the importance of this Quality Review Process and their role in the process.
2. Compile the taxpayer's supporting documents and their intake and interview sheet.
3. Introduce the taxpayer to the quality reviewer and provide all items used to complete the return.

### Quality Reviewer

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1. Ask the taxpayer if all of their questions have been answered by the preparer.
2. Verify you have a copy of the tax return and all documents used to prepare the tax return.  
(Form 13614-C, W-2's, Form 1099's, Social Security documents, identification, etc.)
3. Conduct the Quality Review by addressing all items listed in Section VII (Page 4) of Form 13614-C.
  - Taxpayer (and Spouse's) identity was verified with a photo ID.
  - The volunteer return preparer/quality reviewer are certified to prepare/review this return and return is within scope of the program.
  - All unsure boxes were discussed with the taxpayer and correctly marked yes or no.
  - The information on pages one through three was correctly addressed and transferred to the return.
  - Names, SSNs, ITINs, and EINs, were verified and correctly transferred to the return.
  - Filing status was verified and correct.
  - Personal and Dependency Exemptions are entered correctly on the return.
  - All Income (including income with or without source documents) checked "yes" in part III was correctly transferred to the tax return.
  - Adjustments are correct.
  - Standard, Additional or Itemized Deductions are correct.
  - All credits are correctly reported.
  - All Affordable Care Act information is reported correctly.
  - Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
  - Direct Deposit/Debit and checking/saving account numbers are correct.
  - SIDN is correct on the return.

#### If there are errors:

- Discuss the error with the preparer and make sure you are both in agreement on the correction(s).
- Make correction(s) on Form 13614-C.
- Explain the error and correction with the taxpayer.

#### If there are no errors or after correcting errors:

- Ask taxpayer(s) if they have any questions.
- Advise taxpayer(s) that they are responsible for the information on the return.  
(This can be done by having taxpayer(s) review the statement in Part II of Form 8879, *IRS e-file Signature Authorization*)
- Obtain the appropriate taxpayer signatures and submit for e-filing.
- Place the copy of the taxpayer's return and supporting documents in Publication 730, *Important Tax Records Envelope (VITA/TCE)* or an AARP envelope, if available.
- Advise the taxpayer to bring completed tax return with worksheets back next year.



## VITA/TCE Quality Site Requirements Briefing

All taxpayers using the services offered through the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) Programs should be confident they are receiving accurate return preparation and quality service. The purpose of the ten **Quality Site Requirements (QSR)** is to ensure quality and accurate return preparation and consistent site operations. The QSR are required to be communicated to all volunteers and partners to ensure IRS and partner mutual objectives are met.

- 1. Certification:** Annually, **all volunteers** are required to complete the Volunteer Standards of Conduct training and pass the Volunteer Standards of Conduct test with a score of 80% or higher, prior to working at a VITA/TCE site.

All volunteers (greeters, client facilitators, site/local coordinators, certified preparers, quality reviewers, and instructors) are required to annually complete awareness training that explains the Intake/Interview & Quality Review Process. This training is available on Link & Learn Taxes and in Publication 4961, Volunteer Standards of Conduct- Ethics Training. In addition, instructors, site/local coordinators, return preparers, and quality reviewers are required to view either Intake/Interview and Quality Review training on Link & Learn Taxes or Publication 5101 that details how to prepare and quality review tax returns. This process includes interviewing the taxpayer and discussing items on Form 13614-C, *Intake/interview & Quality Review Sheet*.

Volunteers who answer tax law questions, instruct tax law classes, prepare or correct tax returns and/ or conduct quality reviews of completed tax returns are required to be certified in tax law. All designated/peer-to-peer quality reviewers are required to be certified at a minimum, at the Basic level or higher (based on the complexity of the return). All VITA/TCE instructors at a minimum are required to be certified at the Advanced level.

All site/local coordinators are required to complete Site Coordinator Training, annually. This includes reviewing Publication 1084, Site Coordinator's Handbook and Publication 5088, Site Coordinator Training. AARP local coordinators attend mandated AARP training.

- 2. Intake and Interview Process:** **All sites** are required to use Form 13614-C, Intake/Interview & Quality Review Sheet, for every return prepared by an IRS-tax law certified volunteer. It is a requirement that all IRS-tax law certified volunteer preparers use a correct Intake and Interview Process. To promote accuracy, this process must include an interview with the taxpayer while reviewing Form 13614-C and all supporting documents prior to preparing the tax return.
- 3. Quality Review Process:** All returns prepared by an IRS-tax law certified volunteer preparer must be quality reviewed. Reviews conducted by a designated or peer-to-peer reviewer comply with this requirement. Self-review is not an approved quality review method. Quality reviewers are required to interview the taxpayer while verifying items listed on Form 13614-C in the "IRS Certified Volunteer Quality Reviewer Section", are correct. Prior to signing the tax return the taxpayer must review their return for accuracy and be advised they are solely responsible for the information on their return. In most sites, the quality reviewer performs this task.
- 4. Reference Materials:** All sites are required to have one copy (paper or electronic) of the following reference materials available for use by volunteers, within five days of IRS issuance.

- Publication 4012, Volunteer Resource Guide
- Publication 17, Your Federal Income Tax for Individuals

Sites using TaxWise have electronic access to Publication 4012, Publication 17, Volunteer Tax Alerts, and Interactive Tax Assistant (ITA).

- 5. Volunteer Agreement:** All volunteers (site/local coordinators, preparers, quality reviewers, greeters, screeners, client facilitators, etc.) are required to sign and date Form 13615, *Volunteer Standards of Conduct Agreement-VITA/TCE Programs*, prior to working at a VITA/TCE site. To be valid, Form 13615, Volunteer Standards of Conduct Agreement, must be certified (signed and dated) by the site coordinator, sponsoring partner, instructor, or IRS contact. This process validates the volunteer's identity and certification level was verified.

- 6. Timely Filing:** For e-filed returns, Form 8879, *IRS e-file Signature Authorization*, is required to be signed by the taxpayer, which gives the site permission to e-file their tax return. IRS requires this form to be maintained for three years by the partner; however, VITA/TCE sites received a waiver for the three-year retention requirement for Form 8879 and supporting documents.

Based on this waiver, all VITA/TCE sites are required to secure the taxpayer's and spouse's signature on Form 8879. In addition, the signed Form 8879 is required to be given to the taxpayer along with a copy of their tax return. Without a signed Form 8879, the site does not have permission to e-file nor does it provide evidence to show taxpayers had the opportunity to read the important declaration prior to submitting the e-filed tax return.

Actions required to ensure timely filed returns include:

- Ensuring that stockpiling of returns does not occur at the site. Stockpiling refers to waiting more than three calendar days to submit the return to the IRS once the site has all necessary information to e-file the return.
- Retrieving acknowledgements timely (preferred within 48 hours of transmission).
- Promptly working rejects that can be corrected by the volunteer.
- Timely notifying taxpayers (attempted within 24 hours) if rejects cannot be corrected.
- Providing the taxpayer with a completed return along with the correct processing center mailing address (for paper returns).
- Promptly notifying taxpayers if any other problems are identified with return processing.

- 7. Civil Rights:** All VITA/TCE sites are required to display a **current** Publication 4053 (EN/SP), *Your Civil Rights are Protected*, or a current AARP D143, *AARP Foundation Tax Aide*.

Publication 4454 is an optional product designed to notify taxpayers of their civil rights when tax preparation services cannot be offered, (i.e. lack of information to prepare return, return not within scope of the VITA/TCE Programs, etc.). According to Civil Rights Division (CRD), using any other products as the source for notifying the taxpayers of their Title VI rights is not acceptable. Publication 730, Important Tax Records Envelope (VITA/TCE), and the AARP envelope as the source for notifying the taxpayers of their Title VI rights **is not acceptable**.

- 8. Site Identification Number:** It is critical that the correct Site Identification Number (SIDN) is reported on **ALL** returns prepared by VITA/TCE sites.
- 9. Electronic Filing Identification Number:** The correct Electronic Filing Identification Number (EFIN) is required to be used on every return prepared.
- 10. Security, Privacy and Confidentiality:** All guidelines outlined in Publication 4299, *Privacy and Confidentiality—A Public Trust*, are required to be followed by all volunteers.

SPEC's corrective actions to increase identity theft prevention behavior at all VITA/TCE sites outline that **all** volunteers are required to:

- Wear name identifications, at a minimum that includes the volunteers' first name and the first letter of their last name. This can include a work ID, AARP name badges, IRS Badge Stickers, or similar products. Form 14509, *Volunteer ID Insert*, is an optional product developed for volunteers to display their identity. The ID badge does not need to be updated annually unless the information on the ID badge has changed. However, wearing identifications no longer serves as proof of certification.

Refer to [www.irs.gov](http://www.irs.gov) - Key word search: Publication 5166, Quality Site Requirements, for more detailed information.

# Basic Steps in Preparing a Tax Return Using TaxWise®

1. **Review with the taxpayer the Intake and Interview Form and the list of out-of-scope items**
  - Charitable contributions, link to Sch A detail
  - Miscellaneous deductions
2. **Start the return**
  - Click New Return icon or Start a New Return link on the Homepage.
  - Enter the primary taxpayer's SSN.
  - Retype the SSN for validation.
  - Go to Tax Forms.
3. **Complete the Main Information Sheet**
  - Verify and enter taxpayer information.
  - Verify and enter dependents and family members who may be qualifying persons for any benefit.
  - Check the Child and Dependent Care Credit and Earned Income Credit boxes as appropriate.
  - Enter State information as needed.
4. **Add Form W-2 Information**
  - Link to Form W-2 from Line 7 of the Form 1040.
  - Click the box next to Taxpayer or Spouse, whichever applies.
  - Complete all entries as printed on the paper copy of Form W-2 and verify that electronic W-2 matches the taxpayer's paper copy.
  - Enter other Forms W-2 if applicable.
5. **Go down the 1040 income section and link out to the supporting document for every line**
  - Interest, Form 1099-INT, to Interest Stmt
  - Dividends, Form 1099-DIV, to Dividend Stmt
  - State Tax Refund, Form 1099-G, to worksheet
  - Alimony to 1040 Line 11
  - Business Income 1099-Misc and notes to Sch C
  - Capital Gains, Form 1099-B to Cap Gn Wkt
  - IRA Distributions, Form 1099-R
  - Pension, Form 1099-R
  - Unemployment, Form 1099-G to Worksheet
  - Social Security benefits, Form SSA 1099 to Wkt1
  - Other Income such as Form 1099-Misc (Box 3) and Gambling, Form W-2G to Wkt
6. **Enter information for any adjustments that apply**
7. **If the taxpayer's deductions might exceed the standard deduction, open Sch A and enter deductions**
  - Medical expenses (including after-tax insurance premiums), link to Sch A detail
  - Taxes paid
  - Mortgage interest paid
8. **Link to supporting form for non-refundable credits**
  - Foreign taxes from 1099-Div to Form 1116
  - Dependent Care to Form 2441
  - Retirement Savings, Form 8880
  - Credit for the Elderly, Sch R
  - Energy Credit to Form 5695
9. **Ensure that any Other Taxes are appropriate**
  - Look for exceptions to early distribution penalties
10. **Complete state and local returns as required**
11. **Determine where education expenses should be taken**
  - In each location, enter the appropriate expenses and record the federal and state refund amounts.
  - Use whichever location is best for the taxpayer.
12. **Enter bank account and routing numbers**
13. **Work the TaxWise® forms tree on the left side of the screen, complete any unfinished forms**
  - Review the return tree for incomplete forms in BOTH federal and state returns.
  - Each incomplete form will have a yellow caution mark or a red exclamation point.
  - Click on the incomplete form and complete only the remaining red entries.
  - Repeat this process until no forms in the tree are red or have exclamation marks.
14. **Finish the return**
  - Run Diagnostics.
  - Review warnings and make necessary changes.
  - Verify each overridden entry.
  - Have the return quality reviewed.
  - Correct any errors from Quality Review process.
  - Re-run diagnostics.
  - Click Create E-file button.
  - Change Return Stage to Ready to Transmit.
15. **Print the return**
  - Click Print Return button.
  - In Desktop, select the print packets you want and click Print.
  - In TWO, open the PDF and print it.
  - Have the taxpayer sign Form 8879.
  - Collate the return.
16. **Complete the site log**

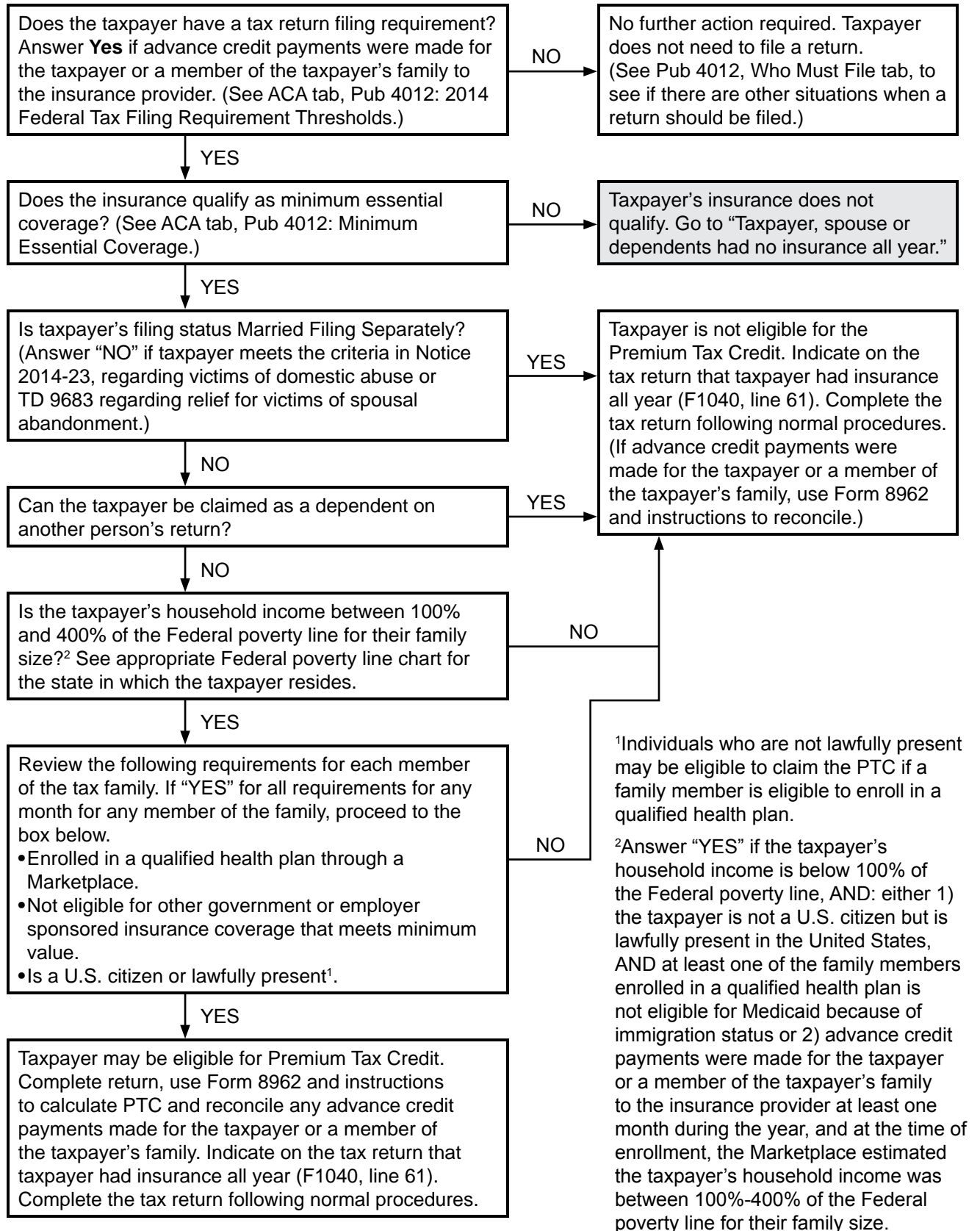




# Determining ACA Next Steps – Insurance All Year

## Taxpayer, spouse, and/or dependents had insurance all year

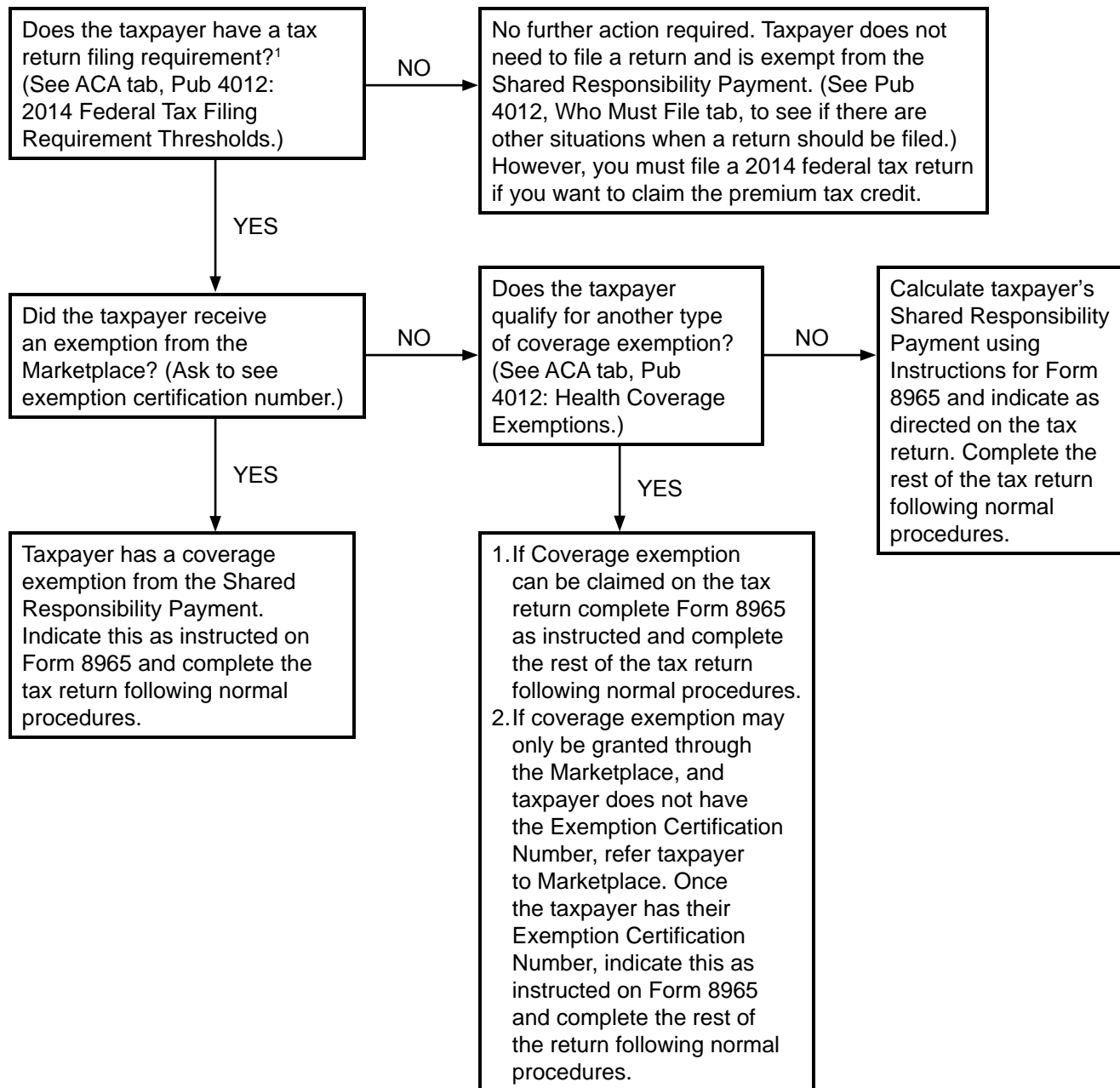
### Start Here



# Determining ACA Next Steps – No Insurance All Year

## Taxpayer, spouse, and/or dependents had no insurance all year

### Start Here



\*Review decision tree separately for each individual included on the return.

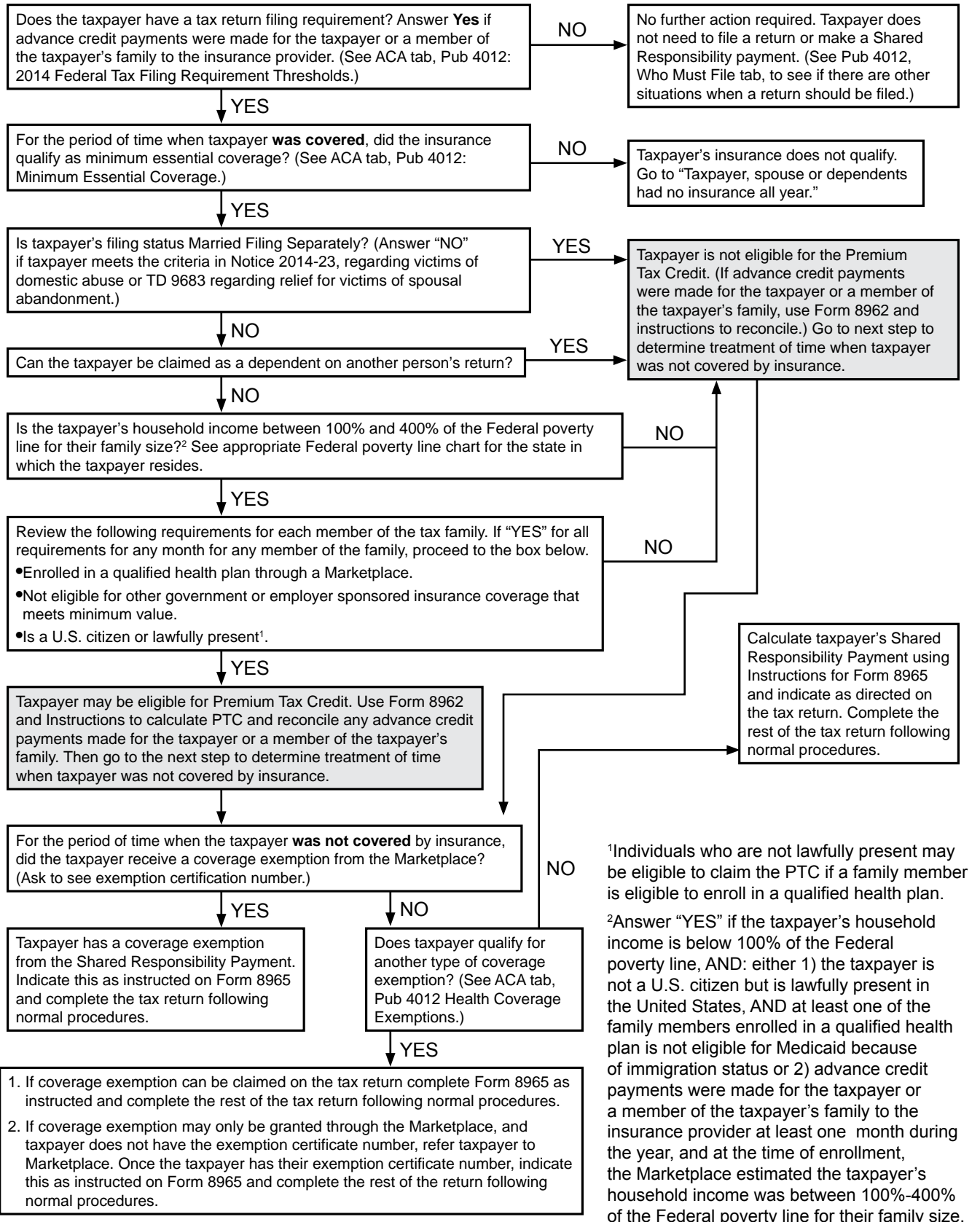
<sup>1</sup>If advance credit payments were made for the taxpayer or a member of the taxpayer's family, a tax return must be completed and the advance credit payments reconciled on Form 8962. Answer **Yes** to follow the rest of the decision tree to determine if a coverage exemption can be claimed or shared responsibility payment must be made.



# Determining ACA Next Steps – Insurance Part Year

## Taxpayer, spouse, and/or dependents had insurance for part of the year

### Start Here



<sup>1</sup>Individuals who are not lawfully present may be eligible to claim the PTC if a family member is eligible to enroll in a qualified health plan.

<sup>2</sup>Answer "YES" if the taxpayer's household income is below 100% of the Federal poverty line, AND: either 1) the taxpayer is not a U.S. citizen but is lawfully present in the United States, AND at least one of the family members enrolled in a qualified health plan is not eligible for Medicaid because of immigration status or 2) advance credit payments were made for the taxpayer or a member of the taxpayer's family to the insurance provider at least one month during the year, and at the time of enrollment, the Marketplace estimated the taxpayer's household income was between 100%-400% of the Federal poverty line for their family size.

## Minimum Essential Coverage

<b>Qualifies as Minimum Essential Coverage</b>
<b>Employer Sponsored Basic Health Coverage</b>
Qualified employee coverage (including self-insured and grandfathered plans)*
COBRA coverage
Retiree
<b>Individual Health Coverage</b>
Qualified health insurance you purchase from an insurance company directly*
Health insurance you purchase through the Health Insurance Marketplace
Qualified health insurance provided through a student health plan
Qualified health insurance provided through a student health plan that is self-funded by a university (only for a plan year beginning on or before December 31, 2014, unless recognized as minimum essential coverage by HHS)
<b>Coverage Under Government-Sponsored Programs</b>
Medicare Part A coverage (hospital insurance)
Medicare Advantage plans
Most Medicaid coverage
Children's Health Insurance Program (CHIP)
Most types of TRICARE coverage under Title 10, Chapter 55 of the United States Code
Comprehensive health care programs offered by the Department of Veterans Affairs
State high-risk health insurance pools (only for a plan year beginning on or before December 31, 2014, unless recognized as minimum essential coverage by HHS)
Health coverage provided to Peace Corps volunteers
Department of Defense Nonappropriated Fund Health Benefits Program
Refugee Medical Assistance
<b>Other Coverage</b>
Certain foreign coverage (If recognized as minimum essential coverage by the Department of Health and Human Services (HHS))
Certain coverage for business owners (Minimum essential coverage includes coverage provided to a business owner (such as a partner or sole proprietor) under a plan that is eligible employer-sponsored coverage with respect to at least one employee.)

## May Provide Limited Benefits But Does Not Qualify as Minimum Essential Coverage

Coverage consisting solely of excepted benefits such as:

- Supplemental insurance plans
- Limited/short-term medical insurance
- Hospital indemnity health plans
- Standalone dental and vision insurance
- Accident or disability income insurance
- Workers' compensation insurance

AmeriCorps coverage for those serving in programs receiving AmeriCorps State and National grants

AfterCorps coverage purchased by returning members of the Peace Corps

**Government-Sponsored Limited-Benefit Coverage**  
(The programs listed below generally do not qualify as minimum essential coverage. However, for 2014, for any month an individual is enrolled in one of these programs, a coverage exemption can be claimed. Use code H on Form 8965 to claim this exemption)

Medicaid providing only family planning services

Medicaid providing only tuberculosis-related services

Medicaid providing only coverage limited to treatment of emergency medical conditions

Pregnancy-related Medicaid coverage

Medicaid coverage for the medically needy

Section 1115 Medicaid demonstration projects

Space available TRICARE coverage provided under Title 10, Chapter 55 of the United States Code for individuals who are not eligible for TRICARE coverage for health services from private sector providers

Line of duty TRICARE coverage provided under Title 10, Chapter 55 of the United States Code

\*If the taxpayer is not sure if their health coverage is qualified, they need to contact the provider (employer, insurance company, educational institution, etc.)



# Health Care Coverage Exemption

Replace the Coverage Exemptions chart on page ACA 5

## Types of Coverage Exemptions

This chart shows all of the coverage exemptions available for 2014, including information about where the coverage exemptions can be obtained and the code for the coverage exemption that is to be used on Form 8965 when you claim the exemption. If your coverage exemption was granted by the Marketplace, enter the ECN (see the instructions for [Part II](#)).

Coverage Exemption	Granted by Marketplace	Claimed on tax return	Code for Exemption
<b>Income below the filing threshold</b> — Your gross income or your household income was less than your applicable minimum threshold for filing a tax return.		✓	No Code See Part II
<b>Coverage considered unaffordable</b> — The minimum amount you would have paid for premiums is more than 8% of your household income.		✓	A
<b>Short coverage gap</b> — You went without coverage for less than 3 consecutive months during the year.		✓	B
<b>Citizens living abroad and certain noncitizens</b> — You were: • A U.S. citizen or resident who spent at least 330 full days outside of the U.S. during a 12-month period; • A U.S. citizen who was a bona fide resident of a foreign country or U.S. territory; • A resident alien who was a citizen of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause, and you were a bona fide resident of a foreign country for the tax year; or • Not a U.S. citizen, not a U.S. national, and not an individual lawfully present in the U.S. For more information about who is treated as lawfully present for purposes of this coverage exemption, visit <a href="http://healthcare.gov">healthcare.gov</a> .		✓	C
<b>Members of a health care sharing ministry</b> — You were a member of a health care sharing ministry.	✓	✓	D
<b>Members of Indian tribes</b> — You were either a member of a Federally-recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), or you were otherwise eligible for services through an Indian health care provider or the Indian Health Service.	✓	✓	E
<b>Incarceration</b> — You were in a jail, prison, or similar penal institution or correctional facility after the disposition of charges.	✓	✓	F
<b>Aggregate self-only coverage considered unaffordable</b> — Two or more family members' aggregate cost of self-only employer-sponsored coverage was more than 8% of household income, as was the cost of any available employer-sponsored coverage for the entire family.		✓	G
<b>Gap in coverage at the beginning of 2014</b> — You had a coverage gap at the beginning of 2014 but were either enrolled in, or were treated as having enrolled in, coverage through the Marketplace or outside of the Marketplace with an effective date on or before May 1, 2014.		✓	G
<b>Gap in CHIP coverage</b> — You applied for CHIP coverage during the initial open enrollment period and were found eligible for CHIP based on that application but had a coverage gap at the beginning of 2014.		✓	G
<b>Resident of a state that did not expand Medicaid</b> — Your household income was below 138% of the federal poverty line for your family size and at any time in 2014 you resided in a state that did not participate in the Medicaid expansion under the Affordable Care Act.		✓	G
<b>Limited benefit Medicaid and TRICARE programs that are not minimum essential coverage</b> — You were enrolled in certain types of Medicaid and TRICARE programs that are not minimum essential coverage. (Available only in 2014.)		✓	H
<b>Employer coverage with non-calendar plan year beginning in 2013</b> — You were eligible, but did not purchase, coverage under an employer plan with a plan year that started in 2013 and ended in 2014. (Available only in 2014.)		✓	H
<b>Members of certain religious sects</b> — You are a member of a recognized religious sect.	✓		Need ECN See Part I
<b>Determined ineligible for Medicaid in a state that did not expand Medicaid coverage</b> — You were determined ineligible for Medicaid solely because the state in which you resided did not participate in Medicaid expansion under the Affordable Care Act.	✓		Need ECN See Part I
<b>General hardship</b> — You experienced a hardship that prevented you from obtaining coverage under a qualified health plan.	✓		Need ECN See Part I
<b>Coverage considered unaffordable based on projected income</b> — You did not have access to coverage that is considered affordable based on your projected household income.	✓		Need ECN See Part I
<b>Unable to renew existing coverage</b> — You were notified that your health insurance policy was not renewable and you considered the other plans available unaffordable.	✓		Need ECN See Part I
<b>AmeriCorps coverage</b> — You were engaged in service in AmeriCorps State and National, VISTA, or NCCC programs and were covered by short-term duration coverage or self-funded coverage provided by these programs.	✓		Need ECN See Part I

• A checkmark is added to the "Claimed on tax return" column on the line for the coverage exemption labeled "Income below the filing threshold." If you are not required to file a tax return, your tax household is exempt from the shared responsibility payment and you do not need to file a tax return to claim the coverage exemption. However, if you choose to file anyway, you can claim this coverage exemption on Part II of Form 8965, Health Coverage Exemptions, Lines 7A or 7B.

• The checkmark is deleted from the "Granted by Marketplace" column on the line for the coverage exemption labeled "Resident of a state that did not expand Medicaid." The coverage exemption described on this line can be claimed on your tax return (using Code "G" on Form 8965 in Part III), unless you have already received an ECN from the Marketplace because you were ineligible for Marketplace and Medicaid coverage.

## 2014 Federal Tax Filing Requirement Thresholds

Filing Status	Age	Must file a return if gross income exceeds
Single	Under 65	\$10,150
	65 or older	\$11,700
Head of Household	Under 65	\$13,050
	65 or older	\$14,600
Married Filing Jointly	Under 65 (both spouses)	\$20,300
	65 or older (one spouse)	\$21,500
	65 or older (both spouses)	\$22,700
Married Filing Separately	Any age	\$3,950
Qualifying Widow(er) with Dependent Children	Under 65	\$16,350
	65 or older	\$17,550

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). Include only the taxable part of social security benefits (Form 1040, line 20b; Form 1040A, line 14b). Also include gains, but not losses, reported on Form 8949 or Schedule D. 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.

# 2014 Federal Tax Filing Requirement Thresholds – Dependents

If your parent (or someone else) *can* claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

**Single dependents.** Were you **either** age 65 or older or blind?

- ☐ **No.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$1,000.
  2. Your earned income was over \$6,200.
  3. Your gross income was more than the larger of —
    - a. \$1,000, or
    - b. Your earned income (up to \$5,850) plus \$350.
- ☐ **Yes.** You must file a return if any of the following apply.
  1. Your unearned income was over \$2,550 (\$4,100 if 65 or older **and** blind).
  2. Your earned income was over \$7,750 (\$9,300 if 65 or older **and** blind).
  3. Your gross income was more than the larger of —
    - a. \$2,550 (\$4,100 if 65 or older **and** blind) or
    - b. Your earned income (up to \$5,850) plus \$1,900 (\$3,450 if 65 or older and blind).

**Married dependents.** Were you **either** age 65 or older **or** blind?

- ☐ **No.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$1,000.
  2. Your earned income was over \$6,200.
  3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions
  4. Your gross income was more than the **larger** of —
    - a. \$1000, or
    - b. Your earned income (up to \$5,850) plus \$350.
- ☐ **Yes.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$2,200 (\$3,400 if 65 or older **and** blind).
  2. Your earned income was over \$7,400 (\$8,600 if 65 or older **and** blind).
  3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions
  4. Your gross income was more than the **larger** of —
    - a. \$2,200 (\$3,400 if 65 or older **and** blind), or
    - b. Your earned income (up to \$5,850) plus \$1,550 (\$2,750 if 65 or older **and** blind).

~~Note: For children under age 18 and certain older children, unearned income over \$2,000 is taxed at the parent's rate if the parent's rate is higher than the child's. For this purpose, "unearned income" includes all taxable income other than earned income, such as taxable interest, ordinary dividends, capital gains, rents, royalties, etc. It also includes taxable social security benefits, pension and annuity income, taxable scholarship and fellowship grants not reported on Form 2, unemployment compensation, alimony, and income received as the beneficiary of a trust. If the child's unearned income is more than \$2,000, Form 8615 must be used to figure the child's tax. Form 8615 is out of scope.~~

In this chart, unearned income includes taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. Earned income includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. Gross income is the total of unearned and earned income.

Insert the following Dependents' Combined MAGI chart.

## Worksheet 1-2. Dependents' Combined Modified AGI—Line 2b

- 
1. Enter the AGI for your dependents from Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 3; and Form 1040NR, line 37 . . . . . 1. \_\_\_\_\_
  2. Enter any tax-exempt interest for your dependents from Form 1040, line 8b; Form 1040A, line 8b; Form 1040EZ, the amount written to the left of the line 2 entry space; and Form 1040NR, line 9b . . . . . 2. \_\_\_\_\_
  3. Enter any amounts for your dependents from Form 2555, lines 45 and 50, and Form 2555-EZ, line 18 . . . . . 3. \_\_\_\_\_
  4. Enter for each of your dependents the excess, if any, of Form 1040, lines 20a over 20b; and Form 1040A, lines 14a over 14b . . . . . 4. \_\_\_\_\_
  5. Add lines 2 through 4 . . . . . 5. \_\_\_\_\_
  6. Add lines 1 and 5. Enter here and on Form 8962, line 2b . . . . . 6. \_\_\_\_\_
-



# Federal Poverty Lines

Replace with the following chart, which adds a 138% column . Residents of states that did not expand Medicaid with household incomes below 138% of the federal poverty line are eligible to claim a coverage exemption on their tax return using Form 8965 (Part III, Code "G").

## Federal Poverty Lines

2013* Poverty Lines for the 48 Contiguous States and the District of Columbia			
For families/households with more than 8 persons, add \$4,020 for each additional person (100% Poverty Line)			
Persons in family/household	100% Poverty Line	138% Poverty Line	400% Poverty Line
1	\$11,490	\$15,856	\$45,960
2	\$15,510	\$21,404	\$62,040
3	\$19,530	\$26,951	\$78,120
4	\$23,550	\$32,499	\$94,200
5	\$27,570	\$38,047	\$110,280
6	\$31,590	\$43,594	\$126,360
7	\$35,610	\$49,142	\$142,440
8	\$39,630	\$54,689	\$158,520

2013* Poverty Lines for Alaska			
For families/households with more than 8 persons, add \$5,030 for each additional person (100% Poverty Line)			
Persons in family/household	100% Poverty Line	138% Poverty Line	400% Poverty Line
1	\$14,350	\$19,803	\$57,400
2	\$19,380	\$26,744	\$77,520
3	\$24,410	\$33,686	\$97,640
4	\$29,440	\$40,627	\$117,760
5	\$34,470	\$47,569	\$137,880
6	\$39,500	\$54,510	\$158,000
7	\$44,530	\$61,451	\$178,120
8	\$49,560	\$68,393	\$198,240

2013* Poverty Lines for Hawaii			
For families/households with more than 8 persons, add \$4,620 for each additional person (100% Poverty Line).			
Persons in family/household	100% Poverty Line	138% Poverty Line	400% Poverty Line
1	\$13,230	\$18,257	\$52,920
2	\$17,850	\$24,633	\$71,400
3	\$22,470	\$31,009	\$89,880
4	\$27,090	\$37,384	\$108,360
5	\$31,710	\$43,760	\$126,840
6	\$36,330	\$50,135	\$145,320
7	\$40,950	\$56,511	\$163,800
8	\$45,570	\$62,887	\$182,280

\*For purposes of the premium tax credit, eligibility for a certain year is based on the most recently published set of poverty lines on the first day of the annual open enrollment period. As a result, the tax credit for 2014 will be based on the 2013 poverty lines.



## Shared Responsibility Payment Worksheet

If you or another member of your tax household had neither minimum essential coverage nor a coverage exemption for any month during 2014, use the Shared Responsibility Payment Worksheet, below, to figure your shared responsibility payment. You will enter the amount from line 14 of the worksheet on Form 1040, line 61; Form 1040A, line 38; or Form 1040EZ, line 11.

Complete the monthly columns by placing "X's" in each month in which you or another member of your tax household had neither minimum essential coverage nor a coverage exemption.

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Total number of X's in a month. If 5 or more, enter 5 .....												
2. Total number of X's in a month for individuals 18 or over* .....												
3. One-half the number of X's in a month for individuals under 18* .....												
4. Add lines 2 and 3 for each month .....												
5. Multiply line 4 by \$95 for each month. If \$285 or more, enter \$285 .....												
6. Sum of the number of X's on line 1 above for the year .....												
7. Enter your household income (see <u>Household income</u> , earlier) .....												
8. Enter your filing threshold (see <u>Filing Thresholds For Most People</u> , later) .....												
9. Subtract line 8 from line 7 .....												
10. Multiply line 9 by 1% (.01) .....												
11. Is line 10 more than \$285? <input type="checkbox"/> <b>Yes.</b> Multiply line 10 by the number of months for which line 1 is more than zero <input type="checkbox"/> <b>No.</b> Enter the amount from line 14 of the <u>Flat Dollar Amount Worksheet</u> } .....												
12. Divide line 11 by 12.0 .....												
13. Multiply line 6 by \$204** .....												
14. Enter the smaller of line 12 or line 13 here and on Form 1040, line 61; Form 1040A, line 38; or Form 1040EZ, line 11. This is your shared responsibility payment .....												

\*For purposes of figuring the shared responsibility payment, an individual is considered under 18 for an entire month if he or she did not turn 18 before the first day of the month. An individual turns 18 on the anniversary of the day the individual was born. For example, someone born on March 1, 1999, is considered age 18 on March 1, 2017.

**\*\*\$204 is the 2014 national average premium for a bronze level health plan available through the Marketplace for one individual and should not be changed.**

## Flat Dollar Amount Worksheet

**CAUTION** Do not complete this worksheet unless the amount on line 10 of the Shared Responsibility Payment Worksheet is less than \$285.

	Yes	No
For each month, is the amount on line 5 of the Shared Responsibility Payment Worksheet less than the amount on line 10 of the Shared Responsibility Payment Worksheet?*	Enter the amount from line 10	Enter the amount from line 5
1. January .....		
2. February .....		
3. March .....		
4. April .....		
5. May .....		
6. June .....		
7. July .....		
8. August .....		
9. September .....		
10. October .....		
11. November .....		
12. December .....		
13. Add the amounts in each column .....		
14. Add the amounts on line 13 of both columns. Enter the result on line 11 of the Shared Responsibility Payment Worksheet .....		

\*If the amount on line 1 of the Shared Responsibility Payment Worksheet is -0- for any month, leave both columns of this worksheet blank for that month.

# 2014 National Average Bronze Plan Premium (NABPP) Table

Number of Months	Family Size				
If you did not have minimum essential coverage or an exemption for—	And your family size is—				
	1	2	3	4	5 or more
1	204	408	612	816	1,020
2	408	816	1,224	1,632	2,040
3	612	1,224	1,836	2,448	3,060
4	816	1,632	2,448	3,264	4,080
5	1,020	2,040	3,060	4,080	5,100
6	1,224	2,448	3,672	4,896	6,120
7	1,428	2,856	4,284	5,712	7,140
8	1,632	3,264	4,896	6,528	8,160
9	1,836	3,672	5,508	7,344	9,180
10	2,040	4,080	6,120	8,160	10,200
11	2,244	4,488	6,732	8,976	11,220
12	2,448	4,896	7,344	9,792	12,240

Delete the 2014 National Average Bronze Plan Premium (NABPP) Table. This table is the maximum potential shared responsibility payment amount and is built into the calculations of Form 8965 (automated in TaxWise software).

## Applicable Figure for Line 7 of Form 8962



If the amount on line 5 is less than 133, your applicable figure is .0200. If the amount on line 5 is between 300 through 400, your applicable figure is .09500.

IF Form 8962, line 5 is ...	ENTER on Form 8962, line 7 ...	IF Form 8962, line 5 is ...	ENTER on Form 8962, line 7 ...	IF Form 8962, line 5 is ...	ENTER on Form 8962, line 7 ...	IF Form 8962, line 5 is ...	ENTER on Form 8962, line 7 ...	IF Form 8962, line 5 is ...	ENTER on Form 8962, line 7 ...
less than 133	0.0200	166	0.0474	200	0.0630	234	0.0749	268	0.0857
133	0.0300	167	0.0478	201	0.0634	235	0.0753	269	0.0860
134	0.0306	168	0.0483	202	0.0637	236	0.0756	270	0.0863
135	0.0312	169	0.0487	203	0.0641	237	0.0760	271	0.0866
136	0.0318	170	0.0492	204	0.0644	238	0.0763	272	0.0869
137	0.0324	171	0.0497	205	0.0648	239	0.0767	273	0.0872
138	0.0329	172	0.0501	206	0.0651	240	0.0770	274	0.0875
139	0.0335	173	0.0506	207	0.0655	241	0.0774	275	0.0878
140	0.0341	174	0.0510	208	0.0658	242	0.0777	276	0.0880
141	0.0347	175	0.0515	209	0.0662	243	0.0781	277	0.0883
142	0.0353	176	0.0520	210	0.0665	244	0.0784	278	0.0886
143	0.0359	177	0.0524	211	0.0669	245	0.0788	279	0.0889
144	0.0365	178	0.0529	212	0.0672	246	0.0791	280	0.0892
145	0.0371	179	0.0533	213	0.0676	247	0.0795	281	0.0895
146	0.0376	180	0.0538	214	0.0679	248	0.0798	282	0.0898
147	0.0382	181	0.0543	215	0.0683	249	0.0802	283	0.0901
148	0.0388	182	0.0547	216	0.0686	250	0.0805	284	0.0904
149	0.0394	183	0.0552	217	0.0690	251	0.0808	285	0.0907
150	0.0400	184	0.0556	218	0.0693	252	0.0811	286	0.0909
151	0.0405	185	0.0561	219	0.0697	253	0.0814	287	0.0912
152	0.0409	186	0.0566	220	0.0700	254	0.0817	288	0.0915
153	0.0414	187	0.0570	221	0.0704	255	0.0820	289	0.0918
154	0.0418	188	0.0575	222	0.0707	256	0.0822	290	0.0921
155	0.0423	189	0.0579	223	0.0711	257	0.0825	291	0.0924
156	0.0428	190	0.0584	224	0.0714	258	0.0828	292	0.0927
157	0.0432	191	0.0589	225	0.0718	259	0.0831	293	0.0930
158	0.0437	192	0.0593	226	0.0721	260	0.0834	294	0.0933
159	0.0441	193	0.0598	227	0.0725	261	0.0837	295	0.0936
160	0.0446	194	0.0602	228	0.0728	262	0.0840	296	0.0938
161	0.0451	195	0.0607	229	0.0732	263	0.0843	297	0.0941
162	0.0455	196	0.0612	230	0.0735	264	0.0846	298	0.0944
163	0.0460	197	0.0616	231	0.0739	265	0.0849	299	0.0947
164	0.0464	198	0.0621	232	0.0742	266	0.0851	300 thru 400	0.0950
165	0.0469	199	0.0625	233	0.0746	267	0.0854		

## Affordability Worksheet

Use this worksheet to determine whether coverage for each individual in your tax household is unaffordable. If you or another member of your tax household is not eligible for employer-sponsored coverage, use the [Marketplace Coverage Affordability Worksheet](#) to figure the required contribution for that individual. An individual is exempt for any month in which (B), the Required Contribution, is more than (A), the Affordability Threshold.

<b>(A) Affordability Threshold</b>						
Enter 8% of your household income (see <a href="#">Household income</a> ). For this purpose, increase household income by the amount of any premium that is paid through a salary reduction arrangement and excluded from gross income.						
<div></div>						
<b>(B) Required Contribution Amount</b>						
For each member of your tax household, enter in the columns provided the annual premium for the first option below that applies to that person. If the monthly premium is the same for the whole year, enter the annual premium in the space for each month. If the premiums cover only part of the year, use the <a href="#">Annualized Premium Worksheet</a> to determine what the annualized premium would be for each month. Once you have figured the annualized premium, enter it in the space for each month.						
Options (use the first that applies to each member of your tax household, including you, for each month):						
1. The lowest cost self-only policy offered to each member of your tax household by his or her employer.						
2. The lowest cost family policy* offered by your employer or your spouse's employer (if you are filing a joint return).						
3. The amount from the Marketplace Coverage Affordability Worksheet.						
For each individual, coverage is unaffordable and the individual is exempt if (B), the Required Contribution Amount, is greater than (A), the Affordability Threshold.						
Members of your tax household (enter one name per column):						
Premium for:						
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
<p>*The policy must cover everyone in your tax household:</p> <ul style="list-style-type: none"> <li>• for whom a personal exemption deduction is claimed on your tax return,</li> <li>• who is not eligible for employer coverage, and</li> <li>• who does not qualify for another coverage exemption.</li> </ul>						



**Add to Publication 4012, ACA tab:**

Line 10 of the Marketplace Coverage Affordability Worksheet has been revised to read as follows: "Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for minimum essential coverage (other than coverage in the individual market), and who does not qualify for another coverage exemption for the month. To find the second lowest cost silver plan go the Marketplace for your area." A web lookup tool for the second lowest cost silver plan can be found at: [healthcare.gov/taxes/tools](http://healthcare.gov/taxes/tools).

## Marketplace Coverage Affordability Worksheet

Use this worksheet to figure an individual's required contribution for any month in which the individual is not eligible for employer-sponsored coverage. Complete a separate worksheet for each part of the year in which either the individual resided in different geographic rating areas served by the Marketplace or for which the number of people in your tax household who are neither exempt nor eligible for employer-sponsored coverage was different.



*Do not complete this worksheet unless you were instructed to do so in the Affordability Worksheet.*

1. Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for employer coverage, and who does not qualify for another coverage exemption for the month. To find the lowest cost bronze plan go to the Marketplace for your area.
2. Enter your household income (see [Household income](#)).
3. Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return\*.
4. Add lines 2 and 3.
5. Enter the federal poverty line for the number of individuals in your tax household less any dependents not claimed. See the instructions for Form 8962, line 4.
6. Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 through 10 and enter -0- on line 11.
7. Multiply line 6 by 100 and round to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7.
8. Multiply line 4 by line 7.
9. Divide line 8 by 12.0.
10. Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who is not eligible for minimum essential coverage (other than coverage in the individual market), and who does not qualify for another coverage exemption for the month. To find the second lowest cost silver plan go the Marketplace for your area.
11. Subtract line 9 from line 10.
12. Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month.
13. Is the individual eligible for this coverage for every month of the year?
  - ☐ **Yes.** Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space for every month on the [Affordability Worksheet](#).
  - ☐ **No.** Use the Annualized Premium Worksheet to determine what the annualized premium would be for each month the individual was eligible for the coverage being tested. Enter the annualized premium in the space for the appropriate months on the [Affordability Worksheet](#).

\*If the individual filed Form 1040, figure the nontaxable social security benefits received by that individual by subtracting Form 1040, line 20b from Form 1040, line 20a. If the individual filed Form 1040A, figure the nontaxable social security benefits received by that individual by subtracting Form 1040A, line 14b from Form 1040A, line 14a. If the individual filed Form 1040EZ, he or she should have received a Form SSA-1099 or Form RRB-1099 showing the social security benefits received by that individual, all of which were nontaxable.

## Shared Policy Allocation

Replace this page with the Shared Policy Allocation Chart below. Note: Please follow the latest Volunteer Tax Alert guidance on returns involving Form 8962, Part IV: Shared Policy Allocations.

**Table 3. Shared Policy Allocation—Line 9**

Follow Steps 1–5 below to determine whether you need to complete [Part 4—Shared Policy Allocation](#), later, for each qualified health plan that covers at least one individual in your tax family and at least one individual **not** in your tax family. For each shared policy, if your answer directs you to Part 4, skip directly to Part 4—you do not need to complete the remaining steps below. If your answers in Steps 1 through 4 do not direct you to Part 4 (or if you did not answer any questions in Steps 1 through 4), continue until you have completed Step 5.

**STEP 1: Complete if You Divorced or Legally Separated from Your Spouse in 2014**

1. Did the policy cover at least one individual in your tax family **AND** cover at least one individual in your former spouse's tax family?

☐ **Yes.** You must allocate the policy amounts. Check the "Yes" box on Form 8962, line 9, and skip to [Part 4—Shared Policy Allocation](#). ☐ **No.** Continue to Step 2.

**STEP 2: Complete if You were Married at the End of 2014 but are Filing a Separate Return from Your Spouse\***

2. Did the policy cover at least one individual in your tax family **AND** cover at least one individual in your spouse's tax family?

☐ **Yes.** You must allocate the policy amounts. Check the "Yes" box on Form 8962, line 9, and skip to [Part 4—Shared Policy Allocation](#). ☐ **No.** Continue to Step 3.

\*Also use this Step 2 if you meet the rules in [Situation 1](#) or [Situation 2](#) under *Married taxpayers*, earlier.

**STEP 3: Complete if Another Taxpayer will Claim the Personal Exemption for an Individual You Enrolled in a Policy**

- 3.a. Did the policy cover at least one individual in your tax family **AND** cover at least one individual whom you enrolled in the policy **but** who will be in another taxpayer's tax family?

☐ **Yes.** Continue to question 3b. ☐ **No.** Go to Step 4.

- b. Did you indicate to the Marketplace at enrollment in the policy that you intended to claim the personal exemption(s) for the individual(s) in 3a above whom you enrolled but for whom another taxpayer will claim a personal exemption?

☐ **Yes.** You must allocate the policy amounts. Check the "Yes" box on Form 8962, line 9, and skip to [Part 4—Shared Policy Allocation](#). ☐ **No.** Continue to Step 4.

If no one claims the personal exemption for an individual you enrolled in a policy **and** you indicated to the Marketplace that you would claim the individual's personal exemption, you are responsible for reconciling any APTC paid on behalf of the individual. See [Individual you enrolled for whom no taxpayer will claim a personal exemption](#) under [Lines 12 through 23—Monthly Calculation](#), later. You do not need to complete Part 4 for this policy. If you got married in 2014, continue to Table 4, later. Otherwise, check the "No" box on Form 8962, line 9, and continue to line 10.

**STEP 4: Complete if You are Claiming the Personal Exemption for an Individual Another Taxpayer Enrolled in a Policy**

4. Did the policy cover at least one individual in your tax family **but** whom another person enrolled in the policy **AND** cover at least one individual not in your tax family?

☐ **Yes.** You must allocate the policy amounts. Check the "Yes" box on Form 8962, line 9, and skip to [Part 4—Shared Policy Allocation](#). ☐ **No.** Continue to Step 5.

**STEP 5: Complete for Other Allocation Scenarios**

- 5.a. Did the policy cover at least one individual in your tax family **AND** cover at least one individual **not** in your tax family?

☐ **Yes.** Continue to question 5b. ☐ **No. STOP.** You do not need to complete Part 4. If you got married in 2014, continue to [Table 4](#), later. Otherwise, check the "No" box on Form 8962, line 9, and continue to line 10.

- b. Does the information provided to the Marketplace at enrollment regarding who would claim the personal exemptions for covered individuals match who will claim the personal exemptions for those individuals for 2014 (answer "Yes" if you did not have to provide this information at enrollment)?

☐ **Yes.** Continue to question 5c. ☐ **No.** You must allocate the policy amounts. Check the "Yes" box on Form 8962, line 9, and skip to [Part 4—Shared Policy Allocation](#).

- c. Did each tax family receive a separate Form 1095-A **AND** did each Form 1095-A have the correct applicable SLSP premium for each tax family for each month in Part III, column B?

☐ **Yes. STOP.** You do not need to complete Part 4. If you got married in 2014, continue to [Table 4](#), later. Otherwise, check the "No" box on Form 8962, line 9, and continue to line 10. ☐ **No.** You may have to allocate the policy amounts. Check the "Yes" box on Form 8962, line 9, and skip to [Part 4—Shared Policy Allocation](#).



Alternative Calculation for Year of Marriage Eligibility

Replace the chart on this page with the new Alternative Calculation for Year of Marriage chart below. Note: Please follow the latest Volunteer Tax Alert guidance on returns involving Form 8962, Part V: Alternative Calculation for Year of Marriage.

Table 4. Alternative Calculation for Year of Marriage Eligibility

Answer questions 1–5 below to determine whether you may be eligible to elect the alternative calculation for year of marriage.	
1	Were you married on December 31, 2014? <input type="checkbox"/> <b>Yes.</b> Continue to the next question in this table. <input type="checkbox"/> <b>No.</b> You are not eligible to elect the alternative calculation. Check the “No” box on Form 8962, line 9, and continue to line 10.
2	Are you filing a joint return with your spouse for 2014? <input type="checkbox"/> <b>Yes.</b> Continue to the next question in this table. <input type="checkbox"/> <b>No.</b> You are not eligible to elect the alternative calculation. Check the “No” box on Form 8962, line 9, and continue to line 10.
3	Were you and your spouse each unmarried on January 1, 2014? <input type="checkbox"/> <b>Yes.</b> Continue to the next question in this table. <input type="checkbox"/> <b>No.</b> You are not eligible to elect the alternative calculation. Check the “No” box on Form 8962, line 9, and continue to line 10.
4	Was anyone in your tax family enrolled in a qualified health plan before your first full month of marriage? (For example, if you got married on July 15, your first full month of marriage was August.) <input type="checkbox"/> <b>Yes.</b> Continue to the next question in this table. <input type="checkbox"/> <b>No.</b> You are not eligible to elect the alternative calculation. Check the “No” box on Form 8962, line 9, and continue to line 10.
5	Was APTC paid for anyone in your tax family during 2014? <input type="checkbox"/> <b>Yes.</b> Continue to Worksheet 2 next to determine whether excess APTC was paid during 2014. If excess APTC was paid, you are eligible to elect the alternative calculation. If the amount you entered on Form 8962, line 5, is more than 400, do not complete Worksheet 2. See <i>Alternative Calculation for Year of Marriage</i> in Pub. 974 to determine if electing the alternative calculation reduces your repayment amount. <input type="checkbox"/> <b>No.</b> You are not eligible to elect the alternative calculation. Do not complete Part 5. If you did not complete Part 4, check the “No” box on line 9 and continue to line 10. If you completed Part 4, check the “No” box on line 10, skip line 11, and continue to <i>Lines 12 through 23—Monthly Calculation</i> , later.

Repayment Limitation

IF the amount on Form 8962, line 5 is . . .	ENTER on line 28 . . .	
	for a filing status of Single—	for any other filing status—
Less than 200 . . . . .	\$300	\$600
At least 200 but less than 300 . . . .	\$750	\$1,500
At least 300 but less than 400 . . . .	\$1,250	\$2,500
400 or more . . . . .	leave line 28 blank	









## Chart A – For Most People Who Must File

If you CAN be claimed as a dependent by another taxpayer, you must file as a dependent whether you are being claimed or not. See Chart B for filing requirements.

If your filing status is...	AND at the end of 2014 you were...*	THEN file a return if your gross income was at least...**
Single	under 65	\$10,150
	65 or older	\$11,700
Married filing jointly***	under 65 (both spouses)	\$20,300
	65 or older (one spouse)	\$21,500
	65 or older (both spouses)	\$22,700
Married filing separately (see the instructions for line 3)	any age	\$ 3,950
Head of household (see the instructions for line 4)	under 65	\$13,050
	65 or older	\$14,600
Qualifying widow(er) with dependent child (see the instructions for line 5)	under 65	\$16,350
	65 or older	\$17,550

\* If you were born on January 1, 1950 you are considered to be age 65 at the end of 2014.

\*\* **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 2014 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 or Schedule D.
- Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, when 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 2014 (or on the date your spouse died) and your gross income was at least \$3,950, you must file a return regardless of your age.

Individuals who do not have a filing requirement based on this chart should also check Chart C, Other Situations When You Must File, and Chart D, Who Should File. Individuals with earned income but who do not have a filing requirement may be eligible for the Earned Income Credit.



## Chart B – For Children and Other Dependents

**If your parent (or someone else) *can* claim you as a dependent, use this chart to see if you must file a return.**

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

**Single dependents.** Were you **either** age 65 or older **or** blind?

- ☐ **No.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$1,000.
  2. Your earned income was over \$6,200.
  3. Your gross income was more than the larger of —
    - a. \$1,000, or
    - b. Your earned income (up to \$5,850) plus \$350.
- ☐ **Yes.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$2,550 (\$4,100 if 65 or older **and** blind).
  2. Your earned income was over \$7,750 (\$9,300 if 65 or older **and** blind).
  3. Your gross income was more than the larger of —
    - a. \$2,550 (\$4,100 if 65 or older **and** blind) or
    - b. Your earned income (up to \$5,850) plus \$1,900 (\$3,450 if 65 or older **and** blind).

**Married dependents.** Were you **either** age 65 or older **or** blind?

- ☐ **No.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$1,000.
  2. Your earned income was over \$6,200.
  3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  4. Your gross income was more than the **larger** of —
    - a. \$1000, or
    - b. Your earned income (up to \$5,850) plus \$350.
- ☐ **Yes.** You must file a return if **any** of the following apply.
  1. Your unearned income was over \$2,200 (\$3,400 if 65 or older **and** blind).
  2. Your earned income was over \$7,400 (\$8,600 if 65 or older **and** blind).
  3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  4. Your gross income was more than the **larger** of —
    - a. \$2,200 (\$3,400 if 65 or older **and** blind), or
    - b. Your earned income (up to \$5,850) plus \$1,550 (\$2,750 if 65 or older **and** blind).

Note: For children under age 18 and certain older children, unearned income over \$2,000 is taxed at the parent's rate if the parent's rate is higher than the child's. For this purpose, "unearned income" includes all taxable income other than earned income, such as taxable interest, ordinary dividends, capital gains, rents, royalties, etc. It also includes taxable social security benefits, pension and annuity income, taxable scholarship and fellowship grants not reported on Form W-2, unemployment compensation, alimony, and income received as the beneficiary of a trust. If the child's unearned income is more than \$2,000, Form 8615 must be used to figure the child's tax. Form 8615 is out of scope.



## Chart C – Other Situations When You Must File

**You must file a return if any of the conditions below apply for 2014.**

1. You owe any special taxes, including any of the following.
  - a. Alternative minimum tax.
  - b. Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file **Form 5329** by itself.
  - c. Household employment taxes. But if you are filing a return only because you owe this tax, you can file **Schedule H** by itself.
  - d. Social security and Medicare tax on tips you did not report to your employer or on wages you received from an employer who did not withhold these taxes.
  - e. Recapture of first-time homebuyer credit. See the instructions for line 60b.
  - f. Write-in taxes, including uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional taxes on health savings accounts. See the instructions for line 62.
  - g. Recapture taxes. See the instructions for line 44 and line 62.
2. You (or your spouse, if filing jointly) received HSA, Archer MSA or Medicare Advantage MSA distributions.
3. You had net earnings from self-employment of at least \$400.
4. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.
5. You received an advanced premium tax credit to pay for health insurance.
6. You owe an individual shared responsibility payment (ISRP) for failing to maintain minimum essential health care coverage all year, or you qualify for an exemption from the ISRP.



## Chart D – Who Should File

1. You had income tax withheld from your pay.
2. You made estimated tax payments for the year or had any of your overpayment for last year's estimated tax applied to this year's taxes.
3. You qualify for the earned income credit. See Publication 596, Earned Income Credit (EIC), for more information.
4. You qualify for the additional child tax credit. See Form 1040 Instructions for more information on this credit.
5. ~~You qualify for the health coverage tax credit. For information about this credit, see Form 8885, Health Coverage Tax Credit. (Out of scope)~~ You qualify for the premium tax credit.
6. You qualify for the refundable credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax — Individuals, Estates, and Trusts. (Out of scope)
7. You qualify for an American Opportunity Credit.
8. You receive a 1099-B and the gross proceeds plus other income exceeds the filing limits in Chart A.
9. You receive Form 1099-S, Proceeds From Real Estate Transactions.
10. You qualify for the federal tax on fuels.

# Notes

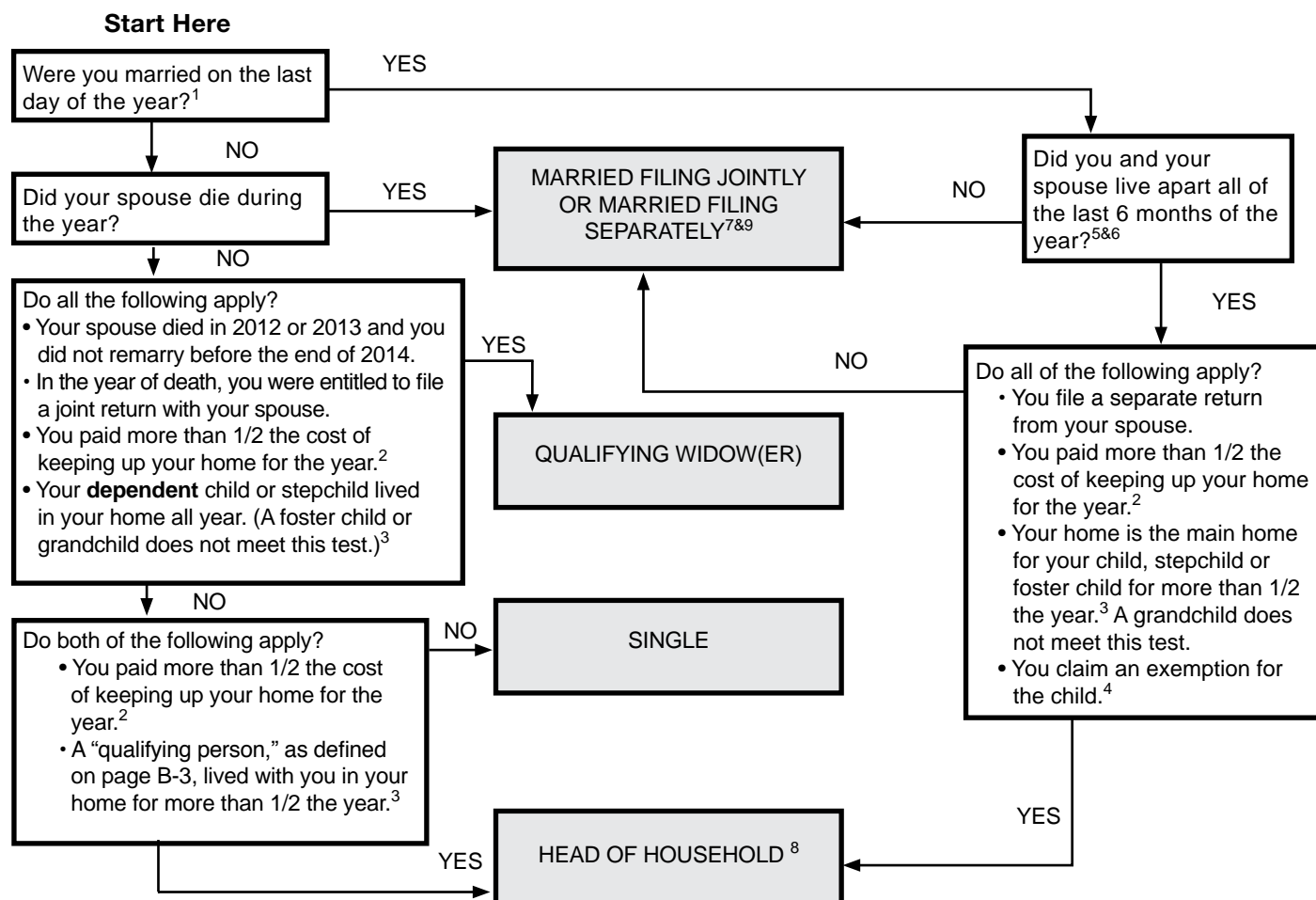
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# Determination of Filing Status – Decision Tree



## Footnotes:

1. Answer "NO" to this question if, on the last day of the year, you were legally separated from your spouse under a divorce or separate maintenance decree. Answer "YES" to this question if you are an individual in a same-sex marriage, legally married in a jurisdiction that recognizes the marriage, regardless of where you now live. Also, answer yes if taxpayer is married regardless of where the spouse lives.
2. Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. See "Cost of Keeping Up a Home" worksheet on page B-4.
  - Payments received under TANF or other public assistance programs used to pay the costs of keeping up the home cannot be counted as money you paid. These payments must be included in the total cost of keeping up the home to figure if you paid over 1/2 the cost.
  - Amounts paid out of funds received from SSA in the child's or qualifying person's name, or funds received as governmental assistance are considered to be paid by others, not by you.
3. See Publication 17, *Filing Status*, for rules applying to birth, death, or temporary absence during the year.
4. Unless the child's other parent claims him or her under rules for children of divorced or separated parents or parents who lived apart.
5. Answer yes if you are a U.S. citizen or resident alien for the entire year and you live with your nonresident alien spouse who you do not choose to treat as a resident alien for tax purposes.
6. Your spouse is considered to live in your home even if he or she is temporarily absent due to illness, education, business, vacation or military service.
7. If the taxpayer wants to file MFS, emphasize the advantages to Married Filing Jointly and the possibility of filing Form 8379, Injured Spouse Claim & Allocation (if appropriate). See *Pub 17, Filing Status, MFS Special Rules* for list of disadvantages. Respect a taxpayer's decision to file MFS.
8. Generally, only one taxpayer in a home can claim Head of Household filing status. Just because each person has their own children living in a home does not mean they have a separate "household" for this filing status purpose.
9. Same-sex couples married in jurisdictions that recognize their marriages are treated as married for federal tax purposes. However, some states recognize same-sex marriages for state income purposes and some do not. Consult your state's tax law to determine the type of return to file for a same-sex married couple.

**Note:** If one spouse dies and the other remarries in the same year, the deceased spouse files Married Filing Separately.



# Filing Status

interview  
tips

Probe/Action: Ask the taxpayer:

**step 1** Were you married on December 31 of the tax year? (Answer yes if state common law rules were met; if your spouse died during the year and you did not remarry by the end of the year; or if you are an individual in a same-sex marriage, legally married in a jurisdiction that recognizes the marriage, regardless of where you now live.)

If YES, go to Step 2.  
If NO, go to Step 4.

**step 2** Do you and your spouse wish to file a joint return?<sup>5</sup>

If YES, STOP. Your filing status is **married filing jointly**.  
If NO, go to Step 3.

**step 3** Do all the following apply?

- You file a separate return from your spouse
- You paid more than half the cost of keeping up your home for the year<sup>1</sup>
- Your spouse did not live in your home during the last 6 months of the tax year<sup>2, 3</sup>
- Your home was the main home of your child, stepchild, or foster child for more than half the year (a grandchild does not meet this test)
- You claim an exemption for the child (unless the noncustodial parent claims the child under rules for divorced or separated parents or parents who live apart)

If YES, STOP. You are considered unmarried and your filing status is **head of household**.  
If NO, STOP. Your filing status is **married filing separately**.

**step 4** Did your spouse die in 2012 or 2013?

If YES, go to Step 5.  
If NO, go to Step 6.

**step 5** Do all the following apply?

- You were entitled to file a joint return with your spouse for the year your spouse died
- You did not remarry before the end of this tax year
- You have a child or stepchild for whom you can claim an exemption and who lived with you all year, except for temporary absences. Do not include a grandchild or foster child.
- You paid more than half the cost of keeping up the home for the year<sup>1</sup>

If YES, STOP. Your filing status is **qualifying widow(er) with dependent child**.  
If NO, go to Step 6.

**step 6** Do all the following apply?

- You paid more than half the cost of keeping up the home for the year<sup>1</sup>
- A "qualifying person," as defined on page B-3, lived with you in your home for more than 1/2 the year<sup>4</sup>

If YES, STOP. Your filing status is **head of household**.<sup>4</sup>  
If NO, STOP. Your filing status is **single**.

## Footnotes

<sup>1</sup> Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. See "Cost of Keeping Up a Home" worksheet on page B-4

• Payments received under TANF or other public assistance programs used to pay the cost of keeping up the home cannot be counted as money you paid. These payments must be included in the total cost of keeping up the home to figure if you paid over 1/2 the cost.

• Amounts paid out of funds received from SSA in the child's or qualifying person's name or funds received as government assistance are considered to be paid by others, not by you.

<sup>2</sup> Answer yes if you are a U.S. citizen or resident alien for the entire year and you live with your nonresident alien spouse who you do not choose to treat as a resident alien for tax purposes.

<sup>3</sup> Your spouse is considered to live in your home even if he or she is temporarily absent due to illness, education, business, vacation or military service.

<sup>4</sup> You cannot use head of household filing status based on any person who is your dependent only because he or she lived with you for the entire year (for example, a companion or a friend).

<sup>5</sup> Same-sex couples legally married in jurisdictions that recognize their marriages are treated as married for federal tax purposes. However, some states recognize same-sex marriages for state income tax purposes and some do not. Consult your state's tax law to determine the type of return to file for a same-sex married couple.



## Who Is a Qualifying Person Qualifying You To File as Head of Household?<sup>1</sup>

Do NOT use this chart alone. Use as directed by the interview tips on B-2.

IF the person is your . . .	AND . . .	THEN that person is . . .
qualifying child (such as a son, daughter, or grandchild who lived with you more than half the year and meets certain other tests) <sup>2</sup>	he or she is single	a qualifying person, whether or not you can claim an exemption for the person.
	he or she is married <u>and</u> you can claim an exemption for him or her	a qualifying person.
	he or she is married <u>and</u> you cannot claim an exemption for him or her	not a qualifying person. <sup>3</sup>
qualifying relative <sup>4</sup> who is your father or mother	you can claim an exemption for him or her <sup>5</sup>	a qualifying person. <sup>6</sup>
	you cannot claim an exemption for him or her	not a qualifying person.
qualifying relative <sup>4</sup> other than your father or mother.	he or she lived with you more than half the year, <u>and</u> you can claim an exemption for him or her, <u>and</u> is one of the following: son, daughter, stepchild, foster child, or a descendant of any of them; your brother, sister, half-brother, half-sister or a son or daughter of any of them; an ancestor or sibling of your father or mother; or stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law <sup>5</sup>	a qualifying person.
	he or she did not live with you more than half the year	not a qualifying person.
	he or she is not related to you in one of the ways listed above <u>and</u> is your qualifying relative only because he or she lived with you all year as a member of your household (for example, a companion or a friend)	not a qualifying person.
	you cannot claim an exemption for him or her	not a qualifying person.

<sup>1</sup> A person cannot qualify more than one taxpayer to use the head of household filing status for the year.

<sup>2</sup> The term “qualifying child” is covered in the Exemptions/Dependency & Main Info tab. **Note:** If you are a noncustodial parent, the term “qualifying child” for head of household filing status does not include a child who is your qualifying child for exemption purposes only because of the rules described under Children of divorced or separated parents. If you are the custodial parent and those rules apply, the child generally is your qualifying child for head of household filing status even though the child is not a qualifying child for whom you can claim an exemption.

<sup>3</sup> This person is a qualifying person if the only reason you cannot claim the exemption is that you can be claimed as a dependent on someone else’s return.

<sup>4</sup> The term “qualifying relative” is covered in the Exemptions/Dependency & Main Info tab.

<sup>5</sup> If you can claim an exemption for a person only because of a multiple support agreement, that person is not a qualifying person. See Multiple Support Agreement, in Pub 17.

<sup>6</sup> You are eligible to file as head of household even if your parent, whom you can claim as a dependent, does not live with you. You must pay more than half the cost of keeping up a home that was the main home for the entire year for your parent. This test is met if you pay more than half the cost of keeping your parent in a rest home or home for the elderly.

# Cost of Keeping Up a Home

*Keep for Your Records*



	<b>Amount You Paid</b>	<b>Total Cost</b>
Property Taxes	\$ _____	\$ _____
Mortgage interest expenses	\$ _____	\$ _____
Rent	\$ _____	\$ _____
Utility charges	\$ _____	\$ _____
Property insurance	\$ _____	\$ _____
Food consumed on the premises	\$ _____	\$ _____
Other household expenses	\$ _____	\$ _____
<b>Totals</b>	\$ _____	\$ _____
Minus total amount you paid		( _____ )
Amount others paid		\$ _____

If the total amount you paid is more than the amount others paid, you meet the requirement of paying more than half the cost of keeping up the home

## **Note:**

**Costs you include.** Include in the cost of keeping up a home expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities, and food eaten in the home.

If you used payments you received under Temporary Assistance for Needy Families (TANF) or other public assistance programs to pay part of the cost of keeping up your home, you cannot count them as money you paid. However, you must include them in the total cost of keeping up your home to figure if you paid over half the cost.

**Costs you do not include.** Do not include the cost of clothing, education, medical treatment, vacations, life insurance, or transportation. Also, do not include the rental value of a home you own or the value of your services or those of a member of your household.







## Exemptions

- Exemptions reduce the taxpayer's taxable income
- Exemption Amount: \$3,950
- Two types:
  1. Personal exemptions—one exemption for the taxpayer and, if married, one for his or her spouse; unless either can be claimed as a dependent by another person.
  2. Exemptions for dependents—one exemption for each qualifying child or qualifying relative.
- Apply the rules for exemptions for dependents using the worksheets in the Form 1040 instructions and the interview tips in this publication.
- Taxpayers who can be claimed as a dependent on someone else's return cannot claim any exemptions for themselves or their own dependents.

### Definitions:

**Student:** To qualify as a student, your child must be, during some part of each of any 5 calendar months of the year:

1. A full-time student at a school that has a regular teaching staff, course of study, and a regularly enrolled student body at the school, or
2. A student taking a full-time, on-farm training course given by a school described in (1), or by a state, county, or local government agency.

The 5 calendar months do not have to be consecutive.

**Permanently and Totally Disabled:** Your child is permanently and totally disabled if both of the following apply.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
2. A doctor determines the condition has lasted or can be expected to last continually for at least a year or can lead to death.

**Custodial and Noncustodial Parent:** The custodial parent is the parent with whom the child lived the greater number of nights during the year. The other parent is the noncustodial parent. If the child lived with each parent for an equal number of nights during the year, the custodial parent is the parent with the higher adjusted gross income.

**Foster Child:** A foster child is an individual who is placed with you by an authorized placement agency or by judgement, decree, or other order of any court of competent jurisdiction.





interview  
tips

## Personal Exemptions

Probe/Action: Ask the taxpayer:

step <b>1</b>	Were you married during any part of the tax year? (Answer YES if state common law rules were met.)	If <b>YES</b> , go to Step 2. If <b>NO</b> , go to Step 7.
step <b>2</b>	Were you still married on December 31 of the tax year?	If <b>YES</b> , go to Step 5. If <b>NO</b> , go to Step 3. <b>Note:</b> Abandonment does not change marital status—answer YES if the taxpayer's responses to Steps 3 and 4 are NO.
step <b>3</b>	Did you obtain a final decree of divorce or separate maintenance by December 31 of the tax year?	If <b>YES</b> , you cannot claim a personal exemption for your former spouse. Go to Step 7 to determine if you can claim your own personal exemption. If <b>NO</b> , go to Step 4.
step <b>4</b>	Did your spouse die during the tax year? <sup>1</sup>	If <b>YES</b> , go to Step 5. If <b>NO</b> , go back through Steps 1–3 and clarify answers.
step <b>5</b>	Are you filing a joint tax return?	If <b>YES</b> , go to Step 7. If <b>NO</b> , go to Step 6.
step <b>6</b>	Did your spouse (including a nonresident alien spouse) have any gross income or can anyone else claim your spouse as a dependent? <sup>2</sup>	If <b>YES</b> to either, you cannot claim a personal exemption for your spouse. Go to Step 7 to see about your own personal exemption. If <b>NO</b> to both, you can claim a personal exemption for your spouse. Go to Step 7 to see about your own personal exemption.
step <b>7</b>	Can anyone claim you (or your spouse if filing jointly) as a dependent on his or her return? <sup>3</sup>	If <b>YES</b> , you cannot claim a personal exemption for yourself or your spouse. If <b>NO</b> , you can claim a personal exemption for yourself (and your spouse, if filing jointly).

<sup>1</sup> If his or her spouse died during the year, the taxpayer can claim the spouse's exemption if the taxpayer did not remarry during the year. See Publication 17 for other considerations.

<sup>2</sup> If married filing separately, the taxpayer can take his or her own exemption if no other taxpayer is entitled to claim him or her as a dependent.

If married filing separately, the taxpayer can claim his or her spouse's exemption if the spouse had no gross income, is not filing a return, and cannot be claimed as a dependent on another person's return.

You can claim an exemption for your nonresident alien spouse on your separate return, provided your spouse has no gross income for U.S. tax purposes, has a SSN or ITIN, and is not the dependent of another U.S. taxpayer.

<sup>3</sup> If married filing jointly (other than to claim a refund of withholding or estimated tax paid), the taxpayer cannot be a dependent on another person's return.



## Overview of the Rules for Claiming an Exemption for a Dependent

**Caution:** This table is only an overview of the rules. For details, see Publication 17.

- You cannot claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer.
- You cannot claim a married person who files a joint return as a dependent unless that joint return is only a claim for refund and there would be no tax liability for either spouse on separate returns.
- You cannot claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.<sup>1</sup>
- You cannot claim a person as a dependent unless that person is your **qualifying child** or **qualifying relative**.

Tests To Be a Qualifying Child	Tests To Be a Qualifying Relative
1. The child must be your son, daughter, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them.	1. The person cannot be your qualifying child or the qualifying child of any other taxpayer. A child is not the qualifying child of any other taxpayer if the child's parent (or any other person for whom the child is defined as a qualifying child) is not required to file an income tax return or files an income tax return only to get a refund of income tax withheld.
2. The child must be: (a) under age 19 at the end of the year and younger than you (or your spouse, if filing jointly), (b) under age 24 at the end of the year, a full-time student, and younger than you (or your spouse, if filing jointly), or (c) any age if permanently and totally disabled.	2. The person either (a) must be related to you in one of the ways listed under <i>Relatives who do not have to live with you</i> (see Table 2, step 2), or (b) must live with you all year as a member of your household <sup>2</sup> (and your relationship must not violate local law).
3. The child must have lived with you for more than half of the year. <sup>2</sup>	3. The person's gross income for the year must be less than \$3,950. <sup>3</sup> Gross income means all income the person received in the form of money, goods, property and services, that is not exempt from tax. Do not include social security benefits unless the person is married filing a separate return and lived with their spouse at any time during the tax year or if 1/2 the social security benefits plus their other gross income and tax exempt interest is more than \$25,000 (\$32,000 if MFJ).
4. The child must not have provided more than half of his or her own support for the year. <sup>5</sup>	4. You must provide more than half of the person's total support for the year. <sup>5</sup>
5. The child is not filing a joint return for the year (unless that joint return is filed only to claim a refund of income tax withheld or estimated tax paid).	
6. If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child. See the "Qualifying Child of More Than One Person" chart.	

<sup>1</sup>There is an exception for certain adopted children.

<sup>2</sup>There are exceptions for temporary absences, children who were born or died during the year, children of divorced or separated parents or parents who live apart, and kidnapped children.

<sup>3</sup>There is an exception if the person is disabled and has income from a sheltered workshop.

<sup>4</sup>There are exceptions for multiple support agreements, children of divorced or separated parents or parents who live apart, and kidnapped children.

<sup>5</sup>A worksheet for determining support is provided on page C-9. If a person receives social security benefits and uses them toward his or her own support, those benefits are considered as provided by the person. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI) are generally considered support provided by the state.



## Qualifying Child of More Than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits, unless the special rule for children of divorced or separated parents applies.

- |  |   |
|--|---|
| • Dependency Exemption                         | • Child Tax Credit                                  |
| • Head of Household                            | • Earned Income Credit                              |
| • Credit for Child and Dependent Care Expenses | • Exclusion from income for Dependent Care Benefits |

**No other person can take any of the six tax benefits listed above unless he or she has a different qualifying child. If you and any person can claim the child as a qualifying child, the following tiebreaker rules apply. See the example below if no parent claims the child.**

If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.

If the parents file a joint return together and can claim the child as a qualifying child, the child is treated as the qualifying child of the parents.

If the parents do not file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time during the year. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year.

If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for the year.

If a parent can claim the child as a qualifying child but no parent claims the child, the child is treated as the qualifying child of the person who had the highest AGI for the year, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child.

**Example:** Your daughter meets the conditions to be a qualifying child for both you and your mother. Under the rules above, you are entitled to treat your daughter as a qualifying child for all of the six tax benefits listed above for which you otherwise qualify. Your mother is not entitled to take any of the six tax benefits listed above unless she has a different qualifying child. **HOWEVER, IF YOUR MOTHER'S AGI IS HIGHER THAN YOURS, YOU CAN LET YOUR MOTHER TREAT YOUR DAUGHTER AS HER QUALIFYING CHILD. IF YOU DO THAT, YOUR DAUGHTER IS NOT YOUR QUALIFYING CHILD FOR ANY OF THE SIX BENEFITS.**

For more details and examples, see Pub. 17 and 501.



interview  
tips

## Table 1: Dependency Exemption

**Begin with this table for both Qualifying Child and Qualifying Relative dependents.**

Probe/Action: Ask the taxpayer:

step <b>1</b>	Can you or your spouse (if filing jointly) be claimed as a dependent on someone else's tax return this year?	If <b>YES</b> : If you can be claimed as a dependent by another person, you may not claim anyone else as your dependent. If <b>NO</b> : Go to Step 2
step <b>2</b>	Was the person married as of December 31, 2014?	If <b>YES</b> : Go to Step 3 If <b>NO</b> : Go to Step 4
step <b>3</b>	Is the person filing a joint return for this tax year? ( <i>Answer "NO" if the person is filing a joint return only to claim a refund of income tax withheld or estimated tax paid.</i> )	If <b>YES</b> : You cannot claim this person as a dependent. If <b>NO</b> : Go to Step 4
step <b>4</b>	Was the person a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico? ( <i>Answer "YES" if you are a U.S. citizen or U.S. national and you adopted a child who lived with you as a member of your household all year.</i> )	If <b>YES</b> : Go to Step 5 If <b>NO</b> : You cannot claim this person as a dependent.
step <b>5</b>	Was the person your son, daughter, stepchild, eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (i.e., your grandchild, niece, or nephew)?	If <b>YES</b> : Go to Step 6 If <b>NO</b> : This person is not your qualifying child. Go to Table 2: Dependency Exemption for Qualifying Relative
step <b>6</b>	Was the person: -under age 19 at the end of the year and younger than you ( <i>or your spouse, if filing jointly</i> ) OR -a full-time student, under age 24 at the end of the year, and younger than you ( <i>or your spouse, if filing jointly</i> ) OR -permanently and totally disabled <sup>1</sup> at any time during the year?	If <b>YES</b> : Go to Step 7 If <b>NO</b> : This person is not your qualifying child. Go to Table 2: Dependency Exemption for Qualifying Relative
step <b>7</b>	Did the person live with you as a member of your household, except for temporary absences <sup>2</sup> , for more than half the year? ( <i>Answer "YES" if the child was born or died during the year.</i> )	If <b>YES</b> : Go to Step 8 (Use Table 3 to see if the exemption for children of divorced or separated parents or parents who live apart applies.) If <b>NO</b> : This person is not your qualifying child. Go to Table 2: Dependency Exemption for Qualifying Relative
step <b>8</b>	Did the person provide more than half of his or her own support <sup>3</sup> for the year?	If <b>YES</b> : You cannot claim this person as a dependent If <b>NO</b> : Go to Step 9
step <b>9</b>	Is the person a qualifying child of any other person?	If <b>YES</b> : Go to the chart: Qualifying Child of More Than One Person If <b>NO</b> : You can claim this person as a dependent

### Footnotes:

<sup>1</sup> A person is permanently and totally disabled if he or she cannot engage in any substantial gainful activity because of a physical or mental condition, AND a doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

<sup>2</sup> A child is considered to have lived with you during periods of time when one of you, or both, are temporarily absent due to special circumstances such as illness, education, business, vacation or military service. In most cases a child of divorced or separated parents is the qualifying child of the custodial parent. See Table 3: Children of Divorced

or Separated Parents or Parents Who Live Apart to see if an exception applies. There is an exception for kidnapped children. See Publication 17, Personal Exemptions and Dependents

<sup>3</sup> A worksheet for determining support is included later in this section. If a child receives social security benefits and uses them toward his or her own support, those benefits are considered as provided by the child. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI) are generally considered support provided by the state.

## Table 2: Dependency Exemption for Qualifying Relative



interview  
tips

**You must start with Table 1.** (To claim a qualifying relative dependent, you must first meet the Dependent Taxpayer, Joint Return and Citizen or Resident Tests in steps 1-4 of Table 1)  
**Probe/Action:** Ask the taxpayer:

step <b>1</b>	Is the person your qualifying child or the qualifying child of any other taxpayer? A child is not the qualifying child of any other taxpayer if the child's parent (or any other person for whom the child is defined as a qualifying child) is not required to file a U.S. income tax return or files an income tax return only to get a refund of income tax withheld.	If <b>YES</b> , the person is not a qualifying relative. (See Qualifying Child Interview Tips.) If <b>NO</b> , go to Step 2.
step <b>2</b>	Was the person your son, daughter, stepchild, foster child, or a descendant of any of them (i.e., your grandchild)? OR Was the person your brother, sister, half-brother, half-sister, or a son or daughter of any of them? OR Was the person your father, mother, or an ancestor or sibling of either of them? OR Was the person your stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law? <sup>1</sup>	If <b>NO</b> , go to Step 3. If <b>YES</b> , go to Step 4. <b>Note:</b> The relatives listed in Step 2 are considered "Relatives who do not have to live with you"
step <b>3</b>	Was the person any other person (other than your spouse) who lived with you all year as a member of your household? <sup>2</sup>	If <b>NO</b> , you cannot claim this person as a dependent. If <b>YES</b> , go to Step 4. <b>Note:</b> There are exceptions for kidnapped children; a child who was born or died during the year; certain temporary absences—school, vacation, medical care, etc.
step <b>4</b>	Did the person have gross income of less than \$3,950 in 2014? <sup>3</sup>	If <b>NO</b> , you cannot claim this person as a dependent. If <b>YES</b> , go to Step 5.
step <b>5</b>	Did you provide more than half the person's total support for the year? <sup>4</sup>	If <b>YES</b> , you can claim this person as your qualifying relative dependent. (Use Table 3 to see if the exception for children of divorced or separated parents or parents who live apart applies.) If <b>NO</b> , go to Step 6.

continued on next page

### Footnotes:

<sup>1</sup> Any of these relationships that were established by marriage are not ended by death or divorce.

<sup>2</sup> A person does not meet this test if at any time during the year the relationship between you and that person violates local law.

<sup>3</sup> For purposes of this test, the gross income of an individual who is permanently and totally disabled at any time during the year does not include income for services the individual performs at a sheltered workshop.

Gross income means all income the person received in the form of money, goods, property and services, that is not exempt from tax. Do not include social security benefits unless the person is married filing a separate return and lived with their spouse at any

time during the tax year or if 1/2 the social security benefits plus their other gross income and tax exempt interest is more than \$25,000 (\$32,000 if MFJ).

<sup>4</sup> A worksheet for determining support is included at the end of this section.

See Table 3 for the exception to the support test for children of divorced or separated parents or parents who live apart.

If a child receives social security benefits and uses them toward his or her own support, those benefits are considered as provided by the child. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI), or for a foster child are generally considered support provided by the state.



## Table 2: Dependency Exemption for Qualifying Relative

interview  
tips

Continued  
Probe/Action: Ask the taxpayer:

step 6	Did another person provide more than half the person's total support?	If <b>YES</b> , you cannot claim an exemption for this person. If <b>NO</b> , go to Step 7.
step 7	Did two or more people together provide more than half the person's total support?	If <b>YES</b> , go to Step 8. If <b>NO</b> , you cannot claim this person as a dependent.
step 8	Did you provide more than 10% of the person's total support for the year?	If <b>YES</b> , go to Step 9. If <b>NO</b> , you cannot claim this person as a dependent.
step 9	Did the other person(s) providing more than 10% of the person's total support for the year provide you with a signed statement agreeing not to claim the exemption?	If <b>YES</b> , you can claim this person as a dependent. You must file Form 2120 with your return. If <b>NO</b> , you cannot claim this person as a dependent.



## Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart



interview  
tips

(Use this table when directed from Table 1 or Table 2 to determine if the exception applies to the qualifying child residency test or the qualifying relative support test)  
Probe/Action: Ask the taxpayer:

step <b>1</b>	Did the child receive over half of his or her support from the parents who are: Divorced OR Legally separated under a decree of divorce or separate maintenance OR Separated under a written separation agreement OR Lived apart at all times during the last 6 months of the year?	If <b>YES</b> , go to Step 2. If <b>NO</b> , Table 3 does not apply.
step <b>2</b>	Was the child in the custody of one or both parents for more than half the year? <sup>1</sup>	If <b>YES</b> , go to Step 3. If <b>NO</b> , Table 3 does not apply.
step <b>3</b>	Did the custodial parent (parent with whom the child lived for the greater number of nights during the year) provide the taxpayer a signed written declaration (Form 8332, a copy of Form 8332, or similar document) releasing his or her claim to the exemption for the child?	If <b>YES</b> , the Table 3 exception applies. <sup>2</sup> Return to the appropriate step in Table 1 or Table 2. If <b>NO</b> , go to Step 4.
step <b>4</b>	Are either of the following statements true? The taxpayer has a Post-1984 and Pre-2009 decree <sup>3</sup> or agreement that is applicable for 2014 and states <b>all three of the following?</b> 1. The noncustodial parent can claim the child as a dependent without regard to any condition, such as payment of support. 2. The other parent will not claim the child as a dependent for the year. 3. The years for which the noncustodial parent can claim the child as a dependent.  OR The taxpayer has a Pre-1985 decree of divorce or separation maintenance or written separation agreement between the parents that provide that the noncustodial parent can claim the child as a dependent, and the noncustodial parent provides at least \$600 for support of the child during 2014?	If <b>YES</b> , the Table 3 exception applies. Return to the appropriate step in Table 1 or Table 2. If <b>NO</b> , Table 3 does not apply.

### Footnotes:

<sup>1</sup> If the child is emancipated under state law, either by reaching age of majority or other means, child is treated as not living with either parent (see Pub 17).

<sup>2</sup> **Post-2008 decree or agreement.** If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent cannot attach pages from the decree or agreement instead of Form 8332. The custodial parent must sign, and the noncustodial parent must attach to his or her return, either Form 8332, or a copy of Form 8332 or a substantially similar statement the only purpose of which is to release the custodial parent's claim to a child.

### <sup>3</sup> **Post-1984 and Pre-2009 divorce decrees or agreements:**

The noncustodial parent must attach all of the following pages from the decree or agreement.

- Cover page (include the other parent's SSN on that page)
- The pages that include all the information identified in (1) through (3) above
- Signature page with the other parent's signature and date of agreement.

### **Release of exemption revoked**

A custodial parent who has revoked his or her previous release of a claim to exemption for a child must attach a copy of the revocation to his or her return. (See Form 8332 for more details)

**Other decrees or agreements that do not meet step 4:** Non-custodial parents must attach the Form 8332, or a copy of Form 8332 or similar statement to their return.

## Worksheet for Determining Support



### Funds Belonging to the Person You Supported

1. Enter the total funds belonging to the person you supported, including income received (taxable and nontaxable) and amounts borrowed during the year, plus the amount in savings and other accounts at the beginning of the year . . . . . 1. \_\_\_\_\_
2. Enter the amount on line 1 that was used for the person's support . . . . . 2. \_\_\_\_\_
3. Enter the amount on line 1 that was used for other purposes . . . . . 3. \_\_\_\_\_
4. Enter the total amount in the person's savings and other accounts at the end of the year . . . . . 4. \_\_\_\_\_
5. Add lines 2 through 4. (This amount should equal line 1.) . . . . . 5. \_\_\_\_\_

### Expenses for Entire Household (where the person you supported lived)

6. Lodging (complete line 6a or 6b):
  - 6a. Enter the total rent paid . . . . . 6a. \_\_\_\_\_
  - 6b. Enter the fair rental value of the home. If the person you supported owned the home, also include this amount in line 21. . . . . 6b. \_\_\_\_\_
7. Enter the total food expenses . . . . . 7. \_\_\_\_\_
8. Enter the total amount of utilities (heat, light, water, etc. not included in line 6a or 6b) . . . . . 8. \_\_\_\_\_
9. Enter the total amount of repairs (not included in line 6a or 6b) . . . . . 9. \_\_\_\_\_
10. Enter the total of other expenses. Do not include expenses of maintaining the home, such as mortgage interest, real estate taxes, and insurance. . . . . 10. \_\_\_\_\_
11. Add lines 6a through 10. These are the total household expenses . . . . . 11. \_\_\_\_\_
12. Enter total number of persons who lived in the household . . . . . 12. \_\_\_\_\_

### Expenses for the Person You Supported

13. Divide line 11 by line 12. This is the person's share of the household expenses . . . . . 13. \_\_\_\_\_
14. Enter the person's total clothing expenses . . . . . 14. \_\_\_\_\_
15. Enter the person's total education expenses . . . . . 15. \_\_\_\_\_
16. Enter the person's total medical and dental expenses not paid for or reimbursed by insurance . . 16. \_\_\_\_\_
17. Enter the person's total travel and recreation expenses . . . . . 17. \_\_\_\_\_
18. Enter the total of the person's other expenses . . . . . 18. \_\_\_\_\_
19. Add lines 13 through 18. This is the total cost of the person's support for the year . . . . . 19. \_\_\_\_\_

### Did the Person Provide More Than Half of His or Her Own Support?

20. Multiply line 19 by 50% (.50) . . . . . 20. \_\_\_\_\_
21. Enter the amount from line 2, plus the amount from line 6b if the person you supported owned the home. This is the amount the person provided for his or her own support . . . . . 21. \_\_\_\_\_
22. Is line 21 more than line 20?

☐ **No.** You meet the support test for this person to be your qualifying child. If this person also meets the other tests to be a qualifying child, stop here; do not complete lines 23–26. Otherwise, go to line 23 and fill out the rest of the worksheet to determine if this person is your qualifying relative.

☐ **Yes.** You do not meet the support test for this person to be either your qualifying child or your qualifying relative. **Stop here.**

### Did You Provide More Than Half?

23. Enter the amount others provided for the person's support. Include amounts provided by state, local, and other welfare societies or agencies. Do not include any amounts included on line 1. . . 23. \_\_\_\_\_
24. Add lines 21 and 23 . . . . . 24. \_\_\_\_\_
25. Subtract line 24 from line 19. This is the amount you provided for the person's support . . . . . 25. \_\_\_\_\_
26. Is line 25 more than line 20?

☐ **Yes.** You meet the support test for this person to be your qualifying relative.

☐ **No.** You do not meet the support test for this person to be your qualifying relative. You cannot claim an exemption for this person unless you can do so under a multiple support agreement, the support test for children of divorced or separated parents, or the special rule for kidnapped children. See *Multiple Support Agreement*, *Support Test for Children of Divorced or Separated Parents or Parents Who Live Apart*, or *Kidnapped Child* under *Qualifying Relative*.

Taxpayers should keep a completed copy of this worksheet for their records.



# Main Information Screen

**US Main Information Sheet**

This return can be filed on Form 1040EZ

Check form you are using: ☒ 1040 ☐ 1040A ☐ 1040EZ ☐ 1040PR ☐ 1040NR ☐ 1040NREZ

Check one: ☐ Spanish forms on the screen and printed. ☐ Spanish forms printed only.

---

Sal.	Your first name	Initial	Last name	Suffix	Your SSN
_____	_____	_____	_____	_____	_____

If filing a **JOINT** return, enter your spouse's

Sal.	First name	Initial	Last name, if different from yours	Spouse's SSN
_____	_____	_____	_____	_____

**Mailing address**

Name line 2. Use % for care of ..... \_\_\_\_\_

Present home address ..... \_\_\_\_\_

Zip code, city, and state ..... \_\_\_\_\_

Email address ..... \_\_\_\_\_

<b>Telephone numbers</b>	<b>Taxpayer</b>	<b>Spouse</b>
Daytime .....	_____	_____
Evening .....	_____	_____
Cell phone .....	_____	_____
Foreign phone .....	_____	_____

**Birth date** ..... \_\_\_\_\_

Age for Federal tax purposes .....

Taxpayer's occupation ..... \_\_\_\_\_

Spouse's occupation ..... \_\_\_\_\_

Do not use punctuation marks (period, comma).

Verify spouse last name with SS card. If different from taxpayer, enter last name here.

Enter spouse SSN.

Note 2: see below.

Enter zip code first. (See note 3.)

Always ask for at least one telephone number. The daytime phone number will appear on the printed return.

Enter area code first.

Must input birth date. Include spouse if joint return. Enter as mmddyyyy (program will enter slash marks).

**Note 1:** The total number of characters entered in first name, initial and last names for both taxpayer and spouse cannot exceed 35 characters. This includes DECD if one is deceased. If it does, the return will reject. Refer to Pub 3189 if you need more information.

**Note 2:** Use only if an additional name is needed for "in care of," for a two line street address, or in the case of a deceased taxpayer. Enter %, a space, and then the name of the person filing the return for the deceased person. This may be the surviving spouse if the filing status is Married Filing Jointly or a personal representative such as an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. When you print the return, the tax software prints the date of death and DECD next to the deceased person's name at the top of Form 1040 page 1, as required by the IRS.

**Note 3:** Once the ZIP code is entered TaxWise® will then auto-fill the city and state.

# Main Information Screen (continued)

Foreign Address  
 Foreign street address .....  
 Foreign city .....  
 Foreign province / state .....  
 Foreign Zip code .....  
 Combined foreign city / province / Zip .....  
 Foreign country. Do not abbreviate .....  
 Foreign country code .....

**Taxpayer Information**

Special processing .....

Are you excluding Puerto Rico income from this tax return? ..... ☐ Yes ☐ No  
 If "Yes", enter the amount of income excluded .....

Check if blind ..... **Taxpayer** ☐ Yes ☐ No  
 Check if totally and permanently disabled ..... **Spouse** ☐ Yes ☐ No  
 Date of death. ONLY if in 2013 or 2014 .....  
 This tax return is being filed by the surviving spouse or someone else.

**Presidential Election Campaign** Check here if you, or your spouse if a joint return, want \$3 to go to this fund ..... ☐ You ☐ Spouse

Use this section to enter a foreign address. Do not use foreign address field for APO/FPO addresses. (See Note 1.)

If the taxpayer served in a combat zone during the tax year, click on this box and select from the dropdown menu. This will identify the return to the IRS, and can avoid certain reject conditions, such as federal withholding exceeding 50% of the wage amount.

Defaulted to No.

Important for calculation of standard deduction.

Complete for deceased taxpayer.

**Filing Status and Exemptions**

1 ☐ Single  
 2 ☐ Married filing jointly (even if only one had income)  
 3 ☐ Married filing separately  
 Spouse's first name: Last name: SSN:  
 Did your spouse ever live with you in 2013? ..... ☐ Yes ☐ No  
 If "Yes", did you and your spouse live together at anytime after June 30, 2013? ..... ☐ Yes ☐ No  
 Married filing separately, only: If the state in the address above is a community property state (AZ, CA, ID, LA, NV, NM, TX, WA, or WI), or a return is being filed to one of these states, answer the following questions.  
 Military: Is this your home of record? ..... ☐ Yes ☐ No  
 If "Yes", fill in Form 8958.  
 Others: Are you a resident of this community property state? ..... ☐ Yes ☐ No  
 If "Yes", fill in Form 8958 and use Form 1040.  
 If "No", you CANNOT e-file this return.

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter the child's name and social security number. A self-supporting child who lives with you IS NOT a qualifying person.  
 5 ☐ Qualifying widow(er) with dependent child. Year spouse died (2011 or 2012 only):

**6 Exemptions** a ☒ Yourself b ☐ Spouse Number of boxes checked on 6a and 6b. 1

Check if  
 (a) you can be claimed on another person's return ..... ☐  
 (b) filing status 2 and spouse can be claimed on another person's return ..... ☐  
 (c) you are using filing status 4 and claiming nonresident alien spouse ..... ☐  
 Spouse's first name: Spouse's last name:  
 Spouse's SSN or ITIN:

Ask taxpayer. Answer does not affect refund or balance due.

Hint: Only enter child's name and SSN in this section if not being claimed as a dependent.

Enter year of death here.

Verify exemptions. College/high school students or young military personnel who entered the military this tax year may be eligible to be claimed (See Note 2).

**Note 1:** If the return is for a Canadian resident, the address should be put entirely on the foreign street address line. Leave ZIP code, city, and state blank.

**Note 2:** If someone else is entitled to claim the taxpayer (or spouse), check the appropriate box on line 6 of the Main Information Sheet. If the taxpayer is filing Head of Household and claiming an exemption for a nonresident alien spouse, check the box on line 6c of the software's main information sheet and enter the spouse's first name, last name, and SSN or ITIN on line 6C. Taxpayer will still need another individual to be the qualifying person to be eligible for Head of Household.

# Main Information Screen (continued)

**c Dependents/Nondependents**  
Check here to charge a flat fee for dependents instead of a fee per dependent. . . . . ☐

First name	Last name	Date of birth	Age	Social security number	Relationship to YOU	Mo in Hm	C o d e	E I C	C T C
			0					<input type="checkbox"/>	<input type="checkbox"/>
			0					<input type="checkbox"/>	<input type="checkbox"/>
			0					<input type="checkbox"/>	<input type="checkbox"/>
			0					<input type="checkbox"/>	<input type="checkbox"/>

Totals from . . . . . Above Statement  
 Number of your children who lived with you . . . . . 0 . . . . . Box 6c1 . . . . . 0  
 Number of your children who didn't live with you due to divorce or separation . . . . . 0 . . . . . 0 . . . . . Box 6c2 . . . . . 0  
 Number of other dependents . . . . . 0 . . . . . 0 . . . . . Box 6c3 . . . . . 0

**Noncustodial Parents.** If you are claiming, as a dependent, your child who does not live with you, you MUST attach a written document to the tax return that substantiates your right to claim this dependent. If e-filing, you have the option of attaching the document to Form 8453 or attaching a PDF. Check the item you are attaching.

A copy of a divorce or separation agreement that went into effect after 1984 and before 2009 . . . . . ☐  
 Check here to attach a PDF of the divorce agreement to the e-file . . . . . ☐  
 Form 8332 - Release of Claim of Exemption - required if divorce or separation agreement went into effect after 2008 . . . . . ☐  
 Check here to attach a PDF of Form 8332 to the e-file . . . . . ☐

Total number of exemptions claimed . . . . . Box 6d . . . . . 1

Hint: If a child meets the age, relationship and residency requirements to be a Qualifying Child Dependent (and any issues have been discussed and resolved regarding whether the child could qualify another taxpayer as well), check the EIC box on the child's line. TaxWise® will not allow the EIC if they do not qualify in other regards.

Verify names, SSN, and dates of birth with social security card to prevent rejected returns. List children from youngest to oldest.

Last name—Enter last name only if different from primary taxpayer.

If person is an in-law, use the relationship without "in-law". For example, a brother-in-law should be entered as brother.

Use down arrow or space bar on [Relationship to YOU], [Mo in Hm], and [Code] columns for valid choices.

DC is credit for child and dependent care expenses.

EIC is earned income credit.\*

CTC is child tax credit—TaxWise® automatically determines if child is a qualifying child based upon your input.

Check applicable box if noncustodial parent or Multiple Support agreement exists.

Enter number of months each individual lived in the taxpayer's home or use MX if the dependent lived in Mexico or CN if the dependent lived in Canada – type in directly or use the drop-down list. Enter 12 months if dependent was born or died during the year.

**\* EIC must be checked to bring up the applicable EIC forms. If in doubt, check the box.**

Carefully read the information regarding Dependents/Nondependents, and pay special attention to the codes. If the taxpayer is married filing a separate return and is able to claim his/her spouse's exemption, fill in the spouse's name, SSN, and other information in the software Main Information Sheet, Dependents/Non-Dependents section, showing the relationship as "other" and the Code as "3."

Use the Code box to indicate relationship as follows:

- 1 = Your child who lives with you
- 2 = Your dependent child who does NOT live with you due to divorce or separation
- 3 = All other dependents
- 0 (zero) = Nondependents

## If There Are More Than Four Dependents

If there are more than four dependents to list, enter the first four on the Main Information Sheet. To enter the rest of the dependents, open Form 1040, page 1, link from any field in the dependents section. Link to **NEW Addl Deps - Form 1040 Line 6c**, the Additional Dependents Statement. Last names must be used on the Additional Dependents Statement.

TaxWise® carries the first four dependents from the Main Information Screen to the statement. List the remaining dependents below the first four.

**Note:** Do not list nondependents on the Additional Dependents statement. List nondependents only on the Main Information Sheet. Also, children who are qualifying children for EIC or dependent care credit must be entered on the Main Information Sheet. Those who are qualifying children for EIC must be entered first. **If you make a change to Dependents on Main Information page, you must also make the change on the Addl Deps form.**

## Qualifying Child(ren) for Earned Income Credit (EIC):

If the taxpayer qualifies (or may qualify) for earned income credit (EIC), you MUST enter the birth date and select the EIC check box for qualifying children. This information carries to Schedule EIC. TaxWise® calculates the amount of earned income credit if the client qualifies based on income and other requirements. Reminder: Although age, relationship and residency requirements are the same for EIC as for dependency, support is NOT an issue for EIC (it does not matter whether or not the child provides over half of his/her own support or whether the parent(s) do either).

## Child Without SSN or ITIN

If the qualifying child died before receiving a valid SSN or ITIN, you must override the CTC box on the Main Information Sheet to indicate that the child does qualify for the CTC. This return cannot be e-filed. Attach a copy of the child's birth certificate, death certificate, or hospital records instead. The document must show the child was born alive. Enter "DIED" in column (2) of line 6c of Form 1040.

# Main Information Screen (continued)

<b>State Information</b> If you are not preparing a state return, check here <input type="checkbox"/> or fill in state information below Full year resident: ___ and ___ Part-year: ___ and ___ Nonresident: ___ ___ ___			Check box if not preparing state returns.
<b>Type of Return</b> <input type="checkbox"/> Bank products <input type="checkbox"/> E-file ONLY <input type="checkbox"/> Paper			
<b>Select Your Bank</b> <input type="checkbox"/> Republic <input type="checkbox"/> SBTPG <input type="checkbox"/> Refund Advantage <input type="checkbox"/> River City <input type="checkbox"/> 3Fund <input type="checkbox"/> Advent Financial			Do not make entries in this section.
<b>Money Clip Prepaid Visa</b> Money Clip is available for e-filed returns requesting a refund. Do not enter bank information below.			Do not use this section.
Would the taxpayer like to receive their refund on the Money Clip card? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No			
FeeCollect and Protection Plus are only available to tax preparers enrolled to offer them.			Do not use this section.
<b>FeeCollect</b> Does the taxpayer want to have your tax preparation fees deducted from his or her refund? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>Protection Plus</b> Does the taxpayer want Protection Plus? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>Bank Account Information</b> Direct deposit is available for e-filed returns, paper returns, and bank product returns. ACH debit is available for e-filed returns only.			RTN must be 9 characters.
Routing transit number (RTN) of financial institution . . . . . _____ Account number (DAN) including hyphens . . . . . _____			Type account number exactly as shown on check.* See "Finishing the Return" section for an example of a check.

**\*Note:** You will also need to add account information on 1040 page 2. See Pointers for Direct Deposit of Refunds in the Finishing the Return tab. Do not enter the routing and account number if using the Form 8888, Allocation of Refund (Including Bond Purchases).

## State Information

A federal return may have as many as 9 state returns attached, in any combination; for example, two different full-year resident states (one for taxpayer and one for spouse), two different part-year states, and five different nonresident states.

Consult instructions for each state to determine which status applies to the taxpayer. To view instructions for the state individual package in TaxWise® Online, select **Help** from any field in the "State Information" section of the Main Information Screen and scroll to State Information. Select **[click here]** and then select the applicable state of interest. In TaxWise® Desktop, press F1 while the state form is open.

**\* Do not use a preprinted deposit slip.**

# Main Information Screen (continued)

## Self-Select and Practitioner PIN(s)

ERO PIN for both the Self-Select and Practitioner PIN programs .....  **Enter 98765**  
 Check if using the Practitioner PIN method for e-filing this income tax return or  
 Form 4868 with direct debit ..... ☐ **Check for Practitioner PIN.**

## What form(s) are you e-filing using PINs?

The income tax return ..... ☐ **Only first box should be checked.**  
 Form 4868 without direct debit. No PINs required ..... ☐  
 Form 4868 with direct debit ..... ☐  
 \* Form 2350 without direct debit ..... ☐  
 \* Form 2350 with direct debit ..... ☐  
 \* Requires date(s) of birth above and 2012 original AGI or 2012 PIN. F8 to change spouse AGI, if incorrect.  
 Taxpayer's original 2012 AGI: .....  Spouse's original 2012 AGI: .....   
 OR taxpayer's 2012 PIN: .....  OR spouse's 2012 PIN: .....   
**To use Self-Select PIN, taxpayers must bring their prior year tax return or know their prior year PIN.**

The following attachments require the submission of Form 8453. Please note that PINs are still required and that Form 8879 must be signed for all e-filed returns.

- |   |   |
|---|---|
| <input type="checkbox"/> Form(s) 1098C or contemporaneous written statement | <input type="checkbox"/> Form 3115                                |
| <input type="checkbox"/> Form 3468 attachment required                      | <input type="checkbox"/> Form 4136 attachment required            |
| <input type="checkbox"/> Form 5713  | <input type="checkbox"/> Forms(s) 8283, page 2 and / or appraisal |
| <input type="checkbox"/> Form(s) 8332                                       | <input type="checkbox"/> Form 8858                                |
| <input type="checkbox"/> Form 8864 attachment required                      | <input type="checkbox"/> Form 8885 attachments                    |
| <input type="checkbox"/> Schedule D transaction listing                     |   |
| <input type="checkbox"/> Copy of divorce or separation agreement            |   |

The information below, as well as the ERO PIN above, must be filed in for all e-filed returns.

The date must be entered below. This is today's date: 07/18/2014

Taxpayer's PIN .....  Enter 5 numbers, other than all zeroes. Do NOT use @Today Date: .....  
 I ☐ authorize ☐ do not authorize

ERO firm name ..... to enter this PIN as my  
 signature on my tax year 2013 electronically filed income tax return.

Spouse's PIN ..  Enter 5 numbers, other than all zeroes. Date: .....  
 I ☐ authorize ☐ do not authorize

ERO firm name ..... to enter this PIN as my  
 signature on my tax year 2013 electronically filed income tax return.

**For Practitioner or Self-Select PIN signature, taxpayer(s) must enter a five digit number (not starting with zero). If married filing jointly (MFJ), spouse must also enter PIN.**

**Check do not authorize for Self-Select PIN.**

**Check authorize for Practitioner PIN. (See Note 1)**

## Identity Protection PIN

If the taxpayer and / or spouse is an identity theft victim who has been validated by the IRS and has received a CP01A letter that contains an Identify Protection PIN, enter the PIN here.

Do not enter leading zeroes.

Taxpayer's identity theft PIN .....

Spouse's identity theft PIN .....

**Note 1:** Preparer can enter PIN for Practitioner PIN, and taxpayer will need to sign Form 8879.

# Main Information Screen (continued)

**Third Party Designee**  
Do you want to allow another person to discuss this return with the IRS? ..... ☐ Yes ☐ No

Designee's name \_\_\_\_\_ Designee's telephone \_\_\_\_\_ Designee's PIN (cannot be 00000) \_\_\_\_\_

**Preparer Information** Check to bill as a self-prepared return: ☐

Preparer's ID: \_\_\_\_\_ Date: \_\_\_\_\_  
 Preparer's name: \_\_\_\_\_ Print as signature: ☐  
 PTIN: \_\_\_\_\_ EIN: \_\_\_\_\_  
 Firm name: \_\_\_\_\_ Check if also ERO: ☒  
 Address: \_\_\_\_\_ Check if self-employed: ☐  
 Zip code: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Email address: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Non-paid indicator: \_\_\_\_\_ IRS only: ☐

**Time in this return:** \_\_\_\_\_ minutes **Tax bracket:** 10.0 **Price:** 0.00

Information below is for the preparer. It will print and proforma. Notes to the client should be listed on the Summary Sheet.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Usually check No.

Cannot be volunteer preparer.

The PTIN field should have an entry by default and the **IRS only** box should be checked. If not, please contact your site manager. Do not enter any other information in Preparer Information.

Preparer's name field may be required for State e-filing.

Check information on the Main Information Sheet for accuracy and complete any required fields. When complete, close form.

**Note:** Preparer Use Fields are for site's use and are defined by the site coordinator.

**US Preparer Use Form 2013**

Check here if using this form: ☐  
Only answers are stored in the database.

Name: \_\_\_\_\_ SSN: 209-11-1111

**Preparer Use Fields**

Question	Answer
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

Use these fields for information that is helpful to your site. For example, these fields could be used to enter the preparer's name and/or new versus returning taxpayers. These fields are used by the military to report rank, grade, enlisted/retired, etc.

After the end of the tax season a custom report can be created.

## Determining the Last Name of Taxpayer

A name control is a sequence of letters derived from a taxpayer's last name that is used by IRS in processing the tax return filed by the taxpayer. It is important that the combination of name control and taxpayer identification number (TIN) provided on an electronically filed return match IRS's record of name controls and TINs.

In e-file, a taxpayer's TIN and name control must match the data in the IRS database. If they do not match, the e-filed return will reject and generate an Error Reject Code.

### Name Controls for Individual Tax Returns

1. Primary Name Control (SEQ 0050) of Form 1040/1040A/1040EZ must equal the first four significant characters of the primary taxpayer's last name. No leading or embedded spaces are allowed. The first left-most position must contain an alpha character. Omit punctuation marks, titles and suffixes within last name field.

Examples:

Individual Name Primary/Secondary Name Control

Individual Name on SSN/ITIN Card(s)	Enter in TaxWise		IRS Database Primary/Secondary Name Control
	First Name Field	Last Name Field	
John Brown	John	Brown	BROW
Walter Di Angelo	Walter	Di Angelo	DIAN
Ronald En, Sr.	Ronald	En	EN
Thomas Lea-Smith	Thomas	Lea-Smith	LEA-
Joseph Corn & Mary Smith	Joseph	Corn	CORN
	Mary	Smith	SMIT
Roger O'Neil	Roger	ONeil	ONEI
Kenneth McCarty	Kenneth	McCarty	MCCA



- Consider certain suffixes as part of the last name (i.e., Armah-Bey, Paz-Ayala, Allar-Sid). Particular attention must be given to those names that incorporate a mother's maiden name as a suffix to the last name. For example, traditional Hispanic last names include the taxpayer's father's name followed by a space and the taxpayer's mother's maiden name. A married taxpayer's last name remains the same and either simply adds on the spouse's father's name (resulting in 3 names forming the last name) or deletes the mother's maiden name and adds on the spouse's father's name (sometimes the spouse's father's name is preceded by "de").

**Examples:**

Individual Name Primary Name Control

Individual Name on SSN/ITIN Card	Enter in TaxWise		IRS Database Primary Name Control
	First Name Field	Last Name Field	
Abdullah Allar-Sid	Abdullah	Allar-Sid	ALLA
Jose Alvarado Nogales	Jose	Alvarado Nogales	ALVA
Juan de la Rosa Y Obregon	Juan	de la Rosa Y Obregon	DELA
Pedro Paz-Ayala	Pedro	Paz-Ayala	PAZ-
Donald Vander Neut	Donald	Vander Neut	VAND
Otto Von Wodtke	Otto	Von Wodtke	VONW
John Big Eagle	John	Big Eagle	BIGE
Mary Her Many Horses	Mary	Her Many Horses	HERM
Ted Smith Gonzalez	Ted	Gonzalez	GONZ
Maria Acevedo Smith	Maria	Smith	SMIT
Robert Garcia Garza Hernandez	Robert	Garza Hernandez	GARZ

- Below are examples of Indo-Chinese last names and the derivative Name Control. Some Indo-Chinese names have only two characters. Indo-Chinese names often have a middle name of "Van" (male) or "Thi" (female).

**Examples:**

Individual Name Primary/Secondary Name Control

Individual Name on SSN/ITIN Card(s)	Enter in TaxWise		IRS Database Primary/Secondary Name Control
	First Name Field	Last Name Field	
Binh To La	Binh	La	LA
Kim Van Nguyen	Kim	Nguyen	NGUY
Nhat Thi Pham	Nhat	Pham	PHAM
Jin Zhang Qui & Yen Yin Chiu	Jin Zhang	Qui	QUI
	Yen Yin	Chiu	CHIU

# Notes

[illegible]

**D. Income**



# Income Quick Reference Guide



This list is a quick reference and volunteers should refer to Publication 17 for more information. Do not rely on this list alone. Some of the income items on this chart are out of scope for VITA/TCE. Refer taxpayers with out of scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

## Table A – Examples of Taxable Income

(Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)

Wages, salaries, bonuses, commissions Alimony Annuities Awards Back pay Breach of contract Business income/Self-employment income Compensation for personal services Debts forgiven <sup>1</sup> Director's fees Disability benefits (employer-funded) Discounts Dividends Employee awards Employee bonuses Estate and trust income Farm income Fees Gains from sale of property or securities Gambling winnings Hobby income Interest Interest on life insurance dividends IRA distributions Jury duty fees Military pay (not exempt from taxation)	Military pension Notary fees Partnership, Estate and S-Corporation income <i>(Schedule K-1s, Taxpayer's share)</i> Pensions Prizes Punitive damage Railroad retirement—Tier I (portion may be taxable) Railroad retirement—Tier II Recovery of prior year deduction <sup>2</sup> (medical, property taxes, etc.) Refund of state taxes <sup>2</sup> Rents (gross rent) Rewards Royalties Severance pay Self-employment Nonemployee compensation Social security benefits - portion may be taxable - <i>(See Income tab, Railroad Retirement, Civil Service, and Social Security Benefits)</i> Supplemental unemployment benefits Taxable scholarships and grants Tips and gratuities Unemployment compensation
---	--

## Table B – Examples of Nontaxable Income

(Examples of income items to exclude when determining whether a return must be filed)

Aid to Families with Dependent Children (AFDC) Child support Damages for physical injury (other than punitive) Death payments Dividends on life insurance Federal Employees' Compensation Act payments Federal income tax refunds Gifts Inheritance <sup>3</sup> or bequest Insurance proceeds (Accident, Casualty, Health, Life) Interest on tax-free securities Interest on EE/I bonds redeemed for qualified higher education expenses Meals and lodging for the convenience of employer	Payments to the beneficiary of a deceased employee Relocation payments Payments in lieu of worker's compensation Rental allowance of clergyman Sickness and injury payments Social security benefits - portion may not be taxable - <i>(See Income tab, Railroad Retirement, Civil Service, and Social Security Benefits)</i> Supplemental Security Income (SSI) Temporary Assistance for Needy Families (TANF) Veterans' benefits Welfare payments (including TANF) and food stamps Worker's compensation and similar payments
---	---

**Footnotes:** <sup>1</sup>If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable (see Income tab, Screening Sheet for Foreclosures/Abandonments and Cancellation of Debt)

<sup>2</sup>If itemized in year paid and taxes were reduced because of deduction

<sup>3</sup>An inheritance is not reported on the income tax return, but a distribution from an inherited pension or annuity is subject to the same tax as the original owner would have had to pay.



# Armed Forces Gross Income

Members of the Armed Forces receive many different types of pay and allowances. Some are included in gross income while others are excluded from gross income. **Table 1** lists included items that are subject to tax and must be reported on your tax return. **Table 2** lists excluded items that are not subject to tax, but may have to be shown on your tax return.

**Table 1—Included Items**

These items are included in gross income, unless the pay is for service in a combat zone

<b>Basic pay</b> <ul style="list-style-type: none"> <li>• Active duty</li> <li>• Attendance at a designated service school</li> <li>• Bank wages</li> <li>• CONUS COLA</li> <li>• Drills</li> <li>• Reserve training</li> <li>• Training Duty</li> </ul>	<b>Special pay (cont.)</b> <ul style="list-style-type: none"> <li>• Hostile fire or imminent danger</li> <li>• Medical and dental officers</li> <li>• Nuclear-qualified officers</li> <li>• Optometry</li> <li>• Pharmacy</li> <li>• Special compensation for assistance with activities of daily living (SCAADL)</li> <li>• Special duty assignment pay</li> <li>• Veterinarian</li> <li>• Voluntary Separation Incentive</li> </ul>	<b>Other pay</b> <ul style="list-style-type: none"> <li>• Accrued leave</li> <li>• High deployment per diem</li> <li>• Personal money allowances paid to high ranking officers</li> <li>• Student loan repayment from programs such as the Department of Defense Educational Loan Repayment Program when year's service (requirement) is not attributable to a combat zone</li> </ul>
<b>Special pay</b> <ul style="list-style-type: none"> <li>• Aviation career incentives</li> <li>• Career sea</li> <li>• Diving duty</li> <li>• Foreign duty (outside the 48 contiguous states and the District of Columbia)</li> <li>• Foreign language proficiency</li> <li>• Hardship duty</li> </ul>	<b>Bonus pay</b> <ul style="list-style-type: none"> <li>• Career status</li> <li>• Enlistment</li> <li>• Officer</li> <li>• Overseas extension</li> <li>• Reenlistment</li> </ul>	<b>Incentive pay</b> <ul style="list-style-type: none"> <li>• Submarine</li> <li>• Flight</li> <li>• Hazardous duty</li> <li>• High altitude/Low altitude (HALO)</li> </ul>

**Table 2—Excluded Items**

The exclusion for certain items applies whether the item is furnished in kind or is a reimbursement or allowance. There is no exclusion for the personal use of a government-provided vehicle.

<b>Combat zone pay</b> <ul style="list-style-type: none"> <li>• Compensation for active service while in a combat zone</li> <li>• Note: Limited amount for officers</li> </ul>	<b>Family allowances</b> <ul style="list-style-type: none"> <li>• Certain educational expenses for dependents</li> <li>• Emergencies</li> <li>• Evacuation to a place of safety</li> <li>• Separation</li> </ul>	<b>Travel allowances</b> <ul style="list-style-type: none"> <li>• Annual round trip for dependent students</li> <li>• Leave between consecutive overseas tours</li> <li>• Reassignment in a dependant restricted status</li> <li>• Transportation for you or your dependents during ship overhaul or inactivation</li> <li>• Per diem</li> </ul>
<b>Other pay</b> <ul style="list-style-type: none"> <li>• Defense counseling</li> <li>• Disability, including payments received for injuries incurred as a direct result of a terrorist or military action</li> <li>• Group-term life insurance</li> <li>• Professional education</li> <li>• ROTC educational and subsistence allowances</li> <li>• State bonus pay for service in a combat zone</li> <li>• Survivor and retirement protection plan premiums</li> <li>• Uniform allowances</li> <li>• Uniforms furnished to enlisted personnel</li> </ul>	<b>Living allowances</b> <ul style="list-style-type: none"> <li>• BAH (Basic Allowance for Housing)</li> <li>• BAS (Basic Allowance for Subsistence)</li> <li>• Housing and cost-of-living allowances abroad paid by the U.S. Government or by a foreign government</li> <li>• OHA (Overseas Housing Allowance)</li> </ul>	<b>In-kind military benefits</b> <ul style="list-style-type: none"> <li>• Dependent-care assistance program</li> <li>• Legal assistance</li> <li>• Medical/dental care</li> <li>• Commissary/exchange discounts</li> <li>• Space-available travel on government aircraft</li> </ul>
<b>Death allowances</b> <ul style="list-style-type: none"> <li>• Burial services</li> <li>• Death gratuity payments to eligible survivors</li> <li>• Travel of dependents to burial site</li> </ul>	<b>Moving allowances</b> <ul style="list-style-type: none"> <li>• Dislocation</li> <li>• Military base realignment and closure benefit (the exclusion is limited as described above)</li> <li>• Move-in housing</li> <li>• Move household and personal items</li> <li>• Moving trailers or mobile homes</li> <li>• Storage</li> <li>• Temporary lodging and temporary lodging expenses</li> </ul>	

# TaxWise® Entries

The following are examples of items to consider in determining entries into TaxWise®:

Item	1040 Line	Link from the 1040
CSA 1099-R, Civil Service Annuity Paid	16	Link to Form 1099-R
CSF 1099-R, Statement of Survivor Annuity Paid	16	Link to Form 1099-R
K-1, (Form 1065, 1120, 1041) Capital gains or losses	13	Link to Sch D then to scratch pad.
K-1, (Form 1065, 1120, 1041) Dividend income	9a	Select Dividend Stmt from Forms Tree or link to Sch B then to Dividend Stmt
K-1, (Form 1065, 1120, 1041) Interest income	8a	Select Interest Stmt from Forms Tree or link to Sch B then Interest Stmt
K-1, (Form 1065, 1120, 1041) Royalty income	17	Link to Sch E Line 4
K-1, (Form 1065, 1120, 1041) Tax exempt income	8b	Link to Sch B then Interest Stmt
RRB 1099 Railroad Retirement Benefits (Tier 1)	20	Link to Wkt 1
RRB 1099-R Railroad Retirement Benefits (Tier 2)	16	Link to Form 1099-R
SSA 1099 Social Security Benefits	20	Link to Wkt 1
W-2 Wages & Salaries	7	Link to Form W-2
W-2G Gambling Winnings	21	Link to Wkt 7 then Form W-2G
1098 Mortgage Interest Statement	40	Link to Sch A
1098-E Student Loan Interest	33	Link to Wkt 2
1098-T Tuition Statement		Complete the rest of the return, then see Education Benefits Tab
1099-B Proceeds from Broker and Barter Exchange	13	Link to Sch D then to Form 8949 then to Cap Gn Wkt
1099-DIV Dividends	9	Link to Sch B then to Dividend Stmt
1099-G State Tax Refund	10	Answer question on 1040. If yes, link to State Tax Refund Wkt
1099-G Unemployment Compensation	19	Link to Form 1099G Worksheet
1099-INT Interest Income	8	Link to Sch B then Interest Stmt
1099-MISC Line 2 Royalties	17	Link to Schedule E for royalties from oil & gas interest only. If from services (acting, author etc.) enter on Sch C.
1099-MISC Line 3 Other Income	21	Link to worksheet (Wkt 7)
1099-MISC Line 7 Non-employee Compensation	12	Link to Sch C then to 1099 MISC (See note 2.)
1099-R IRA Distributions	15	Link to Form 1099-R
1099-R Pension Distributions	16	Link to Form 1099-R
1099-R Retirement	16	Link to Form 1099-R
Alaska Permanent Fund	21	Link to Wkt 1
Alimony Paid	31a	No link needed
Alimony received	11	No link needed
Business Income	12	Link to Sch C
Capital Gains Distributions	13	Link to Sch B then to Dividend Stmt
Cash Income for a Business	12	Link to Sch C then to a scratch pad
Cash Income for Other than a Business	21	Link to Wkt 7
Charitable Contributions	40	Link to Sch A then to Sch A Detail
Child and Dependent Care expenses	49	Link to Form 2441
Child Tax Credit	52	Automatically calculated
Dividend Income	9a	Link to Sch B then to Dividend Stmt
Early Withdrawal Penalty	30	Link to Sch B then to Interest Stmt
Education Expenses	50	Complete the rest of the return then see Education Benefits Tab
Estimated Tax payments for the tax year	65	Link to F/S Tax Pd worksheet
First Time Home Buyer Credit (Repayment)	60b	Generally, no link needed



Item	1040 Line	Link from the 1040
Foreign Tax Credit	48	Link to Form 1116 and enter amount in first paragraph
Gambling Winnings	21	Link to Wkt 7; then Form W-2G
Gambling Losses		Add losses at bottom of W-2G. If no W-2G add losses to Sch A line 28.
Health Savings Account	25	Link to Form 8889
Household Employee Income (no W-2)	7	Link to Wkt 1
Interest Income	8	Link to Sch B then to Interest Stmt
IRA Contributions	32	Link to IRA worksheet
IRA Distributions	15	Link to Form 1099R
IRA Rollover	15	Link to Form 1099-R showing the distribution and use Exclusion Worksheet to show rollover. Check the box on 1040 Line 15 then link to rollover explanation.
Jury Duty Pay	21	Link to Wkt 7
Jury Duty Paid to the Employer	36	No link needed
Medical and Dental Expenses	40	Link to Sch A then detail
Mileage for Charitable Travel	40	Link to Sch A then detail
Mileage for Medical Travel	40	Link to Sch A then detail
Mortgage Interest and Points Paid	40	Link to Schedule A
Other Income (prizes, jury duty, etc.)	21	Link to Wkt 7
Pension Distributions	16	Link to Form 1099R
Personal Property Taxes	40	Link to Schedule A Line 7
Prizes and Awards	21	Link to Wkt 7
Real Estate Taxes	40	Link to Schedule A Line 6
Retirement Savings Credit	50	Link to Form 8880
Roth IRA Contributions	32	Link to IRA worksheet
Royalties (Simple royalties with no associated expenses)	17	Link to Sch E
Royalties from Services	12	Link to Sch C Line 1 then to 1099-MISC
Self-employment income	12	Link to Schedule C then to 1099-MISC or scratchpad
Social Security Benefits	20	Link to Wkt 1
State Tax Refunds (if reportable)	10	Link to State Tax Refund Worksheet
Stock Sales (Gains and Losses)	13	Link to Sch D Form 8949 then Cap Gn Wkt
Student Loan Interest	33	Link to Wkt 2
Tip income (not shown on W-2)	58	Link to Form 4137
Traditional IRA Contributions	32	Link to IRA worksheet
Unemployment Compensation - Current Year	19	Link to form 1099-G
Wages & Salaries	7	Link to Form W-2

**Note 1:** If the applicable form is in the Forms Tree, it may be selected directly rather than linking from Form 1040.

**Note 2:** For nonemployee compensation that is related to a business, it is important to link to Schedule C or C-EZ and then to Form 1099-MISC. If the taxpayer is not in that business, then this income should be reported on Line 21.

**TIP:** If any income reported on an IRS income document is not included in the tax return because it is not taxable, complete the "Regulation Explanation," the "Election Explanation," or the "PrepNotes" form to explain the situation.

# How/Where to Enter Income

Select "1040 Pg 1" from the tree

**Note:** Link to access the appropriate entry form. Once you link, use existing forms (if applicable) prior to adding a new form.

Income		
<b>7</b>	Wages, salaries, tips, etc. . . . . AB <input type="checkbox"/> FB <input type="checkbox"/> DCB <input type="checkbox"/> SNE <input type="checkbox"/> SSHIP <input type="checkbox"/>	0.
	Taxable scholarship not on Form W2 . . . . .	0.
	Household employee income not on Form W2 . . . . .	0.
<b>8a</b>	Taxable interest . . . . .	0.
<b>b</b>	Tax-exempt interest . . . . .	0.
<b>9a</b>	Ordinary dividends including qualified dividends from Forms 8814, listed on Schedule B . . . . .	0.
<b>b</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.
<div style="border: 1px solid black; padding: 5px;">           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 . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No         </div>		
<b>10</b>	Taxable refunds, credits, or offsets of state and local income taxes. F9 for worksheet . . . . .	0.
<b>11</b>	Alimony received . . . . .	0.
<b>12</b>	Business income or (loss) . . . . .	0.
<b>13</b>	Capital gain or (loss) . . . . . Schedule D not required: <input type="checkbox"/>	0.
<b>14</b>	Other gains or (losses) . . . . . Form 4684 only: <input type="checkbox"/>	0.
<b>15a</b>	IRA distributions . . . . . Total	0.
<b>b</b>	Taxable amount . . . . . Check if rollover: <input type="checkbox"/> and F9 to explain: <input type="checkbox"/>	0.
<b>16a</b>	Pensions and annuities . . . . . Total	0.
<b>b</b>	Taxable amount . . . . . Check if any amounts were rolled over: <input type="checkbox"/>	0.
<b>17</b>	Rental real estate, royalties, partnerships, S corporations, trusts, etc. . . . .	0.
<b>18</b>	Farm income or (loss) . . . . .	0.
<b>19</b>	Unemployment compensation . . . . .	0.
	Repayment of 2013 unemployment compensation . . . . .	0.
<b>20a</b>	Social security benefits . . . . .	0.
<b>b</b>	Taxable amount . . . . . D <input type="checkbox"/> LSE <input type="checkbox"/>	0.
<b>21</b>	Other income. *Type: . . . . .	0.
*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.		

Link to Form W-2.

Link to Form 4137 to calculate Social Security and Medicare tax on unreported tips.

Link to 1040 Worksheet 1 to enter taxable portion. See Education Benefits tab.

Link to 1040 Worksheet 1 to enter income not reported on a Form W-2

Input interest on the Interest Statement.

Input dividends on the Dividend Statement.

Link to state tax refund worksheet.<sup>1</sup>

Enter directly.

Link to Sch C or Sch C-EZ.<sup>2</sup>

Input Capital gains or loss on the Capital Gain or Loss Transactions Worksheet.

Link to Form 1099R.

Link to Form 1099R.

Link to Sch E, page 1.

Link to Form 1099-G.

Link to Form 1040 wkt 1.

Link to wkt 7 and additional forms or scratch pads as necessary

<sup>1</sup> List state refund only if taxpayer itemized deductions (on Schedule A) last year and taxes were reduced because of deductions for income tax. If your state has a sales tax, sales tax in worksheet should not be zero. See sales tax calculator on irs.gov.

<sup>2</sup> For taxpayers with Form 1099-MISC with nonemployee income, (Box 7) link from line 12 to Schedule C or Schedule C-EZ and then link to Form 1099-MISC from line 1. Entering the information this way will automatically calculate self-employment tax.

Use **Add Form** feature to complete Form 2555 or Form 2555-EZ, if applicable. The exclusion amount will be calculated by TaxWise® and entered as a negative number on line 21 of Form 1040.

**International Certification Only** If taxpayer has income from a foreign employer link from line 7 to Form FEC-Foreign Employer Compensation. Enter the taxpayer's address at the time the money was earned. For Section e, TaxWise® Help can be used to determine the appropriate country code. Enter the foreign employer's information. List the compensation amount in U.S. dollars. Once you enter the information, TaxWise® automatically reports the total on line 7 of Form 1040. If the taxpayer qualifies to claim the Foreign Earned Income Exclusion, Form 2555 or Form 2555-EZ can be filed electronically. The maximum Foreign Earned Income Exclusion is \$99,200 for 2014. The foreign housing exclusion is \$43.48 per day or \$15,872 for the year.

# Form W-2 Instructions

**US W-2 Wage and Tax Statement**

This W2 statement is for the: ☒ Taxpayer ☐ Spouse

Employee's name: \_\_\_\_\_ Employee's SSN: \_\_\_\_\_

☐ Check if this W2 is handwritten, altered, or appears not to be a true W-2.  
☐ Check if this is the taxpayer's address shown on the W-2 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: \_\_\_\_\_

☐ Please verify the Federal withholding, social security withholding, and Medicare withholding. The amounts exceed the Publication 15 guidelines.  
☐ Check to take calculations off of lines 3, 4, 5, and 6.  
☐ Check to take calculations off of line 16, state wages.  
☐ The taxpayer / spouse ID number listed on the Main Information Sheet is an ITIN. Enter the ID number (SSN or ITIN) as it is shown on the actual W-2: \_\_\_\_\_

**a** Control number: \_\_\_\_\_ Corrected W2 (W-2C): ☐

<b>b</b> Employer ID: _____ Name code: _____	<b>1</b> Wages, tips, etc. _____	<b>2</b> Federal tax withheld _____
<b>c</b> Employer's name _____ Employer's U.S. address _____ _____ Employer's Zip code, city, and state _____ _____ Employer's foreign address _____ Employer's foreign city _____ Employer's foreign province / state _____ Employer's Zip code and country code _____	<b>3</b> Social security wages _____	<b>4</b> Social security tax withheld _____
	<b>5</b> Medicare wages _____	<b>6</b> Medicare tax withheld _____
	<b>7</b> Social security tips _____	<b>8</b> Allocated tips _____
	<b>9</b> _____	<b>10</b> Dependent care benefits _____
	<b>11</b> Nonqualified plans _____	

**Tip:** If there is more than one Form W-2, select the Copy W-2 tab. In TWO, click on + sign beside last completed W-2 in Tree.

Select W-2 for Taxpayer or Spouse

Compare this address to Form W-2 address. If same, check second box. If different, check third box and enter address exactly as it appears on Form W-2.

Amounts entered in boxes 7 and 12 will cause the calculated entries 3, 4, 5, 6 and 16 to change. Be sure to enter all non-calculated entries on the Form W-2 first. Then, if boxes 3, 4, 5, 6, or 16 do not match taxpayer's Form W-2, check fifth or sixth box and enter data exactly as it appears on Form W-2.

If taxpayer has an ITIN, enter invalid SSN shown on original W-2.

Review box 2 and box 17 to ensure tax withheld was entered and is correct.

If there is an entry in Box 10, Form 2441 must be completed.

If a Form W-2 cannot be obtained from the employer, link from Box 1 to Form 4852 to create a substitute W-2.

## Form W-2 ALERT!

IRS requires that information on electronically filed Form(s) W-2 match the printed Form(s) W-2 exactly. Verify tax year, taxpayer name/SSN, and employer carry forward information.

A taxpayer with multiple Forms W-2 could possibly have a different address on several, if not all, of the Forms W-2.

Check them carefully; the change must be made on every Form W-2 that is different from the current address.

# Form W-2 Instructions (cont.)

<b>12 Code</b> <b>Amount</b> <b>YY --&gt;Year</b> _____ 0. _____ for prior _____ 0. _____ year _____ 0. _____ USERRA _____ 0. _____ contribution			<b>14 Other</b> <b>Qualifies for</b> <b>Type</b> <b>Amount</b> <b>Form 8880</b> _____ 0. <input type="checkbox"/> _____ 0. <input type="checkbox"/> _____ 0. <input type="checkbox"/> _____ 0. <input type="checkbox"/> RR = Railroad; T = Tier    RRT1: _____ 0. RRT2: _____ 0.    RRTM: _____ 0.		
<b>13 Statutory employee</b> <b>Retirement plan</b> <b>Third party sick pay</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>					
<b>15 State</b>	<b>State ID number</b>	<b>16 State wages</b>	<b>17 State tax</b>	<b>18 Local wages</b>	<b>19 Local tax</b>
_____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.
_____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.
_____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.
_____	_____	_____ 0.	_____ 0.	_____ 0.	_____ 0.

**Instructions for W2**

**Nontaxable combat pay**  
Amount excluded from income by reason of section 112: \_\_\_\_\_ 0.

**Statutory employees**  
☐ Check if you are going to use Schedules C or CEZ to report this income. This will prevent this W2 from adding in to line 7 of page 1 of any 1040 form. You must go to Schedule C or CEZ and insert the amount.

**State exclusion:** See state instructions, included with each state, before checking these boxes. Instructions vary by state. Example: Some states will only allow an exclusion for military pay if the employee is stationed out of state.  
 Check if this W2 is from: ☐ Military    ☐ National Guard

**Ministerial income**  
☐ Check if this W2 is ministerial income and Schedule SE will be used.

**California W2s only**  
 See CA instructions.    SDI literal: \_\_\_\_\_    SDI amount: \_\_\_\_\_ 0.

Enter codes and amounts in boxes 12 and 14 exactly as they appear on the taxpayer provided W-2. If there are more than 4 items in box 12, enter those items that do not impact the return in box 14.

Be sure to check box 13 as indicated on Forms W-2. This is important in calculating the deductibility of IRA contributions.

**IMPORTANT!**

The most current address entered in MAIN INFO will not be affected and will remain the current address for the taxpayer(s).

## Form W-2 Reference Guide for Common Box 12 Codes

- |  |  |
|--|--|
| <p><b>A</b> Uncollected social security or RRTA tax on tips</p> <p><b>B</b> Uncollected Medicare tax on tips</p> <p><b>D</b> Elective deferrals to a section 401 (k) cash or deferred arrangement</p> <p><b>E</b> Elective deferrals under a section 403 (b) salary reduction agreement</p> <p><b>G</b> Elective deferrals and employer contributions (including nonelective deferrals) to a section 457 (b) deferred compensation plan</p> <p><b>J</b> Nontaxable sick pay</p> <p><b>P</b> Excludable moving expense reimbursements paid directly to employee</p> | <p><b>Q</b> Nontaxable combat pay</p> <p><b>T</b> Adoption benefits</p> <p><b>W</b> Employer contributions (including amounts the employee contributes through a cafeteria plan) to your health savings account</p> <p><b>AA</b> Designated Roth contributions under a section 401 (k) plan</p> <p><b>BB</b> Designated Roth contributions under a section 403 (b) plan</p> <p><b>DD</b> Cost of employer-sponsored health coverage</p> <p><b>EE</b> Designated Roth contributions under a governmental section 457 (b) plan</p> |
|--|--|

# How to Enter Tip Income

## Form 4137:

- Entering allocated tips on Form W-2 will create a Form 4137 in the forms tree.
- If the taxpayer has only tips that were reported to the employer and allocated tips on Form W-2, TaxWise® will complete Form 4137 automatically.
- If the taxpayer has only unreported tips that do not appear on Form W-2, manually open a Form 4137.

Allocated tips from Form W-2, box 8, will carry over to line 4 and TaxWise® will compute the Medicare and Social Security taxes.

## How to Enter Unreported Tips:

- If the employer's name does not appear on line 1, use the override function and enter it manually.
- If the taxpayer has a tip log that shows an amount different from the amounts reported on Form W-2, override line 4 and enter the taxpayer's actual amount.
- If the taxpayer did not have any allocated tips, enter the TP's unreported tip amount on line 4.
- If the taxpayer received tips that were not reported to the employer because they were less than \$20 a month, enter the amount on line 5. This amount should also be included on line 4 with any other unreported and allocated tips.

Unreported tips will display on line 7 of Form 1040. In TaxWise®, Form 4137 figures the employee portion of social security and Medicare taxes; these will display as Other Taxes on Form 1040.

US 4137 Social Security Tax on Unreported Tip Income

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

	a	b	c	d
	Name of employer(s) to whom you were required to, but did not report all your tips	EIN	Total cash and charge tips you received (including unreported tips)	Total cash and charge tips you reported to your employer
1				
a			0.	0.
b			0.	0.
c			0.	0.
d			0.	0.
e			0.	0.
2	Total cash and charge tips received this year. Total of line 3 + line 4		0.	
3	Total cash and charge tips reported to your employer. W2 social security tips			0.
4	Unreported tips. Allocated tips from W2 or F8 to enter the amount you wish			0.
5	Cash and charge tips you received but did not report to your employer because the total was less than \$20 in a calendar month			0.
6	Unreported tips subject to Medicare tax			0.
7	Maximum amount of wages (including tips) subject to social security tax		113,700.	
8	Total social security wages and social security tips, total of boxes 3 and 7 on Forms W2, or railroad retirement tier 1 compensation subject to the 6.2% rate		0.	0.
9	Subtract line 8 from line 7. If line 8 is more than line 7, enter -0- here and on line 10 and go to line 12			113,700.
10	Unreported tips subject to social security tax. Smaller of line 6 or line 9. If you received tips as a Federal, state, or local government employee, see instructions. Tips subject to Medicare tax only		0.	0.
11	Multiply line 10 by .062			0.
12	Multiply line 6 by .0145			0.
13	Add lines 11 and 12			0.

This facsimile form is not approved for filing directly to the IRS.  
Print IRS form using "Print Return" or "Print Current Form".

## Schedule B – Interest

Enter mortgage interest received directly on Schedule B.

Name will be red when it is first entered on Sch B. Once an entry is made on line 1b, the red will disappear.

Do not make entry directly on line 1b; Link to Interest—Stmt

US Schedule B Interest and Ordinary Dividends

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

Part I: Interest

1a Seller-financed mortgages  
Interest income from seller-financed mortgages and the buyer used the property as a personal residence. Show the buyer's name, address, and social security number.  
Name: \_\_\_\_\_ ID number: \_\_\_\_\_  
Address: \_\_\_\_\_ Amount: 0.

State information for seller-financed mortgage interest  
Joint amount: 0. Spouse amount: 0.

Other interest  
Payer. If the payer is a brokerage firm, list the firm's name as the payer.  
Amount

	Amount
b	0.
c	0.
d	0.
e	0.
f	0.
g	0.

\* The interest from Schedules K-1 transfers to line g. If you are using the interest statement, check here ☐ AND manually enter: 0. for the taxpayer and 0. for the spouse on the statement as K-1 interest.  
Subtotal 0.

These amounts reduce taxable interest income  
Nominee distributions (N) 0.  
Accrued interest (A) 0.  
OID adjustments (O) 0.  
ABP adjustments (B) 0.

2	Add the amounts on line 1	0.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815	0.
4	Subtract line 3 from line 2	0.

# Interest Statement for Schedule B, Line 1b Interest Received

Enter amounts from each 1099-INT on a separate line. If there is more than one amount on a 1099-INT, you may put them all on one line or on separate lines. Use only one interest statement to record all interest income.

US Schedule B		Interest Received					2013		
Amounts shown in Box 8 should not be entered in the "Box 1 or 3 amount" column. Instead, enter an "E" in the "NAEOB column" and the amount from Box 8 in the "NAEOB amount" column.									
Payer	Box 1 or 3 amount	TSJ	State adjust + / -	Amount	NAE OB	NAEOB amount	AMT PAB	Early penalty	Federal withheld
Fully taxable	100			0		0	0	0	0
OID-not bought/sold	200			0		0	0	0	0
US savings bond	300		-	300		0	0	0	0
US Govt obligation	400		-	400		0	0	0	0
In-state muni bond	0			0	E	500	0	0	0
OutOfState muni bond	0		+	600	E	600	0	0	0
	0			0		0	0	0	0
	0			0		0	0	0	0

Enter the name of payer, abbreviate as needed to fit on line (approximately 20 characters). Do not use punctuation.

Enter amount from Form 1099-INT, box 1 or box 3.

Enter amount from Form 1099-INT, box 9. Interest on private activity bonds is used to calculate alternative minimum tax (AMT). If AMT is greater than zero, the return is out of scope.

Enter amount from Form 1099-INT, box 2.

Enter amount from Form 1099-INT, box 4.

Enter interest from K-1 directly on Interest Statement (for example, "ABC Company K-1").

## Additional Interest, NAEOB and State Adjustment Entries

TSJ (T= Taxpayer, J=Joint, S=Spouse) column: annotating who received interest is important for state tax purposes.

State Adjustment column: **IMPORTANT—When a state return has been selected on the Main Information Screen, the entries are transferred directly to the state return. If state tax law treats the interest differently, an adjustment has to be made in the State adjust column.**

NAEOB column: Enter:

- N – Nominee interest—Interest transferred to another person—out of scope
- A – Accrued interest—Interest paid to seller at time of purchase—out of scope
- E – Federal tax exempt interest (from municipal bonds)
- O – OID adjustment – Do not use this code for interest reported on Form 1099-OID. This code is only used when the OID instrument was bought or sold during the year. In that case, the return is out of scope.
- B – Amortized bond premium—out of scope

Interest on U.S. government obligations (such as savings bonds, treasury bonds/bills/notes) is taxable on the federal return but is NOT taxable on the state return (third and fourth line in screen shot above).

Interest on in-state municipal bonds is NOT taxable on the federal and state returns (fifth line in screen shot above).

Interest on out-of-state municipal bonds is NOT taxable on the federal return BUT is taxable on the state return (sixth line in screen shot above).

**TAX TIP: First, complete the interest statement for the federal return only. This entry is transferred directly to the state return. Then, ask the question, "Is the interest treated differently on the state return?" If the interest is treated differently, adjust by entering the appropriate +/- and amount in the State adjust column.**

**Note:** If U.S. Savings Bond interest is used to pay for higher education expenses, return is out of scope.



## Dividend Statement for Schedule B, Line 5 Dividend Income

[illegible]

*Interest on private activity bonds is used to calculate alternative minimum tax (AMT). If AMT is greater than zero, the return is out of scope.*

Enter the amount of exempt interest dividends received from a regulated investment company (mutual fund). Do not enter the amount in any other column.

Enter name of  
payer, abbreviate as  
needed to fit on line.

Enter amount from  
Form 1099-DIV, box 1a.

Enter amount  
from Form 1099-  
DIV, box 1b.

Enter amount from Form 1099-DIV,  
box 2a. This amount will automatically  
flow to Sch D, line 13.

Enter amount from  
Form 1099-DIV, line 2b.

Enter amount  
from Form 1099-  
DIV. box 4.

Enter amount from  
Form 1099-DIV,  
line 2d.

**Note:** Use only 1 dividend statement to record all dividend income.

## Additional Dividend Entries

State adjustment: When a state return has been selected on the Main Information Screen, entries made on the Dividend Statement will be treated the same on the state return. If state tax law treats the dividend differently, an adjustment has to be made in the State adj column.

**Example:** Enter dividends from federal bond funds which are fully taxable on the federal return but tax exempt on the state return.

Entering the dividend in the Amount column will result in the dividend showing up as taxable on both the federal and state returns. Therefore, an adjustment has to be made in the State adj column by entering a "-" and the amount. This will result in the dividend showing up as tax exempt on the state return.

**TAX TIP:** First, complete the dividend statement for the federal return only. This entry is transferred directly to the state return. Then, ask the question "Is the dividend treated differently on the state return?" If the dividend is treated differently, adjust by entering the appropriate +/- and amount in the State adjust column.

**Note 1:** If Foreign tax paid (box 6) is shown on 1099-DIV, see the Nonrefundable Credits tab for Foreign Tax Credit information.

**Note 2:** 1099-DIV, Box 3, Non-dividend Distribution is a return of basis, not taxed until all cost is recovered. Must reduce cost by these distributions at time of sale. Once all costs recovered, report as capital gain.

**Note 3:** 1099-PATR-Rebate/Patronage Dividends issued by co-ops are not taxable for individuals but taxable for a business that uses expenses paid to co-op as business deduction.

**Note 4:** Enter K-1 dividends directly on Dividend Stmt for example, "ABC Co K-1".

# Taxable State Refunds

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

If you answer the question on Form 1040, line 10 with "no," the refund is not taxable.

- 10 Taxable refunds, credits, or offsets of state and local income taxes.  
F9 for worksheet

If you answer the question on Form 1040, line 10 with "yes," then you must complete the State Tax Refund Worksheet.

US 1040		State Tax Refund Worksheet		2013	
Name: _____		SSN: _____			
Use the spouse column if this is a married joint return for this year and the spouse filed separately last year.		Joint or Taxpayer	Spouse	Taxable	
1	2012 state / local income tax refund	0	0		
	2012 state / local income tax refund	0	0		
	Total state / local income tax refund for 2012	0	0		
2	Enter amounts from the 2012 tax return				
	Schedule A, line 5a, income taxes	0	0		
	Schedule A, line 5b, general sales tax	0	0		
	Difference - the state tax refund is only taxable to the extent the state tax deduction exceeds the sales tax deduction	0	0		
3	Net state / local income tax refund	0	0		
4	Enter the total of all other Schedule A refunds or reimbursements	0	0		
5	Add lines 3 and 4	0	0		
	On the 2012 tax return, If itemized deductions are reduced due to income limitations, AMT is included, or there are unused credits, see Publication 525. Some or all of the state tax refund may be tax-free. Check here if the ENTIRE state tax refund is nontaxable. Stop here	<input type="checkbox"/>	<input type="checkbox"/>		
6	2012 itemized deductions	0	0		
7	Filing status for 2012. Enter 1, 2, 3, 4, or 5. 1 = Single                      4 = Head of household 2 = Married filing jointly      5 = Qualifying widow(er) 3 = Married filing separately If the 2012 filing status was married filing separately, and itemized deductions were required to be used because the spouse itemized, check here	0	0		
8	Age 65 or blind, enter amount from the 2012 Form 1040, page 2, line 39a	0	0		
9	Standard deduction	0	0		
10	Subtract line 9 from line 6	0	0		
11	Smaller of line 5 or line 10	0	0		
12	Enter the taxable income for 2012, adjusted for any NOL carryover. If less than -0-, show the amount as a negative number	0	0		
13	Amount to include in income for 2013	0	0		
14	Taxable state / local income tax refund	0	0	0	
15	Taxable amount of other income	0	0	0	

If your state has a sales tax, this line should not be zero. See sales tax calculator on [irs.gov](http://irs.gov).

**Hint:** Enter all information from prior year return, including filing status and if blind or age 65 or older.

This is normally 1040 line 43. If taxable income is zero, subtract exemptions (line 42) from the amount on line 41 and enter as a negative number.

**Note:** If the taxpayer does not have a copy of the prior year return, make the entire refund taxable.

# Schedule C-EZ Business Income

Only one Sch. C-EZ is allowed per taxpayer.

**US Schedule CEZ Net Profit from Business**

This business or profession is owned by the: ☒ Taxpayer ☐ Spouse

Name of proprietor: \_\_\_\_\_ SSN: 209-11-1111

**Part I: General Information**

**You may use this form**

**if you**

- Had business expenses of \$5,000 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from this business.
- Had only one business as either a sole proprietor, qualified joint venture, or statutory employee.

**and you**

- Had no employees during the year.
- Are not required to file Form 4562, Depreciation and Amortization, for this business. See Schedule C, line 13, instructions.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

**A** Principal business or profession, including product or service \_\_\_\_\_

**B** Business code \_\_\_\_\_

**C** Business name. If no separate business name, leave blank. \_\_\_\_\_

**D** Employer ID number (EIN) \_\_\_\_\_

**E** Business address including suite or room number. Not required if the same as the tax return address. Zip code, city or town, and state \_\_\_\_\_

**F** Did you make any payments in 2013 that would require you to file Form(s) 1099? ☐ Yes ☐ No

**G** If "Yes", did you or will you file all required Forms 1099? ☐ Yes ☐ No

If filing Form 1040NR, check here if the taxpayer is required to pay self-employment tax on this income ☐

**Part II: Figure Your Net Profit**

If you are a minister who can only claim a portion of their expenses, F9 on line 2 for the worksheet for allowable deductions.

Do not mix statutory employee income and non-employee income on the same Schedule C-EZ.

**1** Gross receipts \_\_\_\_\_ 0.

If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, check here ☐

**2** Total expenses. If more than \$5,000, use Schedule C \_\_\_\_\_ 0.

**3** Net profit. If less than -0-, you MUST use Schedule C \_\_\_\_\_ 0.

**Part III: Information on Your Vehicle** Complete this part only if you are claiming vehicle expenses.

**4** When did you place your vehicle in service for business purposes? \_\_\_\_\_

**5** Of the total number of miles you drove your vehicle during the year, enter the number of miles you used your vehicle for:

**a** Business: \_\_\_\_\_ **b** Commuting: \_\_\_\_\_ **c** Other: \_\_\_\_\_

Business miles at the standard mileage rate of 56.5¢. Include this amount with any other expenses you list on line 2 above \_\_\_\_\_

**6** Was your vehicle available for use during off-duty hours? ☐ Yes ☐ No

**7** Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

**8a** Do you have evidence to support your deduction? ☐ Yes ☐ No

**b** If "Yes", is the evidence written? ☐ Yes ☐ No

Select Schedule C-EZ for Taxpayer or Spouse

Sch C-EZ can be used only if these statements are true. See Note below.

For a list of Business Codes, go to help in TaxWise®, then search for "Business Codes."

If taxpayer does not have an EIN, leave blank.

Add the mileage amount to any other expenses on line 2.

Any Form 1099-MISC with nonemployee compensation (box 7) for a trade or business must be entered on line 1 by linking to Form 1099-MISC. A separate TaxWise® Form 1099-MISC must be completed for each Form 1099-MISC that the taxpayer provides. For cash payments link to a scratch pad and enter the business income. All Forms 1099 and scratch pad income will be totaled on line 1.

Self-employment tax and the adjustment of the deductible portion of the self-employment tax are automatically calculated and carried to the appropriate forms.

**Note:** See the Deduction tab for information on the type of business expenses that are allowed.

# Schedule C–Business Income, Page 1

(In-scope limited to Schedule C-EZ criteria\*)

US Schedule C Profit or Loss from Business	
This business or profession is owned by the: <input checked="" type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse	
Name of proprietor: _____ SSN: 209-11-1111	
A Principal business or profession, including product or service	B Business code <u>0</u>
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN) _____
E Business address including suite or room number _____ Zip code, city or town, and state _____	
F Accounting method (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____	
G Did you "materially participate" in the operation of this business during this year? If "No", losses may be limited <input type="checkbox"/> Yes <input type="checkbox"/> No	
H If you started or acquired this business this year, check here <input type="checkbox"/> Yes <input type="checkbox"/> No	
I Did you make any payments in 2013 that would require you to file Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No	
J If "Yes", did you or will you file all required Forms 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No For state purposes, check if this business is an LLC <input type="checkbox"/> If filing Form 1040NR, check here if the taxpayer is required to pay self-employment tax on this income <input type="checkbox"/>	
<b>Part I: Income</b> F9 on line 1 to use Form 1099-MISC.	
1 Gross receipts or sales	01
If this income was reported to you on Form W2 and the "Statutory employee" box on that form was checked, check here <input type="checkbox"/>	
2 Returns and allowances (see instructions)	01
3 Subtract line 2 from line 1	01
4 Cost of goods sold from line 42 on page 2	01
5 Gross profit. Subtract line 4 from line 3	01
6 Other income, including Federal and state gasoline or fuel tax credit or refund	01
7 Gross income. Add lines 5 and 6	01
<b>Part II: Expenses</b> If you are a minister who can only claim a portion of their expenses, F9 on line 27a for the worksheet for allowable deductions.	
8 Advertising	01
9 Car and truck expenses	01
10 Commissions and fees	01
11 Contract labor	01
12 Depletion	01
13 Depreciation and section 179 expense deduction	01
14 Employee benefit programs (other than on line 19)	01
15 Insurance, other than health	01
16 Interest	01
a Mortgage (paid to banks, etc.)	01
b Other	01
17 Legal and professional services	01
18 Office expense	01
19 Pension and profit-sharing plans	01
20 Rent or lease	01
a Vehicles, machinery, and equipment	01
b Other business property	01
21 Repairs and maintenance	01
22 Supplies not included in Part III	01
23 Taxes and licenses: 01 less Form 8846 credits: 01	01
24 Travel, meals, and entertainment	01
a Travel	01
Meals and entertainment: <input type="checkbox"/> at 50% <input type="checkbox"/> at 80% - DOT hours of service <input type="checkbox"/> at 100% - See instructions.	
Total meals and entertainment	01
Non deductible amount	01
b Deductible meals and entertainment	01
25 Utilities	01
26 Wages: 01 less employment credits: 01	01
27 a Other expenses from line 48	01
b Reserved for future use	01
28 Total expenses	01
29 Tentative profit (loss). Subtract line 28 from line 7	01
30 Expenses for business use of the home. Attach Form 8829 unless using the simplified method	01
<b>Simplified method filers only</b> Enter the total square footage of the home <input type="checkbox"/> Enter the total square footage of the part of the home used for business <input type="checkbox"/>	
31 Net profit or (loss) (For 179 deduction: 01) PAL <input type="checkbox"/>	01
32 If you have a loss, you MUST check the box which describes your investment in this activity. <input type="checkbox"/> All investment is at risk. <input type="checkbox"/> Some investment is not at risk.	
<b>Worksheet for Some Investment is Not at Risk</b>	
Net before at-risk or passive activity limitations	01
At-risk limitation	01
Non deductible amount due to at-risk limitation	01
<b>Worksheet for Passive Activities</b>	
Net income or loss after at risk limitation	01
Prior year unallowed loss	01
Overall gain or loss	01
Carryforward loss to 2014	01
AMT net income or loss	01
Prior year AMT unallowed loss	01
AMT carryforward loss to 2014	01

For a list of Business Codes, go to TaxWise® help, then search for "Business Codes."

If taxpayer does not have an EIN, leave blank.

## Note:

If taxpayer answers yes to questions I or J, return is out of scope.

If taxpayer has Form 1099-MISC for nonemployee compensation, link from line 1 and select New Miscellaneous Income from 1099-MISC. For cash payments, link and select New Scratch Pad.

Business miles from standard mileage automatically entered from Part IV.

Only standard mileage is in scope, not actual expenses.

Following are some of the types of expenses that are in scope for volunteer prepared returns:

Advertising, car and truck (standard mileage), commissions and fees, insurance, interest, legal and professional services, office, rent or lease, repairs and maintenance, supplies, taxes and licenses, travel, and utilities.

See Deductions Tab for information on transportation, travel and entertainment expenses.

Expenses that are **not** deductible include:

Bribes and kickbacks; charitable contributions; demolition expenses or losses; and, dues to business, social, athletic, luncheon, sporting, airline, and hotel clubs.

\* Use the same criteria as Schedule C-EZ, except taxpayers can have expenses up to \$10,000, and more than one Schedule C can be prepared if the taxpayers have more than one business.

# Schedule C–Business Income, Page 2

**Part III: Cost of Goods Sold** ←

33 Method(s) used to value closing inventory  
(a) ☐ Cost (b) ☐ Lower of cost or market (c) ☐ Other

34 Was there any change in determining quantities, costs, or valuation between opening and closing inventory? If "Yes", attach explanation ☐ Yes ☐ No

35 Inventory at the beginning of the year. If different from last year's closing inventory, attach an explanation	0.
36 Purchases less cost of items withdrawn for personal use	0.
37 Cost of labor. Do not include any amounts paid to yourself	0.
38 Materials and supplies	0.
39 Other costs	0.
40 Add lines 35 through 39	0.
41 Inventory at the end of the year	0.
42 Cost of goods sold	0.

**Part IV: Information on Your Vehicle.** Complete this part ONLY if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business.

43 When did you place your vehicle in service for business purposes? \_\_\_\_\_

44 Of the total number of miles you drove your vehicle during the year, enter the number of miles you used your vehicle for

a Business: 0	b Commuting: 0	c Other: 0
Check <input type="checkbox"/> to calculate business miles at the standard mileage rate of 56.5¢		
This amount will be listed on page 1, line 9 0.		

45 Was your vehicle available for personal use during off-duty hours?	<input type="checkbox"/>	<input type="checkbox"/>
46 Do you (or your spouse) have another vehicle available for personal use?	<input type="checkbox"/>	<input type="checkbox"/>
47 a Do you have evidence to support your deduction?	<input type="checkbox"/>	<input type="checkbox"/>
b If "Yes", is the evidence written?	<input type="checkbox"/>	<input type="checkbox"/>

Cost of Goods Sold out-of-scope.

Complete this section if taxpayer is claiming standard mileage for car or truck expenses. Actual repair and maintenance expenses are out-of-scope.

Remember to check the box under line 44a to calculate business miles at the standard mileage rate. This amount will be listed on page 1, line 9.

When net income from Sch C is more than \$400, a Sch SE is automatically completed and the self-employment tax is included on the 1040. If the Schedule C income is not subject to self-employment tax; for example, notary income, open Sch SE and enter the income on the line under Line 3.

## Schedule D – Capital Gain or Loss Transactions Worksheet

[illegible]

**Note 1:** Use VARIOUS in Date Acquired column for mutual funds or stocks purchased on multiple dates. When using various for multiple short-term transactions, the S/L column must be overridden and an S entered. The holding period for long-term transactions is one year and one day.

**Note 2:** Use INHERIT in Date Acquired column for inherited stock if property was inherited from someone who died in any year other than 2010. Property inherited from someone who died in 2010 is out of scope unless taxpayer can provide the basis information.

**Note 3:** Use code E to add sales commissions and fees to the basis unless they are reflected in Form 1099-B box 2a.

**Note 4:** Net losses greater than \$3000 will be shown on TaxWise® Sch D Wkt 2. Excess losses will carry-forward to future tax years. If the taxpayer has a capital loss carryforward from a prior year, enter it on the appropriate line on Schedule D regardless of the amount of gain or loss for the current year. Always put Schedule D, Wkt 2, with taxpayer's papers and highlight the carryforward on the taxpayer's return copy. Enter any state capital loss carryover on the appropriate state form.

## Brokers' Statements

Look for all the following items. (You may or may not find them all.)

1. 1099-INT (Summary-NOT detail): Input info on Interest Statement
2. 1099-DIV (Summary-NOT detail): Input info on Dividend Statement
3. 1099-B (Summary and Detail) and "Cost basis" or "Transaction detail" for sale of stock: Input on Capital Gains Transaction Worksheet
4. "Management" or "Investment fees": Input on Schedule A Line 23
5. If there are dividends from mutual funds, look for an insert or chart that says what percentage came from federal government interest: Input as a minus state adjustment (check your state rules)
6. The chart should also show what percent came from municipal bonds from each state: Input exempt interest from states other than yours as a plus state adjustment on the dividend statement (check your state rules)
7. Foreign taxes paid: Input on Form 1116 in the Simplified Limitation Election section, only if all foreign taxes relate to passive income and the total on all tax statements (1099 etc) is less than \$300 (\$600 MFJ); otherwise, in scope only if certified in International.
8. If the taxpayer has margin interest and is itemizing deductions, the return is out of scope



# How To Complete Cap Gn Wkt, Columns (f) and (g) — TY2014

For most transactions, you do not need to complete columns (f) and (g) and can leave them blank. You may need to complete columns (f) and (g) if you got a Form 1099-B or 1099-S (or substitute statement) that is incorrect, if you are excluding or postponing a capital gain, if you have a disallowed loss, or in certain other situations. Details are in the table below. If you enter more than one code (on the same row) in column (f) enter them in alphabetical order and enter the net adjustment in column (g).

IN SCOPE  IF. . .	THEN enter this code in column (f). . .	AND. . .
You received a Form 1099-B (or substitute statement) and the basis shown in box 3 is incorrect . . . . .	B	<ul style="list-style-type: none"> <li>• If the worksheet 1099 column code is B, enter the correct basis in column (e), and enter -0- in column (g).</li> <li>• If the worksheet 1099 column code is A, enter the basis shown on Form 1099-B (or substitute statement) in column (e), even though that basis is incorrect. Correct the error by entering an adjustment in column (g). To figure the adjustment needed, see the <i>Worksheet for Basis Adjustments in Column (g)</i>. Also see <i>Example 4—adjustment for incorrect basis</i> in the instructions for column (h) in Form 8949 instructions.</li> </ul>
You received a Form 1099-B or 1099-S (or substitute statement) for a transaction and there are selling expenses or option premiums that are not reflected on the form or statement an adjustment to either the proceeds or basis shown . . . . .	E	Enter in column (d) the proceeds shown on the form or statement you received. Enter in column (e) any cost or other basis shown on Form 1099-B (or substitute statement). In column (g), enter as a negative number (use a minus sign) any selling expenses and option premium that you paid (and that are not reflected on the form or statement you received) and enter as a positive number any option premium that you received (and that is not reflected on the form or statement you received).
You received a Form 1099-B (or substitute statement) and the type of gain or loss (short term or long term) shown in box 1c is incorrect . . . . .	T	Enter -0- in column (g).
You sold or exchanged your main home at a gain, must report the sale or exchange on Part II of Form 8949 (as explained in <i>Sale of Your Home</i> in the Instructions for Schedule D (Form 1040)), and can exclude some or all of the gain . . . . .	H	Report the sale or exchange on Cap Gn Wkt as you would if were not taking the exclusion. Then enter the amount of excluded (nontaxable) gain as a negative number (use a minus sign) in column (g). See the example in the instructions for column (g).
You have a nondeductible loss other than a loss indicated by code W . . . . .	L	Report the sale or exchange on Cap Gn Wkt and enter the amount of the nondeductible loss as a positive number in column (g). See <i>Nondeductible Losses</i> in the Instructions for Schedule D (Form 1040).
Your report multiple transactions on a single row as described in <i>Exception to reporting each transaction on a separate row</i> . . . . .	M	See Exception to reporting each transaction on a separate row. Enter -0- in column (g) unless an adjustment is required because of another code.
You have an adjustment not explained earlier in this column . . . . .	O	Enter the appropriate adjustment amount in column (g). See the instructions for column (g).
You have a nondeductible loss from a wash sale . . . . .	W	Report the sale or exchange on Cap Gn Wkt and enter the amount of the nondeductible loss as a positive number in column (g).
None of the other statements in this column apply . . . . .		Leave columns (f) and (g) blank.



# How To Complete Cap Gn Wkt, Columns (f) and (g) — TY2014

<b>OUT OF SCOPE</b>  <b>IF . . .</b>	<b>THEN</b> enter this code in column (f). . .
You received a Form 1099-B or 1099-S (or substitute statement) as a nominee for the actual owner of the property . . . . .	N
You sold or exchanged qualified small business stock and can exclude part of the gain . . . . .	Q
You can exclude all or part of your gain under the rules explained in the Schedule D instructions for DC Zone assets or qualified community assets . . . . .	X
You are electing to postpone all or part of your gain under the rules explained in the Schedule D instructions for any rollover of gain (for example, rollover of gain from QSB stock or publicly traded securities) . . . . .	R
You had a loss from the sale, exchange, or worthlessness of small business (section 1244) stock and the total loss is more than the maximum amount that can be treated as an ordinary loss . . . . .	S
You disposed of collectibles (see the Schedule D instructions) . . . . .	C

## Exception to Entering Each Transaction on a Separate Row

When a taxpayer's Form 1099-B includes so many transactions that it is not practical to enter each one into TaxWise®, use the following procedure.

1. Divide the transactions into four categories:
  - Short term transactions with basis reported to the IRS - categorized as "Box A."
  - Short term transactions with basis not reported to the IRS - categorized as "Box B."
  - Long term transactions with basis reported to the IRS - categorized as "Box D."
  - **Short Long** term transactions with basis not reported to the IRS - categorized as "Box E."
2. Enter the total of each category on one line on the capital gain worksheet with Code M in column (f). Make sure that TaxWise® correctly reflects short term or long term for each line.
3. If any of the transactions requires an adjustment to the reported basis, enter the adjustment code and adjustment amount in columns (f) and (g) of the line that includes that transaction. In this case, there will be more than one adjustment code in column (f). Enter the codes in alphabetical order in column (f), with no spaces or commas.
4. If there are transactions with basis not reported to the IRS, the broker's list of transactions must be submitted as an attachment to the tax return. Check the appropriate box at the top of Schedule D in TaxWise® and submit the document using either of the following two methods.
  - Hardcopy: Make a photocopy and attach it to Form 8453 to be mailed to Austin.
  - Electronic: Scan the pages and save as a pdf. Attach the pdf to the electronic return prior to creating the e-file.

# Example: Applying Section 121 Exclusion to Capital Gains on Sale of Main Home

US Schedule D		Capital Gain or Loss Transactions Worksheet								2012	
1099 column: Enter "A" for transactions reported on Form 1099-B with the basis reported to the IRS, enter "B" for transactions reported on Form 1099-B but the basis is not reported to the IRS, enter "C" for transactions for which you cannot enter A or B.											
* Check if 28% rate gain or (loss).											
(a) Description of property	1 0 9 9	T S J	*	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Code	(g) Adjustments to gain or loss	(h) Gain or loss	S / L
MAIN HOME	C		<input type="checkbox"/>	05/15/2003	10/01/2013	200000	125000	H	-75000	0	L
			<input type="checkbox"/>			0	0		0	0	
			<input type="checkbox"/>			0	0		0	0	
			<input type="checkbox"/>			0	0		0	0	
			<input type="checkbox"/>			0	0		0	0	
			<input type="checkbox"/>			0	0		0	0	

# 1099-R Pension and Annuity Income

## Form 1099 Alert

All 1099-R entries in this section must be an exact match of the paper Form(s) 1099-R.

US 1099-R Distributions from Profit-Sharing, Retirement Plans, IRA's, etc.		
This 1099-R is for the: <input checked="" type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse		
Recipient's name: _____		Recipient's SSN: <u>209-11-1111</u>
<input type="checkbox"/> Check if this 1099-R is handwritten, altered, or appears not to be a true 1099-R. <input type="checkbox"/> Corrected		
<input type="checkbox"/> Check if this is the taxpayer's address shown on the 1099-R or		
<input type="checkbox"/> 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 <input type="checkbox"/>
Payer's name _____	2 Taxable amount _____ 0.	Total distribution <input type="checkbox"/> Elect 10 averaging <input type="checkbox"/>
Payer's U.S. address _____	3 Capital gain in line 2 _____ 0.	4 Federal tax withheld _____ 0.
Payer's Zip code, city, and state _____	5 Employee contributions, designated Roth contributions or insurance premiums _____ 0.	6 Net unrealized appreciation in employer's securities _____ 0.
Payer's foreign address _____	7 Codes IRA / SEP / Simple <input type="checkbox"/>	8 Other 0.0 % 0.
Payer's foreign city _____	Check if disability and the taxpayer is disabled <input type="checkbox"/> Check to force Form 5329 <input type="checkbox"/>	
Payer's foreign province / state _____	9a Percentage of total distribution _____ 0.0 %	9b Total employee contributions _____ 0.
Payer's Zip code and country code _____		

Complete TaxWise® version of 1099-R using information from taxpayer's Form 1099-R or Form RRB-1099-R.

Box 2: Enter the amount shown on 1099-R. If zero or blank or the "taxable amount not determined" box is checked, see "Variations" on D-23. **DO NOT ENTER ANY AMOUNT IN BOX 2 EXCEPT WHAT IS ON THE 1099-R.**

Review box 4 and box 12 to ensure tax withheld was entered and is correct.

Check if Code 3 is in box 7—person on disability but under the minimum retirement age of the employer plan. This makes the amount go to Wages, line 7 on Form 1040, rather than the pension line.

See Other Taxes Tab, for details on Form 5329.

## 1099-R Dollar Value Boxes

**Box 2:** No amount is entered if the Simplified Method is used. Do not make an entry in Box 2. The entire Box 1 will be taxable unless an amount is calculated/entered in the Exclusion Worksheet or Simplified Method sections on the lower section of this screen.

**Box 3:** Capital Gain will be shown for a Charitable Gift Annuity (Code F). The difference between the Distribution shown in Box 1 and the capital gain shown in Box 3 will appear on Line 15 of the 1040. A schedule D must be completed to report the Capital gain. Describe as "FROM 1099-R". The Gain should be the amount from Box 3 and the gain is Long Term.

**Box 4:** Review Box 4 and Box 12 to ensure tax withheld was entered and is correct.

**Box 5:** If Box 5 is the same as Box 1, none of the distribution is taxable. Enter the amount from Box 5 in Line 5 of the Exclusion Worksheet. If the payer has calculated the taxable amount of the pension in Box 2, generally the difference between Boxes 1 and 2 will appear in Box 5. If Box 5 is the amount of health insurance premiums, (typically only on a CSA 1099-R) you must MANUALLY carry the amount to the Schedule A.

**Box 7:** Take care to enter the code shown on the 1099-R. See next page for codes..

**Box 9b:** This information may alternatively appear in Box 5 although you cannot tell if it was "employee contribution" or "health insurance premiums" unless it states so on the 1099-R. If an amount appears in this box and a taxable amount is not shown in Box 2, the taxable amount box "2" remains blank and red until you complete the "Simplified Method" section of this form, described below (this will also "get the red out").

Box 7 Distribution Codes	Explanations
1 — Early distribution, no known exception.	<ul style="list-style-type: none"> <li>• If this amount was rolled over within 60 days of the withdrawal and—if the distribution was from an IRA--no prior rollover was made in the same 12-month period, enter the amount rolled over in Line 1 of the Exclusion Worksheet below the 1099-R screen. Trustee to trustee transfer is not considered a prior rollover. If more than one rollover from an IRA in the 12-month period, return is out of scope.</li> <li>• If this was not rolled over, a 10% additional tax will be applied unless the taxpayer qualifies for an exception. See page Tab H for a list of exceptions. If the taxpayer qualifies for an exception, check the box on the 1099-R just below Box 7 that says, "Click here to force Form 5329." Go to Form 5329, and on line 2, enter the code for the exception and the amount that qualifies for the exception.</li> </ul>
2 — Early distribution, exception applies.	<p>Code 2 applies if the taxpayer is under 59½ but the payer knows that an exception to the additional tax applies. <b>No further action needed. If the IRA/SEP/SIMPLE box is NOT checked, no further action needed. If the IRA/SEP/SIMPLE box IS checked, additional reporting may be required on Form 8606, and the return is out of scope.</b></p>
3 — Disability.	<p>Code 3 is for a disability pension.</p> <ul style="list-style-type: none"> <li>• If the taxpayer is under the minimum retirement age for the company he retired from, then check the box on the 1099-R just below Box 7 that says, "Click here if Code 3 and disabled." This will put this disability income on Line 7 of Form 1040 instead of Line 16. It will also include the amount in earned income for calculation of the earned income credit, the dependent care credit and the additional child tax credit.</li> <li>• If the taxpayer has reached the minimum retirement age, no further action is needed.</li> </ul>
4 — Death.	<p>Code 4 is for a survivor's benefit or an inherited IRA. If it's a pension, the original retiree has died, and the survivor is receiving his or her share of the pension. If the original pensioner was using the Simplified Method, continue to use it for the survivor. If it's an inherited IRA and the original owner had a basis, the survivor takes over that basis.</p>
5 — Prohibited transaction.	<p>This code is out of scope.</p>
6 — Tax-free Section 1035 exchange.	<p>This code is out of scope.</p>
7 — Normal distribution.	<p>Code 7 is for normal distributions. It may occur in several different situations:</p> <ul style="list-style-type: none"> <li>• If the amounts in Box 1 and 2 are the same, and Box 2b is not checked, the pension is fully taxable.</li> <li>• If the taxpayer makes a rollover from one IRA to another and holds the money less than 60 days, enter the amount rolled over on the Exclusion Worksheet, line 1. This will check the "rollover" box at Line 15 of Form 1040. Link out from there and enter a description of the rollover.</li> <li>• If the Box 2b is checked and there is an amount in Box 9b, complete the Simplified Method at the bottom of the 1099-R screen. Be sure to use the taxpayer's age at the time of retirement—not current age.</li> <li>• If there is an amount in Box 2 that is different than Box 1, no further action is needed.</li> <li>• If there is no amount (or zero) in Box 2, check to see if there is an amount in Box 5. If this is the same amount as Box 1, the distribution is the taxpayer's own money coming back. Enter the Box 5 amount on line 5 of the Exclusion Worksheet. None of the distribution will be taxed.</li> <li>• If any portion of this distribution was sent directly from the trustee to a charity, enter the amount on Line 2 of the Exclusion Worksheet. It will not be included in gross income. No charitable deduction may be taken for the donation.</li> </ul>
8 — Excess contributions	<p>This code is out of scope.</p>
9 — Cost of current life insurance	<p>This code is out of scope</p>
A — May be eligible for 10-year tax option.	<p>This code is out of scope.</p>
B — Designated Roth account	<p>Code B is for a distribution from a designated Roth account. The distribution will be included in Line 15a but not on Line 15b.</p>

<b>D — Annuity payments from nonqualified annuities</b>	Code D is used for a distribution from a private annuity in conjunction with the regular code. The distribution is subject to the net investment income tax. If the taxpayer has AGI over a threshold amount (\$200,000 for a single taxpayer or HoH, \$250,000 MFJ or QW, \$125,000 MFS), then this code means the return is out of scope. If the AGI is less than the threshold amount the return is in scope and no further action is needed.
<b>E — Distributions under Employee Plans Compliance Resolution System (EPCRS).</b>	This code is out of scope.
<b>F — Charitable gift annuity.</b>	Code F is used for the annuity payments from a charitable gift annuity. The difference between the distribution in Box 1 and the capital gain shown in Box 3 will appear on Line 15 of the 1040. A Cap Gn Wkt must be completed to report the capital gain. Describe it as "From 1099-R". The gain should be the amount in Box 3, and the gain is long term.
<b>G — Direct rollover of distribution and direct payment.</b>	Code G is for a direct rollover from a qualified plan to an eligible retirement plan. <b>It will not be taxed. No further action is needed. If box 2, taxable amount, is zero or blank, it will not be taxed. If there is an amount in box 2, the direct rollover is fully or partially taxable. No further action is needed.</b>
<b>H — Direct rollover of a designated Roth account distribution to a Roth IRA.</b>	Code H is for a direct rollover of a distribution from a designated Roth account to a Roth IRA. It will not be taxed. No further action is needed.
<b>J — Early distribution from a Roth IRA.</b>	<b>This code is out of scope. Code J is for an early distribution from a Roth IRA. If the account has existed for less than five years or there were any conversions from a traditional IRA or qualified retirement plan in the last five years, additional taxes apply, so the return is out of scope. TaxWise® enters the distribution on 1040 Line 15b and opens Form 8606 with the distribution on lines 19 and 21. Enter the taxpayer's basis (the amount contributed to or transferred to the Roth, less previous distributions from the Roth, if any) on line 22. If the distribution is greater than the basis, the excess is taxable, a 10% penalty applies, and the return is out of scope. If not, TaxWise® moves the distribution amount from Line 15b to 15a, and no further action is needed.</b>
<b>K — Distribution of IRA assets not having a readily available FMV</b>	This code is out of scope.
<b>L — Loans treated as deemed distributions</b>	This code is out of scope.
<b>N — Recharacterized IRA contribution.</b>	This code is out of scope.
<b>P — Excess contributions plus earnings/excess deferrals</b>	This code is out of scope.
<b>Q — Qualified distribution from a Roth IRA.</b>	This distribution is not taxable. TaxWise® enters the distribution amount on Form 1040 Line 15a but not 15b. No further action is needed.
<b>R — Recharacterized IRA contribution.</b>	This code is out of scope.
<b>S — Early distribution from a SIMPLE IRA in the first 2 years, no known exception.</b>	A 25% additional tax will be applied unless the taxpayer qualifies for an exception. See Tab H for a list of exceptions. If the taxpayer qualifies for an exception, check the box on the 1099-R (just below Box 7) that says, "Click here to force Form 5329." Go to Form 5329 and, on line 2, enter the code for the exception and the amount that qualifies for it.
<b>T — Roth IRA distribution, exception applies.</b>	<b>This code is out of scope. Code T is used for a distribution from a Roth IRA if the participant has reached age 59½, but the 5-year holding period may not have been met. Ask the taxpayer if any part of this account was rolled over from a traditional IRA or qualified retirement plan within five years of the distribution. If so, some of the earnings may be taxed. If taxpayer did meet the 5-year rule, no further action is needed (-0- taxable).</b>
<b>U — Dividends distributed from an ESOP</b>	This code is out of scope.
<b>W — Charges or payments for LTC contracts</b>	This code is out of scope.

(Nonqualified Distributions from Roth IRAs are out of scope for VITA/TCE, because it requires the completion of Form 8606 .Therefore, Distribution Codes J and T are out of scope .

# 1099-R Exclusion Worksheet (lower section of 1099-R screen)

*Taxpayer should have documentation of the amount that should have been recovered in previous years even if it was not claimed or you can calculate it from the annuity start date.*

*Enter the amount paid for qualified insurance premiums paid by a retired public safety officer. If more than \$3,000, enter the excess on Sch A detail as a medical deduction.*

## Rollovers

- A taxpayer should not receive a 1099-R for a trustee-to-trustee transfer from one IRA to another, but should receive a 1099-R for a trustee-to-trustee direct rollover from an employer qualified plan to an IRA with code G. TaxWise® correctly treats the whole amount as not taxable.
- A rollover that involves a distribution of funds to the participant is not taxable if the funds are deposited into an IRA (or the same IRA) or an employer plan within 60 days. Form 1099-R will have either a code 1 or code 7. The amount properly rolled should be entered on Line 1 of the Exclusion Worksheet.
- When there is a rollover from an IRA, the counselor should complete the TaxWise® Rollover Explanation Form linked from line 15 on Form 1040.
- As of January 1, 2015 only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs owned, is permitted. There is no limit on the number of other types of rollovers or trustee-to-trustee transfers between IRAs.
- Sometimes a distribution includes both a regular distribution (generally taxable) and a rollover (generally non-taxable). The exclusion worksheet is used to input the amount that will not be taxed.

**Note:** The above applies to pre-tax accounts (e.g. traditional IRAs) and to post-tax accounts (e.g. Roth IRAs) within each group. If rolling or converting from pre-tax to post-tax, the amount will generally be taxable.

## Exclusion Worksheet

- Line 1**-Enter the full amount of the rollover (not distribution or ROTH conversion)
- This checks the “Check if rollover” box on 1040 line 15b
  - Click in the red box on 1040 line 15b and press F9 to link to the “New form 1040 IRA Rollover Explanation worksheet and explain the rollover (e.g. Taxpayer rolled their IRA distribution of \$xxxx dated mm-dd-yyyy from Bank A to a new IRA at Bank B on mm-dd-yyyy in the amount of \$xxxx. Taxpayer did not make any other rollovers during any 12- month period that includes this rollover.)
- Line 2**-Enter any amounts that are paid directly to a charity if the person was 70-1/2 when donation was made. This makes the distribution non-taxable. The TP does not get a charitable deduction.
- Line 3**-Amount rolled over to an HSA is **out of scope**.
- Line 4**-Enter qualified amount (up to \$3000) for health and/or LTC insurance paid from the retirement plan. Amount may be in Box 5 of the 1099-R or in a letter from the plan. Enter the remainder of the insurance premium directly to Sch A Detail.
- Asterisked lines are all out of scope.

Account number (optional)		10 Amount allocable to IRR within 5 years	11 1st year of designated Roth contribution
See F1 Help on the state return for use of these boxes. Instructions vary by state. Check if applies.		12 State tax	13 State and state ID no
Box 1	15 Local tax	16 Locality name	17 Local distribution
Box 2			
Box 3			
Railroad retirement			

Exclusion Worksheet	
1 Amount rolled over	
2 Amount, up to \$100,000, paid directly by the trustee of the IRA to a charitable organization. The donor must have been at least 70 1/2 when the distribution was made	
3 Amount rolled over into an HSA. This election is irrevocable and can only be done once in the recipient's lifetime	
4 Retired public safety officers - amount, up to \$3,000, paid directly from a qualified governmental plan to pay health or qualified long-term care insurance for the taxpayer, spouse, or dependents	
5 Excludable amount due to a tax-free exchange, as calculated in a previous year, or by law, is specifically tax-exempt	
+ If the distribution is from a traditional, SEP, or SIMPLE IRA and you ever made nondeductible IRA contributions, check here <input type="checkbox"/> + If this is a conversion from a traditional IRA to a Roth IRA, check here <input type="checkbox"/> If only PART of this distribution was converted to a Roth IRA, enter the amount converted	

Simplified Method	
1 Cost in the plan at the annuity starting date (RRB line 3)	
2 Check age of primary annuitant at annuity starting date	
<input type="checkbox"/> 55 or under <input type="checkbox"/> 56-60 <input type="checkbox"/> 61-65 <input type="checkbox"/> 66-70 <input type="checkbox"/> 71 or older	
<input type="checkbox"/> Check if the annuity starting date is after 11/18/1996, and <input type="checkbox"/> Check if the annuity starting date is after 12/31/1997 this is a joint and survivor annuity. Use table below. Check combined age of annuitants at annuity starting date <input type="checkbox"/> 110 or under <input type="checkbox"/> 111-120 <input type="checkbox"/> 121-130 <input type="checkbox"/> 131-140 <input type="checkbox"/> 141 or more	
3 Exclusion per month	
4 Number of months for which payments were received this year	
5 If the annuity started after 1986, enter the amount recovered tax free in prior years	
6 Exclusion	

## Form 1099-R Simplified Method Worksheet

If the taxpayer made after-tax contributions toward a pension, a portion of the annuity payment has already been taxed and is not taxable now.

(Generally, if the starting date of the payments was prior to July 2, 1986, the Simplified Method would not apply. If the taxpayer used the 3-year rule, the annuity is fully taxable. If he used the general rule, refer him to a professional tax preparer.)

Since 1986, the employee's total after tax contribution is distributed over a number of months that represents the average life expectancy of someone who is his age (when he began receiving payments). The payor may calculate the tax-free amount and show the correct taxable amount in Box 2a. In that case, simply enter the amounts shown on the 1099-R. Do not use the worksheet.

If the payor does not calculate the tax-free amount, Box 2b will be marked, and Box 2a may be blank, zero or the same as Box 1. In that case, use the Simplified Method at the bottom of the 1099-R screen.

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0119	
PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code  John Doe 123 Main Street, City, State, Zip	<b>1</b> Gross distribution	2013	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
	\$ 20,000.00		
	<b>2a</b> Taxable amount	Form <b>1099-R</b>	
	\$	<b>2b</b> Taxable amount not determined <input checked="" type="checkbox"/>	Total distribution <input type="checkbox"/>
			<b>Copy B Report this</b>

### Completing the Simplified Method Worksheet in TaxWise®

Simplified Method	
<b>1</b> Cost in the plan at the annuity starting date (RRB line 3)	0.
<b>2</b> Check age of primary annuitant at annuity starting date	
<input type="checkbox"/> 55 or under	<input type="checkbox"/> 56-60
<input type="checkbox"/> 61-65	<input type="checkbox"/> 66-70
<input type="checkbox"/> 71 or older	<input type="checkbox"/> 76 or older
<input type="checkbox"/> Check if the annuity starting date is after 11/18/1996.	
<input type="checkbox"/> Check if the annuity starting date is after 12/31/1997 and this is a joint and survivor annuity. Use table below.	
Check combined age of annuitants at annuity starting date	
<input type="checkbox"/> 110 or under	<input type="checkbox"/> 111-120
<input type="checkbox"/> 121-130	<input type="checkbox"/> 131-140
<input type="checkbox"/> 141 or more	
<b>3</b> Exclusion per month	0.00
<b>4</b> Number of months for which payments were received this year	0
<b>5</b> If the annuity started after 1986, enter the amount recovered tax free in prior years	0.
<b>6</b> Exclusion	0.
<b>7</b> Remaining cost in the pension or annuity	0.

**Line 1:** Enter the total amount of employee contributions from Form 1099-R, Box 9b or Box 3 of RRB 1099-R.

**Line 2:** Check the box indicating the retiree's age when the annuity payments started (not his or her current age).  
**NOTE:** For a joint or survivor annuity, the box indicating the combined ages at the time the annuity started must be checked instead.

**Line 3:** Calculated entry.

**Line 4:** Enter the number of months that payments were received during the tax year, which will usually be 12 except for the year in which payments started or ended.

**Line 5:** Enter the amount that could have been recovered tax free in prior years even if not claimed. Look at last year's tax return to find this amount, or calculate the amount using the monthly tax free amount computed by TaxWise® for the 2014 tax year times the number of months prior to 2014.

**Line 6:** Once the Simplified Method worksheet is complete, TaxWise® computes the taxable amount and places it on Form 1040, line 16b. TaxWise® Form 1099-R, Box 2a, will no longer be "red" but it will remain blank. Volunteer preparers should not make any entry in Box 2a.

*This worksheet is used to recover the taxpayer's original contributions. The employee contributions are shown in box 9b on Forms 1099-R, CSA-1099-R and CSF-1099-R and box 3 of Form RRB-1099-R.*



## Roth IRA

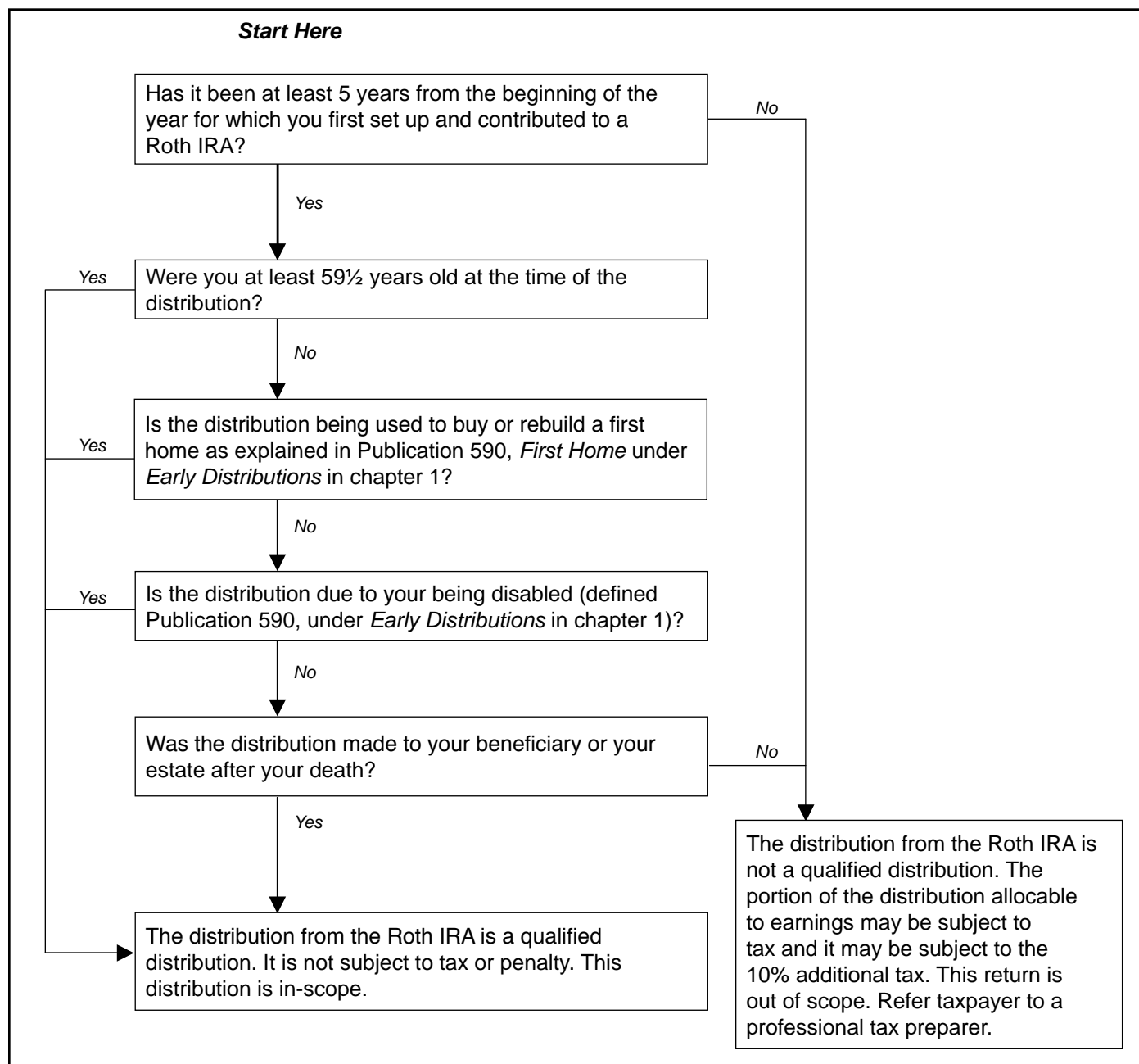
**Basis of distributed property.** The basis of property distributed from a Roth IRA is its fair market value (FMV) on the date of distribution, whether or not the distribution is a qualified distribution.

**You** do not include in your gross income qualified distributions or distributions that are a return of your regular contributions from your Roth IRA(s).

**Distributions** from a Roth IRA are tax free and may be excluded from income if the following requirements are met:

- The distribution is made after the 5-year period beginning with the first taxable year for which a contribution was made to a Roth IRA set up for the taxpayer's benefit, *and*
- The distribution is:
  - Made on or after age 59½, or
  - Made because the taxpayer was disabled, or
  - Made to a beneficiary or to an estate, or
    - To pay certain qualified first-time homebuyer amounts (up to a \$10,000 lifetime limit)

Figure 2-1. **Is the Distribution From Your Roth IRA a Qualified Distribution?**



# Railroad Retirement, Civil Service, and Social Security Benefits

## 1: **Form RRB-1099-R—Tier 2 (Green form) Annuities or pensions by the**

**Railroad Retirement Board – NSSEB** includes all Tier 1 and Tier 2 Railroad Benefits not included on Form RRB-1099. It should be treated the same as any other qualified employee retirement plan.

Enter RRB-1099-R data on TaxWise® Form 1099-R as follows:

Box	From RRB-1099-R	To TaxWise®
3	Employee contributions	1099-R box 9b and line 1 of Simplified Method section
7	Gross distribution	1099-R box 1
9	Federal income tax withheld	1099-R box 4
12	Medicare premium total	Sch A—Detail—if itemizing deductions

Complete TaxWise® Form 1099-R as follows:

- Click in box to the right of box 1—“Taxable amount not determined”.
- A distribution code (box 7) is required and the code is “7” unless the interview with the taxpayer indicates it is not a normal distribution.
- Complete Simplified Method section, if applicable.
- “X” the **Railroad retirement** box to the left of block 13 for railroad pensions that qualify for subtraction on state returns.

**2: Form CSA 1099-R—Civil Service Retirement Benefits**—The Office of Personnel Management issues CSA-Form 1099-R for annuities paid or CSF-Form 1099-R for survivor annuities paid. The CSA-Form 1099-R box numbers reflect the standard numbering on a Form 1099-R. If the taxable amount is not calculated in box 2:

- The Simplified Method must be used.
- Enter box 9b on line 1 of the Simplified Method section, if applicable.
- Complete the other required entries of the Simplified Method section.
- “Amounts in box 5 are for health insurance premiums paid by the annuitant (and need to be manually entered on the Schedule A worksheet).”

**3: Form RRB-1099—Tier 1 (Blue form) Social Security Equivalent Benefits (SSEB)**—Treat the benefits reported on this form just like the information reported on SSA-Form 1099. (See below)

**4: Form SSA-1099—Social Security Benefit Statement**—The Social Security Administration issues Form SSA-1099 to report benefits paid. Use the following procedures for entering this information into TaxWise®:

- From Form 1040, line 20, link to 1040 Wkt 1.
- Scroll to Social Security and Railroad Tier 1 Benefits section.
- “Social Security Received This Year”—Enter Form SSA-1099, box 5 amount, or Form RRB-1099, box 5 amount. Verify recorded on the proper lines and in the proper columns (if a joint return).
- “Medicare to A”—Enter Form SSA-1099, Medical Premiums (include Part B and Part D) or Form RRB-1099, box 11 amount.
- “Federal Tax Withheld”—Enter Form SSA-1099, box 6 amount, or Form RRB-1099, box 10 amount.
- TaxWise will perform all the calculations to determine the taxable amount based on other information in the return.

See next page for lump sum Social Security calculations.

# 1099-R Entry Variations

**Note:** If no amount or zero is entered in box 2 of TaxWise® 1099R, the box will become red and lines 1 and 5 of the *Exclusion Worksheet* will become red. This indicates that there is a required entry in the *Exclusion Worksheet* or the Simplified Method.

**A. Example 1 (most common)**—An amount is entered in box 1, box 2a is blank or the same amount as box 1, the distribution code in box 7 is [7], and nothing is entered in boxes 5 or 9b.

- The amount in box 1 is fully taxable. TaxWise® will transfer the amount in box 1 to Form 1040 page 1, line 16b. Nothing has to be entered in box 2; use the estimate function to remove red.

**B. Example 2**—An amount is entered in box 1, box 2a is blank, the distribution code is [7], and an amount is entered in box 9b.

- The Simplified Method section will have to be completed to determine the amount in box 9b that will be tax free. TaxWise® will automatically deduct this amount from the amount in box 1 and enter the result on Form 1040 page 1, line 16b. See 4012, Partially Taxable-Simplified Method.
- Do not make an entry to box 2 of Form 1099-R.

**C. Example 3**—An amount is entered in box 1 and the taxable amount (other than zero) is entered in box 2a with a distribution code of [7]. There may or may not be an entry in box 5. Generally, the amount in box 2a is [box 1 minus the amount in box 5].

- The payer has made things easy by providing the taxable amount. TaxWise® will enter the taxable amount on Form 1040 page 1, line 16b.

**D. Example 4**—An amount is entered in box 1, box 2a is blank or zero, an amount is in box 5, and the distribution code is [7].

- Except in the case of a CSA 1099-R, the amount in box 5 should be nontaxable and therefore should be subtracted from line 1 and the result entered on Form 1040 page 1, line 16b. The tax preparer must ascertain from the taxpayer what amount should be nontaxable. In the TaxWise® 1099-R form, enter the tax-exempt amount on line 5 of the *Exclusion Worksheet*. (The *Exclusion Worksheet* is located just below the primary 1099-R form.) TaxWise® will subtract the amount from line 1 and enter the result on Form 1040 page 1, line 16b.

**E. Example 5**—An amount is entered in box 1, box 2a is blank or zero, the “Taxable amount not determined” is NOT checked, and the distribution code is [7]. If this is a disability pension for an on-the-job injury, and the taxpayer believes it is not taxable, enter the amount from Box 1 on Line 5 of the Exclusion.

## **Social Security Lump Sum Distribution on Form SSA-1099 (if distribution causes a taxable liability).**

**Step 1**-Enter Box 5 total in the Social Security received this year line on 1040 Wkt 1

**Step 2**-Calculate amount paid for current tax year by subtracting prior years from box 5 benefits

**Step 3**-Enter amount received for the current year for both spouses in appropriate box at bottom of worksheet

**Step 4**-Link to Lump Sum Wkt from line, “amounts taxable from previous years”

**Step 5**-Enter pertinent prior year at top of Lump Sum Wkt (eg, 2012) and check appropriate marital status for that year

**Step 6**-On line 1, enter amount of benefits received in prior year for both spouses and amount for prior year received in current year

**Step 7**-On line 3, enter AGI for prior year

**Step 8**-On lines 4 and 5, enter adjustments/exclusions and tax exempt interest amounts for prior year

**Step 9**-On line 7, enter taxable benefits reported on the tax return for the earlier years.

**Step 10**-Close worksheet; repeat steps 4-9 for additional prior years

# Schedule E – Rental and Royalty Income and Loss (Limited)

## Rental Income - Military Certification

## Royalty Income - Advanced Certification

US Schedule E Supplemental Income and Loss

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

**Part I: Income or Loss From Rental Real Estate and Royalties**

**Note:** If you are in the business of renting personal property, use Schedule C. Report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2013 that would require you to file Form(s) 1099? ☐ Yes ☐ No  
See instructions

**B** If "Yes", did you or will you file all required Forms 1099? ☐ Yes ☐ No

\* K-1 royalty information transfers to column C of lines 1 and 3b.  
State income is allocated based on the state listed in the address section below.  
If any of these properties are part-year rental, part rental and part personal, such as a duplex, or a personal use unit, such as a vacation home, F9 on the "Address" field, A or B, to use a worksheet.

For each rental real estate property listed, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a joint qualified venture. See instructions.

++ Allowable codes for type of property  
1 Single family residence 3 Vacation or short-term rental 5 Land 7 Self-rental  
2 Multi-family residence 4 Commercial 6 Royalties 8 Other

If type 8, enter a description for  
Property A \_\_\_\_\_  
Property B \_\_\_\_\_  
Property C \_\_\_\_\_

1	Address	TSJ	++ Type	Fair rental days	Personal use days	QJV
A	_____	_____	_____	0	0	<input type="checkbox"/>
B	_____	_____	_____	0	0	<input type="checkbox"/>
C	_____	_____	_____	0	0	<input type="checkbox"/>

**Income**

	Properties		
F9 to 1099-Misc on line 3 or 4	A	B	C
3 Rents received	0	0	0
4 Royalties received	0	0	0

**Expenses**

	A	B	C
5 Advertising	0	0	0
6 Auto and travel	0	0	0
7 Cleaning and maintenance	0	0	0
8 Commissions	0	0	0
9 Insurance	0	0	0
10 Legal and other professional fees	0	0	0
11 Management fees	0	0	0
12 Mortgage interest paid to banks, etc	0	0	0
13 Other interest	0	0	0
14 Repairs	0	0	0
15 Supplies	0	0	0
16 Taxes	0	0	0
17 Utilities	0	0	0
18 Depreciation expense or depletion	0	0	0
19 Other	0	0	0
Total other expenses	0	0	0
* Royalty expenses from K-1s, amortization, and part-rental worksheet expenses transfer here. If you are using the statement, check <input type="checkbox"/> AND manually enter these amounts on the statement	0	0	0
20 Total expenses	0	0	0
21 Subtract line 20 from line 3 and / or line 4. If the result is a loss, see the instructions to find out if you must file Form 6199	0	0	0
22 Deductible rental real estate loss	0	0	0
23a Total of all amounts reported on line 3 for all rental properties	0		
b Total of all amounts reported on line 4 for all royalty properties	0		
c Total of all amounts reported on line 12 for all properties	0		
d Total of all amounts reported on line 18 for all properties	0		
e Total of all amounts reported on line 20 for all properties	0		
24 Income. Add positive amounts shown on line 21			0
25 Losses. Royalty losses from line 21 and rental real estate losses from line 22			0
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25			0
Nonpassive rental activities for EIC purposes			0

Link from Form 1040, line 17 to Sch E. On Sch E, complete lines A and B. If a taxpayer answers yes to Question A, the return is out of scope.

Use Schedule E to report rental income only when taxpayer is not in the business of renting property. If in the business, return is out of scope.

Line 1:

- Physical address of each property (street, city, state and ZIP code)
- Type of property
- For each rental real estate property listed, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.

Use separate columns for each rental property.

Enter rental income on Line 3 or link out to 1099-Misc if one was received.

Enter royalty income on Line 4 only when reported from Sch K-1 or Form 1099-MISC, Box 2, Royalties.

Can deduct hazard insurance as reported on Form 1098.

Link to Form 4562.

Most common entries:

- homeowners association fee
- telephone bills

- Rental income from sources such as a home is in scope with Military certification only.
- Royalty income reported on a Schedule K-1 or Form 1099-MISC, Box 2, Royalties with no associated expenses is in scope with Advanced certification.

**Caution:** Refer taxpayers who are in the business of renting properties to a professional tax preparer.

# Form 2555, Foreign Earned Income, Page 1

**US 2555** **Foreign Earned Income**

**For Use by U.S. Citizens and Resident Aliens Only**

Foreign income exclusion is for the: ☒ Taxpayer ☐ Spouse

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

**Part I: General Information**

**1** Your foreign address (including country)

Foreign name line 2 \_\_\_\_\_

Foreign street address \_\_\_\_\_

Foreign city \_\_\_\_\_

Foreign state or province \_\_\_\_\_

Foreign postal code \_\_\_\_\_

Foreign country \_\_\_\_\_

Country code. See F1 Help \_\_\_\_\_

**2** Your occupation \_\_\_\_\_

**3** Employer's name \_\_\_\_\_

**4a** Employer's U.S. address

U.S. name line 2 \_\_\_\_\_

U.S. street address \_\_\_\_\_

U.S. Zip code, city, and state \_\_\_\_\_

**b** Employer's foreign address

Foreign name line 2 \_\_\_\_\_

Foreign street address \_\_\_\_\_

Foreign city \_\_\_\_\_

Foreign state or province \_\_\_\_\_

Foreign postal code \_\_\_\_\_

Foreign country \_\_\_\_\_

Country code. See F1 Help \_\_\_\_\_

**5** Employer is: **a** ☐ A foreign entity **b** ☐ A U.S. company **c** ☐ Self

**d** ☐ A foreign affiliate of a U.S. company

**e** ☐ Other (specify): \_\_\_\_\_

**6a** If you previously filed Form 2555 or Form 2555-EZ, enter the last year you filed the form \_\_\_\_\_

**b** If you did not file Form 2555 or 2555EZ to claim either of the exclusions, check here ☐ and go to line 7.

**c** Have you ever revoked either of the exclusions? ☐ Yes ☐ No

**d** If "Yes", check the type of exclusion claimed ☐ Earned income exclusion ☐ Housing exclusion

Enter the tax year for which the revocation was effective \_\_\_\_\_

**7** Of what country are you a citizen or national? \_\_\_\_\_

**8a** Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? ☐ Yes ☐ No

**b** If "Yes", enter city and country of the separate foreign residence. Also, enter the number of days during the tax year that you maintained a second household at that address.

Address \_\_\_\_\_ Days: \_\_\_\_\_

**9** List your tax home(s) during the tax year and date(s) established. F9 for statement, if listing more than one tax home.

\_\_\_\_\_ Date(s): \_\_\_\_\_

For International  
certification only

Enter names and addresses  
as appropriate

Select employer information

Complete this section  
regarding previously filed  
Form 2555

Indicate citizenship

Select yes or no; if yes,  
complete 8b

List tax home and date  
established

# Form 2555, Foreign Earned Income, Part II and III (continued)

## Part II: Taxpayers Qualifying Under Bona Fide Residence Test

- 10** Date bona fide residence began: \_\_\_\_\_ and ended: \_\_\_\_\_  
Check if bona fide residence continues ☐
- 11** Kind of living quarters in foreign country  
**a** ☐ Purchased house      **b** ☐ Rented house or apartment  
**c** ☐ Rented room      **d** ☐ Quarters furnished by employer
- 12a** Did any of your family live with you abroad during any part of the tax year? ☐ Yes ☐ No  
**b** If "Yes", what was the person's relationship to you? \_\_\_\_\_  
 and for what period? \_\_\_\_\_
- 13a** Have you submitted a statement to authorities of the foreign country where you claim the bona fide residence that you are not a resident of that country? ☐ Yes ☐ No  
**b** Are you required to pay income tax to the country where you claim bona fide residence? ☐ Yes ☐ No  
**Note:** If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.
- 14** If you were present in the U.S. or its possessions during the tax year, complete columns (a) - (d) below. Do not include the income from column (d) in Part IV, but report it on Form 1040.

(a) Date arrived in U.S.	(b) Date left U.S.	(c) No. days	(d) Income earned in U.S.	(a) Date arrived in U.S.	(b) Date left U.S.	(c) No. days	(d) Income earned in U.S.
		0.	0.			0.	0.
		0.	0.			0.	0.
		0.	0.			0.	0.
		0.	0.			0.	0.

- 15a** List any contractual terms or other conditions relating to the length of your employment abroad.
- b** Enter the type of visa used to enter the foreign country: \_\_\_\_\_
- c** Did your visa limit the length of your stay or employment in a foreign country? ☐ Yes ☐ No  
 If "Yes", attach an explanation \_\_\_\_\_ F9 to explanation: ☐
- d** Did you maintain a home in the U.S. while living abroad? ☐ Yes ☐ No
- e** If "Yes", enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. Check if rented: ☐  
 Address: \_\_\_\_\_  
 ZIP code, city and state: \_\_\_\_\_  
 Name of occupant: \_\_\_\_\_  
 Relationship of occupant: \_\_\_\_\_

## Part III: Taxpayers Qualifying Under Physical Presence Test

- 16** The physical presence test is based on the 12-month period from \_\_\_\_\_ through \_\_\_\_\_
- 17** Enter the principal country of employment during your tax year, \_\_\_\_\_
- 18** If you traveled abroad during the 12-month period entered on line 16, complete columns (a) - (f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in or over the United States, for 24 hrs or more.  
 Check here if you have no travel to report during the 12-month period ☐  
 "Physically present in a foreign country or countries for the entire 12-month period." will be printed on the form. Do not include the income in column f below in Part IV, but report it on Form 1040.

(a) Name of country, including U.S.	(b) Date arrived	(c) Date left	(d) Full days in country	(e) Full days on U.S. business	(f) Income earned in U.S. on business
			0	0	0.
			0	0	0.
			0	0	0.
			0	0	0.

Complete only Part II OR Part III - determine whether Bona Fide Residence or Physical Presence test applies

Check if bona fide residence continues

# Form 2555, Foreign Earned Income, Part IV (continued)

## Part IV: All Taxpayers

List all income including noncash income, you earned and actually or constructively received during the tax year for services performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. Do not include income from line 14, column d, or line 18, column f. Report amounts in U.S. dollars, using the exchange rates in effect when the income was actually or constructively received.

These amounts should already have been included in income on Form 1040.

Any income entered on this page should first be entered in the appropriate section of Form 1040. Enter in this part the total foreign earned income you earned and received during the tax year.

19	Total wages, salaries, bonuses, commissions, etc.		0.
20	Allowable share of income for personal services performed		
a	In a business (including farming) or profession		0.
b	In a partnership. List partnership's name, address and type of income.		0.
21	Noncash income. Market value of property or facilities furnished by employer. Attach a statement showing how it was determined.		
a	Home (lodging)		0.
b	Meals		0.
c	Car		0.
d	Other property or facilities. List type and amount.		0.
22	Allowances, reimbursements, or expenses paid on your behalf for services you performed		
a	Cost of living and overseas differential		0.
b	Family		0.
c	Education		0.
d	Home leave		0.
e	Quarters		0.
f	For any other purpose. List type and amount.		0.
g	Add lines 22a through 22f		0.
23	Other foreign earned income. List type and amount.		0.
24	Add lines 19 through 21d, line 22g, and line 23		0.
25	Total amount of meals and lodging included on line 24 that is excludable		0.
26	Foreign earned income		0.

Enter wages from an employer here

Enter gross self-employment income here



# Form 2555, Foreign Earned Income, Page 3 (continued)

US 2555 (2013)		Page 3
Name: <span style="border: 1px solid black; display: inline-block; width: 200px; height: 1.2em; vertical-align: middle;"></span>		SSN: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span>
<b>Part V: All Taxpayers</b>		
27	Amount from line 26: _____	0.
Are you claiming the housing exclusion or housing deduction?		
<input type="checkbox"/> Yes. Complete Part VI. <input type="checkbox"/> No. Go to Part VII.		
Qualifying period dates for this tax year from: _____ through: _____		
<b>Part VI: Taxpayers Claiming Housing Exclusion and / or Deduction</b>		
28	Qualified housing expenses for the tax year: _____	0.
29 a	Enter location where housing expenses incurred:	
	Foreign address: _____	
	Foreign city: _____	
	Foreign province / county: _____	
	Foreign Zip code: _____	
	Foreign country code: _____	
	This is the printed location: _____	
b	Limit on housing expenses.	
	If the number of days on line 31 is 365, enter the limit for the location in which you incurred housing expenses. If less than 365, enter the daily limit for the location in which you incurred housing expenses. You can find this limit in the table issued by IRS in early 2014: _____	0.00
30	Smaller of line 28 or line 29b: _____	0.
31	Number of days in qualifying period that fall within this tax year: _____	0.
32	Multiply \$42.78 by number of days on line 31. Maximum \$15,616: _____	0.
33	Subtract line 32 from line 30: _____	0.
34	Enter employer-provided amounts: _____	0.
35	Divide line 34 by line 27: _____	0.0000
36	Housing exclusion. Multiply line 33 by line 35: _____	0.
<b>Part VII: Taxpayers Claiming the Foreign Earned Income Exclusion</b>		
37	Maximum foreign earned income exclusion: _____	97,600.
38	Number of days in qualifying period that fall within this tax year: _____	0.
39	Divide line 38 by number of days in the tax year: _____	0.0000
40	Multiply line 37 by line 39: _____	0.
41	Subtract line 36 from line 27: _____	0.
42	Foreign earned income exclusion. Smaller of line 40 or line 41: _____	0.
<b>Part VIII: Taxpayers Claiming the Housing Exclusion, Foreign Earned Income Exclusion, or Both</b>		
43	Add lines 36 and 42: _____	0.
44	Deductions allowed in figuring your AGI that are allocable to the excluded income. F9 to explanation: _____	0.
45	Subtract line 44 from line 43: _____	0.
<b>Part IX: Taxpayers Claiming the Housing Deduction</b>		
46	Subtract line 36 from line 33: _____	0.
47	Subtract line 43 from line 27: _____	0.
48	Smaller of line 46 or line 47: _____	0.
49	Housing deduction carryover from 2012. See instructions for worksheet: _____	0.
50	Housing deduction. Add lines 48 and 49: _____	0.

Enter the dates in your qualifying period that fall within the current tax year. Your qualifying period is the period during which you meet the tax home test and either the bona fide residence or the physical presence test.

This number will calculate automatically from the dates you entered above.

Report in full on Form 1040 and related forms and schedules all deductions allowed in figuring your adjusted gross income.

Enter on line 44 the total amount of those deductions (such as the deduction for moving expenses, the deductible part of self-employment tax, and the expenses claimed on Schedule C or C-EZ (Form 1040)) that are not allowed because they are allocable to the excluded income.

**Screening Sheet for Nonbusiness Credit Card Debt Cancellation**

If the taxpayer is in bankruptcy, the tax return is out of scope.



**Instructions:** Use this Screening Sheet for taxpayers with Form 1099-C resulting from cancellation of nonbusiness credit card debt and to assist in identifying taxpayers with cancellation of credit card debt issues that are within the scope of the VITA/TCE programs.

**Cancellation of Debt**

<b>step 1</b>	Did the taxpayer receive Form 1099-C, Cancellation of Debt, or other documentation (if less than \$600) from a creditor and is the information shown on the form or document correct?	<b>YES</b> – Go to Step 2 <b>NO</b> – Go to Step 6
	<b>Note:</b> The creditor is not required to issue a Form 1099-C if the canceled debt is under \$600. However, the taxpayer may be required to report the canceled debt as income regardless of the amount.	
<b>step 2</b>	Was the cancellation of debt related to a business?	<b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 3
<b>step 3</b>	Does box 3 of Form 1099-C show any interest or was box 6 checked to indicate bankruptcy?	<b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 4
	<b>Note:</b> If the bankruptcy box is not checked but the taxpayer has subsequently filed bankruptcy, answer “yes.”	
<b>step 4</b>	Was the taxpayer insolvent immediately before the cancellation of debt?	<b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 5
	Use the Insolvency Determination Worksheet in Publication 4012 and interview the taxpayer to determine if the taxpayer was insolvent immediately before the cancellation of debt.	
<b>step 5</b>	The cancellation of nonbusiness indebtedness or cancellation of debt (the amount in box 2 of Form 1099-C or an amount less than \$600 provided in other documentation) must be reported as ordinary income on Form 1040, line 21 (Other Income). No additional supporting forms or schedules are required for reporting income from canceled credit card debt.	
<b>step 6</b>	These tax issues are outside the scope of the volunteer programs. The taxpayer may qualify to exclude all or some of the discharged debt. However, the rules involved are complex.	
	<b>Refer the taxpayer to:</b> <ul style="list-style-type: none"><li>• www.irs.gov for the most up-to-date information.</li><li>• An IRS Representative: 1-800-829-1040.</li><li>• The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.</li><li>• A professional tax preparer.</li></ul>	



## Insolvency Determination Worksheet



Assets (FMV)	
Homes	\$
Cars	
Recreational vehicles, etc.	
Bank accounts	
IRAs, 401Ks, etc.	
Jewelry	
Furniture	
Clothes	
Misc.	
Other assets	
<b>Total Assets:</b>	<b>\$</b>

Liabilities	
Mortgages	\$
Home equity loans	
Vehicle loans	
Personal signature loans	
Credit card debts	
Past-due mortgage interest, real estate taxes, utilities, and child care costs	
Student loans	
Other liabilities	
<b>Total Liabilities:</b>	<b>\$</b>

**Total Assets minus Total Liabilities = \$**

(Negative amount equals insolvency)

(Positive amount equals solvency)



## Publication 4731-A Screening Sheet for Foreclosures/Abandonments and Cancellation of Debt



**NOTE:** Only volunteers with a **Cancellation of Debt Certification** may assist taxpayers with Form(s) 1099-A and 1099-C issues.

If the taxpayer is in bankruptcy, the tax return is out of scope for the VITA/TCE programs.

**Instructions:** Use this Screening Sheet to assist in identifying taxpayers with cancellation of debt issues that are within the scope of the VITA/TCE Programs.

- Use Part I for taxpayers with Form 1099-A for a foreclosure or abandonment of their principal residence.
- Use Part II for taxpayers with Form 1099-C, and/or Forms 1099-A and 1099-C resulting from cancellation of debt on a home mortgage loan.
- Use Publication 4731 for taxpayers with Form 1099-C resulting from cancellation of credit card debt.

### Part I – Home Mortgage Loan

<b>step 1</b>	Did the taxpayer receive Form 1099-A, Acquisition or Abandonment of Secured Property, from their home mortgage lender?	<p><b>YES</b> – Go to Step 2</p> <p><b>NO</b> – Advise the taxpayer to get the documentation from the home mortgage lender.</p>
<b>step 2</b>	Did the taxpayer ever use the home in a trade or business or as rental property?	<p><b>YES</b> – Go to Step 6</p> <p><b>NO</b> – Go to Step 3</p>
<b>step 3</b>	Is box 5 of Form 1099-A checked indicating a recourse loan in which the taxpayer is personally liable?	<p><b>YES</b> – The sales price is the lesser of box 2 (Balance of principal outstanding) or box 4 (Fair Market Value of Property) on Form 1099-A.</p> <p><b>NO</b> – The sales price is the amount in box 2 (Balance of principal outstanding) on Form 1099-A. The taxpayer is not personally liable (non-recourse loan).</p>
<b>step 4</b>	Ask the taxpayer for the cost or basis of the home. Refer to Publication 523, Selling your Home, for further information, if needed.	
<b>step 5</b>	Report the sale of the personal residence on Form 8949 and Schedule D.  If the disposition of the property results in a:  <b>Gain</b> – The taxpayer may qualify for the Section 121 exclusion (\$250,000 or \$500,000 if Married Filing Jointly) for a gain on the sale of a principal residence, if all requirements are met.  <b>Loss</b> – The taxpayer cannot claim a loss on the sale or disposition of a principal residence.  Refer to Publication 4012 (Tab 2), TaxWise Income “Examples: Capital Loss on Foreclosure,” for further information.	
<b>step 6</b>	These tax issues are outside the scope of the volunteer program.  <b>Refer the taxpayer to:</b> <ul style="list-style-type: none"> <li>• www.irs.gov for the most up-to-date information.</li> <li>• An IRS Representative: 1-800-829-1040.</li> <li>• The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.</li> <li>• A professional tax preparer.</li> </ul>	<p><b>Additional Resources:</b></p> <ul style="list-style-type: none"> <li>• Publication 523, Selling your Home</li> <li>• Publication 525, Taxable and Nontaxable Income</li> <li>• Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments</li> </ul>





## Publication 4731-A Screening Sheet for Foreclosures/Abandonments and Cancellation of Debt



**NOTE:** Only volunteers with a **Cancellation of Debt Certification** may assist taxpayers with Form(s) 1099-A and 1099-C issues.

If the taxpayer is in bankruptcy, the tax return is out of scope for the VITA/TCE programs.

**Instructions:** Use this Screening Sheet to assist in identifying taxpayers with cancellation of debt issues that are within the scope of the VITA/TCE Programs.

- Use Part I for taxpayers with Form 1099-A for a foreclosure or abandonment of their principal residence.
- Use Part II for taxpayers with Form 1099-C, and/or Forms 1099-A and 1099-C resulting from cancellation of debt on a home mortgage loan.
- Use Publication 4731 for taxpayers with Form 1099-C resulting from cancellation of credit card debt.

### Part II – Home Mortgage Loan

step <b>1</b>	Did the taxpayer receive Form 1099-C, Cancellation of Debt, from their home mortgage lender and is the information shown on the form correct?  <b>Note:</b> Answer "yes" if the taxpayer has received a Form 1099-A and Form 1099-C.	<b>YES</b> – Go to Step 2 <b>NO</b> – Go to Step 6
step <b>2</b>	Did the taxpayer ever use the home in a trade or business or as rental property?	<b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 3
step <b>3</b>	Does box 3 of Form 1099-C show any interest or does box 6 show code A indicating bankruptcy?  <b>Note:</b> If box 6 is not marked with code A but the taxpayer has subsequently filed bankruptcy, answer "yes."	<b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 4
step <b>4</b>	Ask the following questions to determine if the discharged debt is "qualified principal residence indebtedness."  a. Was the mortgage taken out to buy, build, or substantially improve the taxpayer's principal residence? ( <b>Note:</b> A principal residence is generally the home where the taxpayer lives most of the time. A taxpayer can have only one principal residence at any one time.)  b. Was the mortgage secured by the taxpayer's principal residence?  c. Was any part of the mortgage used to pay off credit cards, purchase a car, pay for tuition, pay for a vacation, pay medical/dental expenses, or used for any other purpose other than to buy, build, or substantially improve the principal residence?  d. Was the mortgage amount more than \$2 million (\$1 million if Married Filing Separately)?	a. <b>YES</b> – Go to Step 4b <b>NO</b> – Go to Step 6  b. <b>YES</b> – Go to Step 4c <b>NO</b> – Go to Step 6  c. <b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 4d  d. <b>YES</b> – Go to Step 6 <b>NO</b> – Go to Step 5
step <b>5</b>	The discharged debt is "qualified principal residence indebtedness."  The Mortgage Forgiveness Debt Relief Act of 2007, as extended in the Emergency Economic Stabilization Act of 2008, allows individuals to exclude from gross income any discharges of "qualified principal residence indebtedness" made after 2006 and before 2013. The volunteer should complete the applicable lines on Form 982, and file it with the taxpayer's return. If the residence was disposed of, the taxpayer also may be required to report the disposition (sale) on Form 8949 and Schedule D.	
step <b>6</b>	These tax issues are outside the scope of the volunteer program. The taxpayer may qualify to exclude all or some of the discharged debt. However, the rules involved in the mortgage debt relief exclusions are complex.  <b>Refer the taxpayer to:</b> <ul style="list-style-type: none"> <li>• www.irs.gov for the most up-to-date information.</li> <li>• The Interactive Tax Assistance (ITA) on www.irs.gov to answer tax law questions. Type "ITA" in the key word search box.</li> <li>• An IRS Representative: 1-800-829-1040.</li> <li>• The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.</li> <li>• A professional tax preparer.</li> </ul>	<b>Additional Resources:</b> <ul style="list-style-type: none"> <li>• Publication 523, Selling your Home</li> <li>• Publication 525, Taxable and Nontaxable Income</li> <li>• Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments</li> <li>• Publication 4705, Overview of Mortgage Debt Forgiveness</li> <li>• Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment) and Instructions</li> </ul>

## Notes

[illegible]







# Health Saving Accounts (HSA) Helpful Hints

## References:

**Publication 969, Health Savings Account and Other Tax-Favored Health Plans**  
**Form 8889 and Instructions, Health Savings Accounts**

Do not rely on this document alone. Refer to HSA references to provide assistance.

### How will you know if the taxpayer has an HSA issue?

- The Intake/Interview sheet has the Yes or Unsure HSA box checked
- The taxpayer's (or spouse's) Form W-2 has a box 12 entry of code W for employer contributions. Form 8889 should populate in the forms tree of the tax software. **[Caution]** – Contributions to an employee's account through a Section 125 (cafeteria) plan are treated as employer contributions and are not deductible.]
- The taxpayer (or spouse) has a Form 1099-SA with an X in box 5 showing distributions from an HSA.
- The taxpayer (or spouse) may receive Form 5498-SA for their HSA contributions. If taxpayers do not have this form they can provide the information regarding HSA contributions based on their records.

### What do you need to know about Form 8889, Health Savings Accounts?

**Tax Software Tip:** If you realize you need the Form 8889 to report HSA activity, and it does not show up in the forms tree in the software, link to the Form 8889 from Form 1040, line 25.

**Line 1** – Select the appropriate (HDHP) coverage for the taxpayer: **self-only or family**. This determines the maximum HSA contribution limits.

**Line 2** – Employee contributions are entered on Line 2. Contributions by relatives or friends are considered to be made by the taxpayer. **Do not** include employer contributions on this line.

The account holder needs to tell you how much was put in the HSA, because they might not have received the Form 5498-SA by the time they're preparing their tax return. Form 8889 will calculate when there are excess contributions. **Caution:** If excess is not withdrawn by due date of return then it is out-of-scope; refer the taxpayer to professional tax preparer.

**Line 6** – Usually the same as the Line 5 calculated by tax software. Taxpayers need to know whose name is on the HSA account (taxpayer or spouse). There is no such thing as a "joint HSA account". If both taxpayer and spouse have HSAs, and had family coverage under an HDHP, refer to the Instructions for line 6. On the tax software, use the Help option to review the Form 8889 Instructions.

**Line 7** – Age 55 or older, look up "catch up" contribution limits in Form 8889 Instructions.

**Line 14a** – Enter HSA distributions here. Ask the taxpayer for Form 1099-SA, with the HSA box checked. If not an HSA distribution, refer to the taxpayer professional tax preparer.

**Line 15** – **If all distributions were used for Qualified Medical Expenses paid using your HSA distributions, enter the same amounts as line 14a. If all distributions were used for unreimbursed qualified medical expenses, enter the same amounts as line 14a.**

See Pub 17, Chapter 21 for qualified medical expenses except insurance premiums. NO insurance premiums except Medicare, LTC (with limitations), or while receiving unemployment compensation or on COBRA. No over-the-counter medicines without a prescription (except for insulin). Taxpayers cannot take a deduction on Schedule A for any amount included on line 15. Long-term care cost limits are:

\$370 if under 40  
\$700 if 41 - 50  
\$1,400 if 51 - 60  
\$3,720 if 61 - 70  
\$4,660 if over 70.

**Lines 16, 17b** – If HSA distributions were not used for qualified medical expenses these lines must be completed. The tax software auto calculates these lines, if applicable.

**Line 17a** – If taxpayer meets one of the exceptions to the additional 20% tax, check the box on line 17a. Exceptions are: age 65, disability, or death. See Form 8889 instructions for more information on the exceptions to the additional tax.

**Lines 18-21 (Part III)** – Out-of-scope.



**NOTE:** Only volunteers with **Health Savings Account Certification** may assist taxpayers with HSA issues.



**Instructions:** This Screening Sheet will help you identify HSA issues that are within the scope of the VITA/TCE program. Use the Determine HSA Eligibility section to determine if taxpayer is eligible for an HSA; use Part I for contributions/deduction; use Part II for distributions. **References:** Publication 969, Form 8889 and Instructions

### Determine HSA Eligibility (To set up an HSA or make contributions to an HSA)

**TO QUALIFY:** An individual must meet **ALL** the following requirements:

- Be covered under a high deductible health plan (HDHP) on the first day of any month of the year.
- Have no other health coverage except for allowable "other health coverage." (Publication 969, "Other health coverage")
- Not be claimed as a dependent on someone else's tax return. (Publication 969, "Qualifying for an HSA")
- Not be covered by Medicare (but the individual can be HSA eligible for the months before being covered by Medicare)

**NOTE:** If the taxpayer does not qualify, but contributions have been made to an HSA, the taxpayer should be referred to a professional tax preparer.

### PART I – HSA Contributions and Deduction

step If eligible, were contributions made to an HSA?

**1**

**YES** – Complete Form 8889, Part I, lines 1 and 2. Go to Step 2.

**NO** – STOP.

step Was the taxpayer enrolled in the same HDHP coverage for the **entire** year?  
**2** (Answer Yes, if last-month rule applies, and see Form 8889 Instructions)

**YES** – Complete Form 8889, Part I, lines 3-13.

**Caution:** If line 2 is more than line 13, the taxpayer must withdraw the excess contribution to avoid an additional tax. If the excess is not timely withdrawn, refer the taxpayer to a professional tax preparer. (Refer to Form 8889 Instructions, line 13).

**FOR YES AND NO: Lines 4 and 10 are out of scope.**

**NO** – Complete line 3 using the Limitation Chart and Worksheet in the Instructions for Form 8889. Then complete the remainder of Part I.

### PART II – HSA Distributions

step Did the taxpayer receive distributions from the HSA trustee (whether or not  
**1** Form 1099-SA received)?

**YES** – Complete Form 8889 Part II, Line 14a, 14b, if applicable, and 14c. Go to Step 2.

**NO** – STOP, do not complete Part II.

step Did the taxpayer use all or part of the distribution to pay or get reimbursed for  
**2** qualified medical expenses during the year that were incurred after the HSA was established **and** were for qualified persons?

**YES** – Enter the amount on line 15 and complete line 16. Go to Step 3.

**NO** – Enter zero on line 15 and complete line 16. Go to Step 3.

step If any part of the distribution is taxable, was the distribution made after the  
**3** taxpayer died, became disabled or turned 65?

**YES** – Check box on line 17a and complete 17b.

**NO** – Taxpayer will be subject to an additional 20% tax.



## Alimony Requirements (Instruments Executed After 1984)

### Payments ARE alimony if all of the following are true:

Payments are required by a divorce or separation instrument.

Payer and recipient spouse do not file a joint return with each other.

Payment is in cash (including checks or money orders).

Payment is not designated in the instrument as not alimony.

Spouses legally separated under a decree of divorce or separate maintenance are not members of the same household.

Payments are not required after death of the recipient spouse.

Payment is not treated as child support.

These payments are deductible by the payer and includible in income by the recipient.

### Payments are NOT alimony if any of the following are true:

Payments are not required by a divorce or separation instrument.

Payer and recipient spouse file a joint return with each other.

Payment is:

- Not in cash,
- A noncash property settlement,
- Spouse's part of community income, or
- To keep up the payer's property.

Payment is designated in the instrument as not alimony.

Spouses legally separated under a decree of divorce or separate maintenance are members of the same household.

Payments are required after death of the recipient spouse.

Payment is treated as child support.

These payments are neither deductible by the payer nor includible in income by the recipient.

## IRA deduction

**TaxWise® Hint:** Link to IRA Worksheet and enter any contributions to traditional or Roth IRA's. Contributions to traditional IRA will carry to the appropriate line and Form 8880. Contributions to a Roth IRA will carry just to Form 8880.

Insert the following chart:

Educator Expenses	
Do not rely on this table alone. Refer to Publication 17 for more details.	
Question	Answer
What is the maximum benefit?	\$250 (or \$500 if married filing jointly and both are educators). Taxpayers may be able to deduct expenses that are more than the limit as a miscellaneous deduction on Schedule A.
Who can claim the expense?	Eligible Educators — an eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide who worked in a school for at least 900 hours during a school year.
What are qualifying expenses?	Qualifying expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom.
What are non qualifying expenses?	Expenses for home schooling or non athletic supplies for courses in health or physical education.
What other issues apply?	Taxpayer must reduce qualified expenses by <ul style="list-style-type: none"> <li>• Excludable U.S. series EE and I savings bond interest from Form 8815</li> <li>• Non taxable qualified tuition program earnings or distributions</li> <li>• Non taxable distribution of earnings from a Coverdell education savings account</li> <li>• Any reimbursements received for expenses that were not reported on the Form W-2</li> </ul>



## Student Loan Interest Deduction at a Glance

*Caution: This table is only an overview of the rules. For details, see Publication 17.*

Feature	Description
Maximum benefit	You can reduce your income subject to tax by up to \$2,500.
Loan qualifications	Your student loan: <i>Taxpayer must be legally liable for the loan.</i> <ul style="list-style-type: none"><li>• must have been taken out solely to pay education expenses, and</li><li>• cannot be from a related person or made under a qualified employer plan.</li></ul>
Student qualifications	The student must be: <ul style="list-style-type: none"><li>• you, your spouse, or a person who was your dependent when you took out the loan, or would have been your dependant except you were a dependant, or had gross income over the exemption amount, or filed MFJ.</li><li>• enrolled at least half-time in a program leading to a degree, certificate or other recognized educational credential.</li></ul>
Time limit on deduction	You can deduct interest paid during the remaining period of your student loan.
Phaseout	The amount of your deduction depends on your income level.

If student loan interest is paid by someone who is not legally liable for it, the payment is treated as received by the person who is legally liable, and the person legally liable is allowed to take the adjustment.

# Form 1040 – Adjustments to Income

Adjustments to Income	
23	Educator expenses . . . . . 0.
24	Certain business expenses of reservists, qualified performing artists, and fee-based government officials. Form 2106 or 2106-EZ . . . . . 0.
25	Health savings account deduction. Form 8889 . . . . . 0.
26	Moving expense. Form 3903 . . . . . 0.
27	Deductible part of self-employment tax . . . . . 0.
28	Self-employed SEP, SIMPLE, and qualified plans . . . . . 0.
29	Self-employed health insurance deduction . . . . . 0.
30	Penalty on early withdrawal of savings . . . . . 0.
31	Alimony paid. Recipient's SSN: _____ and amount . . . . . 0.
32	IRA deduction . . . . . 0.
33	Student loan interest deduction . . . . . 0.
34	Tuition and fees deduction . . . . . 0.
35	Domestic production activities deduction. Form 8903 . . . . . 0.
	Other: Reforestation . . . . . 0.
	Sub-pay (Trade Act) . . . . . 0.
	Jury duty pay you gave to your employer . . . . . 0.
	501(c)18 pension plan . . . . . 0.
	PPR . . . . . 0.
	Form 2555, line 50 . . . . . 0.
	Archer MSA deduction. Form 8853 . . . . . 0.
	Deduction for whistleblower fees . . . . . 0.
	Attorney fees and court costs for discrimination claims . . . . . 0.
36	<b>Total adjustments</b> . . . . . 0.
37	<b>Adjusted gross income</b> . . . . . 60,700.

This facsimile form is not approved for filing directly to the IRS.  
Print IRS form using "Print Return" or "Print Current Form".

Health Savings Account - link to Form 8889 (HSA Certification required)

Auto calculated from Sch SE.

Flows over from input of 1099-INT in Interest Statement.

If the taxpayer paid alimony to more than one person, link to the Alimony Paid Worksheet.

Link to 1040-wkt2, Student Loan, Education Worksheet, and insert the amounts of student loan interest paid.

Hint: (Must be Certified for Military) Link from line 26 of Form 1040 to access Form 3903, Moving Expenses. Check the box near the top of the form to indicate an Armed Forces PCS move.

Hint: If the taxpayer contributed to a Roth or a traditional IRA, whether it is deductible or not, you should link to the IRA worksheet from Line 32 of Form 1040 and enter the amount of the contribution on the appropriate line. (see note)

**Note:** Taxpayer's age must be 70½ or younger to contribute to a traditional IRA; if married filing separately, **could not** have lived together any time during the year.

# Notes

[illegible]









## Exhibit 1 – Standard Deduction for Most People\*

This table provides the standard deduction amounts for tax year 2014.

If the taxpayer's filing status is...	Your standard deduction is ...
Single or married filing separate return	\$6,200
Married filing joint return or qualifying widow(er) with dependent child	\$12,400
Head of household	\$9,100

\*Do not use this chart if the taxpayer was born before January 2, 1950, or is blind, or if someone else can claim an exemption for the taxpayer (or their spouse if married filing jointly).



interview  
tips

## Persons Not Eligible for the Standard Deduction Interview Tips

Certain taxpayer situations do not qualify for the standard deduction. These interview tips will assist you in determining if the taxpayer's standard deduction is zero or if they should itemize their deductions.

step  
1

Is your filing status married filing separately?

If **YES**, go to Step 2.  
If **NO**, go to Step 3.

step  
2

Is your spouse itemizing deductions?

If **YES**, go to Conclusion 2.  
If **NO**, go to Step 3.

step  
3

Are you a dual status alien or a nonresident alien?

If **YES**, go to Conclusion 2.  
If **NO**, go to Conclusion 1.

Conclusion 1: Based on the information provided, you may take either the standard or itemized deduction.

Conclusion 2: Based on the information provided, you generally do not qualify for the standard deduction. See Publication 519, U.S. Tax Guide for Aliens, for more information

## Standard Deduction Chart for People Born Before January 2, 1950, or Who are Blind

Check the correct number of boxes below. Then go to the chart.

**You:** Born before January 2, 1950 ☐ Blind ☐

**Your spouse, if claiming spouse's exemption:** Born before January 2, 1950 ☐ Blind ☐

**Total number of boxes checked** ☐

IF your filing status is...	AND the number in box above is...	THEN your standard deduction is...
<b>Single</b>	1	\$7,750
	2	9,300
<b>Married filing jointly or Qualifying widow(er) with dependent child</b>	1	\$13,600
	2	14,800
	3	16,000
	4	17,200
<b>Married filing separately</b>	1	\$7,400
	2	8,600
	3	9,800
	4	11,000
<b>Head of household</b>	1	\$10,650
	2	12,200

\*If someone else can claim you (or your spouse if filing jointly) as a dependent, use standard deduction worksheet for dependents.

## Standard Deduction Worksheet for Dependents

Use this worksheet only if someone else can claim you (or your spouse if filing jointly) as a dependent.

Check the correct number of boxes below. Then go to the worksheet.

**You:** Born before January 2, 1950 ☐ Blind ☐

**Your spouse, if claiming spouse's exemption:** Born before January 2, 1950 ☐ Blind ☐

**Total number of boxes checked** ☐

<b>1.</b> Enter your earned income (defined below). If none, enter -0-.	<b>1.</b> _____
<b>2.</b> Additional amount.	<b>2.</b> _____ \$350
<b>3.</b> Add lines 1 and 2.	<b>3.</b> _____
<b>4.</b> Minimum standard deduction.	<b>4.</b> _____ \$1000
<b>5.</b> Enter the larger of line 3 or line 4.	<b>5.</b> _____
<b>6.</b> Enter the amount shown below for your filing status. <input type="checkbox"/> Single or Married filing separately—\$6,200 <input type="checkbox"/> Married filing jointly—\$12,400 <input type="checkbox"/> Head of household—\$9,100	<b>6.</b> _____
<b>7. Standard deduction.</b> <b>a.</b> Enter the smaller of line 5 or line 6. If born after January 1, 1950, and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b. <b>b.</b> If born before January 2, 1950, or blind, multiply \$1,550 (\$1,200 if married) by the number in the box above. <b>c.</b> Add lines 7a and 7b. This is your standard deduction for 2014	<b>7a.</b> _____ <b>7b.</b> _____ <b>7c.</b> _____

**Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income.



interview  
tips

## Interview Tips – Itemized Deductions

These interview tips will assist you in determining whether a taxpayer's itemized deductions are more than their standard deduction amount. It may be more advantageous for a taxpayer to itemize their deductions if the amount is larger than the allowable standard deduction amount.

step  
**1**

Do you have expenses in the following categories: medical and dental expenses, taxes you paid, home mortgage interest you paid, gifts to charity, job expenses, and certain miscellaneous deductions?

**Note:** Casualty and theft losses and some miscellaneous deductions are beyond the scope of VITA/TCE.

If YES, go to Step 2.

If **NO**, generally speaking, you should take the standard deduction if eligible. For further explanation see exceptions in Publication 17, Standard Deduction chapter.

step  
**2**

Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in box 1 of the customer's Form W-2) or were the expenses reimbursed by an insurance company?

If YES, you cannot deduct reimbursed expenses. Go to Step 4. If **NO**, you can claim these expenses. Go to Step 3.

step  
**3**

Were the medical and dental expenses more than 10% of your adjusted gross income (7.5% If one spouse is 65 or older)?

**Note:** You can include medical and dental bills you paid for:

- ☐ Yourself and your spouse
- ☐ All dependents you claim on your return
- ☐ Your child whom you do not claim as a dependent because of the rules for children of divorced or separated parents
- ☐ Any person you could have claimed as a dependent on your return except that person received \$3,950 or more of gross income or filed a joint return
- ☐ Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2014 return.

If YES, you can claim qualified expenses. Go to Step 4.

If **NO**, you cannot deduct these expenses. Go to Step 4.

step  
**4**

Were the following taxes you paid imposed on you: state, local or foreign income taxes, real or personal property taxes, state or local general sales tax? ~~Were the following taxes you paid imposed on you: state, local or foreign income taxes, real or personal property taxes?~~

If YES, go to Step 5.

If **NO**, you cannot claim this expense as a deduction because you were not obligated to pay the taxes. Go to Step 6.

step  
**5**

Did you pay these taxes during **the 2014 year**?

If YES, you can claim these expenses and go to Step 6.

If **NO**, you cannot deduct taxes for this year that were paid in another year. Go to Step 6.

step  
**6**

Are you legally liable for a home mortgage loan?

If YES, go to Step 7.

If **NO**, you cannot take an interest expense for a mortgage for which you are not legally liable. Go to Step 11.



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tips

## Interview Tips – Itemized Deductions (continued)

step <b>7</b>	Was the mortgage a secured debt on a main or second home?	If YES, go to Step 8. If NO, you cannot take an interest expense. Go to Step 11.
step <b>8</b>	Did you pay the mortgage interest in this tax year?	If YES, go to Step 9. If NO, you cannot take the mortgage interest deduction. Go to Step 11.
step <b>9</b>	Did you take out the mortgage <b>on or before</b> October 13, 1987?	If YES, your mortgage interest is fully deductible. Go to Step 10. If NO, follow the flowchart, Is My Home Mortgage Interest Fully Deductible in Publication 17 to determine what is deductible. Go to Step 11.
	Did you pay premiums in 2014 for qualified mortgage insurance for a home acquisition debt that was issued after 2006?	If YES, you can take a deduction for qualified mortgage insurance as home mortgage interest with AGI limitations. If NO, you cannot take a deduction for qualified mortgage insurance as home mortgage interest. Go to the next step.
step <b>10</b>	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?	If YES, follow the Are My Points Fully Deductible This Year flowchart in Publication 17 and then go to Step 11. If NO, go to Step 11.  See note below chart.
step <b>11</b>	Did you make a cash contribution to a qualified organization?	If YES, you must have a written record from that particular organization, and then go to Step 12. If NO, go to Step 12.
step <b>12</b>	Did you make a noncash donation to a qualified organization?  <b>Note:</b> Generally the value of a donation is the lesser of your cost or fair market value.	If YES, advise the taxpayer that <b>generally</b> he or she must have a written receipt from that particular organization. Go to Step 13. If <b>NO</b> , Go to Step 14.
step <b>13</b>	Is the total of all noncash donations \$500 or less? <b>Note:</b> If more than \$500, refer taxpayer to a professional tax preparer.	If YES, see Publication 17 for more details. If <b>NO</b> , this is beyond the scope of VITA/TCE. Refer taxpayer to a professional tax preparer.
step <b>14</b>	Do you have any employee, job hunting or investment expenses?	If YES, report the expenses on Schedule A, <i>Job Expenses and Certain Miscellaneous Deductions</i> . If <b>NO</b> , your employee and investment expenses are not deductible.

Note: If you refinanced in an earlier year, you can add in this year's portion of those prior year points.

# Schedule A – Itemized Deductions

US Schedule A		Itemized Deductions	
Name: <input type="text"/>		SSN: <input type="text"/>	
<b>Medical and Dental Expenses</b>			
1	Unreimbursed medical and dental expenses	<input type="text"/>	<input type="text"/>
2	Amount from Form 1040, line 38	<input type="text"/>	<input type="text"/>
3	Multiply line 2 by 10%. If the taxpayer or spouse was born before January 2, 1949, multiply line 2 by 7.5% instead	<input type="text"/>	<input type="text"/>
4	Subtract line 3 from line 1	<input type="text"/>	<input type="text"/>
<b>Taxes You Paid</b>			
5	State and local taxes. Only one box can be checked.	<input type="text"/>	<input type="text"/>
a	<input type="checkbox"/> Income taxes	<input type="text"/>	<input type="text"/>
b	<input type="checkbox"/> General sales tax	<input type="text"/>	<input type="text"/>
6	Real estate tax remainder from Form 8829	<input type="text"/>	<input type="text"/>
	Real estate tax remainder from part rental worksheets	<input type="text"/>	<input type="text"/>
	Real estate taxes on your principal residence, not listed above	TSJ: <input type="text"/>	<input type="text"/>
	Other real estate taxes you paid, not listed elsewhere in this tax return	TSJ: <input type="text"/>	<input type="text"/>
7	Personal property tax remainder from business vehicle worksheet	<input type="text"/>	<input type="text"/>
	Personal property taxes, not listed above	TSJ: <input type="text"/>	<input type="text"/>
8	Other taxes	<input type="text"/>	<input type="text"/>
	Type	TSJ: <input type="text"/>	<input type="text"/>
9	Add lines 5 through 8	<input type="text"/>	<input type="text"/>
<b>Interest You Paid</b>			
10	Home mortgage interest remainder from Form 8829	<input type="text"/>	<input type="text"/>
	Home mortgage interest remainder from part rental worksheets	<input type="text"/>	<input type="text"/>
	Form 8396 credit, if applicable	TSJ: <input type="text"/>	<input type="text"/>
	Home mortgage interest and points from Form 1098, not listed above	TSJ: <input type="text"/>	<input type="text"/>
11	Home mortgage interest not reported on Form 1098. If paid to an individual, show the person's name, ID number, and address.	<input type="text"/>	<input type="text"/>
	Individual's name	<input type="text"/>	<input type="text"/>
	ID number	<input type="text"/>	<input type="text"/>
	Address	<input type="text"/>	<input type="text"/>
	Amount	TSJ: <input type="text"/>	<input type="text"/>
12	Points not reported on Form 1098	TSJ: <input type="text"/>	<input type="text"/>
13	Total mortgage insurance premiums	TSJ: <input type="text"/>	<input type="text"/>
	Allowed mortgage insurance premiums	<input type="text"/>	<input type="text"/>
14	Investment interest. Attach Form 4952, if required	TSJ: <input type="text"/>	<input type="text"/>
15	Add lines 10 through 14	<input type="text"/>	<input type="text"/>

Link to Itemized Detail sheet from Sch A, line 1 for breakout of medical expenses. Some senior residences have amount in the monthly cost which is a medical expense.

Link to F/S Tax Paid to enter state and local taxes paid during the tax year in addition to income tax withheld.

Always Link to sales tax, complete the worksheet, and the software will give the taxpayer the most beneficial deduction.

If taxpayers purchased home in tax year, they may not be able to deduct all Real Estate Taxes (see Publication 17, Real Estate Taxes for more information).

Enter Vehicle License registration fee if based on value under Personal Property Taxes.

Enter amount from Form 1098, box 1 (and box 2, if applicable). If there are multiple mortgages, link to scratch pad to enter each interest item.

Points from refinancing must be spread over life of mortgage unless used to remodel (see Publication 17, Points).

Loan origination fee from closing statement entered here if not included as points in line 10.

**Note:** For 2014, medical and dental ceiling percentage is 10% unless 65 or older.



# Schedule A – Itemized Deductions (continued)

Gifts to Charity		
16 Gifts by cash or check	0.	
17 Other than by cash or check	0.	
18 Carryover from prior year	0.	
19 Add lines 16 through 18	0.	
Casualty and Theft Losses		
20 Casualty or theft loss(es). Attach Form 4684	0.	
Job Expenses and Most Other Miscellaneous Deductions		
21 Unreimbursed employee expenses - job travel, union dues, job education, etc. Amount from Form 2106 or 2106-EZ 0. List expenses not included on Form 2106 or 2106-EZ below. If you need more space, F9 to link to the statement. Do not include amounts from Form 2106 / 2106-EZ on the statement.	0.	
Type TSJ: Amount	0.	
Line 21 amount for state returns	0.	
22 Tax preparation fees TSJ:	0.	
23 Other expenses - investment expense, safe deposit box, etc. Type TSJ: Amount	0.	
TSJ: Amount	0.	
**Schedules K-1 and Forms 4684 and 4797 amounts transfer here. If you are using a statement, check here <input type="checkbox"/> AND manually enter: 0. on the statement.		
24 Add lines 21 through 23	0.	
25 Amount from Form 1040, line 38	0.	
26 Multiply line 25 by 2%	0.	
27 Subtract line 26 from line 24	0.	
Line 27 amount for state returns	0.	
Other Miscellaneous Deductions		
28 Type	0.	
*** Amount TSJ: 0.	0.	
***Schedules K-1, Forms 4684, 4797, 2106, 2106-EZ, and W2G losses add in here. If you are using a statement, check here <input type="checkbox"/> AND manually enter: 0. on the statement.		
Line 28 amount for state returns	0.	
Total Itemized Deductions		
29 Is the adjusted gross income over \$150,000? <input checked="" type="checkbox"/> No. The deduction is not limited. Total of lines 4 through 28. <input type="checkbox"/> Yes. Deductions may be limited. See the worksheet below.	0.	
Total allowed itemized deductions	0.	
Line 29 amount for state returns	0.	
30 If you elect to itemize deductions even though they are less than the standard deduction, calculated from Form 1040, page 2 <input type="checkbox"/>		
Worksheet for Itemized Deductions		
	Federal	State
1 Total itemized deductions	0.	0.
2 Gambling losses 0. lines 4, 14, and 20	0.	0.
3 Subtract. If -0-, line 1 is entered on line 29 above	0.	0.
4 Multiply worksheet line 3 by 80%	0.	0.
5 Form 1040, line 38	0.	0.
6 \$300,000 if married filing jointly or qualifying widow(er), \$250,000 if single, \$275,000 if head of household, or \$150,000 if married filing separately	0.	0.
7 Subtract. If -0-, line 1 is entered on line 29 above	0.	0.
8 Multiply worksheet line 7 by 3%	0.	0.
9 Smaller of worksheet line 4 or line 8	0.	0.
10 Subtract line 9 from line 1. Entered on line 29 above	0.	0.

Link to Itemized Detail sheet from Sch A

Casualty and Theft Losses **out-of-scope**.

Link to Form 2106 or Form 2106-EZ.

Hint: (Military Certification only), On the entry screen for Form 2106 page 1, there is a box at the bottom for "Minister, QPA, FBO, RC, and Impairment Related Work Expenses." On the line to the right of RC, enter the portion of the amount from Line 10 of Form 2106 that is due to reservist travel expenses over 100 miles. You can link from the entry field to a scratch pad to add up the separate items (vehicle expenses, lodging and 50% of food) if you wish. The software will carry the "RC" reservist expenses to line 24 on the front of Form 1040, and the remainder to line 21 of Schedule A.

Link to misc deductions Sch A, line 23.

## Schedule A Nondeductible Items

- **Medical:** cosmetic surgery; funeral/burial; nonprescription drugs (except insulin) or prescribed drugs which were purchased over the counter; weight loss program not prescribed; diet food.
- **Taxes:** fees/licenses (drivers, marriage, dog); assessments for improvements that increase property value; assessments for services to the property (sewer, trash collection, etc.)
- **Contributions:** political; country club/fraternal lodge; raffle, bingo, or lottery tickets; tuition; value of time/services; gifts to lobby groups; civic leagues, social clubs; labor unions.
- **Miscellaneous:** commuting; home repair; rent; loss from sale of home; personal legal expenses; lost/misplaced cash or property; fines/penalties.

# Itemized Deductions Detail Worksheet

US Schedule A

Itemized Deduction Detail Worksheet

Name:

5

SSN:

If you need more worksheets, F9 on the additional worksheet entry in each category below.

## Medical Expenses

Prescription medicines, legally obtained drugs, insulin, doctors, dentists, nurses, eyeglasses, health insurance premiums, transportation for medical treatment, and nonprescription medical supplies, such as crutches. Do not list any amounts paid with pre-tax dollars or reimbursed by insurance, HSA, MSA. Use the + field to indicate ownership. T for taxpayer, S for spouse, J for joint.

Medical miles: Taxpayer:

0

Spouse:

0

Total:

0

x .24 = 0.

Insurance premiums paid (not pre-tax) health, dental, cancer. Omit amounts used on Form 8885.

Taxpayer : : : : :

0.

Spouse : : : : :

0.

Medicare from 1040 worksheet : : : : :

0.

Remainder from worksheets

Self-employed health insurance

Taxpayer : : : : :

0.

Spouse : : : : :

0.

0.

Qualified long term care contracts

Enter the amount before limitation.

Taxpayer : : : : :

0.

Spouse : : : : :

0.

Taxpayer - limited : : : : :

0.

Spouse - limited : : : : :

0.

Self-employed long term care

Taxpayer : : : : :

0.

Spouse : : : : :

0.

0.

Other medical expenses

0.

+

0.

0.

0.

0.

0.

0.

F9 for additional worksheets : : : : :

0.

Total : : : : :

0.

0.

## Contributions to Charity

If contributions exceed 20% of the AGI: 0., list each contribution in the proper category below (50%, 30%, etc). Otherwise the only sort required is cash and other than cash contributions. Use the + field to indicate ownership. T for taxpayer, S for spouse, J for joint. All gifts must be receipted.

# Itemized Deductions Detail Worksheet (continued)

Cash Contributions				
50% Limit Organizations		Charitable miles: Taxpayer: <u>0</u> Spouse: <u>0</u> Total: <u>0</u> x .14 = <u>0</u>		
Name of charity	*	Amount	Name of charity	Amount
		0		0
		0		0
		0		0
		0	From Schedules K-1	0
		0	F9 for additional worksheets	0
		0	<b>Total</b>	0
30% Limit Organizations		Charitable miles: Taxpayer: <u>0</u> Spouse: <u>0</u> Total: <u>0</u> x .14 = <u>0</u>		
Name of charity	*	Amount		Amount
		0	From Schedules K-1	0
		0	F9 for additional worksheets	0
		0	<b>Total</b>	0
<b>Other Than Cash Contributions</b> Use Form 8283 if this total is more than \$500. <u>0</u>				
50% Limit Organizations Not capital gain property and the FMV is equal to or less than the cost.				
Name of charity	*	Amount		Amount
		0	From Forms 8283	0
		0	F9 for additional worksheets	0
From Schedules K-1		0	<b>Total</b>	0
30% Limit Capital gain property donated to 50% limit organizations.				
		0	From Forms 8283	0
From Schedules K-1		0	<b>Total</b>	0
30% Limit Not capital gain property donated to 30% limit organizations.				
		0	From Forms 8283	0
From Schedules K-1		0	<b>Total</b>	0
20% Limit Capital gain property donated to 30% limit organizations.				
		0	From Forms 8283	0
From Schedules K-1		0	<b>Total</b>	0

**Note:** Enter amounts given by cash or check under Cash Contributions for 50% Limit Organizations. The 30% & 50% refer to the percentage of your AGI that can be deducted this year. See Publication 17 for definitions. Enter the value of noncash items donated under Other Than Cash Contributions from 50% Limit Organizations. Be careful to list them separately. If noncash contributions are greater than \$500 Form 8283 must be completed and this form is **out-of-scope**.



## Travel Expenses

This chart summarizes expenses you can deduct when you travel away from your home for business purposes. (See publication 17 for definition of tax home)

**Note:** If you are an employee, travel expenses are deductible on Schedule A, Job Expenses and Certain Miscellaneous Deductions subject to the 2% of AGI Limit. If you are self employed, travel expenses are deductible as business expenses on Schedule C.

IF you have expenses for...	THEN you can deduct the cost of...
transportation	travel by airplane, train, bus, or car between your home and your business destination. If you were provided with a ticket or you are riding free as a result of a frequent traveler or similar program, your cost is zero. If you travel by ship, see <i>Luxury Water Travel</i> and <i>Cruise Ships</i> (under <i>Conventions</i> ) for additional rules and limits.
taxi, commuter bus, and airport limousine	fares for these and other types of transportation that take you between: <ul style="list-style-type: none"><li>• The airport or station and your hotel, and</li><li>• The hotel and the work location of your customers or clients, your business meeting place, or your temporary work location.</li></ul>
baggage and shipping	sending baggage and sample or display material between your regular and temporary work locations.
car	operating and maintaining your car when traveling away from home on business. You can deduct actual expenses or the standard mileage rate, as well as business-related tolls and parking. If you rent a car while away from home on business, you can deduct only the business-use portion of the expenses. <b>Important note:</b> The actual expense method is out of scope for the VITA/TCE program. If the taxpayer is using <b>actual expenses</b> for car expenses, refer the taxpayer to a professional tax preparer.
lodging and meals	your lodging and meals if your business trip is overnight or long enough that you need to stop for sleep or rest to properly perform your duties. Meals include the actual cost or standard deduction for meals and incidental expenses (M&IE). See <i>Meals</i> in Publication 17, Car Expenses and Other Employee Business Expenses for additional rules and limits.
cleaning	dry cleaning and laundry.
telephone	business calls while on your business trip. This includes business communication by fax machine or other communication devices.
tips	tips you pay for any expenses in this chart.
other	other similar ordinary and necessary expenses related to your business travel. These expenses might include transportation to or from a business meal, public stenographer's fees, computer rental fees, and operating and maintaining a house trailer.



## Deductible Entertainment Expenses

### When Are Entertainment Expenses Deducted?

<b>General rule</b>	You can deduct ordinary and necessary expenses to entertain a client, customer, or employee if the expenses meet the directly-related test or the associated test.
<b>Definitions</b>	<ul style="list-style-type: none"><li>• Entertainment includes any activity generally considered to provide entertainment, amusement, or recreation, and includes meals provided to a customer or client.</li><li>• An ordinary expense is one that is common and accepted in your trade or business.</li><li>• A necessary expense is one that is helpful and appropriate.</li></ul>
<b>Tests to be met</b>	<b>Directly-related test</b> <ul style="list-style-type: none"><li>• Entertainment took place in a clear business setting, or</li><li>• Main purpose of entertainment was the active conduct of business, and You did engage in business with the person during the entertainment period, and You had more than a general expectation of getting income or some other specific business benefit.</li></ul>
	<b>Associated test</b> <ul style="list-style-type: none"><li>• Entertainment is associated with your trade or business, and</li><li>• Entertainment directly before or after a substantial business discussion.</li></ul>
<b>Other rules</b>	<ul style="list-style-type: none"><li>• You cannot deduct the cost of your meal as an entertainment expense if you are claiming the meal as a travel expense.</li><li>• You cannot deduct expenses that are lavish or extravagant under the circumstances.</li><li>• You generally can deduct only 50% of your unreimbursed entertainment expenses (see <u>50% Limit</u>).</li></ul>



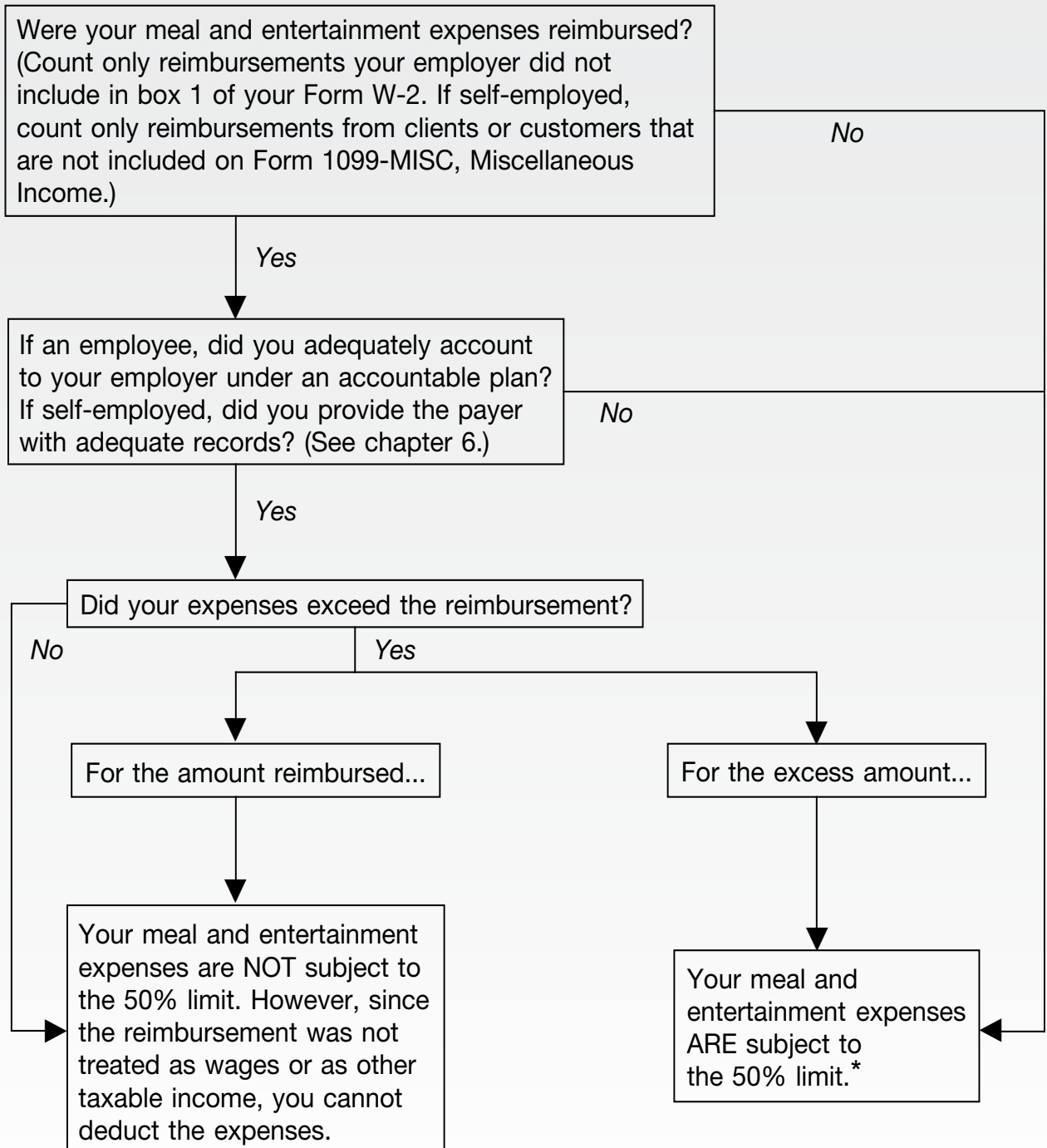
## 50% Limit

### Table 3. Does the 50% Limit Apply to Your Expenses?

There are exceptions to these rules. See Publication 463 for additional guidance.

*All employees and self-employed persons can use this chart.*

#### Start Here

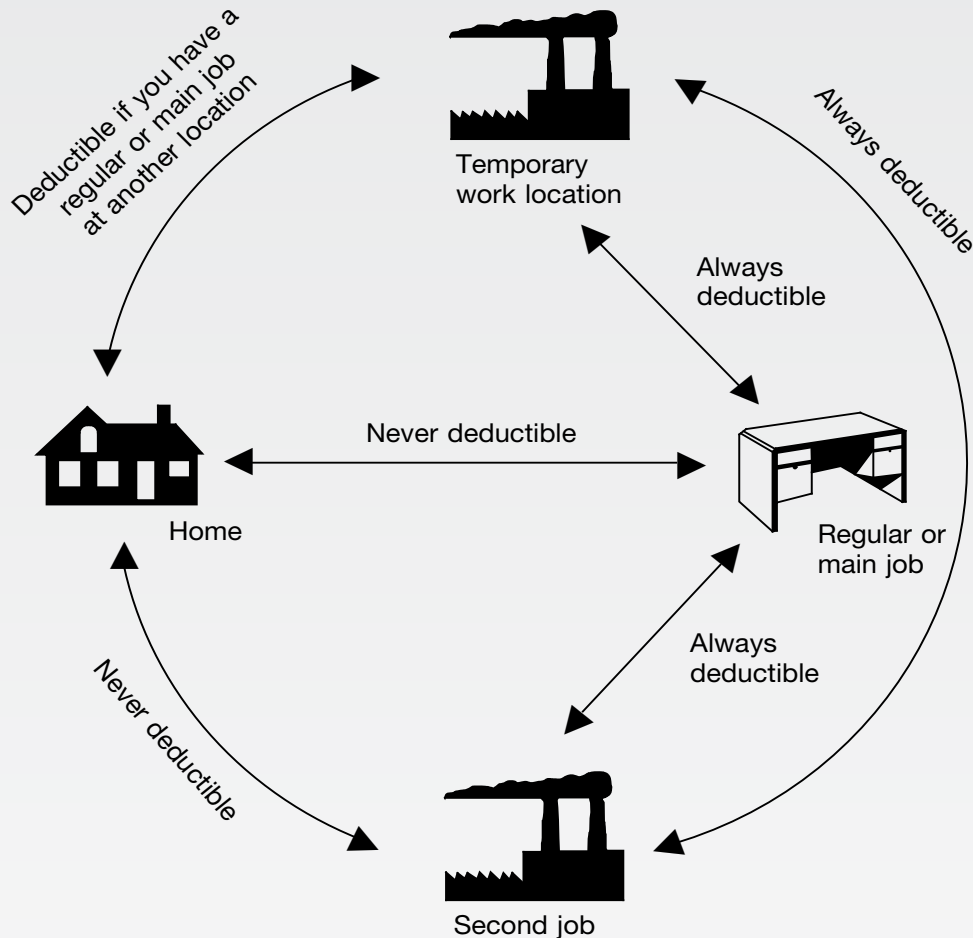


**\*50% limit for most taxpayers; 80% for those subject to Department of Transportation hours of service. See Publication 463 for more information.**



## Deductible Transportation Expenses

Most employees and self-employed persons can use this chart.  
(Do not use this chart if your home is your principal place of business.)



**Home:** The place where you reside. Transportation expenses between your home and your main or regular place of work are personal commuting expenses.

**Regular or main job:** Your principal place of business. If you have more than one job, you must determine which one is your regular or main job. Consider the time you spend at each, the activity you have at each, and the income you earn at each.

**Temporary work location:** A place where your work assignment is realistically expected to last (and does in fact last) one year or less. Unless you have a regular place of business, you can only deduct your transportation expenses to a temporary work location outside your metropolitan area.

**Second job:** If you regularly work at two or more places in one day, whether or not for the same employer, you can deduct your transportation expenses of getting from one workplace to another. If you do not go directly from your first job to your second job, you can only deduct the transportation expenses of going directly from your first job to your second job. You cannot deduct your transportation expenses between your home and a second job on a day off from your main job.





# Recordkeeping

## How to Prove Certain Business Expenses

If you have expenses for ...	THEN you must keep records that show details of the following elements . . .			
	Amount	Time	Place or Description	Business Purpose Business Relationship
<b>Travel</b>	Cost of each separate expense for travel, lodging, and meals. Incidental expenses may be totaled in reasonable categories such as taxis, fees and tips, etc.	Dates you left and returned for each trip and number of days spent on business.	Destination or area of your travel (name of city, town, or other designation).	<p><u>Purpose:</u> Business purpose for the expense or the business benefit gained or expected to be gained.</p> <p><u>Relationship:</u> N/A</p>
<b>Entertainment</b>	Cost of each separate expense. Incidental expenses such as taxis, telephones, etc., may be totaled on a daily basis.	Date of entertainment. (Also see <i>Business Purpose</i> .)	Name and address or location of place of entertainment. Type of entertainment if not otherwise apparent. (Also see <i>Business Purpose</i> .)	<p><u>Purpose:</u> Business purpose for the expense or the business benefit gained or expected to be gained. For entertainment, the nature of the business discussion or activity. If the entertainment was directly before or after a business discussion: the date, place, nature, and duration of the business discussion, and the identities of the persons who took part in both the business discussion and the entertainment activity.</p> <p><u>Relationship:</u> Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you.</p> <p>For entertainment, you must also prove that you or your employee was present if the entertainment was a business meal.</p>
<b>Gifts</b>	Cost of the gift.	Date of the gift.	Description of the gift.	
<b>Transportation</b>	Cost of each separate expense. For car expenses, the cost of the car and any improvements, the date you started using it for business, the mileage for each business use, and the total miles for the year.	Date of the expense. For car expenses, the date of the use of the car.	Your business destination.	<p><u>Purpose:</u> Business purpose for the expense.</p> <p><u>Relationship:</u> N/A</p>

# Form 1040, Page 2 – Deductions

US 1040 (2013)

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

**Taxable Income and Tax**

38 Amount from line 37 (adjusted gross income) 0.

39 a Taxpayer ☐ 65 or older ☐ Blind; Spouse: ☐ 65 or older ☐ Blind  
 Total boxes checked 0

b If you are married filing separately and your spouse itemizes deductions, or you are a dual-status alien, check here or F3 ☐

40 Itemized deductions or standard deduction. If you elect to itemize deductions even though the standard deduction is larger, check here ☐  
 If you were or are a resident of Puerto Rico and are excluding Puerto Rico income, or you are excluding income on Form 4563, check here (section 933) ☐ 12,200.

41 Subtract line 40 from line 38 -12,200.

42 Exemptions. Multiply line 6d by \$3,900. If line 38 is over \$150,000 if married filing separately, \$250,000 if single, \$275,000 if head of household, or \$300,000 if married filing joint or qualifying widow(er), the exemption amount is reduced 3,900.

43 Taxable income 0.

44 Tax. From ☒ the tax table or schedule ☐ Form 8615  
☐ Schedule D Tax Worksheet ☐ Schedule J  
☐ Foreign earned income tax worksheet 0.

Check if any tax is from  
☐ Form(s) 8814 0.  
☐ Form 4972 0.  
☐ 962 election. Link from the checkbox to access the required explanation 0.

Education credit recapture amount 0.

45 Alternative minimum tax. Attach Form 6251 0.

46 Add lines 44 and 45 0.

If MFS and spouse itemizes, check the box. Standard deduction cannot be used. It does not matter which spouse files first.

If itemizing deductions, link to Sch A Itemized Deductions. Complete the blank fields that apply to the taxpayer's situation.

## Note:

- TaxWise® will automatically calculate the standard deduction based on the information collected from the intake and interview sheet and entered into the Main Information Sheet. If the taxpayer cannot take the standard deduction, TaxWise® will prompt the preparer to itemize deductions.
- TaxWise® will automatically calculate a dependent's standard deduction, if the box indicating, "the taxpayer can be claimed on another person's tax return", has been checked in the Main Information Sheet.





# Nonrefundable Credits

Nonrefundable Credits		
47	Foreign tax credit. Form 1116, if required	0.
48	Credit for child and dependent care expenses. Form 2441	0.
49	Education credits. Form 8863	0.
50	Retirement savings contributions credit. Form 8880	0.
51	Child tax credit. Schedule 8812	0.
52	Residential energy credits. Form 5695	0.
53	Other credits from Form <input type="checkbox"/> 3800 <input type="checkbox"/> 8801 <input type="checkbox"/>	0.
54	<b>Total credits.</b> Add lines 47 through 53	0.
55	Subtract line 54 from line 46	0.

*Link to Form 1116, Foreign Tax Credit page 1, if required.*

*Link to Form 2441, page 1.*

*Link to Form 8863. See Education Benefits tab*

*Link to Form 8880.*

*See Child Tax Credit Tip and Interview Tips, later.*

*Link to Sch R, Credit for the Elderly or Disabled Decision Tree, later.*

*Hint: Remember, the nonrefundable credits cannot exceed the taxpayer's federal income.*

## Form 8863

Link to Form 8863 Education Credits. Enter each student's name, SSN, and qualified expenses in the appropriate section of Form 8863. TaxWise® does the calculations. You can enter the total amount of qualifying expenses for each student; TaxWise® will apply the limitations.

**Caution:** When completing the worksheet for an Education Credit, TaxWise® helps you create an accurate claim, however, TaxWise® will not catch other errors, such as taking more than one benefit for the same student.

## Schedule R

If taxpayer qualifies for the credit for the elderly or the disabled, link to Schedule R. If the taxpayer is permanently and totally disabled, check the box in Part II. Otherwise, complete Part III by entering the amount of pensions, annuities or disability benefits that are excluded from income.

# Form 1116 – Foreign Tax Credit

**US 1116 Foreign Tax Credit**

Name:  SSN:

**Simplified Limitation Election**

The simplified method cannot be used if you file Form 4563 or exclude income from Puerto Rico. If ALL of your foreign source income is from dividends and interest and all of that income is reported to you on Forms 1099-DIV or 1099-INT and your qualified foreign taxes are not more than \$300 (\$600 if married filing jointly), you do not need to fill out this form. You can enter the foreign tax amount here:  or directly on Forms 1040 or 1040NR. By making this election, you forego any carryover of excess foreign taxes to or from a taxable year to which this election applies and this election applies to all later tax years and can only be revoked with IRS consent. Enter the amount of foreign income on Schedules B, as applicable and also on line 16 of Form 1116AMT.

Check only one box. Use a separate Form 1116 for each category of income.

a ☐ Passive category income    c ☐ Section 901(j) income    e ☐ Lump sum distributions  
b ☐ General category income    d ☐ Income re-sourced by treaty

f Resident of (name of country):  Country code:

**Part I: Taxable Income or Loss from Sources Outside United States for Category Above**

g Name of country or possession and country code Limit to 10 characters for printing.  
A  B  C

1a Gross income from sources within country shown above. Type: <input type="text"/> Income other than capital gains	A	B	C	Total
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source <input type="checkbox"/>				

With Advanced certification, you may be able to claim the foreign tax credit by completing the Simplified Limitation Election section of Form 1116. If you cannot use the simplified election, Form 1116 is in-scope only for International certification. If qualified foreign taxes are \$300 (\$600 if MFJ) or less, all foreign source income is passive category (such as interest and dividends) and taxpayer meets the other requirements as explained in the Form 1116 Instructions, enter the exact amount of foreign tax paid here. Do not complete the rest of the form.

For the Simplified Limitation Election, link to Form 1116 from Form 1040, and complete the box at the top of the form. TaxWise® will automatically include this amount but will not include Form 1116 with the tax return unless it's required.

## FOR INTERNATIONAL CERTIFICATION ONLY:

If the foreign source income is not passive or the tax is greater than \$300 (\$600 if MFJ), complete Form 1116. Follow the instructions below:

- Top portion: Only report one type of income on each Form 1116. Income from up to three foreign countries may be reported on the same form as long as it is the *same type* of income.
- Part I, line 1a: Enter all foreign income that is taxable by both the foreign country and the U.S.
- Part I, line 3a: If the taxpayer is not itemizing deductions on Schedule A, enter the standard deduction amount on line 3a. If the taxpayer itemizes, refer to Form 1116 instructions for the amounts to include on this line. The tax software will not automatically enter this field.
- Part II: Check the appropriate box, (h) or (i), to indicate whether the foreign tax was actually paid during the tax year ("paid") or if the tax was billed in one year but paid in another ("accrued"). A taxpayer using the cash basis can choose to use either the cash or accrual method to determine the foreign tax credit. However, if the accrual method is chosen, the taxpayer must continue to use the accrual method for the foreign tax credit on all future returns.
- Part II, column j: Enter date taxes were paid or accrued.
- Part II, columns k-n: Amounts are entered in foreign currency; columns o-r: amounts are entered in U.S. dollars; and column s: total U.S. dollar amounts only. See Form 1116 Instructions for information about conversion rates.
- Part III: Figure the credit in this section. If the taxpayers have a carryback or carryover, refer them to a professional tax preparer, as this is **out of scope**.
- Part IV: Only needed if the taxpayer files more than one Form 1116 to report more than one type of income or report funds from more than three countries.
- TaxWise® performs the calculations in Parts III and IV.



## Child and Dependent Care Credit Expenses

Probe/Action: To determine if a taxpayer qualifies for the Credit for Child and Dependent Care Expenses, ask the taxpayer for information from the decision tree on the next page.

### Who is a qualifying person?

- A qualifying child who was under the age of 13 when the expenses were incurred and for whom a dependency exemption can be claimed, see caution 1 below.
- Any person who was incapable of self-care whom the taxpayer can claim as a dependent or could have claimed as a dependent except that the person had gross income of more than \$3,950 or filed a joint return or that the taxpayer or spouse, if married filing jointly, could be claimed as a dependent on someone else's 2014 return.
- A spouse who was physically or mentally incapable of self-care
- The qualifying person must live with the taxpayer more than 1/2 the year.
- Incapable of self-care - Cannot dress, clean, or feed themselves because of physical or mental problems. Also persons who must have constant attention to prevent them from injuring themselves or others.

See Publication 17, **Child and Dependent Care Credit** for special rules regarding divorced or separated parents or parents who live apart.

### Qualified work-related expenses

- Expenses must be paid for the care of the qualifying person to allow the taxpayer and spouse, if married, to work or look for work.
- The care includes the costs of services for the qualifying person's well-being and protection.
- Expenses to attend Kindergarten or a higher grade are not an expense for care
- Expenses for summer day-camp are qualifying, but those for over-night camp are not

\*Refer to the tables on page C-3 for the rules governing who may be claimed as a dependent.

Caution: Only the custodial parent may claim the child and dependent care credit even if the child's exemption is being claimed by the non-custodial parent under the rules for divorced & separated parents.

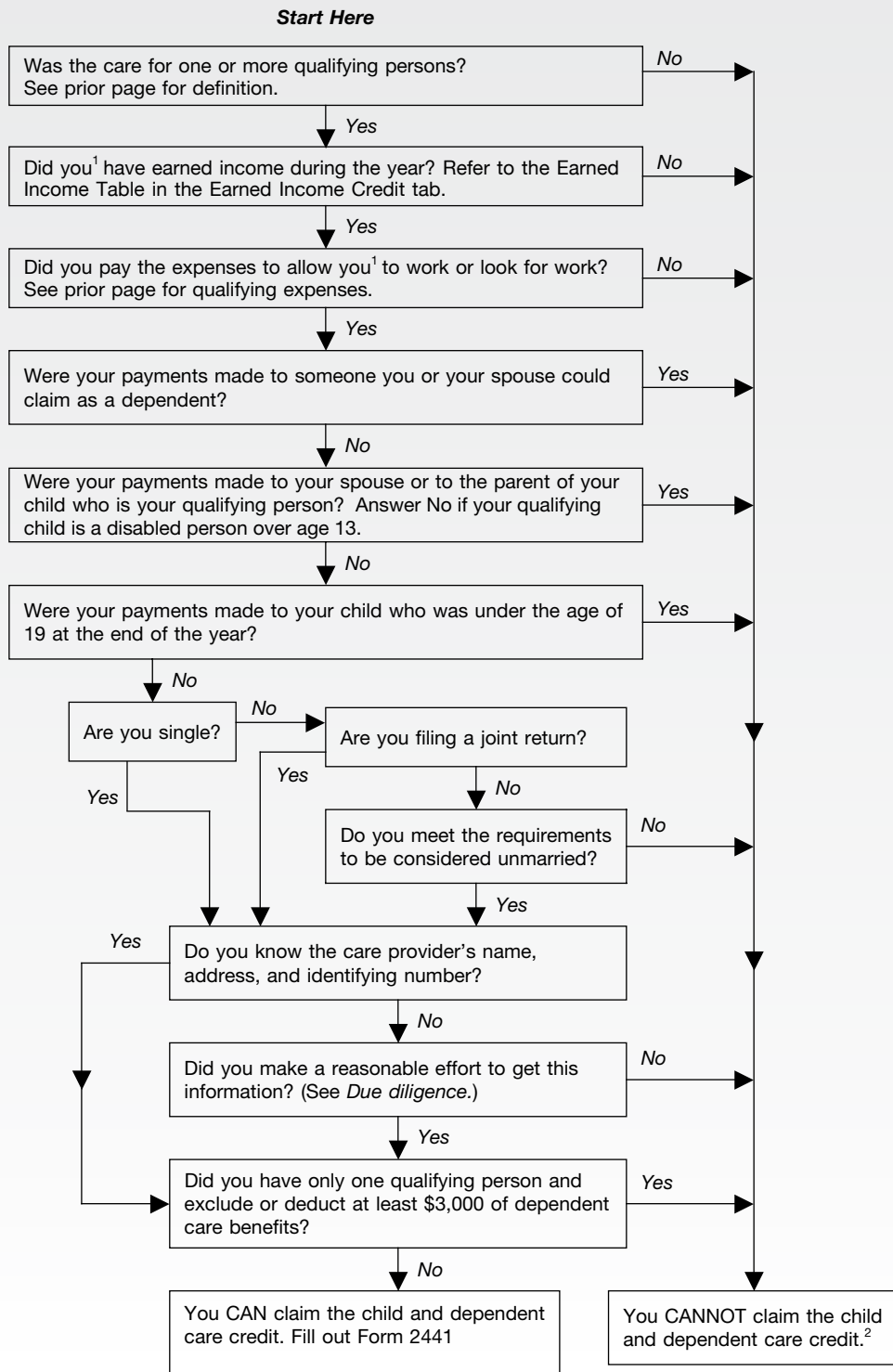
Caution: If Dependent Care Benefits are listed in Box 10 of a W2, then the taxpayer MUST complete Form 2441. If Form 2441 is not completed, the Box 10 amount is entered on Line 7 of the 1040 as taxable income.

Note: If your qualifying child turned 13 during the tax year, your qualifying expenses include amounts incurred for the child while under age 13 when the care was provided.



# Credit for Child & Dependent Care Expenses – Decision Tree

## Can You Claim the Child and Dependent Care Credit



<sup>1</sup> This also applies to your spouse. However, your spouse is treated as having earned income for any month that he or she is a full-time student, or physically or mentally not able to care for himself or herself. (Your spouse also must live with you for more than half the year.)

<sup>2</sup> If you had expenses that met the requirements for 2013, except that you did not pay them until 2014, you may be able to claim those expenses in 2014.

# Form 2441 – Credit for Child and Dependent Care Expenses

US 2441		Credit for Child and Dependent Care Expenses	
Name: <span style="border: 1px solid black; display: inline-block; width: 150px; height: 1.2em; vertical-align: middle;"></span>		SSN: _____	
<b>Part I: Persons or Organizations Who Provided the Care</b> If you need to list more than 2 providers, link from the total field below to the Additional Care Providers and Qualifying Children Worksheet.			
1 (a)	Care provider's name	(b) Street address Zip code, city, and state	(c) ID number SSN or EIN
	Code: _____		EIN Type: _____
			(d) Amount paid 0.
	Code: _____		EIN Type: _____
			0.
Total of the line 1 amounts			0.
<b>Part II: Credit for Child and Dependent Care Expenses</b> 2 Information about your qualifying person(s). To qualify the persons must have shared the same home with you in 2013. If you received dependent care benefits from your employer, fill in page 2 of this form. Only list below those expenses not excluded on page 2. Total not excluded on page 2: 0.			
If you need to list more than 2 qualifying persons, link from the total field below to the Additional Care Providers and Qualifying Persons worksheet.			
(a)	Qualifying person's name First name Last name	(b) Social security number	(c) Qualified expenses * See below.
			0.
			0.
* Qualified expenses are those you incurred and PAID in 2013.			
Total of the line 2 amounts			0.

**Important:** Make sure the "DC" column is checked on the Main Information Sheet for the applicable dependents.

When the taxpayer has more than two care providers link to the "Providers - Form 2441 Line 1a and 1b."

Line 1 should be total paid for all qualifying care.

Complete part III of 2441 before part II if TP rec'd dependent care benefits on W-2.

Line 2 should be total paid minus any dependent care benefits on W-2.

If more than 2 children with dependent care expenses, link to new Qualifying Form 2441, line 2 and complete all fields for each qualifying person.

3 Smaller of line 2, \$3,000 for 1 qualifying person, or \$6,000 for 2 or more persons. If you completed Part III, amount from line 31	0.
4 Your earned income	0.
5 If married filing jointly, your spouse's earned income is entered. If you or your spouse was a student or disabled, see the worksheet below. All others, amount from line 4	0.
6 Smallest of lines 3, 4, or 5	0.
7 Amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37	0.
8 Amount applicable to the amount on line 7 If you paid 2012 dependent care expenses in 2013, F9 here to complete the prior year expense worksheet	0.35
9 Multiply line 6 by the decimal amount on line 8, plus prior year amounts shown above	0.
10 Tax liability limit	0.
11 Credit for child and dependent expenses. Smaller of line 9 or line 10	0.

Worksheet for Income Considered Earned by Disabled or Student Spouse	
If you have 1 qualifying person \$250 x 0 months spouse was a student or disabled \$ 0.	If you have two or more qualifying persons \$500 x 0 months spouse was a student or disabled \$ 0.
Check if the care listed above was for a disabled spouse <input type="checkbox"/>	

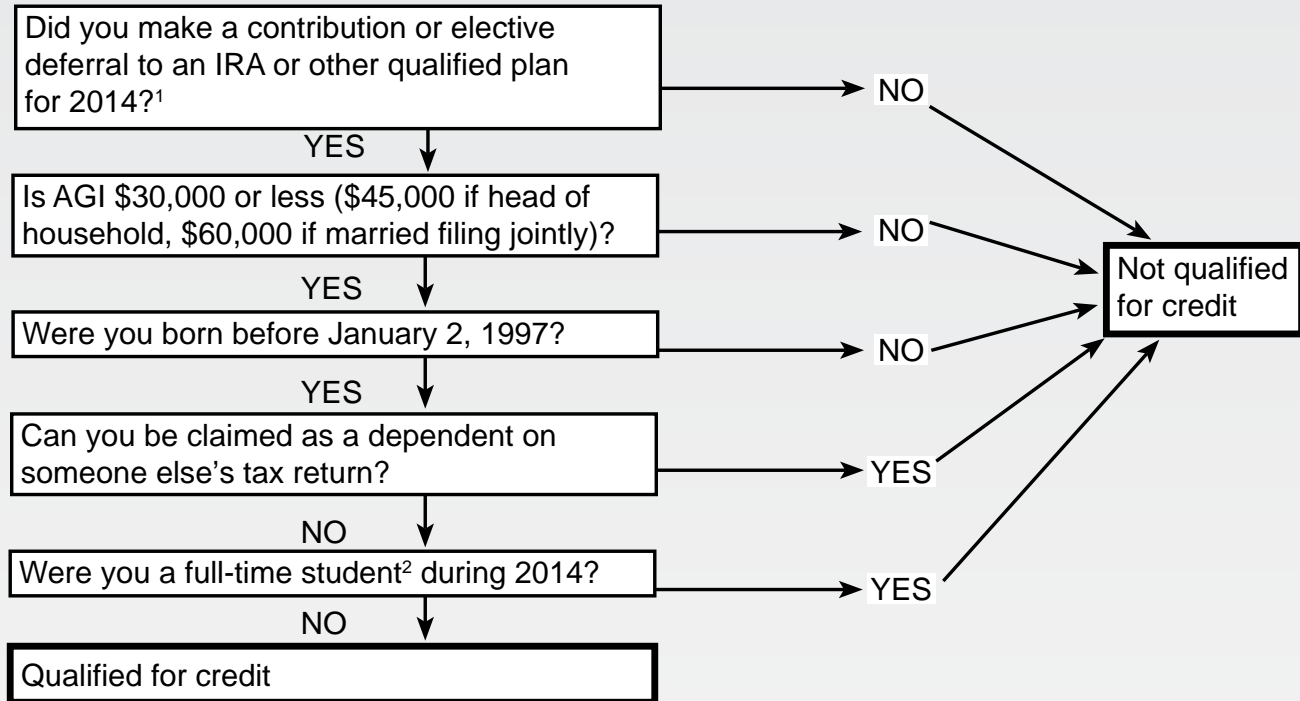
Line 3 should equal total qualified expenses up to maximum allowable minus any dependent care benefit on W-2.

Link out to scratch pad to subtract any amount earned while incarcerated or on work release.

**Important:** If spouse is disabled or full-time student, enter the number of months.

## Retirement Savings Contributions Credit – Decision Tree

To determine if a taxpayer qualifies for the Credit for Qualified Retirement Savings Contributions, review the return information and ask the taxpayer the following:



<sup>1</sup> Plans that qualify are listed in the Other Credits chapter of Publication 17. Answer yes if the taxpayer will make a qualifying IRA contribution for tax year 2014 by April 15, 2015.

<sup>2</sup> See Publication 17 for definition of full-time student.

### Important Reminders for Retirement Savings Contributions Credit

- Be sure to look at the taxpayer's Form(s) W-2. An entry in box 12 or an "X" in the Retirement box is an indicator that the taxpayer may be eligible for this credit. A full description of all codes used in box 12 can be found in Instructions for Forms W-2 and W-3.
- An entry in box 14 on the W-2 may also indicate a contribution to a state retirement system. Caution: If these are treated as employer contributions they are not eligible for the credit. See Form W-2 Instructions.
- When using tax software, remember to key in all entries as they appear on the Form W-2.
- A contribution to a traditional or Roth IRA qualifies for this credit, but may not appear on any taxpayer document. Remember to review the expenses section on page 2 of the Intake and Interview Sheet and ask taxpayers if they made any IRA contributions.
- Some distributions reduce the eligible contributions for this credit. In addition to distributions for the current year as shown on Forms 1099-R, be sure to ask about distributions in the prior two years and up to the due date of the return.
- See the next page for a list of distributions that do not reduce the eligible contributions for this credit.
- Complete Form 8880 to claim this credit.

# Retirement Savings Contributions Credit

TaxWise® will automatically insert Form 8880, *Credit for Qualified Retirement Savings Contributions*, if the taxpayer meets eligibility criteria and any of the following are true:

1. A traditional IRA or ROTH IRA contribution is entered on IRA worksheet after linking from Form 1040, line 32.
2. The taxpayer or spouse's Form W-2 includes box 12 entries of D, E, F, G, H, S, AA, BB, or box 14 amounts are marked as "Qualifies for Form 8880".

Form 8880 will have a red exclamation mark and will need to be completed prior to return completion.

Verify total contribution amounts with the taxpayer.

## Form 8880 - Credit for Qualified Retirement Savings Contributions

**US 8880 Credit for Qualified Retirement Savings Contributions**

Name: \_\_\_\_\_ SSN: \_\_\_\_\_

**Caution.** You CANNOT claim this credit if EITHER of the following apply:

- The adjusted gross income is more than \$29,500 (\$44,250 if head of household, \$59,000 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral:
  - a. was born after January 1, 1995,
  - b. was claimed as a dependent on someone's 2013 tax return, or
  - c. was a full-time student in 2013 (see instructions).

Was the taxpayer a full-time student in 2013? ☐ Yes ☐ No  
Was the spouse a full-time student in 2013? ☐ Yes ☐ No

	(a) Taxpayer	(b) Spouse
<b>1</b> Traditional and Roth IRA contributions for 2013. Transfers from the IRA worksheet.	0.	0.
<b>2</b> Elective deferrals to qualified plans. Forms W-2 and W-2GU, box 12, using codes D, E, F, G, H, S, AA, BB, EE, and box 14 amounts you marked. Self-employed retirement contributions.	0.	0.
Other elective deferrals not included above.	0.	0.
Elective deferrals to a 401(k) or other qualified employer plan, voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2013. See instructions.	0.	0.
<b>3</b> Add lines 1 and 2. If you do not qualify, this line will not total.	0.	0.
<b>4</b> Total of all Roth IRA distributions, plus all taxable distributions from other qualified retirement plans, that were made after 2010 and before the due date (including extensions) of your 2013 tax return. Forms 1099R with the IRA box marked or has a code of 1, S, J, Q, or T included in this tax return. Other distributions received.	0.	0.
2011 distributions. Did the taxpayer and spouse file married filing jointly in 2011? <input type="checkbox"/> Yes <input type="checkbox"/> No	0.	0.
2012 distributions. Did the taxpayer and spouse file married filing jointly in 2012? <input type="checkbox"/> Yes <input type="checkbox"/> No	0.	0.
2013 distributions before the due date of this tax return, including extensions.	0.	0.
Total other distributions. F3 if -0-	0.	0.
Total distributions, taxable and nontaxable. If married filing jointly both spouse's amounts total in both columns, if joint returns were filed in the year of distribution.	0.	0.
<b>5</b> Subtract line 4 from line 3. If -0- or less, enter -0-	0.	0.
<b>6</b> Smaller of line 5 or \$2,000.	0.	0.
<b>7</b> Add amounts on line 6. If -0-, STOP; you cannot take this credit.	0.	0.
<b>8</b> Federal adjusted gross income plus excluded amounts from Forms 2555, 2555EZ, 4563, and excluded Puerto Rico income.	0.	0.
<b>9</b> Applicable decimal amount.		x 0.500
<b>10</b> Multiply line 7 by line 9.		0.
<b>11</b> Limitation based on tax liability.		0.
<b>12</b> Credit for qualified retirement savings contributions. Smaller of line 10 or line 11.		0.

When Form W-2 shows contributions to a qualified plan and is entered into TaxWise® correctly and completely, Form 8880 will appear in red on the forms tree and will need to be completed. TaxWise® will do the credit calculation.

Enter any distributions in the appropriate section.

**Note:** Certain distributions received after 2011 and before the due date (including extensions) of your 2014 tax return from any of the following types of plans must be entered on Form 8880, line 4:

- Traditional or Roth IRAs
- 401(k), 403(b), governmental 457, 501(c)(18)(D), SEP, or SIMPLE plans
- Qualified retirement plans (including the federal Thrift Savings Plan).

Distributions from the 3 prior years and current year normal distributions must be entered manually on this form. TaxWise® does not automatically carry-over this information from the Form 1099-R to the Form 8880. If taxpayer took no distributions during the testing period, press F3 to eliminate the red in box 4.

### Do not include any:

- Military pensions
- Distributions not taxable as the result of a rollover or a trustee-to-trustee transfer
- Distributions from your IRA (other than a Roth IRA) rolled over or converted to your Roth IRA
- Loans from a qualified employer plan treated as a distribution
- Distributions of excess contributions or deferrals (and income allocable to such contributions or deferrals)
- Distributions of contributions made during a tax year and returned (with any income allocable to such contributions) on or before the due date (including extensions) for that tax year
- Distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k)
- Distributions that are taxable as the result of an in-plan rollover to your designated Roth account
- Distributions from an inherited IRA by a nonspousal beneficiary.

If you filed a joint return in the year of distribution, both spouse's amounts will total in both columns.



## Child Tax Credit

This is a credit intended to reduce the tax. This part of the credit is not refundable. The credit is up to \$1,000 per qualifying child.

### Qualifying child:

1. Under age 17 at the end of the tax year.
2. A U.S. citizen or U.S. national\* or resident alien of the United States. See the ITIN Returns tab.
3. Claimed as your dependent.\*\*
4. Your:
  - a. son or daughter, adopted child, stepchild, eligible foster child, or a descendant of any of them
  - b. brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew).
5. Did not provide over half of his or her own support.
6. Lived with the taxpayer for more than half of the tax year. (See **Interview Tips for Child Tax Credit for Exception to Time Lived with You** section if the child did not live with the taxpayer for more than half the year.)

\* National is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.

\*\*Refer to the tables on page C-3 for the rules governing who may be claimed as a dependent.

**Caution:** If the taxpayer is able to claim the dependent under the rules for divorced and separated parents, he or she is the only parent entitled to claim the child tax credit or additional child tax credit.



## Additional Child Tax Credit – General Eligibility

The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit.

- Taxpayers with more than \$3,000 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.

Schedule 8812 is used to calculate the allowable additional child tax credit.

See Tab A, Exemption, and the worksheet in the instruction booklets for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).

**Note:** You must claim the child as a dependent on your return to qualify for the Child Tax Credit



interview  
tips

## Child Tax Credit

(Remember to apply the steps for each child.)

Probe/Action: Ask the taxpayer:

step <b>1</b>	Is this child your son, daughter, adopted child, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)? A descendant is of any generation.	If <b>YES</b> , go to Step 2. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step <b>2</b>	Is this child under age 17 at the end of the tax year?	If <b>YES</b> , go to Step 3. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step <b>3</b>	Did the child provide over half of his or her own support for the tax year?	If <b>NO</b> , go to Step 4. If <b>YES</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step <b>4</b>	Did the child live with you for more than half of the tax year? If the child did not live with you for the required time, see the following notes below the chart: <ul style="list-style-type: none"> <li>Exception to Time Lived with You</li> <li>Kidnapped Child</li> <li>Children of Divorced or Separated Parents or Parents who live apart.</li> </ul>	If <b>YES</b> , go to Step 5. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
step <b>5</b>	Is this child a U.S. citizen, U.S. national, or resident alien of the United States?  <b>Note:</b> A national is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens. See ITIN Return tab for definition of Resident Alien.	If <b>YES</b> , go to Step 6. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
<b>Questions: Who Must Use Publication 972?</b>		
step <b>6</b>	Are you excluding income from Puerto Rico or are you filing Form 2555, Form 2555-EZ (relating to foreign earned income), or Form 4563, <i>Exclusion of Income for Bona Fide Residents of American Samoa</i> ?	If <b>NO</b> , go to Step 7. If <b>YES</b> , you must use Publication 972 to figure the credit.
step <b>7</b>	Are you claiming any of the following credits? <ul style="list-style-type: none"> <li>Adoption Credit, Residential energy efficient property credit, Form 5695, Part II; Mortgage Interest credit, Form 8396; District of Columbia first-time homebuyer credit, Form 8859.</li> </ul>	If <b>NO</b> , use the Child Tax Credit Worksheet to figure the credit. If <b>YES</b> , you must use Publication 972 to figure the credit.

### Exception to Time Lived with You

A child is considered to have lived with you for all of the current tax year if the child was born or died in 2014 and your home was this child's home for the entire time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home.

### Kidnapped Child

A kidnapped child is considered to have lived with you for all of the current tax year if:

- In the year the kidnapping occurred, the kidnapped child is presumed by law enforcement to have been taken by someone who is not a family member, and
- The kidnapped child lived with the taxpayer for more than half of the portion of the year prior to the kidnapping.

### Modified Adjusted Gross Income Limits

- Married filing jointly - \$110,000
- Single, head of household, or qualifying widow(er) - \$75,000
- Married filing separately - \$55,000

### Children of Divorced or Separated Parents

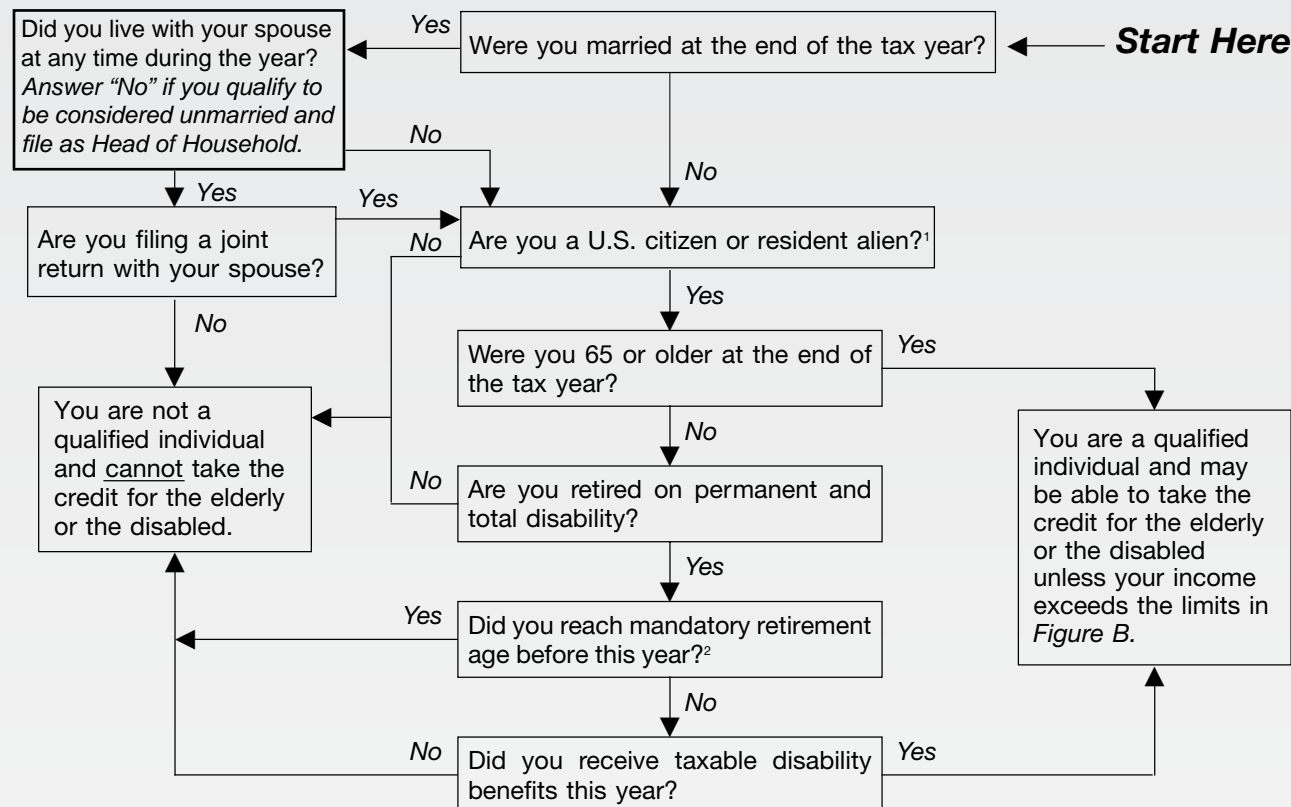
A child will be treated as being the qualifying child of his or her noncustodial parent if all of the following apply:

- The parents were divorced or legally separated or lived apart at all times during the last 6 months of the current tax year.
- The child received over half of his or her support for the current tax year from the parents.
- The child was in the custody of one or both of the parents for more than half of the current tax year.
- A decree of divorce or separate maintenance or written separation agreement that applies to the current tax year provides that (a) the noncustodial parent can claim the child as a dependent, or (b) the custodial parent will sign a written declaration that he or she will not claim the child as a dependent for the current tax year.
- The custodial parent signs Form 8332 or similar statement that he or she will not claim the child as a dependent in the current tax year. If the divorce decree or separation agreement went into effect before 2009, the non custodial parent may be able to attach certain pages of the decree or agreement instead of Form 8332.

# Credit for the Elderly or the Disabled – Decision Tree

Use the following chart to determine if the taxpayer is eligible for the Credit for the Elderly or the Disabled:

Figure A. **Are You a Qualified Individual?**



<sup>1</sup> If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident alien at the end of the tax year, see *U.S. Citizen or Resident Alien* under *Qualified Individual*. If you and your spouse choose to treat you as a U.S. resident alien, answer "yes" to this question.

<sup>2</sup> Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

Figure B. **Income Limits**

IF your filing status is . . .	THEN, even if you qualify (see Figure A), you CANNOT take the credit if . . .	
	Your adjusted gross income (AGI)* is equal to or more than . . .	OR the total of your nontaxable social security and other nontaxable pension(s) is equal to or more than . . .
single, head of household, or qualifying widow(er) with dependent child	\$17,500	\$5,000
married filing a joint return <b>and</b> both spouses qualify in Figure A	\$25,000	\$7,500
married filing a joint return <b>and</b> only one spouse qualifies in Figure A	\$20,000	\$5,000
married filing a separate return	\$12,500	\$3,750

\* AGI is the amount on Form 1040A, line 22, or Form 1040, line 38.

**Tax Software Hint:** The software will calculate the credit and complete the Schedule R if the date of birth is provided. Be sure to include the taxpayer's total social security benefits, regardless of the taxability, to ensure the correct calculation of the credit.





## Residential Energy Credits

### Part II, Form 5695 - Key points about the Nonbusiness Energy Property Credit:

- Nonbusiness energy property credit is extended for tax year 2014.
- A total combined credit limit of \$500 (\$200 limit for windows) for all tax years after 2005.
- The maximum credit for residential energy property costs is \$50 for any advanced main air circulating fan; \$150 for any qualified natural gas, propane, or oil furnace, or hot water boiler; and \$300 for any item of energy-efficient building property.
- The credit applies to:
  - Qualified energy efficiency improvements such as adding insulation, energy-efficient exterior windows and doors, and qualifying metal or asphalt roofs (**does not include** labor costs for onsite preparation, assembly or installation)
  - Qualified residential energy property improvements such as energy-efficient heating and air conditioning systems. For a complete list of items see Form 5695. (**includes** labor costs for onsite preparation, assembly, or original installation)
- The improvements must be made to the taxpayer's main home located in the United States (must be existing home).
- Qualifying improvements must be placed into service by the taxpayer during the tax year.
- Expenditures which are made from subsidized energy financing cannot be used to figure the credit.
- The credit is taken on Part II, Form 5695. See Form 5695 and Instructions for more information.

Please note, not all ENERGY STAR products qualify for a tax credit. For detailed information about qualifying improvements, visit the U.S. Department of [Energy's EnergyStar Web site](#) and the [EnergyStar Frequently Asked Questions site](#).

Manufacturers must certify that their products meet new standards and they must provide a written statement to the taxpayer such as with the product packaging or in a printable format on the manufacturer's Web site. Taxpayers should keep a copy of the manufacturer's certification statement and receipts with their other important tax records.

### Part I, Form 5695 - Key points about the Residential Energy Efficient Property Credit:

- This credit is taken on Part I, Form 5695. This part of the form is out of scope for return preparation in the volunteer program. Taxpayers that have these expenses should be referred to a professional tax preparer.
- The credit is available to help individual taxpayers pay for qualified residential alternative energy equipment, such as solar hot water heaters, geothermal heat pumps and wind turbines.





# Form 1040, Page 2 – Other Taxes and Payments

**Hint:** TaxWise® provides all the forms and schedules you need in order to figure and report these taxes and in most cases performs the calculations. You may link to these forms from the applicable line on the Form 1040 TaxWise® screen.

**Other Taxes**

56 Self-employment tax ☐ Form 4029 ☐ Form 4361 ☐ Exempt Notary ☐ 0

57 Social security/Medicare tax from ☐ Form 4137 ☐ Form 8919 ☐ RRTA ☐ 0

58 Additional tax on IRAs, other qualified retirement plans, etc ☐ 0

59 a Household employment taxes: Schedule H ☐ 0

b First-time homebuyer credit repayment: Form 5405 ☐ 0

60 Taxes from: ☐ Form 8959 ☐ Form 8960 ☐ 0

UT: ☐ 0 MSA: ☐ 0 72MS: ☐ 0

EPP: ☐ 0 453A (C): ☐ 0 572P: ☐ 0

ADT: ☐ 0 4255: ☐ 0 8828: ☐ 0

ECR: ☐ 0 8834: ☐ 0 8866: ☐ 0

MEDMSA: ☐ 0 8897: ☐ 0 8611: ☐ 0

ECCFR: ☐ 0 HSA: ☐ 0 NQDC: ☐ 0

453 (I) 3: ☐ 0 1260 (B): ☐ 0 FITPP: ☐ 0

HDHP: ☐ 0 HCTC: ☐ 0 Cobra: ☐ 0

8936: ☐ 0 AMVCR: ☐ 0

Form 8893 attached for Form 8611. Enter date approved: ☐ 0

Write-in: ☐ 0

61 Total tax. Add lines 55 through 60 ☐ 0

For those with HSA certification only.

## Self Employment Tax –

Entered automatically from Schedule SE. TaxWise® calculates the amount using the entries from Schedule C.

## Unreported Social Security and Medicare Tax –

Comes from Form 4137 Tip income not reported on Form W-2.

## Additional Tax on IRA's and Other Qualified Plans –

A 10% penalty is calculated on Form 5329 for early withdrawal before age 59-1/2. If an exception applies, enter the code and the amount on line 2. See codes on next page.

## Household Employment Taxes – (out-of-scope)

## Repayment of First-Time Homebuyer Credit Form 5405 –

2008 homebuyers who received the First Time Homebuyer Credit (\$7,500 loan) started repayments in 2010 and must enter the repayment on page 2 of Form 1040, Other Taxes section or complete Form 5405, Part II if required. (See 5405 instructions for when it is required.)

**Additional Taxes –** out-of-scope with exception of HSA distribution not used for qualified medical expenses.

Additional taxes for HSA distributions not used for qualified medical expenses may be applicable unless age 65, disabled, or death See Form 8889.

# Form 5329

**US 5329 Additional Taxes on Qualified Plans and Other Favored Accounts**

Name:  SSN:

Check if filing this form by itself and not with your tax return ☐

Address:

City, state, Zip code:

Foreign country code and state:

Foreign postal code:

Check if amended: ☐

**Part I: Additional Tax on Early Distributions** Part-year resident state:

1 Early distributions included in income ☐ 0

2 Early distributions on line 1 that are not subject to additional tax. Enter the appropriate exception number (01-12). F3. If highlighted and no exception applies ☐ 0

3 Amount subject to additional tax ☐ 0

4 Additional tax. 10% of line 3. SIMPLE plans are taxed at 25% instead of 10%. Distribution from SIMPLE plans shown on Forms 1099R ☐ 0

**Part II: Additional Tax on Certain Distributions From Education Accounts**

5 Distributions included in income from Coverdell ESAs and QTSPs. Transferred from 1040 Worksheet 2 ☐ 0

6 Distributions included on line 5 that are not subject to the additional tax ☐ 0

7 Amount subject to additional tax ☐ 0

8 Additional tax. 10% of line 7 ☐ 0

**Part III: Additional Tax on Excess Contributions to Traditional IRAs**

9 Excess contributions from line 16 of your 2012 Form 5329 ☐ 0

10 If your traditional IRA contributions for 2013 are less than your maximum allowable contribution, see instructions ☐ 0

11 2013 traditional IRA distributions included in income ☐ 0

12 2013 distributions of prior year excess contributions ☐ 0

13 Add lines 10, 11, and 12 ☐ 0

14 Prior year excess contributions ☐ 0

15 Excess contributions for 2013 ☐ 0

16 Total excess contributions ☐ 0

17 Additional tax due. 6% of the smaller of line 16 or the value of your traditional IRAs on December 31, 2013 (including 2013 contributions made in 2014). Enter the value of your traditional IRAs on December 31, 2013 ☐ 0

**Part IV: Additional Tax on Excess Contributions to Roth IRAs**

18 Excess contributions from line 24 of your 2012 Form 5329 ☐ 0

19 If your Roth IRA contributions for 2013 are less than your maximum allowable contribution, see instructions ☐ 0

20 2013 distributions from Roth IRAs ☐ 0

21 Add lines 19 and 20 ☐ 0

22 Prior year excess contributions ☐ 0

23 Excess contributions for 2013 ☐ 0

24 Total excess contributions ☐ 0

25 Additional tax due. 6% of the smaller of line 24 or the value of your Roth IRAs on December 31, 2013 (including 2013 contributions made in 2014). Enter the value of your Roth IRAs on December 31, 2013 ☐ 0

## Other Tax on Form 8959 –

## Additional Medicare Tax (Out of Scope)

The Additional Medicare Tax applies to an individual's wages, Railroad Retirement Tax Act compensation and self-employment income that exceeds a threshold amount based on the individual's filing status.

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single, Head of household, or Qualifying widow(er)	\$200,000

## Other Tax on Form 8960 – Net Investment Income Tax (Out of Scope)

Individuals will owe the tax if they have Net Investment Income and also have modified adjusted gross income over the following thresholds:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying widow(er) with dependent child	\$250,000

Enter exception code and amount not subject to additional tax. Codes are listed on next page



## Other Taxes and payments cont.

Exception Codes and explanations for Premature Distributions from IRA or Retirement Plans:

### No. Exception

<b>01</b>	Qualified retirement plan distributions (does not apply to IRAs) if you separated from service in or after the year you reach age 55 (age 50 for qualified public safety employees).
<b>02</b>	Distributions made as part of a series of substantially equal periodic payments (made at least annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary (if from an employer plan, payments must begin after separation from service).
<b>03</b>	Distributions due to total and permanent disability.
<b>04</b>	Distributions due to death (does not apply to modified endowment contracts).
<b>05</b>	Qualified retirement plan distributions up to (1) the amount you paid for unreimbursed medical expenses during the year minus (2) 10% (7.5% if TP or Spouse is 65 or older) of your adjusted gross income for the year.
<b>06</b>	Qualified retirement plan distributions made to an alternate payee under a qualified domestic relations order (does not apply to IRAs).
<b>07</b>	IRA distributions made to unemployed individuals for health insurance premiums.
<b>08</b>	IRA distributions made for higher education expenses.
<b>09</b>	IRA distributions made for purchase of a first home, up to \$10,000.
<b>10</b>	Distributions due to an IRS levy on the qualified retirement plan.
<b>11</b>	Qualified distributions to reservists while serving on active duty for at least 180 days.
<b>12</b>	Other (see <i>Other</i> , below). Also, enter this code if more than one exception applies. *

\*Other: Distributions incorrectly indicated as early distributions by code 1, J, or S in box 7 of Form 1099-R. Include on line 2 the amount you received when you were age 59½ or older. See Form 5329 Instructions for additional exceptions.

For additional exceptions that apply to annuities, see Pub. 575.

Payments			
<b>62</b>	Federal income tax withheld .....	0.	
	Enter Federal withholding from 1099s (1099B, etc) ....	0.	
<b>63</b>	2013 estimated tax payments and amount applied from 2012 return .....	0.	
	If estimated tax was paid in joint names and you are now divorced, enter ex-spouse's SSN: ..... and check here <input type="checkbox"/>		
<b>64a</b>	Earned income credit ..... No: <input type="checkbox"/>	0.	
<b>b</b>	Nontaxable combat pay election ..... 0.		
<b>65</b>	Additional child tax credit. Schedule 8812 .....	0.	
<b>66</b>	American opportunity credit. Form 8863 .....	0.	
<b>67</b>	Reserved .....	0.	
<b>68</b>	Amount paid with request for extension of time to file .....	0.	
<b>69</b>	Excess social security and tier 1 RRTA tax withheld .....	0.	
<b>70</b>	Credit for Federal tax on fuels. Form 4136 .....	0.	
<b>71</b>	Credits from Form ... <input type="checkbox"/> 2439 <input type="checkbox"/> Reserved <input type="checkbox"/> 8885 <input type="checkbox"/> .....	0.	
	I.R.C. Section 1341 credit .....	0.	
	From Form 8889 .....	0.	
<b>72</b>	<b>Total payments.</b> Add lines 62 through 71 .....	0.	

**NOTE:** See current Form 1040 for updated line numbers for all screen shots in this section.

## Other Taxes and payments cont.

### Federal Income Tax Withheld –

Entered automatically from the entries made on Forms W-2, 1099, SSA 1099, etc. For Form 1099 withholding not listed elsewhere (e.g. 1099-B), enter on the line below “Federal Income Tax Withheld” or if there are multiple amounts link from the “Federal withholding from 1099s” field and enter on a New Scratch Pad.

### 2014 Estimated Tax Payments –

Link to F/S Tax Paid Federal Estimate/State Payment for current tax year and enter:

- Any refund amount from last year that was credited toward estimated taxes for the current year.
- Enter payment dates shown on taxpayer’s checks.
- Enter actual amount paid in each quarter.

### Earned Income Credit – See Earned Income Credit tab

TaxWise® recognizes EIC eligibility and calculates the credit automatically. When qualifying children are included on the return, the “EIC” box on the MAIN INFO form must be checked. “Sch EIC Wkt-Earned Income Credit Worksheet” will appear in forms tree with red exclamation mark. Answer all questions to remove the red on the worksheet. Schedule EIC will be completed automatically. When completing Sch EIC, answer only question 4a OR 4b – answering both causes the return to be rejected by the IRS.

### Additional Child Tax Credit –

TaxWise® computes this credit automatically if a taxpayer’s tax liability is less than the allowable non-refundable Child Tax Credit. The additional CTC is limited to the 15% of any earned income (excluding penal income) above the current year’s limit (\$3,000 for 2014). The total of the two credits will be \$1000 or less per eligible child.

### Refundable Education Credit (American Opportunity Tax Credit Form 8863) –

Link to Form 8863. Completion of the form will enter the appropriate refundable portion automatically.

### Amount Paid with Request for Extension of Time to File

Directly enter any payment made. When preparing a Prior year return, remember to ask if payments have been made.

### Excess Social Security –

Calculated automatically if there are multiple W-2s for an individual and the combined wages exceed the maximum subject to Social Security for the year.

### Credits from Form –

2439, 4136, 8801, 8885, 8689 (out-of-scope)

Refund	
73 Amount overpaid .....	0.
74 Amount to be refunded .....	0.
If Form 8888 is attached, check here <input type="checkbox"/>	
Direct Deposit    Routing number: _____    Checking: <input type="checkbox"/> Savings: <input type="checkbox"/>	
Account number: _____	
75 Amount to be applied to 2014 estimated tax .....	0.

### Amount Overpaid –

Calculated automatically.

### Amount to be Refunded –

Calculated automatically. Refer to Form 8888, “Split Refund Option” including Savings Bonds purchases and “Pointers for Direct Deposit of Refunds.”

### Amount to be Applied to 2015 Estimated Tax –

Link to New Scratch Pad to designate estimated payment amount.

Amount You Owe	
76 Amount you owe .....	0.
77 Estimated tax penalty included on line 76 .....	0.

### Estimated Tax Penalty –

Form 2210 will be defaulted in TaxWise® and \$0 will be reflected on line 9. Inform taxpayers they may receive a penalty notice from the IRS.

# Notes









## Earned Income Table

Earned Income	
Includes	Does not include
<ul style="list-style-type: none"> <li>■ Taxable wages, salaries, and tips</li> <li>■ Union strike benefits</li> <li>■ Taxable long-term disability benefits received prior to minimum retirement age</li> <li>■ Net earnings from self-employment</li> <li>■ Gross income of a statutory employee</li> <li>■ Household employee income</li> <li>■ Nontaxable combat pay election</li> <li>■ Non-Employee compensation</li> <li>■ The rental value of a home or a housing allowance provided to a minister as part of the minister's pay <b>(Out of Scope)</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Interest and dividends</li> <li>■ Social security and railroad retirement benefits</li> <li>■ Welfare benefits</li> <li>■ Workfare payments</li> <li>■ Pensions and annuities</li> <li>■ Veteran's benefits (including VA rehabilitation payments)</li> <li>■ Workers' compensation benefits</li> <li>■ Alimony</li> <li>■ Child support</li> <li>■ Nontaxable foster-care payments</li> <li>■ Unemployment compensation</li> <li>■ Taxable scholarship or fellowship grants that are not reported on Form W-2</li> <li>■ Earnings for work performed while an inmate at a penal institution* or on work release</li> <li>■ Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan)</li> <li>■ The value of meals or lodging provided by an employer for the convenience of the employer</li> <li>■ Disability Insurance payments</li> <li>■ Excludable dependent care benefits (line 24 of Form 2441)</li> <li>■ Salary reductions such as under a cafeteria plan</li> <li>■ Excludable employer-provided educational assistance benefits (may be shown in box 13 of Form W-2)</li> <li>■ Anything else of value received from someone for services performed, if it is not currently taxable</li> </ul>



## Common EIC Filing Errors

- Claiming a child who does not meet the residency and relationship requirements
- Married taxpayers incorrectly filing as a single or head of household
- Incorrectly reporting income, particularly income and expenses from self employment
- Incorrect social security numbers
- TaxWise® EIC worksheet is calculated incorrectly

**\*Note:** This particular income is subtracted from the earned income on the EIC Worksheet in the section titled EIC.



## Summary of EIC Eligibility Requirements

Part A Rules for Everyone	Part B Rules If You Have a Qualifying Child	Part C Rules If You Do Not Have a Qualifying Child
Taxpayers & qualifying children must all have SSN that is valid for employment.	Child must meet the relationship, age, residency test and joint return tests. If child is married, see additional rules in Publication 17	Must be at least age 25 but under age 65 as of December 31.*
Filing status cannot be married filing separately.	Qualifying child cannot be used by more than one person to claim the EIC.	Cannot be the dependent of another person.
Must be a U.S. citizen or resident alien all year.	Cannot be a qualifying child of another person.	Must have lived in the United States more than half the year.
Cannot file Form 2555 or Form 2555-EZ (relating to foreign earned income).		Cannot be a qualifying child of another person.
Investment income must be \$3,350 or less.		
Cannot be a qualifying child of another person.		
<div>Part D</div> <div>Earned Income and AGI Limitations</div> <div>You must have earned income to qualify for this credit.</div> <div>Your earned income and AGI must be less than:</div> <div><div>■</div>\$46,997 (\$52,427 for married filing jointly) if you have three or more qualifying children,</div> <div><div>■</div>\$43,756 (\$49,186 for married filing jointly) if you have two qualifying children,</div> <div><div>■</div>\$38,511 (\$43,941 for married filing jointly) if you have one qualifying child, or</div> <div><div>■</div>\$14,590 (\$20,020 for married filing jointly) if you do not have a qualifying child.</div>		



## Disallowance of the Earned Income Credit

Form 8862, *Information to Claim Earned Income Credit After Disallowance*, must be attached to the return of any taxpayer whose EIC claim was denied or reduced for any reason other than a math or clerical error. If the taxpayer's EIC was denied or reduced as a result of a math or other clerical error, Form 8862 is not required.

If the IRS determined a taxpayer claimed the EIC due to reckless or intentional disregard of the EIC rules the taxpayer cannot claim the EIC for 2 tax years. If the error was due to fraud, then the taxpayer cannot claim the EIC for 10 tax years. See Publication 596, *Earned Income Credit*, for specific guidance.

\*Taxpayers turning 25 on January 1st are considered to be 25 as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.

**Note:** Taxpayers meeting the above age criteria should file a paper return to avoid a potential rejected electronic filed return.



interview  
tips

## EIC General Eligibility Rules

Probe/Action: Ask the taxpayer:

<p>step <b>1</b></p>	<p>Calculate the taxpayer's earned income and adjusted gross income (AGI) for the tax year. Are both less than:</p> <ul style="list-style-type: none"> <li>• \$46,997 (\$52,427 married filing jointly) with three or more qualifying children;</li> <li>• \$43,756 (\$49,186 married filing jointly) with two qualifying children;</li> <li>• \$38,511 (\$43,941 married filing jointly) with one qualifying child; or</li> <li>• \$14,590 (\$20,020 married filing jointly) with no qualifying children?</li> </ul>	<p>If YES, go to Step 2. If NO, STOP. You cannot claim the EIC.</p>
<p>step <b>2</b></p>	<p>Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?</p> <p><b>Note:</b> Answer "no" if the taxpayer's social security card has a "NOT VALID FOR EMPLOYMENT" imprint, and if the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.</p>	<p>If YES, go to Step 3. If NO, STOP. You cannot claim the EIC.</p>
<p>step <b>3</b></p>	<p>Is your filing status married filing separately?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to Step 4.</p>
<p>step <b>4</b></p>	<p>Are you (or your spouse, if married) a nonresident alien?</p> <p><b>Note:</b> Answer "no" if the taxpayer is married filing jointly, and one spouse is a citizen or resident alien and the other is a nonresident alien.</p>	<p>If YES and you are either unmarried or married but not filing a joint return, STOP. You cannot claim the EIC. If NO, go to Step 5.</p>
<p>step <b>5</b></p>	<p>Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555-EZ (Foreign Earned Income) to exclude income earned in a foreign country?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to Step 6.</p>
<p>step <b>6</b></p>	<p>Is your investment income (interest, tax exempt interest, dividends &amp; capital gains) more than \$3,350?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to Step 7.</p>
<p>step <b>7</b></p>	<p>Are you (or your spouse, if filing jointly) the qualifying child of another taxpayer?</p>	<p>If YES, STOP. You cannot claim the EIC. If NO, go to the interview tips for EIC—With a Qualifying Child or EIC—Without a Qualifying Child.</p>

**Note:** If your Social Security card says **VALID FOR WORK ONLY WITH DHS AUTHORIZATION**, you **can** use your Social Security number to claim EITC if you otherwise qualify.



interview  
tips

## EIC with a Qualifying Child

Probe/Action: Ask the taxpayer:

step  
**1**

Does your qualifying child have an SSN that allows him or her to work?

**Note:** Answer NO only if the child's social security card says "NOT VALID FOR EMPLOYMENT" and his or her SSN was obtained to get a federally funded benefit.

If YES, go to Step 2.

If NO, STOP. You cannot claim the EIC on the basis of this qualifying child.

step  
**2**

Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them?

If YES, go to Step 3.

If NO, STOP. This child is not your qualifying child. Go to interview tips for EIC without a Qualifying Child.

step  
**3**

Was the child any of the following at the end of the tax year:

- Under age 19 and younger than the taxpayer (or spouse, if filing jointly)
- Under age 24 and a full-time student and younger than the taxpayer (or spouse, if filing jointly), or
- Any age and permanently and totally disabled?

If YES, go to Step 4.

If NO, STOP. This child is not your qualifying child. Go to interview tips for EIC without a Qualifying Child.

step  
**4**

Did the child file a joint return for the year?<sup>1</sup>

**Note:** Answer NO if the child and his or her spouse filed a joint return only as a claim for a refund.

If NO, go to Step 5.

If YES, STOP. This child is not your qualifying child (failed the joint return test). Go to interview tips for EIC without a Qualifying Child.

step  
**5**

Did the child live with you in the United States for more than half (183 days for 2014) of the tax year?

**Note:** Active duty military personnel stationed outside the United States are considered to live in the United States for this purpose.

If YES, go to Step 6.

If NO, STOP. This child is not your qualifying child. Go to interview tips for EIC without a Qualifying Child.

step  
**6**

Is the child a qualifying child of another person?

**Note:** There may be a case when a qualifying child cannot be claimed by anyone. **Example:** The only parent that the child lives with does not work nor files a tax return and another adult cannot meet the general eligibility rules. In this example no one qualifies to claim this child as a qualifying child for EIC.

If YES, explain to the taxpayer what happens when more than one person claims the EIC using the same child (Qualifying Child of More than One Person rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC worksheets.

If NO, compute the EIC using the appropriate EIC worksheet.

<sup>1</sup> If your child was married at the end of the year, he or she does not meet the joint return test unless you can claim the child's exemption or you cannot claim the child's exemption because you gave that right to the child's other parent.



interview  
tips

## EIC Without a Qualifying Child

Probe/Action: Ask the taxpayer:

step  
**1**

Can you (or your spouse, if filing jointly) be claimed as a dependent by another person?

If NO, go to Step 2.  
If YES, STOP. You cannot claim the EIC.

step  
**2**

Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year? Taxpayers born on January 1st are considered to be of age as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.

If NO, STOP. You cannot claim the EIC.  
If YES, go to Step 3.

step  
**3**

Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183<sup>1</sup> days) of the tax year?

If NO, STOP. You cannot claim the EIC.  
If YES, compute EIC using the appropriate EIC worksheet.

<sup>1</sup> More than 183 days in a leap year.

**Note:** If you cannot claim the EIC because your qualifying child is treated under the tiebreaker rules as the qualifying child of another person for 2014, you may be able to take the EIC using a different qualifying child, but you cannot take the EIC using the rules for people who do not have a qualifying child.



## Qualifying Child of More than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child. The following rules apply:

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents do not file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2014. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2014.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2014.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2014, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child.



# Schedule EIC

US Schedule EIC		Earned Income Credit																																									
Name:	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	SSN:	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>																																								
<p><b>Before you begin</b> See the requirements and answer the questions on the Schedule EIC worksheet. If you qualify for the credit and have at least one qualifying child, mark the EIC box on the Main Information Sheet for each qualifying child.</p> <p>If the taxpayer seems to qualify for EIC, but does not, check here for "No" <span style="float: right;"><input type="checkbox"/></span></p>																																											
<p><b>A qualifying child</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%; padding: 5px;">Is YOUR</th> <th style="width: 5%;"></th> <th style="width: 35%; padding: 5px;">was (on December 31, 2013)</th> <th style="width: 5%;"></th> <th style="width: 30%; padding: 5px;">who</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">son, daughter</td> <td style="text-align: center;">A</td> <td style="padding: 5px;">under age 19</td> <td style="text-align: center;">A</td> <td style="padding: 5px;">lived with you</td> </tr> <tr> <td style="padding: 5px;">adopted child,</td> <td style="text-align: center;">N</td> <td style="padding: 5px;">or</td> <td style="text-align: center;">N</td> <td style="padding: 5px;">in your home</td> </tr> <tr> <td style="padding: 5px;">stepchild,</td> <td style="text-align: center;">D</td> <td style="padding: 5px;">under age 24 and a</td> <td style="text-align: center;">D</td> <td style="padding: 5px;">in the</td> </tr> <tr> <td style="padding: 5px;">grandchild</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">full-time student.</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">United States</td> </tr> <tr> <td style="padding: 5px;">sister, brother,</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">or</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">for more than</td> </tr> <tr> <td style="padding: 5px;">niece, nephew</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">any age and permanently</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">6 months</td> </tr> <tr> <td style="padding: 5px;">or foster child</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">and totally disabled</td> <td style="text-align: center;">~</td> <td style="padding: 5px;">in 2013</td> </tr> </tbody> </table> <p>➔ <b>A foster child</b> is a child placed with you by an authorized placement agency.</p> <p><b>Note:</b> If the child lived with you for more than half of 2013 but less than 7 months, enter 7 on line 6. If your child was born or died during the year, and your home was the child's home, enter 12 for the number of months lived with you.</p> <p><b>If you have at least one qualifying child, go to line 1.</b> But if the child was married or is also a qualifying child of another person, see instructions.</p>				Is YOUR		was (on December 31, 2013)		who	son, daughter	A	under age 19	A	lived with you	adopted child,	N	or	N	in your home	stepchild,	D	under age 24 and a	D	in the	grandchild	~	full-time student.	~	United States	sister, brother,	~	or	~	for more than	niece, nephew	~	any age and permanently	~	6 months	or foster child	~	and totally disabled	~	in 2013
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<b>Qualifying Child Information</b>																																											
	Child 1	Child 2	Child 3																																								
<b>1</b> Child's first name .....	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>																																								
Child's last name .....	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>																																								
<b>2</b> Child's SSN .....	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>																																								
<b>3</b> Child's year of birth .....	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>																																								
<p><b>If the child(ren) was born after 1994 and the child(ren) was YOUNGER THAN YOU (OR YOUR SPOUSE IF FILING JOINTLY), skip lines 4a and 4b; go to line 5.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;"></th> <th style="width: 20%;"></th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><b>4a</b> Was the child under age 24 at the end of 2013 a student, and younger than you (or your spouse if filing jointly)? ..... If "Yes", go to line 5.</td> <td style="text-align: center;"> <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </td> <td style="text-align: center;"> <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </td> <td style="text-align: center;"> <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </td> </tr> <tr> <td style="padding: 5px;"><b>b</b> Was the child permanently and totally disabled during 2013? .....</td> <td style="text-align: center;"> <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </td> <td style="text-align: center;"> <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </td> <td style="text-align: center;"> <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </td> </tr> <tr> <td style="padding: 5px;"><b>5</b> Child's relationship to you .....</td> <td style="text-align: center;"><div style="border: 1px solid black; width: 100%; height: 20px;"></div></td> <td style="text-align: center;"><div style="border: 1px solid black; width: 100%; height: 20px;"></div></td> <td style="text-align: center;"><div style="border: 1px solid black; width: 100%; height: 20px;"></div></td> </tr> <tr> <td style="padding: 5px;"><b>6</b> Number of months the child lived with you in the U.S. during 2013 ..... If the child was a "kidnapped child", enter "KC" in the appropriate column .....</td> <td style="text-align: center;"> <div style="border: 1px solid black; width: 100%; height: 20px;"></div> </td> <td style="text-align: center;"> <div style="border: 1px solid black; width: 100%; height: 20px;"></div> </td> <td style="text-align: center;"> <div style="border: 1px solid black; width: 100%; height: 20px;"></div> </td> </tr> </tbody> </table>								<b>4a</b> Was the child under age 24 at the end of 2013 a student, and younger than you (or your spouse if filing jointly)? ..... If "Yes", go to line 5.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>b</b> Was the child permanently and totally disabled during 2013? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>5</b> Child's relationship to you .....	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<b>6</b> Number of months the child lived with you in the U.S. during 2013 ..... If the child was a "kidnapped child", enter "KC" in the appropriate column .....	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>																				
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**Caution:** Only answer 4a or 4b. DO NOT ANSWER BOTH QUESTIONS.

U.S. Schedule EIC		Earned Income Credit Worksheet	
Name: <span style="border: 1px solid black; display: inline-block; width: 150px; height: 1.2em; vertical-align: middle;"></span>		SSN: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span>	
<b>Questions to see if you can claim the earned income credit</b>			
1	Is the taxpayer's filing status married filing separately? <input type="checkbox"/> Yes - STOP. You cannot take the credit. <input checked="" type="checkbox"/> No - Go to question 2.		
2	Does the taxpayer (and the taxpayer's spouse if filing jointly) have a social security number that allows him or her to work or is valid for EIC purposes? For purposes of taking the EIC, an SSN issued by the Social Security Administration is not valid if "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit. Any other SSN issued by the SSA is valid for EIC purposes. <input type="checkbox"/> No - STOP. You cannot take the credit. <input type="checkbox"/> Yes - Go to question 3.		
3	Is the taxpayer filing Form 2555 or Form 2555-EZ or excluding foreign income? <input type="checkbox"/> Yes - STOP. You cannot take the credit. <input checked="" type="checkbox"/> No - Go to question 4a.		
4a	Was the taxpayer (or taxpayer's spouse) a nonresident alien for any part of the year? Check "Yes" if filing as head of household and claiming an exemption for your nonresident alien spouse. <input type="checkbox"/> Yes - go to question 4b. <input type="checkbox"/> No - Go to question 5.		
b	Is the taxpayer's filing status married filing jointly? <input type="checkbox"/> No - STOP. You cannot take the credit. <input type="checkbox"/> Yes - Go to question 5. If you checked "Yes" on line 4a and "No" on line 4b, STOP; the taxpayer cannot take the EIC.		
5	Is the taxpayer's investment income <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> more than \$3,300? <input type="checkbox"/> Yes - STOP. You cannot take the credit. <input checked="" type="checkbox"/> No - Go to question 6.		
6	Could the taxpayer be a <b>qualifying child</b> of another person? If the taxpayer's filing status is married filing jointly, check "No". Otherwise see Rule 10 (Rule 13 if the taxpayer does not have a qualifying child) in Pub. 506 before answering. <input type="checkbox"/> Yes - STOP. You cannot take the credit. <input type="checkbox"/> No - Continue.		
If any of the children listed do not qualify based on the answers to 7 through 10, the EIC will not calculate. You will need to go to the Main Information Sheet and uncheck the box for the child(ren) that do not qualify.			
7	Qualifying children listed on Schedule EIC Is either of the following true? • The child is unmarried OR • The child is married and can be claimed as the taxpayer's dependent and is not filing a 2013 joint return (or is filing it only as a claim for refund)		
8	Did the child live with the taxpayer in the United States for over half of the year? <input type="checkbox"/> Yes <input type="checkbox"/> No		
9a	Do you or the taxpayer know of another person who can claim the child for EIC? If the only other person is the taxpayer's spouse, see the instructions before answering. <input type="checkbox"/> Yes <input type="checkbox"/> No		
b	Enter the child's relationship to the other person(s)		
c	Is the other person(s) claiming the EIC based on the child? <input type="checkbox"/> Yes <input type="checkbox"/> No		
d	If the tie-breaker rules apply, would the child be treated as the taxpayer's qualifying child? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know		
10	Does the qualifying child have an SSN that allows him or her to work or is valid for EIC purposes? See the explanation on line 2 for valid SSNs. <input type="checkbox"/> Yes <input type="checkbox"/> No		
This child qualifies: <input type="checkbox"/> Yes <input type="checkbox"/> No			
If you took EIC on your 2012 income tax return, was the EIC reduced or disallowed for any reason other than a math or clerical error? If you did not take EIC on your 2012 tax return, check "No". <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>Questions 11 and 12 apply to taxpayers having qualifying children.</b>			
11	Is the total of your taxable earned income less than \$37,870 (\$43,210 if married filing jointly) if you have one qualifying child; \$43,038 (\$48,378 if married filing jointly) if you have two qualifying children; \$46,227 (\$51,567 if married filing jointly) if you have three or more qualifying children? <input type="checkbox"/> No - STOP. You cannot take the credit. <input type="checkbox"/> Yes - Go to question 12		
12	Is your adjusted gross income less than the limits listed in question 11? <input type="checkbox"/> No - STOP. You cannot take the credit. <input type="checkbox"/> Yes - Figure credit.		

## COMPLETE ONLY THOSE QUESTIONS IN RED

*Hint: TaxWise® will automatically compute EIC with and without non-taxable combat pay and choose the method that is best for the taxpayer.*

*Hint: Enter income earned while an inmate in a penal institution (including work release) on the TaxWise® EIC Worksheet in the section titled Figure your Credit. TaxWise® will subtract this amount from other earned income.*

**Caution:** Read this question carefully

**Note 1:** If the taxpayer has had their EIC previously denied, you will need to complete Form 8862.

**Note 2:** As with any form, read and answer the questions carefully. Make sure there are no red check marks on Schedule EIC or the Schedule EIC worksheet.

## Notes

[illegible]



Insert the following chart:

Tuition and Fees Deduction at a Glance	
Do not rely on this table alone. Refer to the text for complete details.	
Question	Answer
What is the maximum benefit?	You can reduce your income subject to tax by up to \$4,000.
Limit on modified adjusted gross income (MAGI)	\$160,000 if married filing joint return; \$80,000 if single, head of household, or qualifying widow(er)
Where is the deduction taken?	As an adjustment to income on Form 1040.
For whom must the expenses be paid?	A student enrolled in an eligible educational institution who is either; <ul style="list-style-type: none"><li>• you</li><li>• your spouse, or</li><li>• your dependent for whom you claim an exemption.</li></ul>
What tuition and fees are deductible?	Tuition and fees required for enrollment or attendance at an eligible postsecondary educational institution, but not including personal, living or family expenses, such as room and board.

### Tax Treatment of Scholarship and Fellowship Payments

A scholarship or fellowship is tax free (excludable from gross income) **only if**:

- You are a **candidate for a degree**<sup>1</sup> at an eligible educational institution.

A scholarship or fellowship is tax free **only to the extent**:

- It does not exceed your qualified education expenses;
- It is not designated or earmarked for other purposes (such as room and board), and does not require (by its terms) that it cannot be used for qualified education expenses; and
- It does not represent payment for teaching, research, or other services required as a condition for receiving the scholarship. (But for exceptions, see *Payment for services* in Publication 970).

<sup>1</sup>You are a candidate for a degree if you attend a primary or secondary school or are pursuing a degree at a college or university, or attend an educational institution that offers a program of training to prepare students for gainful employment in a recognized occupation and is authorized under federal or state law to provide such a program and is accredited by a nationally recognized accreditation agency.

Use *Worksheet 1-1* to figure the amount of a scholarship or fellowship you can exclude from gross income.

### Education Expenses

The following are **qualified education expenses** for the purposes of tax-free scholarships and fellowships:

- **Tuition and fees** required to enroll at or attend an eligible educational institution
- Course-related expenses, such as **fees, books, supplies, and equipment** that are required for the courses at the eligible educational institution. These items must be required of all students in your course of instruction.

Qualified education expenses **do not include** the cost of:

- Room and board
- Research
- Equipment and other expenses not required for enrollment in or attendance at an eligible educational institution
- Travel
- Clerical help

### Worksheet 1-1. Taxable Scholarship and Fellowship Income

1. Enter the total amount of any scholarship or fellowship for the tax year. ....	1. _____
<ul style="list-style-type: none"><li>• If you are a degree candidate at an eligible educational institution, go to line 2.</li><li>• If you are <b>not</b> a degree candidate at an eligible educational institution, <b>stop here</b>. The entire amount is <b>taxable</b>.</li></ul>	
2. Enter the amount from line 1 that was for teaching, research, or any other services required as a condition for receiving the scholarship. (Do not include amounts received for these items under the National Health Service Corps Scholarship Program or the Armed Forces Health Professions Scholarship and Financial Assistance Program.)	2. _____
3. Subtract line 2 from line 1 .....	3. _____
4. Enter the amount from line 3 that your scholarship or fellowship <b>required</b> you to use for other than qualified education expenses .....	4. _____
5. Subtract line 4 from line 3.....	5. _____
6. Enter the amount of your qualified education expenses (see Education Expenses above).....	6. _____
7. Enter the smaller of line 5 or line 6. This amount is the most you can exclude from your gross income (the tax-free part of the scholarship or fellowship) .....	7. _____
8. Subtract line 7 from line 5.....	8. _____
9. <b>Taxable part.</b> Add lines 2, 4, and 8. In TaxWise®, link from the appropriate box below line 7 to the worksheet to report this amount. This amount is taxable to the person in whose name the scholarship was received. ....	9. _____

## Highlights of Education Tax Benefits for Tax Year 2014

*This chart highlights some differences among the benefits discussed in this publication. See the text for definitions and details. Do not rely on this chart alone.*

**Caution:** You generally cannot claim more than one benefit for the same education expense.

	Scholarships, Fellowships, Grants, and Tuition Reductions	American Opportunity Credit	Lifetime Learning Credit	Student Loan Interest Deduction	Coverdell ESA†	Qualified Tuition Program (QTP)†	Education Exception to Additional Tax on Early IRA Distributions†	Education Savings Bond Program†	Employer-Provided Educational Assistance†	Business Deduction for Work-Related Education
<b>What is your benefit?</b>	Amounts received may not be taxable	Credits can reduce the amount of tax you have to pay. 40% of the credit may be refundable (limited to \$1,000 per student).	Credits can reduce amount of tax you must pay	Can deduct interest paid	Earnings not taxed	Earnings not taxed	No 10% additional tax on early distribution	Interest not taxed	Employer benefits not taxed	Can deduct expenses
<b>What is the annual limit?</b>	None	\$2,500 credit per student	\$2,000 credit per tax return	\$2,500 deduction	\$2,000 contribution per beneficiary	None	Amount of qualified education expenses	Amount of qualified education expenses	\$5,250 exclusion	Amount of qualifying work-related education expenses
<b>What expenses qualify besides tuition and required enrollment fees?</b>	Course-related expenses such as fees, books, supplies, and equipment	Course-related books, supplies, and equipment	Amounts paid for required books, etc., that must be paid to the educational institution, etc., ARE required fees	Books Supplies Equipment Room & board Transportation Other necessary expenses	Books Supplies Equipment Expenses for special needs services Payments to QTP Higher education: Room & board if at least half-time student Elem/sec (K–12) education: Tutoring Room & board Uniforms Transportation Computer access Supplementary expenses	Books Supplies Equipment Room & board if at least half-time student Expenses for special needs services	Books Supplies Equipment Room & board if at least half-time student Expenses for special needs services	Payments to Coverdell ESA Payments to QTP	Books Supplies Equipment	Transportation Travel Other necessary expenses



	Scholarships, Fellowships, Grants, and Tuition Reductions	American Opportunity Credit	Lifetime Learning Credit	Student Loan Interest Deduction	Coverdell ESA†	Qualified Tuition Program (QTP)†	Education to Exceptional Tax on Early IRA Distribution†	Education Savings Bond Program†	Employer-Provided Educational Assistance†	Business Deduction for Work-Related Education
<b>What education qualifies?</b>	Undergraduate & graduate K-12	Undergraduate & graduate	Undergraduate & graduate Courses to acquire or improve job skills	Undergraduate & graduate	Undergraduate & graduate K-12	Undergraduate & graduate	Undergraduate & graduate	Undergraduate & graduate	Undergraduate & graduate	Required by employer or law to keep present job, salary, status Maintain or improve job skills
<b>What are some of the other conditions that apply?</b>	Must be in degree or vocational program Payment of tuition and required fees must be allowed under the grant	Can be claimed for only 4 tax years (which includes years Hope credit claimed) Must be enrolled at least half-time in degree program No felony drug conviction(s) Must not have completed first 4 years of postsecondary education before end of preceding tax year	No other conditions	Must have been at least half-time student in degree program	Assets must be distributed at age 30 unless special needs beneficiary	No other conditions	No other conditions	Applies only to qualified series EE bonds issued after 1989 or series I bonds	No other conditions	Cannot be to meet minimum educational requirements of preset trade/business Cannot qualify you for new trade/business
<b>In what income range do benefits phase out?</b>	No phaseout	\$80,000 - \$90,000 \$160,000 - \$180,000 for joint returns	\$54,000 - \$64,000 \$108,000 - \$128,000 for joint returns	\$65,000 - \$80,000 \$130,000 - \$160,000 for joint returns	\$95,000 - \$110,000 \$190,000 - \$220,000 for joint returns	No phaseout	No phaseout	\$76,000 - \$91,000 \$113,950 - \$143,950 for joint and qualifying widow(er) with a dependent child returns	No phaseout	No phaseout
† Any nontaxable distribution is limited to the amount that does not exceed qualified education expenses.										



## Education Credits

Probe/Action: To determine if a taxpayer qualifies for the Education Credit.

### Comparison of Education Credits

American Opportunity Credit	Lifetime Learning Credit
Up to \$2,500 per eligible student	Up to \$2,000 credit per return
Available <b>only</b> for 4 tax years per eligible student (including any year(s) Hope Scholarship Credit was claimed). (see note at bottom of page)	Available for all years of post secondary education and for courses to acquire or improve job skills
Forty percent (.40) of the credit is refundable <sup>1</sup> (Up to \$1,000 even if no taxes are owed)	Non refundable credit
Student must be pursuing a program leading to a degree or other recognized education credential	Student does not need to be pursuing a degree or other recognized education credential
Student must be enrolled at least half time for at least one academic period beginning during the year	Available for one or more courses
No felony drug conviction on student's record	Felony drug conviction rule does not apply
Credit is reduced if modified AGI is between \$80,000 and \$90,000 (\$160,000 and \$180,000 if married filing jointly)	Credit is reduced if modified AGI is between \$54,000 and \$64,000 (\$108,000 and \$128,000 if married filing jointly)

### Who Can Claim the Credit?

- Taxpayers who paid qualified educational expenses of higher education for an eligible student.
- Taxpayers who paid the education expenses for a student enrolled at or attending an eligible educational institution. (to determine if eligible, see <http://ope.ed.gov/accreditation>)
- The eligible student is either the taxpayer, taxpayer's spouse or a dependent for whom the taxpayer claims an exemption on the tax return.

**Note:** Qualified education expenses paid by a dependent for which an exemption is claimed, or by a third party for that dependent, are considered paid by the taxpayer. If a student is **NOT** claimed as a dependent (even if eligible to be claimed), only the student can claim an education credit no matter who paid the expenses. **This does not entitle the student to claim a personal exemption on his/her tax return.** Anyone paying the expenses (even directly to the institution) are considered to have given a gift to the student who in turn is treated as having paid the expenses.

<sup>1</sup> None of the credit is refundable if (1) the taxpayer claiming the credit is (a) under age 18 or (b) age 18 at the end of the year, and their earned income was less than one-half of their own support or (c) a full time student over 18 and under 24 and their earned income was less than one-half of their own support; and (2) the taxpayer has at least one living parent, and; (3) the taxpayer does not file a joint return

**Note:** Even if the student's post-secondary education extends beyond four tax years, the American Opportunity credit is available for only the first four years. Follow the examples in the **Who is Eligible Student for the American Opportunity Credit** section in Publication 970 for additional information.



## Education Credits (Continued)

Probe/Action: To determine if a taxpayer qualifies for the Education Credit.

### Who Can Claim a Dependent's Expenses?

If the taxpayer...	Then only...
Claims an exemption on the return for a dependent who is an eligible student	The taxpayer can claim the credit based on that dependent's expenses. The dependent cannot claim the credit.
Does not claim the exemption on the tax return	The dependent can claim the credit. The taxpayer cannot claim the credit based on the dependent's expenses.

### Who Cannot Claim the Credit?

- Married filing separate filing status
- Taxpayers listed as a dependent on another person's tax return
- Taxpayers whose modified AGI is more than the allowable income limits
- Taxpayer (or the spouse) was a **nonresident alien** for any part of the tax year and the nonresident alien did not elect to be treated as a resident alien for tax purposes

### What Expenses Qualify?

- Expenses paid for an academic period starting in 2014 or the first 3 months of 2015
- Expenses not refunded when the student withdraws from class
- Expenses paid with the proceeds from a loan

### What are Qualifying Expenses?

- The term "qualified tuition and related expenses" were expanded for the American opportunity credit to include expenditures for course materials. For this purpose, course materials are books, supplies, and equipment needed for a course of study whether or not the materials are purchased from the educational institution as a condition of enrollment or attendance. However, whether an expenditure for a computer qualifies for the credit depends on the facts. An expenditure for a computer would qualify for the credit if the computer is needed as a condition of enrollment or attendance at the educational institution.

### What is Tax-free educational assistance?

- Tax-free parts of scholarships and fellowships
- Pell grants (see chapter 1 of Publication 970)
- Employer-provided educational assistance (see Publication 970)
- Veterans' educational assistance
- Any other nontaxable payment (other than gifts or inheritances) received as educational assistance

**Note:** Do not reduce the qualified education expenses by any scholarship or fellowship reported as income on the student's tax return if the use of the scholarship is not restricted **and** used to pay education expenses that are not qualified (such as room and board).

# Determining Qualified Education Expenses

Box 1 may include non-taxable scholarship and grant amounts. Be sure to subtract these before using an amount from this box as qualifying expenses. See Publication 970 for examples of when a student may choose to pay non-qualifying expenses with scholarship/Pell Grant funds, making the scholarship/Pell Grant taxable. This may increase the amount of qualifying expenses that can be used in calculating an education credit.

Box 2 may include amounts that were billed, but not paid, during the tax year. Do not use the amount in this box as qualifying expenses without first confirming that the amount was paid during the tax year.

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		<b>1</b> Payments received for qualified tuition and related expenses <b>\$</b> _____		OMB No. 1545-0074 <b>2014</b> Form <b>1098-T</b>	<b>Tuition Statement</b>  <b>Copy B</b> <b>For Student</b>
FILER'S federal identification no.      STUDENT'S social security number		<b>2</b> Amounts billed for qualified tuition and related expenses <b>\$</b> _____		<b>3</b> If this box is checked, your educational institution has changed its reporting method for 2014 <input type="checkbox"/>	
STUDENT'S name		<b>4</b> Adjustments made for a prior year <b>\$</b> _____		<b>5</b> Scholarships or grants <b>\$</b> _____	This is important tax information and is being furnished to the Internal Revenue Service.
Street address (including apt. no.)		<b>6</b> Adjustments to scholarships or grants for a prior year <b>\$</b> _____		<b>7</b> Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2015 <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		<b>8</b> Check if full-time student <input type="checkbox"/>		<b>9</b> Checked if a graduate student <input type="checkbox"/>	
Service Provider/Acad. No. (see instructions)		<b>10</b> Less: certified reimbursement <b>\$</b> _____		<b>10</b> Less: certified reimbursement <b>\$</b> _____	
Form <b>1098-T</b>		(keep for your records)		www.irs.gov/form1098t      Department of the Treasury - Internal Revenue Service	

**Determine the amount paid by verifying the payment received from the student account statement with the amount shown in Box 1 or 2 of Form 1098-T.** Remember to include books, supplies, materials and equipment if claiming the American Opportunity Credit. Also remember to include out of pocket payments made by the student or on the student's behalf. This includes student loans, payments, credit cards and taxable portions of scholarships/grants.

<b>Adjusted Qualified Education Expenses Worksheet (Form 8863 instructions)</b>	
<b>1.</b> Total qualified education expenses paid for on behalf of the student in 2014 for the academic period . . . . .	<u>5,500</u>
<b>2.</b> Less adjustments:	
<b>a.</b> Tax-free educational assistance received in 2014 allocable to the academic period. . . . .	<u>3,000</u>
<b>b.</b> Tax-free educational assistance received in 2015 (and before you file your 2014 tax return) allocable to the academic period . . . . .	<u>0</u>
<b>c.</b> Refunds of qualified education expenses paid in 2014 if the refund is received in 2014 or in 2015 before you file your 2014 tax return . . . . .	<u>0</u>
<b>3.</b> Total adjustments (add lines 2a, 2b, and 2c) . . . . .	<u>3,000</u>
<b>4.</b> Adjusted qualified education expenses. Subtract line 3 from line 1. If zero or less, enter -0- . . . . .	<u>2,550</u>

**Example -** Bill and Sue are eligible to claim the American opportunity credit for their daughter Sarah, who is in her first year of college. They have a Form 1098-T with \$10,000 in box 2 and a \$3,000 Pell grant in box 5. During your interview with Bill and Sue, you determine that \$5,000 was paid in September 2014 for the fall semester; \$3,000 was paid by Pell Grant and \$2,000 was paid by loan proceeds. Also, \$5,000 was billed in December for the Spring 2015 semester, which was paid in January 2015. They paid \$500 for books in 2014. To calculate the eligible expenses for their credit, take the \$5,000 (\$3,000 grant + \$2,000 loan) paid in 2014 plus the \$500 for books and enter on line 1 of the worksheet above. The \$3,000 will be entered on line 2a. The line 3 amount would be \$3,000. Subtracting line 3 from line 1, you get qualified education expenses of \$2,500.

**Note:** If the student doesn't have a copy of their student account statement, ask them to go online thru their College or University to get this information.

# Form 8863 – Education Credits

For both Education credits, enter qualified student's name, SSN, and qualified expenses; software will calculate the credit.

If the taxpayer was under age 24 at the end of the year and met the conditions on the next page, they cannot take the refundable American Opportunity credit.

If you meet these conditions, answer "Yes" on Form 8863, pg 1; otherwise, answer "no". See refundable American Opportunity Credits worksheet listed later in Education Benefits Tab.

Do not check "Yes" if the credit has not been claimed a total of 4 times.

See determining qualified expenses page earlier in tab.

US 8863 (2013)	
Name:	SSN:
<b>Caution:</b> Complete Part III for each student for whom you are claiming either the American opportunity credit or lifetime learning credit. If you need to list additional students, press Shift F10 to duplicate this form.	
<b>Part III: Student and Educational Institution Information</b>	
20	Student's name as shown on page 1 of this tax return
21	Student's social security number
22	Educational institution information
a	Name of first educational institution
1	Address
	Zip code, city, and state
2	Did the student receive Form 1098-T from this institution for 2013? <input type="checkbox"/> Yes <input type="checkbox"/> No
3	Did the student receive Form 1098-T from this institution for 2012 with Box 2 filled in and Box 7 checked? <input type="checkbox"/> Yes <input type="checkbox"/> No
4	If you checked "Yes" in 2 or 3, enter the institution's EIN from Form 1098-T
b	Name of second educational institution, if any
1	Address
	Zip code, city, and state
2	Did the student receive Form 1098-T from this institution for 2013? <input type="checkbox"/> Yes <input type="checkbox"/> No
3	Did the student receive Form 1098-T from this institution for 2012 with Box 2 filled in and Box 7 checked? <input type="checkbox"/> Yes <input type="checkbox"/> No
4	If you checked "Yes" in 2 or 3, enter the institution's EIN from Form 1098-T
23	Has the Hope Scholarship Credit or American opportunity credit been claimed for this student for any 4 tax years before 2013? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", go to line 31 for this student. If "No", go to line 24.
24	Was the student enrolled at least half-time for at least one academic period that began in 2013 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized post-secondary educational credential? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", go to line 25. If "No", go to line 31 for this student.
25	Did the student complete the first 4 years of post-secondary education before 2013? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", go to line 31 for this student. If "No", go to line 28.
26	Was the student convicted, before the end of 2013, of a felony for possession or distribution of a controlled substance? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", go to line 31. If "No", complete either lines 27 through 30 OR 31 for this student.
<b>American Opportunity Credit</b>	
27	Adjusted qualified education expenses. See instructions - do not enter more than \$4,000
28	Subtract \$2,000 from line 27, but not less than -0-
29	Multiply line 28 by 25%
30	If line 28 is -0-, amount from line 27. Otherwise, add \$2,000 to the amount on line 29. Skip line 31
<b>Lifetime Learning Credit</b>	
31	Adjusted qualified education expenses. See instructions

To claim this credit:

- Taxpayers cannot file married filing separately or be a **nonresident alien** (unless married filing jointly with resident)
- Only the taxpayer is eligible if he or she claims the student as a dependent. Only the student is eligible if he or she is **not** claimed as a dependent (even if he or she *can* be claimed)—no matter who pays.
- For the American Opportunity credit only, qualified tuition & related expenses include books, supplies & equipment needed for the course, whether or not they were purchased from the institution as a condition of enrollment. Computers, however, can only be included IF they are a requirement for enrollment or attendance.

**Note:** The following are not qualifying expenses for Education Credits: room and board, insurance, medical, transportation, or personal expenses, even if the amount must be paid to the institution as a condition of enrollment or attendance. If the educational expenses are associated with sports, games, hobbies, or other noncredit courses, see Publication 970 for more information.



## Student Under Age 24 Claiming American Opportunity Credit

1. Were you under 24 at the end of 2014?	If <b>no</b> , stop here; you <b>do</b> qualify to claim part of the allowable American opportunity credit as a refundable credit.  If <b>yes</b> , go to question 2.
2. Were you over 18 at the end of 2014?	If <b>yes</b> , go to question 3.  If <b>no</b> , go to question 4.
3. Were you a full-time student (defined later) for 2014?	If <b>no</b> , stop here; you <b>do</b> qualify to claim part of your allowable American opportunity credit as a refundable credit.  If <b>yes</b> , go to question 5.
4. Were you 18 at the end of 2014?	If <b>yes</b> , go to question 5.  If <b>no</b> , go to question 6.
5. Was your earned income (defined later) less than one-half of your support for 2014?	If <b>no</b> , stop here; you <b>do</b> qualify to claim part of your allowable American opportunity credit as a refundable credit.  If <b>yes</b> , go to question 6.
6. Was either of your parents alive at the end of 2014?	If <b>no</b> , stop here; you <b>do</b> qualify to claim part of your allowable American opportunity credit as a refundable credit.  If <b>yes</b> , go to question 7.
7. Are you filing a joint return for 2014?	If <b>no</b> , you <b>do not</b> qualify to claim part of your allowable American opportunity credit as a refundable credit.  If <b>yes</b> , you <b>do</b> qualify to claim part of your allowable American opportunity credit as a refundable credit.

**Earned income.** Earned income includes wages, salaries, professional fees, and other payments received for personal services actually performed. Earned income includes the part of any scholarship or fellowship that represents payment for teaching, research, or other services performed by the student that are required as a condition for receiving the scholarship or fellowship. Earned income does not include that part of the compensation for personal services rendered to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

**Full-time student.** You were a full-time student for 2014 if during any part of any 5 calendar months during the year you were enrolled as a full-time student at an eligible educational institution (defined earlier), or took a full-time, on-farm training course given by such an institution or by a state, county, or local government agency.







# Pointers for Direct Deposit of Refunds

- Using a check or documentation from the financial institution as proof of account, verify:
  - Routing Transit Number (RTN). The RTN must contain 9 digits and begin with 01 through 12 or 21 through 32.
  - Depositor Account Number (DAN). The DAN can be up to 17 characters. Include hyphens but omit spaces and special symbols. Do not include the check number or the dollar amount on canceled checks. On the sample check below, the account number is 20202086.
- Do not use a deposit slip for proof of RTN as this may not be the same RTN used for direct deposit. For direct deposit into a savings account, the taxpayer should obtain a statement from the financial institution to verify the routing and account number for direct deposit. For direct deposit into a checking account, if the taxpayer does not have a cancelled check, the taxpayer should also contact their financial institution.
- Entering the incorrect RTN and/or DAN will result in a 4–6 week delay of the refund, or it may go into some else's account. If the direct deposit is voided, a paper check will automatically be mailed to the address on the electronic tax form.
- Double-check the RTN of the financial institution if:
  - You are unfamiliar with the financial institution. (Some types of accounts that exist through brokerage firms cannot accept direct deposits.)
  - The RTN is for a credit union, which is payable through another financial institution. The taxpayer should contact his or her credit union for the correct RTN.
- Savings Bonds - Taxpayers can buy U.S. savings bonds with their federal tax refund. Even if the taxpayer does not have a bank account or a Treasury account they can elect this option. Taxpayers can make bond purchases for themselves, add beneficiaries or co-owners, and make bond purchases for someone other than themselves. Refer to Form 8888 or [www.IRS.gov](http://www.IRS.gov) for more details.
- Remember the split refund option: If a taxpayer chooses to direct deposit his or her refund into two or three accounts, you will need to complete Form 8888, *Allocation of Refund (Including Savings Bond Purchases)*.



**Caution:** Financial institutions generally do not allow a joint refund to be deposited into an individual account. The IRS is not responsible if a financial institution refuses a direct deposit.



**Caution:** Direct deposit of a taxpayer's refund is to be made to an account (or accounts) only in the taxpayer's name. Advise taxpayers their refund may only be deposited directly into his/her own account(s).

Taxpayer's federal and state refunds cannot be deposited into VITA/TCE Volunteer or any associated partners' personal or business bank/debit card accounts.

TONY MAPLE  
JENNIFER MAPLE  
123 Pear Lane  
Anyplace, GA 00000

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_

ANYPLACE BANK  
Anyplace, GA 00000

For \_\_\_\_\_

1: 250250025 | 20202086 • 1234

**Routing number**  
(line 74b)

**Account number**  
(line 74d)

**Do not include the check number.**

1234  
15-00000000

DOLLARS

**Note:** Do not use deposit slip as proof of account because the routing number may be different than on a check.

**Tax Software Hints:** (1) For direct deposit for **only** one account, the information is entered on the Main Information Sheet **and** the Refund section of page 2 of Form 1040. (2) If the taxpayer chooses to split the refund into more than one account, the information is entered only on the Form 8888. (3) In addition, enter the information on the applicable line on state forms.

**Note:** To combat fraud and identity theft, effective January 2015, IRS will limit the number of refunds electronically deposited into a single financial account to three.

The fourth and subsequent refunds automatically will convert to a paper refund check and be mailed to the taxpayer.

# Split Refund Option

When the taxpayer elects to direct deposit his or her refund into two or three accounts or to purchase saving bonds, you will need to complete Form 8888, *Allocation of Refund (Including Bond Purchases)*. Add the Form 8888 to the forms tree.

US 8888      Allocation of Refund (Including Savings Bond Purchases)	
Name: <span style="border: 1px solid black; display: inline-block; width: 200px; height: 1.2em; vertical-align: middle;"></span>	SSN: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span>
<b>Do not use this form if you want the ENTIRE Federal refund directly deposited in to just ONE account. Account information entered below is not verified by TaxWise.</b>	
<b>Part I: Direct Deposit</b> Complete this part if you want a portion of your refund directly deposited to one or more accounts. If the Money Clip card was selected on the Main Information Sheet, enter the amount to be applied to the Money Clip card on line 1.	
<b>1a</b> Amount to be deposited to first account .....	0.
<b>b</b> Routing number ..... <b>c</b> Checking <input type="checkbox"/> Savings <input type="checkbox"/>	
<b>d</b> Account number .....	
<b>2a</b> Amount to be deposited to second account .....	0.
<b>b</b> Routing number ..... <b>c</b> Checking <input type="checkbox"/> Savings <input type="checkbox"/>	
<b>d</b> Account number .....	
<b>3a</b> Amount to be deposited to third account .....	0.
<b>b</b> Routing number ..... <b>c</b> Checking <input type="checkbox"/> Savings <input type="checkbox"/>	
<b>d</b> Account number .....	
<b>Part II: U.S. Series I Savings Bond Purchases</b> Complete this part if you want to buy paper bonds with a portion of your refund. <b>Note:</b> If a name is entered on line 5c or 6c below, co-ownership will be assumed unless the beneficiary box is checked. See the instructions for more details. Bonds must be purchased in \$50 increments and cannot total more than \$5,000.	
<b>4</b> Amount to be used for bond purchases for yourself (and your spouse, if filing jointly) .....	0.
<b>5a</b> Amount to be used to buy bonds for yourself, your spouse, or someone else .....	0.
<b>b</b> Enter the owner's name below (First then Last) for the bond registration.	
<b>c</b> If you would like to add a co-owner or beneficiary, enter their name below (First then Last). If beneficiary, also check here <input type="checkbox"/>	
<b>6a</b> Amount to be used to buy bonds for yourself, your spouse, or someone else .....	0.
<b>b</b> Enter the owner's name below (First then Last) for the bond registration.	
<b>c</b> If you would like to add a co-owner or beneficiary, enter their name below (First then Last). If beneficiary, also check here <input type="checkbox"/>	
<b>Part III: Paper Check</b> Complete this part if you want a portion of your refund to be sent to you as a check.	
<b>7</b> Amount to be refunded by check .....	0.
<b>Part IV: Total Allocation of Refund</b>	
<b>8</b> Total of lines 1a, 2a, 3a, 4, 5a, 6a, and 7 .....	0.
The amount on line 8 MUST equal the Federal refund amount here .....	

**Caution:** Do not enter the routing or account number on the TaxWise® Main Information Screen if using the Form 8888 *Allocation of Refund (Including Bond Purchases)*.

## Bank Account Information

Direct deposit is available for e-filed returns, paper returns, and bank product returns.

ACH debit is available for e-filed returns only.

Routing transit number (RTN) of financial institution .....

Account number (DAN) including hyphens .....

# Balance Due Returns (amount owed on return)

## Form 1040, 1040A, or 1040EZ Instructions for additional information

### General Information

- Taxpayers do not have to pay if balance due is less than \$1.
- Payment in full is due by the April filing due date, to avoid interest and penalties.
- Taxpayer should file his or her return by the April filing due date, to avoid a failure-to-file penalty.
- There are separate penalties for filing late and paying late. The late filing penalty is higher.
- Advise taxpayers to file the return on time, even if they cannot pay the full amount owed. They should pay as much as they can with the return to reduce penalties and interest.

### Payment Methods

#### 1. Check or money order payments

- Do not attach the payment to the return.
- Make check or money order **payable to “United States Treasury.”**
- On checks, write “2014 Form 1040” in the memo or “For” section.
- Write name, address, daytime phone number, and SSN/ITIN on the payment.
- If filing a joint return, enter the SSN/ITIN shown first on the return.
- Submit the payment with a properly completed Form 1040V, *Payment Voucher*.
- No cash payments

#### 2. Credit card payments

- American Express, Discover, Mastercard, or Visa cards are accepted.
- A convenience fee will be charged by the service providers:
- Visit [IRS.gov/E-pay](http://IRS.gov/E-pay) or call service provider for details.

Official Payments Corporation 1-888-UPAY-TAX™ (1-888-872-9829) 1-877-754-4413 (Customer Service) <a href="http://www.officialpayments.com/fed">www.officialpayments.com/fed</a>	Link2Gov Corporation 1-888-PAY-1040™ (1-888-729-1040) 1-888-658-5465 (Customer Service) <a href="http://www.PAY1040.com">www.PAY1040.com</a>	RBS WorldPay, Inc. 1-888-9-PAY-TAX™ (1-888-972-9829) 1-877-517-4881 (Customer Service) <a href="http://www.payUSAtax.com">www.payUSAtax.com</a>
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#### 3. Electronic Funds Withdrawal

E-filing allows taxpayers to file their return early and schedule their payment for withdrawal from their **checking** or **savings** account on a future date up to the **April filing due date**. See Form ACH 1040/ES Direct Debit for Balance Due or Estimated Tax Payment in the K tab.

#### 4. EFTPS (Electronic Federal Tax Payment System)

Taxpayers can use EFTPS to pay their federal taxes, but they must **enroll** first. EFTPS is a fast, easy, convenient and secure service provided free by the Department of Treasury. For more information or to enroll visit [IRS.gov/E-pay](http://IRS.gov/E-pay) or call EFTPS Customer Service at 1-800-316-6541 (for individual payments). TTY/TDD help is available by calling 1-800-733-4829.

#### 5. IRS Direct Pay

IRS direct pay at [irs.gov](http://irs.gov) is a free one-time payment from your checking account to the IRS. Use this secure service to pay your tax bill or make an estimated tax payment directly from your checking or savings account at no cost to you. You'll receive instant confirmation that your payment has been submitted. Just follow the easy steps below. Bank account information is not retained in IRS systems after payments are made.

**NOTE: You must have a valid Social Security Number (SSN) to use this application. This application cannot accommodate Individual Taxpayer Identification Numbers (ITINs).**

## Balance Due Returns (amount owed on return) (cont.)

It takes just 5 easy steps to make a payment:

<b>Step 1</b> Provide your tax information	<b>Step 2</b> Verify your identity	<b>Step 3</b> Enter Your payment information	<b>Step 4</b> Review and electronically sign the transaction	<b>Step 5</b> Print or record your online confirmation number	<b>PAY NOW</b>
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### What if the taxpayer cannot pay?

- **Can you pay in full within 120 days?** If you can pay the full amount you owe within 120 days, call 1-800-829-1040 to establish your request to pay in full. If you can do this, you can avoid paying the fee to set up an installment agreement. Instead of calling, you can apply online.
- **Applying online for a payment agreement.** If your balance due is not more than \$50,000, you can apply online for a payment agreement instead of filing Form 9465. To do that, go to IRS.gov and enter "Online Payment Agreement" or "OPA" in the "Search" box.
- The taxpayer can request an extension of time to pay if paying the tax by the due date will be an undue hardship. For details see Form 1127 (out of scope).

### How can a taxpayer avoid a balance due in the future?

#### **TIP: The more withholding allowances claimed, the less taxes withheld.**

- If the taxpayer did not have enough withheld from his/her paycheck or pension income and there is amount owed on the current return:
  - Advise the taxpayer to access the Withholding Calculator at IRS.gov.
  - On the **Form W-4/Form W-4P**, the taxpayer can reduce the number of allowances or request an additional amount to be withheld.
  - Advise the taxpayer to submit a revised **Form W-4** to the employer. For pension income taxpayers should submit a revised **Form W-4P** to the pension payer. **Form W-4V** is used to request withholding from Social Security or certain other federal government payments.
- If the taxpayer had income that was not subject to withholding (such as self-employment, interest income, dividend income, or capital gain income):
  - Explain estimated taxes to the taxpayer. In TaxWise®, add Form 1040-ES, Estimated Tax for Individuals, and complete it. Discuss with taxpayer(s) whether to use the minimum required amount or the total amount expected to be due.
- Advise the taxpayer to review Publication 505, Tax Withholding and Estimated Tax.

Forms or Publications can be obtained from [www.irs.gov](http://www.irs.gov) or by calling the IRS at 1-800-829-3676.

- If the taxpayer is receiving advanced premium tax credits, they should notify the Marketplace when they have any significant change to income or family size.

**NOTE:** This information only applies to federal balance due returns. For state information, consult the applicable state.

# Form ACH 1040/ES

## Direct Debit for Balance Due or Estimated Tax Payment

<b>US</b>	<b>Direct Debit for Balance Due or Estimated Tax Payment</b>	<b>2013</b>
Name: John Taxpayer		SSN: 123-45-5555
This worksheet is for electronic funds transfer (direct debit) of your 2013 income tax balance due:		<input checked="" type="checkbox"/> OR
		<input type="checkbox"/> 2014 estimated tax payment:
<b>For the Balance Due On Your 2013 Tax Return</b>		
Amount of tax due: ....		Amount you want debited: ....
Routing Number: ....	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings
Account Number: ....		
Requested Payment Date: .....		
<b>For 2014 Estimated Tax Payment</b>		
Amount you want debited for this 2014 estimated tax payment: .....		
Routing Number: .....	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings
Account Number: .....		
Requested Payment Date: .....		
Daytime Telephone Number: .....		
<small>© 2013 CCH Small Firm Services. All rights reserved.</small>		<small>USWACH\$1</small>

*Hint: If the taxpayer made estimated payments during the year, link to the estimated tax payments worksheet (F/S Tax Pd) from Line 63 of the Form 1040 and record the date and amount of each payment.*

*Estimated Tax Payments for next year*

**Note:** Need one Form ACH for each payment.

### Complete Form ACH 1040/ES, Direct Debit for Balance Due or Estimated Tax Payment.

- Click 2014 income tax balance due
- Re-enter bank account information
- Enter Requested Payment Date

### Estimated Tax Payments:

- When *e-filing* a Form 1040 series return, up to four estimated payments can be scheduled for withdrawal on the following dates:
  - April 15, 2015
  - June 15, 2015
  - September 15, 2015
  - January 15, 2016

*When IRS due date for doing any act for filing a return, paying taxes, etc - falls on a Saturday, Sunday, or legal holiday, the due date is delayed until the next business day.*

# PIN Guidelines

There are two signature methods for *e-file* returns: Practitioner PIN and Self-Select PIN. The Practitioner PIN method is the preferred electronic signature method for taxpayers. The ERO may enter the taxpayer's PINs in the electronic return record before the taxpayers sign Form 8879, but the taxpayers must sign and date the appropriate form before the ERO originates the electronic submission of the return. The taxpayer must sign and date the Form 8879 after reviewing the return and ensuring the tax return information on the form matches the information on the return.

## Practitioner PIN Guidelines

**What?** The PIN can be any five numbers except all zeros. If filing a joint return, a PIN is needed for the taxpayer and their spouse. The Practitioner PIN option requires the completion of Form 8879, IRS *e-file* Signature Authorization, or Form 8878 if filing Form 4868 with electronic funds withdrawal. The taxpayers may authorize the volunteer to enter their PIN on their behalf using Form 8879.

## How to use the Practitioner PIN option in TaxWise® (all can be set as a default)

- In the Main Information Sheet, "Self-Select and Practitioner PIN(s)" section, enter the ERO PIN.
- Check the box below the PIN field to select the Practitioner PIN method.
- Tab to "The Income Tax Return" and place an "X" in the box.
- In Part III, of Form 8879, the EROs signature should be defaulted with the site name, address, and SIDN.

## Taxpayer PIN Entry

- After return has been quality reviewed and taxpayer(s) agree(s) with the return, enter PIN(s) on Main Info Sheet.

## Self-Select PIN Guidelines

The Self-Select PIN method is an additional electronic signature method for taxpayers.

It eliminates the requirement for Form 8879, *IRS e-file Signature Authorization*.

**What?** The Self-Select PIN method allows taxpayers to electronically sign their *e-filed* return by entering **their own** five-digit PIN. The PIN can be any five numbers except all zeros. If filing a joint return, a PIN is needed for the taxpayer and his or her spouse. The taxpayer does not need to register the PIN with the IRS before filing or contact the IRS to get a PIN. If this confuses the taxpayer, suggest that they consider entering their Zip code as their PIN.

## What are the guidelines for entering the original adjusted gross income (AGI)?

When taxpayers sign their electronic tax return using the Self-Select PIN method, they must provide their original prior year AGI or prior year PIN for the IRS to validate their identity. The prior year AGI is the amount from the taxpayer's prior year originally filed return as accepted by the IRS; it is not the amount from an amended return or a math error correction made by the IRS. In some cases the prior year AGI may have unique features as follows:

- If the prior year return was filed as married filing jointly with the same spouse, enter the same prior year total AGI amount for each taxpayer. Do not divide the amount between the taxpayers.
- If the prior year return was filed as married filing jointly with a different spouse, enter the prior year total AGI amount from the joint return filed with the ex-spouse.
- If the taxpayer did not file a prior year tax return, the prior year return was filed after December 9, 2013, the prior year AGI was zero, or the taxpayer **did not need to file a prior year tax return but filed a return anyway**, the taxpayer must enter "Zero" for the original prior year AGI amount. **Do not leave this field blank**; the return will be rejected if the field is left blank for a zero amount.
- If the taxpayer's AGI is negative, the negative amount should be entered.
- If the taxpayer is unsure of his or her original prior year AGI, he or she may call IRS Customer Service at 1-800-829-1040.



## PIN Guidelines (continued)

### How to Use the Self-Select PIN Option in TaxWise®

- Go to the “Main Information Sheet.”
- Scroll to the “Self-Select and Practitioner PIN(s)” section. For ERO PIN, enter “98765.” (This is the designated ERO PIN for volunteer sites and can be set as a default.) **Do not** check the box below it.
- Tab to “Income Tax Return” and place an “X” in the box. (This can be set as a default.)
- After the return is completed and reviewed, return to the “Main Information Sheet.”
- If the taxpayer(s) chooses to use the Self-Select PIN, let the taxpayer(s) enter their PIN. Enter the date and the taxpayer(s) prior year AGI or PIN.

### Removal of Form 8879 from the Print Packets:

To eliminate the automatic print of Form 8879 when the Self-Select PIN is used, check with your site coordinator.

**Note:** TaxWise® software users—Do not delete Form 8879 from your TaxWise® Tree. The information contained in this form must be included in the *e-file*.

## Form 8453, Transmittal for an IRS E-file Return

**TIP** - Alternatively, a PDF of the attachments can be attached to the electronic return. In that case, no Form 8453 is required. To do this, scan the document to create the PDF. Then, in TaxWise®, click on the PDF box on the Main Info sheet, the POA, or Sch D. Select the file to attach and click OPEN. Click the Upload button. When the PDF attachment has been successfully uploaded, click Close to finish.

Form 8453 will be used to transmit specific supporting documents that cannot be *e-filed*. Those paper forms, schedules and supporting documents include:

- Form 8949, Sales and Other Dispositions of Capital Assets (or a statement with the same information), if you elect not to report your transactions electronically on Form 8949
- Form 8453 is to be mailed to the Austin Submission Processing Center within three business days.
- Mail Form 8453 to:  
Internal Revenue Service  
Attn: Shipping and Receiving, 0254  
Receipt and Control Branch  
Austin, TX 73344-0254
- Form 2848, Power of Attorney and Declaration of Representative (or POA that states the agent is granted authority to sign the return)
  - Form 8332, Release / Revocation of Release of Claim to Exemption for Child by Custodial Parent (or certain pages from a divorce decree or separation agreement, that went into effect after 1984 and before 2009) (see instructions)

## Return Signature

A return is not considered valid unless it is signed. Both spouses must sign if the return is filed jointly. The return should be dated and the occupation lines should be completed.

### Child's Return

If a child cannot sign his or her name, the parent, guardian, or another legally responsible person must sign the child's name in the space provided followed by the words "By (parent or guardian signature), parent or guardian for minor child."

### Deceased Taxpayer

If a taxpayer died before filing the return, the taxpayer's spouse or personal representative may have to file and sign a return for the person who died. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent's property.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

### Filing Returns of Deceased Taxpayers

If filing a paper return, write "Deceased," the decedent's name, and the date of death across the top of the tax return.

TaxWise® will automatically note on the top of Form 1040 the decedent's name and date of death.

If the spouse died during the year and the surviving spouse did not remarry, a joint return can be filed. If the spouse died before signing the return, the executor or administrator must sign the return for the deceased spouse. If the surviving spouse or anyone else has not yet been appointed as executor or administrator, the surviving spouse can sign the return for the deceased spouse and enter "Filing as surviving spouse" in the area where the return is signed.

Form 2848, Power of Attorney and Declaration of Representative is no longer valid because the taxpayer is deceased and therefore, Form 56 or new Form 2848 signed by estate executor or representative must be completed

### Filing Returns for Deceased Taxpayers—Using TaxWise®

If the taxpayer or spouse died in 2014 or 2015, the "Name line 2" must be completed on the Main Information Sheet. Type the name of the person filing the return for the deceased person. Type the percent (%) sign followed by a space and followed by the name. This may be the surviving spouse if the filing status is married filing jointly, or a personal representative such as an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. Name typed in on Name Line 2, combined with surviving spouse name, must not exceed 30 characters (TaxWise® adds "DECD" internally and rejects if too many characters - see Exemptions/Dependency & Main Info tab).

In the Taxpayer Information section of the Main Information Screen, the date of death for the taxpayer must be entered.

### Claiming a Refund for a Deceased Person

If a surviving spouse is filing a joint return with the decedent, file the tax return to claim the refund. Court-appointed representatives should file the return and attach a copy of the certificate that shows their appointment. All other filers requesting the decedent's refund should file the return and attach Form 1310.

### Incapacitated Spouse

If one spouse is incapable of signing the joint return and has not given someone a POA to sign on their behalf, the other (capable) spouse may be able to sign on behalf of their incapacitated spouse. A statement attached to the return may be required. See Pub 501.

## Power of Attorney

1. Read Pub 17 on Power of Attorney & Signatures. For additional details, see Pub 947.
  2. In TaxWise®, click on Add Forms.
    - a. Double Click on POA (Form 2848) Check the box at the top of the POA, “using this form”.
    - b. On Line 2, fill in information about representative (if no CAF number, enter “None”).
    - c. On Line 3, Tax Matters, list “Type” as Income Tax Return.
    - d. On line 6, check box to retain TP’s original POA (not revoke).
    - e. Fill in red highlighted info (page 2 designation codes are listed above in red box) in Part II.
  3. Attach a copy of the taxpayer’s original paper POA to a copy of Form 8453 for the site to send to the IRS once the return is accepted. Alternatively, you may scan the POA to a PDF and attach the PDF to the return prior to creating the e-file.
- Even when the TP’s agent is using a POA different than Form 2848, follow the same process.

## Distributing Copies of Returns

### Taxpayer

- Form 1040 with all forms/schedules including signed Form 8879 and Form 8453, if applicable
- Organize the taxpayer's copy of the return according to the attachment sequence at the top right corner of each form. Any supplemental schedules are put at the end.
- Form 8332, if applicable
- Original Power of Attorney, if applicable
- State forms/schedules, as applicable
- All other taxpayer documents including Form(s) W-2 and Form(s) 1099

### Mail the following to:

IRS Processing Center (for e-filed return—after acknowledgement received)

- Form 8453, if applicable, along with the following:
  - Copy of Form 8332, if applicable
  - Copy of Power of Attorney, if applicable
  - Any other required attachments

## Where to File Paper Returns

When a paper return must be filed, advise the taxpayer to sign and mail the return to the applicable address for the state where the taxpayer lives.

Mailing addresses can be located in the References Tab and on [www.irs.gov](http://www.irs.gov). In the search box, type "Where to file addresses". The addresses are also located in Form1040 instructions.

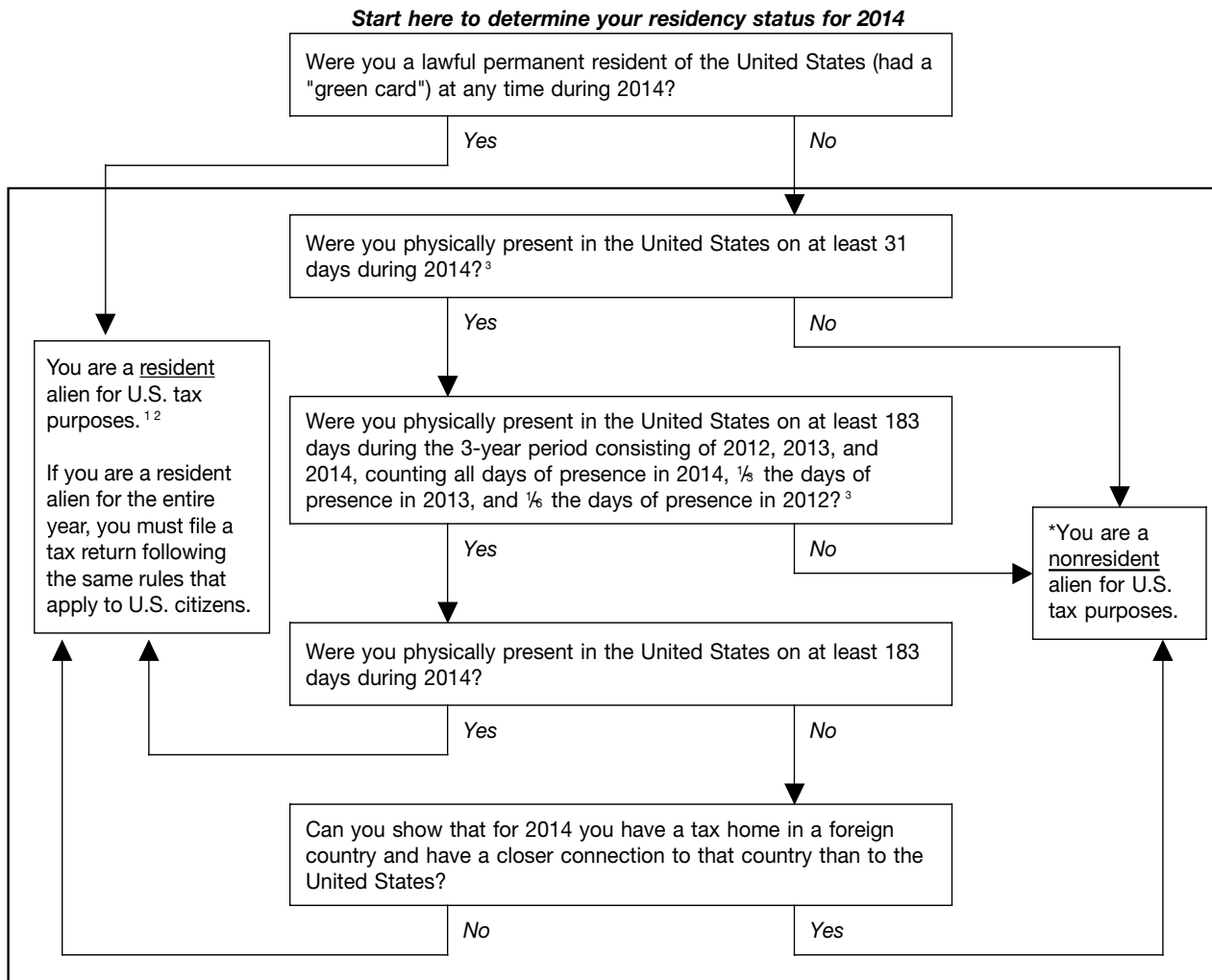




# Determining Residency Status – Decision Tree

## Resident Alien or Nonresident Alien?

Nonresident aliens are taxed differently from resident aliens, which is why it is important to determine their residency status. Use the following chart to determine if the taxpayer is a resident alien or a nonresident alien.



<sup>1</sup> If this is the first or last year of their residency, taxpayers may have a dual status for the year. Refer dual status aliens to a professional tax preparer.

<sup>2</sup> In some circumstances taxpayers may still be considered nonresident aliens under an income tax treaty between the United States and the foreign country. Check the provisions of the treaty carefully or refer to a professional tax preparer.

<sup>3</sup> Do not count days a person regularly commutes to work in the United States from their home in Canada or Mexico, or days the person is an exempt individual. **Such individuals may not choose residency status.**

Exempt individuals include:

- Foreign government-related individual
- Teacher or trainee who is temporarily present under a J or Q visa (1<sup>st</sup> two calendar years)
- Student who is temporarily present under an F, J, M, or Q visa (1<sup>st</sup> five calendar years)
- Professional athlete who is temporarily in the United States to compete in a charitable sports event
- A non-resident alien with a medical condition that prevents him or her from leaving the country

There is generally a time limit to the number of years a teacher, trainee or student can be exempt. Check Pub. 519 for details.

See *Days of Presence in the United States* in Publication 519 for additional information and Publication 901 for specific information on how the taxpayer's visa status and country of origin affect how to count days of presence.

\* Volunteers with foreign student certification may prepare tax forms and returns (Forms 8843, 1040NR, or 1040NR-EZ) for nonresident aliens within the scope of their training. Otherwise, refer taxpayers who are considered nonresident aliens to a professional tax preparer. If a non-resident alien is married to a U.S. resident or citizen and elects to be treated as a resident alien, a certified volunteer may prepare the return. See Publication 519 for additional information about this election.



# Electronic Filing of Returns with Valid ITIN

Returns can be electronically filed when the taxpayer has an Individual Taxpayer Identification Number (ITIN) but has a Form W-2 with a Social Security Number (SSN) not belonging to that taxpayer.

1. The taxpayer's ITIN must be entered on the Main Information Sheet in the space provided for the taxpayer's, or if applicable, spouse's social security number.
2. When completing the Form W-2 in TaxWise®, enter the SSN shown on the paper Form W-2. The Internal Revenue Service requires the manual key entry of the Taxpayer Identification Number (TIN) as it appears on Form W-2 received from the employer for all taxpayers with ITINS who are reporting wages. The ITIN that was entered when the return was started will not auto-populate the TIN on Form W-2 for these ITIN filers.

**Note:** ITIN taxpayers requesting to file Forms 1099-R with an incorrect Social Security Number must file a paper return. These returns cannot be e-filed. There are no procedures in place to e-file these types of returns.

# Starting a Return for a Primary Taxpayer Who Does NOT Already Have an ITIN (These returns cannot be electronically transmitted.)

In TWO, select New Return, then click on Apply for ITIN

In desktop, go to File then select Apply for ITIN

TaxWise® will generate a unique identifier that will always begin with ITIN followed by five numeric characters.

## Creating a Temporary TIN when the Spouse and/or Dependent(s) are Applying for an ITIN

Although TaxWise® will create a temporary ITIN for the main taxpayer when you use the “Apply for ITIN” feature in TaxWise®, it will not generate temporary ITINs for the spouse and/or dependents. The ITIN application requires a federal tax return be associated with all Form W-7 applications (with some exceptions as noted in the instructions for Form W-7). Federal tax returns cannot be filed using electronic return preparation software without a TIN (taxpayer identification number). If the taxpayer is working under an erroneous social security number, that social security number should not be used on the return.

1. In the TIN field, enter the number “9” followed by a fourth and fifth digit in the 70-88, 90-92, or 94-99 range and a numerical sequence with the number “1”. A return requiring three temporary TINs will be entered as follows:  

The spouse's	900-70-0001
The first dependent's	900-70-0002
The second dependent's	900-70-0003

Change the last digits of the TIN each time a new spouse or dependent applying for an ITIN needs a return prepared.

2. Fill in first and last name in TaxWise®. See Exemptions/Dependency & Main Info tab, Determining the Last Name of Taxpayer. Fill in name of each family member applying for an ITIN on a separate Form W-7 application. Make sure that names match required documentation that clients will be submitting with their W-7 application(s).
3. Print the return package, completely cross-out in INK the TIN on each form reflecting the temporary number; and provide the return package to the taxpayer to mail with Forms W-7 to the address shown on the Form.
4. If the taxpayer has a family pack that includes multiple Form W-7's with one return, or multiple returns with one Form W-7, these forms should be staggered and stapled together to show the entire package as a family pack. This will prevent separation of the forms/returns that could delay the processing time.
5. Have taxpayers mail Form W-7 application(s), all necessary documentation, and tax return or take to local IRS office. Note: Not all local IRS offices are authorized to process Form W-7 applications.
6. If applicable, prepare a copy of the state with a copy of the Federal attached. If taxpayers will not owe state, suggest they hold the state until they receive their official ITIN cards - may take 6-8 weeks - and record the ITINs on the tax returns before mailing. Remind the taxpayers that, if they apply for and obtain a valid SSN for all members of the family within 3 years, they can amend their return to obtain the EIC refund (if otherwise eligible)

NOTE: ITINs will now expire if not used within five years.

## Notes

[illegible]





# Amended Returns

Amended returns must be paper filed; they cannot be e-filed. To prepare an amended return, you **must** have an electronic or paper copy of the original return. If the original return is already in TaxWise®, start with step 2, below. Otherwise start with step 1.

1. Using taxpayer's paper copy of their original return, enter the tax data in TaxWise® to create a return that matches the copy. If the return was previously adjusted by the IRS, modify the original you entered to match the IRS changes before opening Form 1040X, *Amended Return*.
2. Open the original return in TaxWise®. If the return was previously adjusted by the IRS, modify the original return to match the changes the IRS made before opening Form 1040X.
3. Using the process for adding a form, select 1040X Pg 1 from the list. Add the state amended return forms if the taxpayer is required to correct that return as well.
4. On the Form 1040X and the state's amended return form, if applicable, check the box at the top to override the original refund or balance due before making changes to any forms.
5. Starting with the Main Information Sheet, confirm the address, filing status and exemptions from the original return and make any appropriate changes such as adding or removing dependents. Add additional Forms W-2, other income documents or credit information as if you are preparing the original return.
6. TaxWise® will complete the Form 1040X Part I based on changes to the tax return. In Part III, provide an explanation for filing Form 1040X such as receiving another Form W-2 after filing the original return or forgetting to claim the child tax credit. Identify the line numbers that changed in Part I as well. In the state amendment, press on the space bar on each line of the explanation to copy the explanation from the federal amendments.
7. Review the forms tree on the left for any red marks and fix them.
8. Quality review the return.
9. Secure the taxpayer's signature on this form and provide them with the appropriate mailing address from the Form 1040X Instructions. Follow the same process for state tax returns, if applicable.
10. When mailing the return to the IRS, do not attach a copy of the original return. However, you will need to attach certain forms, statements, etc. For example: a previously missing Form W-2 or 1099 showing tax withheld, or a new or changed Schedule C & SE.
11. Taxpayer should receive a copy of all documents to retain for their records.

**Note 1:** Advise taxpayer that amended return should not be filed until all refunds have been received, but file current year amended return by April due date if balance is due.

**TaxWise® Hint:** To Open the original read-only version of the return, click on [File,Return Version]. You can then close the current version (as revised) or a previous version by date completed.

**Note 2:** Individuals who were in same-sex marriages may, but are not required to, file original or amended returns choosing to be treated as married for federal tax purposes for one or more prior tax years still open under the statute of limitations.

**Note 3:** A Taxpayer who previously filed with an ITIN (or ITINs if MFJ) and now has a valid SSN may amend open years to claim EIC (if otherwise eligible). After locking the return, change the TIN used on the Main Info Sheet to the new SSN(s).

Additionally, if an employer provided health coverage for an employee's same-sex spouse, the employee may claim a refund of income taxes paid on the value of coverage that would have been excluded from income had the employee's spouse been recognized as the employee's legal spouse for tax purposes.

# Prior Year Returns

## Who can prepare prior year returns?

Sites are encouraged to prepare prior year returns if they have the required technical resources described below. VITA/TCE volunteers may only prepare returns within the scope defined for their level of training. Similarly, prior year returns may only be prepared when the tax issues come within the scope of the volunteer's current level of training and certification.

Taxpayers seeking assistance outside the scope of the volunteers' certification should be referred to a professional tax preparer.

Determining the certification level of the return is described below in Getting Started.

## Getting started:

- A **current** year Form 13614-C must be completed for each prior year and will be used to determine the scope and certification level of each return.
- Taxpayers with out-of-scope returns should be advised to seek assistance from a professional tax preparer.
- Assign prior year returns to experienced volunteers if at all possible.
- Both tax preparer and quality reviewer should meet or exceed the certification level of the return, on the basis of their IRS-tax law certifications for the **current** year. They need not have been certified in the actual prior year.
- Some tax law provisions have expired but are still in effect for certain prior year returns. For those returns, the volunteer must be certified in Advanced level.

## Technical resources:

The SPEC relationship manager and [www.irs.gov](http://www.irs.gov) (keyword search: prior year returns) are critical resources for administrative and technical resources. At minimum, the following tools are required:

- Prior year return tax preparation software (Required). If your site uses TaxWise® Online (TWO) you may access the prior year software using the following URLs:  
<https://twonline.taxwise.com/11>  
<https://twonline.taxwise.com/12>  
<https://twonline.taxwise.com/13>
- Applicable Publications 17 and 4012 (available in the tax software) and volunteer quality alerts/volunteer tax alerts (available on [www.irs.gov](http://www.irs.gov)) (Required)
- Forms 13614-C from prior years are helpful and sites should keep copies after tax filing seasons.
- Taxpayer's Wage and Income Transcripts from their IRS records are extremely useful.

**Note:** For transcripts, taxpayers can go to [irs.gov/individuals/Get-Transcript](http://irs.gov/individuals/Get-Transcript), register, and secure transcripts online if they have email. In addition, taxpayers can request a transcript via the 4506-T, or call 1-800-908-9946. The IRS2Go mobile app is also available for ordering either of these transcripts.

- Prior year tax form instructions and publications are available on [www.irs.gov](http://www.irs.gov).
- Interactive Tax Assistance (ITA) is an online tool that provides answers to a limited number of current and prior year tax law questions using a probe and response process. ITA is available on [www.irs.gov](http://www.irs.gov).

## Whether to e-file or mail prior year returns:

Only 2012 & 2013 tax returns can be e-filed. Other prior year returns must be mailed. Refer taxpayers to the Form 1040 Instructions for the appropriate address to mail their tax return. Also, see the information about balance due returns in this Volunteer Resource Guide (Finishing the Return tab).

## Expired Tax Topics and Other Issues Applicable to Prior Years:

Refer to the Publication 17 for the applicable tax year and review the "What's New" section.

## What if site cannot prepare a requested prior year return?

If possible, refer taxpayers to other VITA/TCE sites that offer prior year return service. Otherwise, advise them to seek assistance from a professional tax preparer. (**Note:** do not refer taxpayers to their local IRS Tax Assistance Center because they no longer prepare tax returns for individuals.)



## Filing for an Extension Using TaxWise®?

You can help taxpayers file for an extension using TaxWise®, as long as their payment will not include Direct Debit. This option does not require a taxpayer PIN. The steps are outlined below.

1. Complete the client's return as accurately as possible.
2. Go to the PIN section on the TaxWise® *Main Information Sheet*, near the bottom of the form.
3. In the PIN section, select "Form 4868 without direct debit."
4. Open Form 4868 and select for the box at the top of the form labeled "Check here if using this form." TaxWise® overrides and locks lines 4 and 5, "Estimate of total tax liability" and "Total payments."
5. Enter the amount being paid with Form 4868, if any.
6. Run diagnostics and create the e-file.
7. Close the diagnostic screen.
8. Print return for taxpayer files. Write "NOT FILED Extension Requested" across the top of return
9. Taxpayer must send in Form 1040-V with payment, if they expect to owe.
10. Make sure taxpayer understands they still have to file a return by October 15.

## Notes

[illegible]





# Setting up TWO

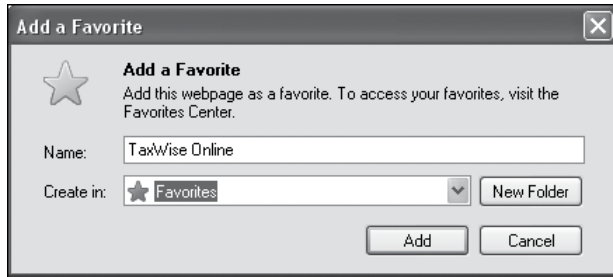
To set up TaxWise® Online as a Favorite in Internet Explorer, use the following steps:

1. Open Internet Explorer.
2. Type <https://twonline.taxwise.com> in the address line. To access prior year software type /and year at the end of the address line.

For example: <https://twonline.taxwise.com/10>, [/09](https://twonline.taxwise.com/09), or [/08](https://twonline.taxwise.com/08).

Address	<a href="https://twonline.taxwise.com">https://twonline.taxwise.com</a>
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3. Click on the **Favorites** icon.
4. Click **Add**.
5. In Name, type the name you want the favorites to display.



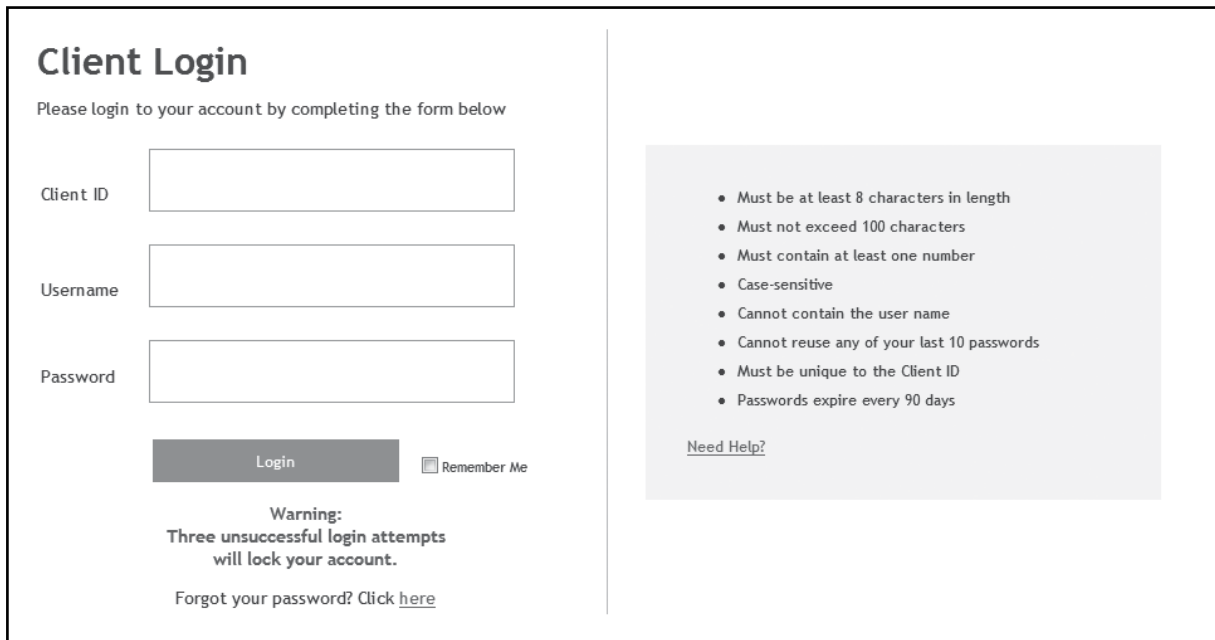
6. Click **OK**.

## Logging on to TWO the first time

- From your Favorites, select **TWO**.

The user name is not case sensitive.

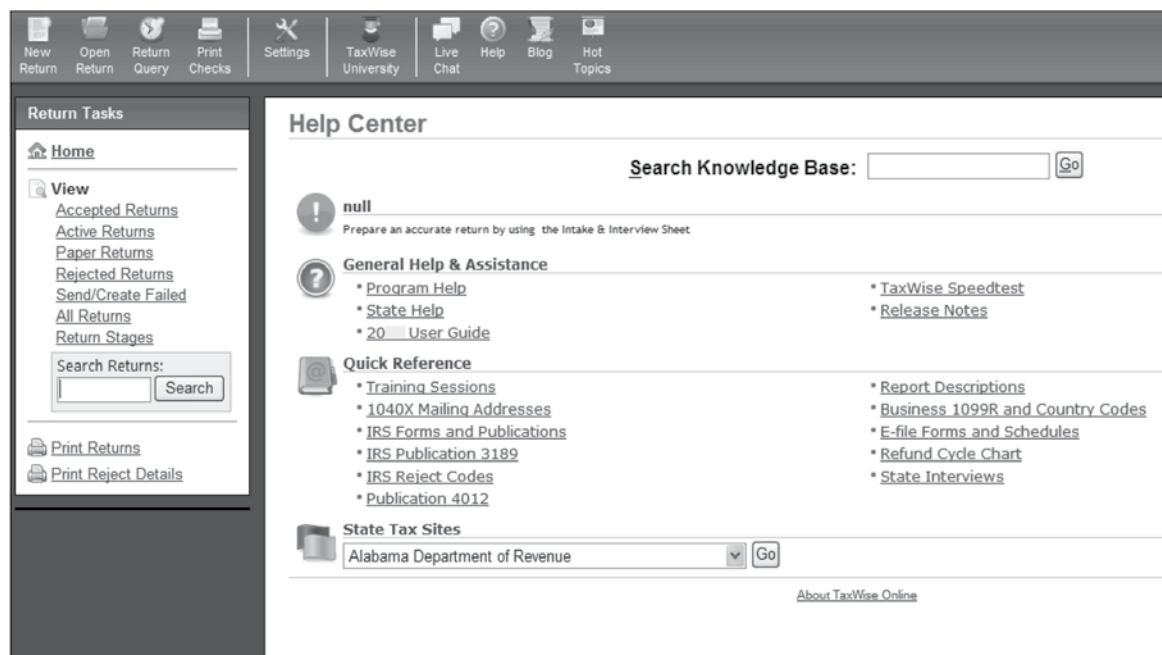
To log on to TaxWise® Online, do the following:



- Enter your **client ID**, **User Name**, and **Password**.

Except for the ADMIN user, your User Name and Password will be the same during this process. “When you log in for the first time, you will be asked to choose a security question and answer.”

# TWO Homepage



**New Return**—Select to start a new return.

**Open Return**—Select to open existing return.

**Return Query**—Select to check the status of any tax return.

**Settings**—Select to set user options and preferences.

**Print Checks**—Not applicable for VITA/TCE.

**Search**—To open an existing return, enter any part of SSN or last name in Search box

**TaxWise® University**—Select to log into TaxWise® University.

**Live Chat**—Select to use Live Chat with CCH.

**Help**—Select when in a return to access the Help Center.

**Blog**—To access Taxwise® Blogs

**Hot Topics**—Links to Taxwise® Hot Topic Page.

## TWO Shortcuts

**F1:** Opens program help from anywhere inside the application

**F3:** Estimate/un-estimate

**F5:** Refresh

**F8:** Override/un-override

**F9:** Link to a form

**F11:** Minimizes Internet Explorer toolbar

**Ctrl+E:** Next required field

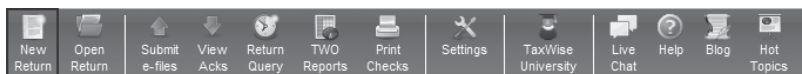
**Ctrl+I:** Insert row

**Ctrl+R:** Remove row

# Creating a New Return

To start a new return, use the following steps:

1. Click on the **New Return** icon on the toolbar:



2. Enter the taxpayer's SSN in the Social Security Number box.

A screenshot of a web browser window titled 'Create New Return -- Webpage Dialog'. The page has a header 'Create New Return' and a sub-header 'Select the type of return you wish to create'. There are two radio buttons: 'Start a New Return' (selected) and 'Apply for ITIN'. Under 'Start a New Return', there are two text input fields: 'Social Security Number:' and 'Confirm Social Security Number:'. The 'Social Security Number' field contains dashes '- -'. At the bottom, there are three buttons: 'Go to Tax Forms', 'Go to Interview', and 'Close'.

3. Re-key the taxpayer's SSN in the Confirm Social Security Number box.

TWO has two methods for input of the tax return, Interview based and Forms based.

- The TaxWise® Online Interview allows you to gather information that determines which tax forms must be included in each return. Based on the answers to the questions, the program will load needed tax forms and will determine when some additional information is needed. Many questions require the user to make decisions using information already collected from the client through the Intake and Interview Process.
- The "Go to Tax Forms" method is similar to TaxWise® Desktop. The preparer completes the Main Information Sheet, opens Form 1040, page 1 and adds the appropriate forms as the Form 1040 is completed.

**Note:** The user may toggle between interview completion and forms completion at any time.

- Click the **Close** button to close the return and go back to the **TaxWise® Online Homepage**.

If the SSN is already in use, TWO displays the following:

A screenshot of the 'Create New Return' dialog box. The 'Social Security Number' field contains '123-45-6789' and the 'Confirm Social Security Number' field contains '234-56-7891'. Below these fields, the text 'SSNs must match.' is displayed. The 'Go to Interview' button is highlighted.

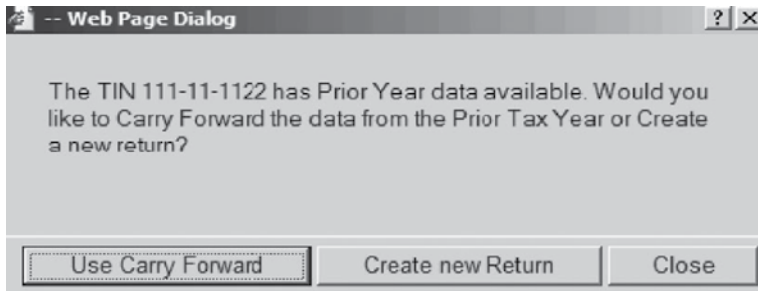
If the SSN does not match, TWO displays the following:

A screenshot of the 'Create New Return' dialog box. The 'Social Security Number' field is masked with dots '.....' and the 'Confirm Social Security Number' field contains '09-11-1112'. Below these fields, the text 'SSNs must match.' is displayed. The 'Go to Tax Forms' button is highlighted.



## Using the Carry Forward Function

In TWO Online there are no preliminary steps needed to perform the Carry Forward function. Click on the **New Return** button and enter the SSN for the taxpayer you wish to carry forward the information. You will receive the message below with the option to use carry forward, create a new return, or close this window.



If you elect to use the Carry Forward function, the return will open with the prior year's information, and there are no further steps to take. Information to be verified will be underlined in red, simply verify, remove the red and complete the return as normal. **Caution - Be sure to verify that all EIN's and addresses on Forms W-2 and 1099-R are still the same as the prior year when using carryforward.**

## The TaxWise® Online Interview

- On each page you have the options of **Next** to continue or **Previous** to go back one page.
- The **Help Me** button displays a Filing Status Wizard to assist you in determining filing status.

After collecting necessary information from Form 13614-C, Intake/Interview & Quality Review Sheet and properly applying the tax law, you should choose your client's filing status.

A screenshot of the "The TaxWise Online Interview" interface. On the left is a vertical sidebar with a list of menu items: "Filing Status", "Personal Info", "Location", "Address", "Special Processing", "General Questions", "Dependents", "Types Of Income", "Assets", "Adjustments", "Deductions", "Extra Questions", "State Return", "Select States", "Custom Questions", and "Finish". The "Filing Status" item is highlighted. The main content area on the right has the heading "Please choose your client's filing status:" followed by five radio button options: "Single", "Married Filing Separately", "Married Filing Jointly", "Head of Household", and "Qualifying Widow(er) with Dependent Child". Below these options is a "Help Me" button. At the bottom right of the main area is a "Next" button.

After filing status the next screen is an input screen that gathers client's personal information.

The screenshot shows the 'The TaxWise Online Interview' interface. On the left is a vertical menu with options: Filing Status, Personal Info (highlighted), Location, Address, Special Processing, General Questions, Dependents, Types Of Income, Assets, Adjustments, Deductions, Extra Questions, State Return, Select States, Custom Questions, and Finish. The main content area is titled 'The TaxWise Online Interview' and contains the text 'Now let's collect your client's personal information.' Below this are several input fields: 'Taxpayers Name?' with a split box for 'First Name' and 'MI Last Name', 'Taxpayer's Social Security Number' with the value '209-11-1111', 'Taxpayer's Date of Birth', 'Taxpayer's Occupation', 'Taxpayer's date of death', 'Email Address:', and 'Was EITC previously disallowed?' with radio buttons for 'Yes' and 'No'.

The screenshot shows the 'The TaxWise Online Interview' interface. The left menu is the same as the previous screen, but 'Dependents' is now highlighted. The main content area is titled 'The TaxWise Online Interview' and contains the text 'Dependents' and 'Now let's look at dependents. Generally a dependent is someone whom you support.' Below this is the question 'Not sure whether someone qualifies as a dependent?' with a 'Help Me' button, and 'Are there any dependents?' with radio buttons for 'Yes' (selected) and 'No'.

Some interview screens have questions that require additional information. For example, answering Yes to this question about dependents causes a new screen to appear asking for more information about the dependent(s).

NOTE: Be sure to list dependents in order of youngest to oldest

The screenshot shows the 'The TaxWise Online Interview' interface. The left menu is the same as the previous screen, but 'Dependent List' is now highlighted. The main content area is titled 'The TaxWise Online Interview' and contains the text 'Dependents' and 'In the interview process you can enter up to 4 dependents.' Below this is a table with columns: Action, First name, Last name, Date of birth, and Social security number. There are four rows, each with an 'Edit' button in the Action column and empty input fields for the other columns. A 'Help Me' button is located at the top right of the table. Below the table is the text '\* Click on "EDIT" button to add/modify dependent information'.

This screen requires you to click an Edit button and input additional information about each dependent.

Clicking the Edit button causes this screen to appear. After collecting the Intake and Interview information from the client, it is imperative that you input all the required information correctly.

The screenshot shows the 'The TaxWise Online Interview' window. On the left is a sidebar menu with options: Filing Status, Personal Info, Location, Address, Special Processing, General Questions, Dependents (selected), Dependent List, Types Of Income, Assets, Adjustments, Deductions, Extra Questions, State Return, Select States, State Questions, Custom Questions, and Finish. The main area is titled 'Dependent Details' and contains the following fields and questions:

- Enter dependent and non dependent (for purposes of EIC or the Child Care Credit) information here. See the instructions below for column explanations.
- First Name: [text box] Last Name: [text box] Date of Birth: [text box]
- Social Security Number: [text box] Relationship to taxpayer: [dropdown menu]
- How many months did this dependent live in the home during 2013? [text box]
- (If this dependent was born in 2013, enter 12)
- Code: [text box]
- Check if the taxpayer paid for child or dependent care for this dependent in order to work. ☐
- Check if this child qualifies for EIC. ☐
- This dependent qualifies for Child Tax Credit. ☐
- Was the individual a US Citizen, Resident of US, Canada, or Mexico? ☐ Yes ☐ No
- Is the individual under 19 years of age; a student under 24 years of age; or permanently and totally disabled? ☐ Yes ☐ No
- Did you provide more than 50% of the support for the dependent claimed? ☐ Yes ☐ No
- Can anyone else claim this dependent on their income tax return? ☐ Yes ☐ No
- Did the dependent file a joint return for 2013? ☐ Yes ☐ No
- Is the individual single as of 12/31/2013? ☐ Yes ☐ No
- Did the Individual receive less than \$3900 in income? ☐ Yes ☐ No

At the bottom are buttons: Cancel, Delete, Save, Previous, and Next.

If there is a chance the child will be a qualifying child for EIC purposes, be sure to check the EIC box next to the child's name. TaxWise® will not allow the EIC if they do not qualify.

Remember to complete all questions in the interview Mode, then Click **Finish** to continue. Complete the return by inputting any additional information directly into the tax return. Your screen will look something like the following:

US		Main Information Sheet				2013
This return can be filed on Form <u>1040A</u>						
Check form you are using: <input checked="" type="radio"/> 1040 <input type="radio"/> 1040A <input type="radio"/> 1040EZ <input type="radio"/> 1040PR <input type="radio"/> 1040NR <input type="radio"/> 1040NREZ						
Check one: <input type="radio"/> Spanish forms on the screen and printed. <input type="radio"/> Spanish forms printed only.						
Sal.	Your first name	Initial	Last name	Suffix	Your SSN	
	<u>Test</u>		<u>Return</u>		<u>209-11-1112</u>	
If filing a <b>JOINT</b> return, enter your spouse's						
Sal.	First name	Initial	Last name, if different from yours	Spouse's SSN		
<b>Mailing address</b>						
Name line 2. Use % for care of						
Present home address <u>225 Chastain Meadows Court</u>						
Zip code, city, and state <u>30144- KENNESAW, GA</u>						
Email address _____						
<b>Telephone numbers</b>			<b>Taxpayer</b>	<b>Spouse</b>		
Daytime			<u>404-222-2222</u>	_____		
Evening			<u>404-222-2222</u>	_____		
Cell phone			<u>404-222-2222</u>	_____		
Foreign phone			_____	_____		
<b>Birth date</b>			<u>02/25/1991</u>			

# Navigating the Tax Return

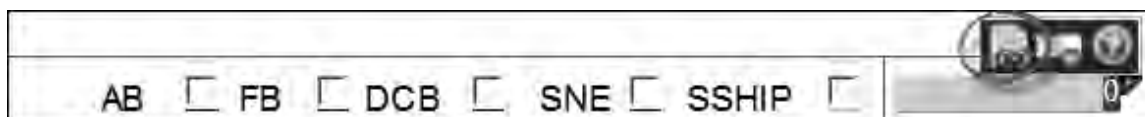
Color coding:

Option	Description
<b>Green</b>	These entries are calculated by TaxWise® Online from information on supporting forms. You cannot type data directly into a calculated entry or delete the calculated value unless you override the calculation.
<b>Black</b>	These entries are non-calculated, and you can type data directly into them.
<b>Red</b>	These entries are required for e-filing. TaxWise® Online marks certain entries as required to assist you with preparing a complete and accurate tax return. You must complete entries for TaxWise® to check off the form as “complete” on the list of forms in the Tree. When you type data in a required entry, TaxWise® Online displays the text in green and converts the entry to a non-calculated entry when you refresh the return.
<b>Blue</b>	These entries are calculated entries that have been overridden by the preparer.

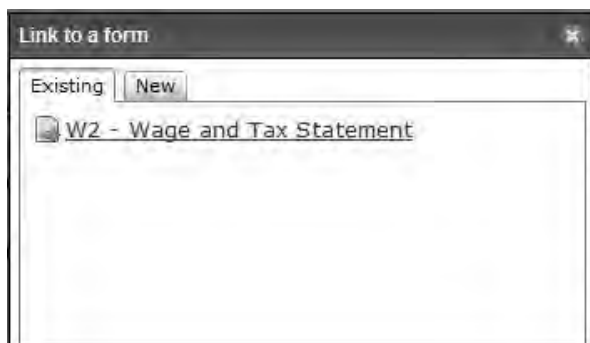
1. To “unestimate”, where a line or box is red, click on the *Toggle Estimated* icon to the right of the *Link* icon (see *Linking to a Form*) or press F3 or Ctrl-Spacebar.
2. After entering data (or if newly selected form, click anywhere on the form), press Ctrl-E to go to next red entry.
3. Do not use *Scratchpad* if form or worksheet available (check if one existing before opening new).

## Linking to a Form

To link to a supporting or additional form, you will click on the **Link** icon to access the window where you can select the form you need. For example, if your cursor is on Form 1040, line 7, click the Link icon to open the window to show any forms that will carry income to this line.



In the screen shot below, the **Existing** tab is the active window (lighter gray). It will list any forms that are already linked. Clicking on the **New** tab will list any forms that can be selected for the associated field (Form 1040, line 7).



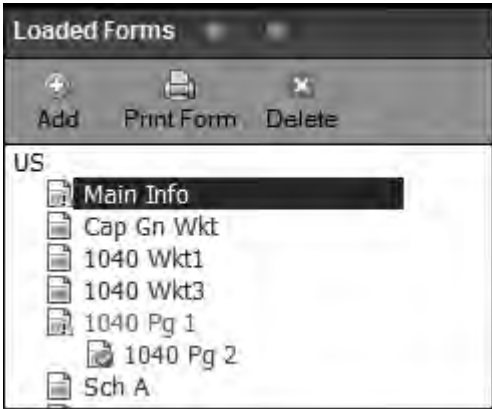
You can also use the **Link** icon to link worksheets or scratch pads to entries. For example, while on Schedule A, line 1, the **Link** icon will open the window where you can select the *Itemized Deduction Detail Worksheet*.

# The TaxWise® Online Tax Forms

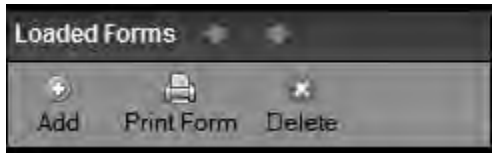
**Go to Tax Forms** allows the preparer to complete the tax return using the forms-based method.

Preparers complete the Main Information Sheet, open Form 1040, page 1, and add the appropriate forms as they go down Form 1040.

The Forms Tree to the left of the return shows all the forms that are currently loaded for the active return. The icons next to the forms indicate whether a form has been loaded, is complete, needs completion, or is not used.

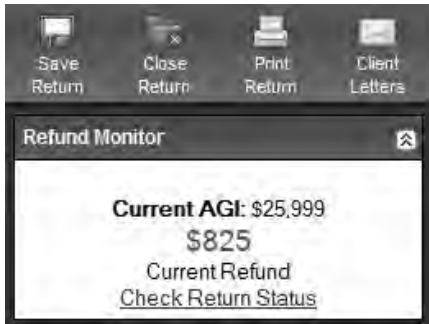


To navigate the tax return, it is better to use the navigational buttons located above the Loaded Forms tree. The following describes these buttons when completing a return:



Option	Description
Previous	Opens the previous form on the active screen.
Next	Opens the next form on the active screen.
Print Form	Prints the active tax form.
Add	Adds a single form to the active return.














The Refund Monitor, shown to the left of the return, displays the current AGI and the refund amount or balance due for the active return. These figures change as return data is added.



← The Refund Monitor can be hidden from display by clicking the Show/Hide Details button.

# TaxWise® Online Toolbar Icons

The following illustration shows the available toolbar icons when completing a return:

Icon	Description
	Saves the active return
	Closes the active return
	Prints the active return
	Allows you to create and print client letters
	Changes to interview process
	Checks the return for electronic errors prior to creating the electronic file
	Checks the status of the active return
	Checks the status of any return
	Displays the list of available forms to be added to the active tax return
	Allows you to interact with CCH or TaxWise® Customer Support
	Provides a link to the Homepage and the help functions
	The blog is updated with important information during the tax season
	Closes the software and all returns

# Adding Forms to a Return

There are three ways to **Add a Form** to the active tax return:

- Link from the appropriate cell, e.g., Sch B to Interest Stmt or Sch D to Form 8949 to Cap Gn Wkt.
- From the Loaded Forms tree, click the **Add a Form** icon, or
- Select the **Forms List** icon.

The following illustration shows the Add a Form window for “Show All Forms”:

The screenshot shows a web-based dialog box titled "Add a form - Web Page Dialog". It features a search bar with the text "Search For" and a dropdown menu set to "Form". Below the search bar is a table listing various tax forms. Each row in the table has an "Add" link in the first column, followed by the form name, type, and description. At the bottom right of the dialog are "Refresh" and "Close" buttons.

	Form	Type	Description
<a href="#">Add</a>	Interview	Federal	Interview Sheet
<a href="#">Add</a>	1040 Wkt1	Federal	Social Security, Other Income Worksheet
<a href="#">Add</a>	1040 Wkt2	Federal	Student Loan Education Worksheet
<a href="#">Add</a>	1040 Wkt4	Federal	Look-Back Rule for EIC and Form 8812
<a href="#">Add</a>	1040A Pg1	Federal	US Individual Income Tax 1040A Pg1
<a href="#">Add</a>	1040ES Pg1	Federal	2006 Estimated Tax Vouchers Pg1
<a href="#">Add</a>	1040EZ	Federal	US Individual Income Tax 1040EZ
<a href="#">Add</a>	1040NR Pg1	Federal	Nonresident Alien Income Tax Pg1
<a href="#">Add</a>	NREZ Pg1	Federal	Nonresident Alien Tax 1040NR-EZ Pg1
<a href="#">Add</a>	1040V	Federal	Balance Due Payment Voucher
<a href="#">Add</a>	1040X Pg1	Federal	Amended Individual Income Tax Pg1
<a href="#">Add</a>	1045	Federal	Application for Tentative Refund
<a href="#">Add</a>	1045 Sch A	Federal	Current Year Net Operating Loss Comp
<a href="#">Add</a>	1045 Wkt1	Federal	NOL Carryover Pg1

- Enter the Form Name, Form Number, or part of the form description in the **Search For** box:

A close-up of the search bar area, showing the "Search For:" label, an empty text input field, and "Go" and "Clear" buttons.

- Select **Clear** to remove your search criteria.
- Click the **Add** link next to the appropriate form.



# Additional Dependent Worksheet

If there are more than four dependents to list, enter the first four dependents on the Main Information and the remaining dependents on the Additional Dependent Statement by **linking from the first dependent field on page 1 of Form 1040**.

- Nondependents must be listed on the Main Information Sheet—they cannot be listed on the statement.
- Children who are qualifying children for EIC or Dependent Care must be listed on the Main Information Sheet.

1. Click on the first name in the list.
2. Click on the Link icon.

The following illustration shows the Entry Links window:



- Click on the New tab.
- The Entry Links window defaults to Existing forms.
- Click on the Add icon next to “Addl Deps – Form 1040 Line 6c”

The following illustration shows the Additional Dependent Worksheet:

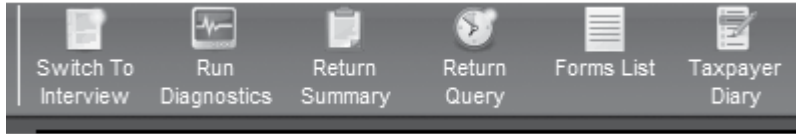
US 1040		Line 6c: Additional Dependents					2011	
Do not skip lines. Delete blank lines by using the ALT and DELETE keys.								
Code = Dependent code. Enter 1, 2, or 3.								
Dependent Information		Name code	Date of birth	Age	Social security number	Relationship to you	Married	C or D
First name	Last name							
				0				
				0				
				0				
				0				
				0				

Note: There is no column for Dependent Care or Earned Income Credit.



# Running Diagnostics and Creating an Electronic File

- Select the **Run Diagnostics** icon for the active return.



- Check to see that all overrides are necessary.

The following illustration shows the diagnostics details:

- Correct all e-file errors. The text will be red and generally if you click on the error, TaxWise® will take you to the error that needs correction.
- Select the **Refresh icon** again.

The following illustration shows the diagnostics details after all e-file errors have been corrected:

- Select the **Create Efiles** hyper link.
- Close the return.
- Complete this step prior to printing the return. This will print the DCN on Form 8879.

**Note:** To delete an e-file, on Main Information Sheet, change the type of return to paper, and then back to e-file

# Setting the Return Stage

## *Setting the return stage from inside the tax return:*

1. Open the return.
2. Select the **Return Summary** icon.
3. Select the appropriate stage from the drop down box in the Efile Status section. See your Site Coordinator for further information on selecting return stages.
4. Return Stage can also be selected from the Active Return screen.

**Return Status**  
This will be the definition of the return status dialog

Demographic Information	
MERCIE BATES	Filing Status: SINGLE
3300 BOWIE DRIVE	Dependents: 0
GREENSBORO, NC 27401-	


  

Federal Income Information			
Earned Income:	\$9,651.00	Computed Tax:	\$433.00
AGI:	\$9,651.00	Tax Withheld:	\$998.00
Taxable Income:	\$4,301.00	Est. Tax paid:	\$0.00
Payments/Credits:	\$0.00	Refund(Due):	\$565.00
EIC:	\$0.00		

Efile Status		
Date Created	Status	No IRS efile made
Date Sent	Return Stage	<div>▼</div>
Date Rejected	DCN	
Date Accepted		

COMPLETE  
PAPER RETURN  
READY TO REVIEW  
READY TO TRANSMIT  
WAITING ON SIGNATU

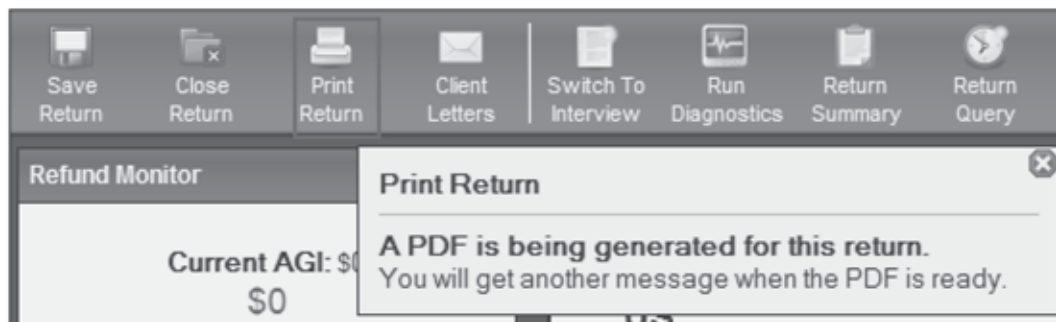


# Printing the Active Tax Return

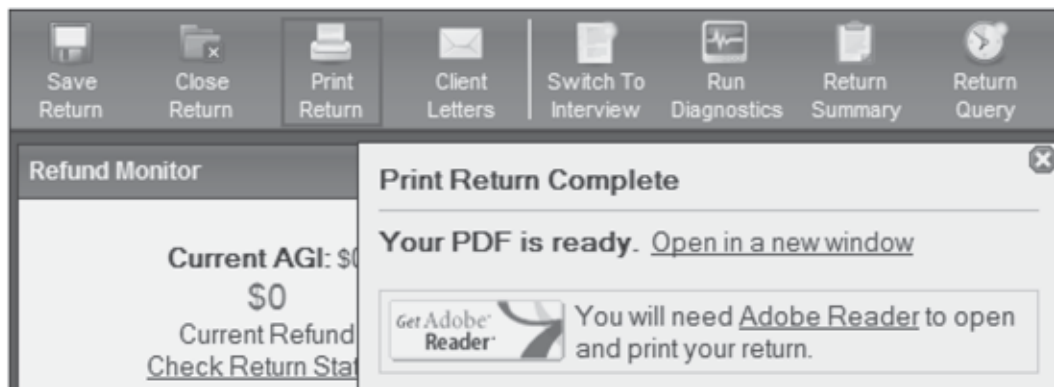
To print a return while you have the return open, you can click the tool bar's **Print Return** button.



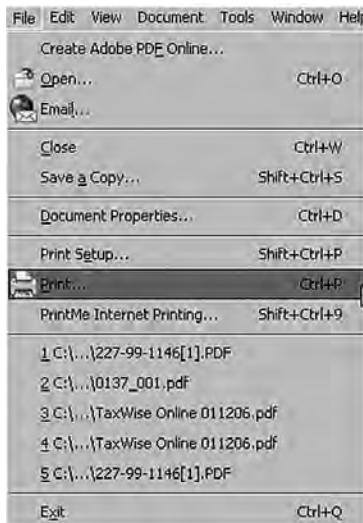
TaxWise® Online displays the PDF message box.



Click open in a new window link.



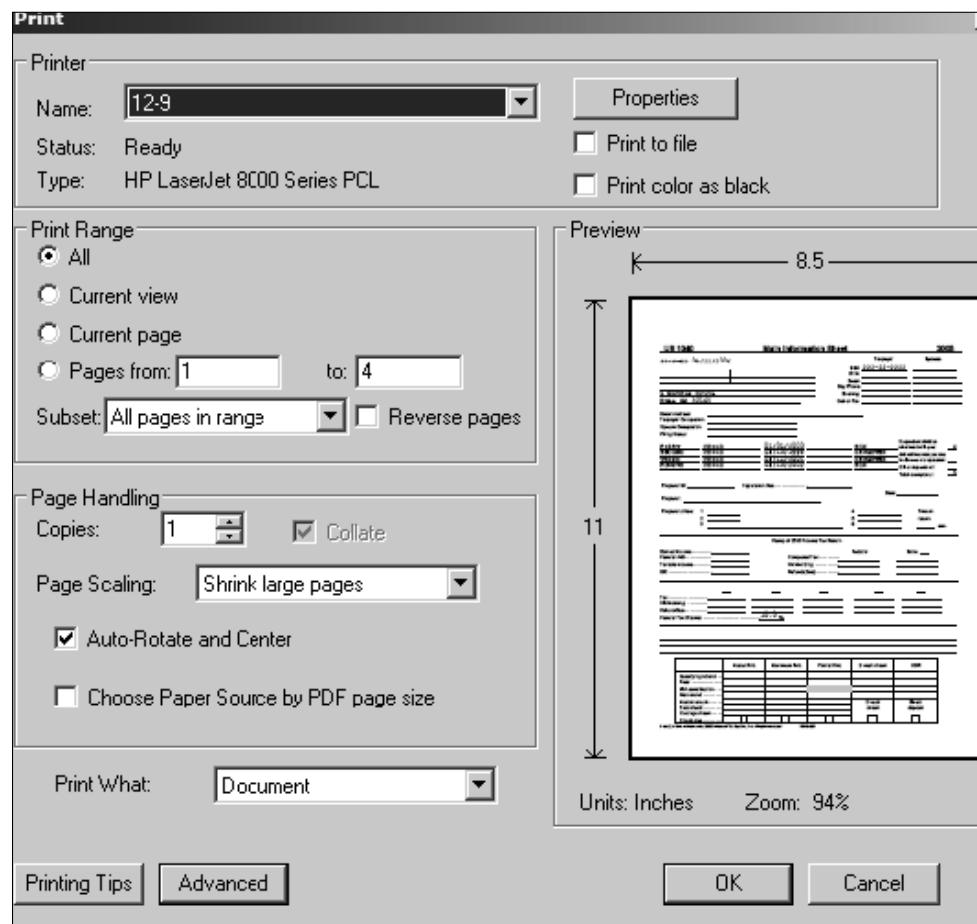
Once the PDF file opens, you can print by clicking on the Print Return icon on the task bar or by opening the file menu and selecting “Print”.



**Note:** This will print the entire return. To print a specific page, identify the page number and/or change the print range.

- Select **Cancel** to cancel the printing process.

The following illustration shows the Adobe Reader Print dialog box:



Defaults to your Windows default printer.

# Printing from the User Homepage

- Select the **Print Return** icon found on left Return Task box.

The following illustration shows the **Print Returns** dialog box:



- Select the appropriate returns to print.
- Click on the **Submit** button.
- Click **OK** to confirm the selected returns to print.







**NOTE:** If you are using TaxWise Desktop only because TWO is not available, follow these instructions. When TWO becomes available, run diagnostics and click Mark to Transfer. Then follow the instructions on Page O-7 to transfer the returns to TWO.

## TaxWise® Log in Screen

Open TaxWise®, select a User name, enter a Password, and click **OK**.

**TaxWise 2009**

File Edit Form Letter View Bank Reports Communications Tools Help

Home | TaxWise Web | IRS | Manage Students | Student Lessons | Support Site/Knowledge Base

Back Forward Stop Refresh Home Address: C:\UTS001\TM\Homepage\index.htm GO!

### TaxWise

#### TaxWise Login

User name: Admin

Password:

OK Exit

#### Important Reminders

- Prepare an accurate return by using a completed Intake & Interview Sheet
- Conduct a thorough review of the completed return
- Promote the purchase of U.S. Savings Bonds - use Form 8888 to designate a portion of the refund to purchase bonds

#### Show Release Notes

Look here to view the latest release notes for TaxWise.

#### Approval Information

Find out if you are ready for tax season. Click any of the links below to check on your status:

- e-file tax returns
- ERO Application
- RALs
- ERCs
- IRALs

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8/14/2010 9:24 AM

## TaxWise® Desktop Homepage

**TaxWise 2012: 1040 Individual: Admin**

File Edit Form Letter View Bank Reports Communications Tools Help

Prev Form Next Form New Return Open Return Close Return Forms Tree Print Return Print Form Link Dept What Return Stage Interview Diagnostics Portal Sale IRS Pub 17 User Guide

Home | TaxWise Web | IRS | Manage Students | Student Lessons | Solution Center/Knowledge Base | TaxWise Blog

Back Forward Stop Refresh Home Address: C:\UTS12\TM\HomePage\Homepage.htm GO!

### TaxWise

Log Out

#### Tasks You Do Most Often

- Start a New Return
- Open an Existing Return
- Change User
- Change Package
- Exit

#### Important Reminders

- Prepare an accurate return by using a completed Intake & Interview Sheet
- Conduct a thorough review of the completed return
- Promote the purchase of U.S. Savings Bonds - use Form 8888 to designate a portion of the refund to purchase bonds

2012





## Tasks You Do Most Often

Start a New Return

Open an Existing Return

Change User

Change Package

Exit

- Start a New Return—Double click to start a new return
- Open an Existing Return—Double click to open a list of all returns under the current user.
- Change User—Double click to open a dialogue box that will let you log in as a different user.
- Change Package—not used by VITA/TCE.
- Exit—Double click to close the program.

## Starting a New Return

Enter Social Security Number

SSN: [masked]

Re-key SSN: [masked] for validation

File name: [text box]

☐ Use SSN to name file

☐ Prompt if Return not Carried Forward

☐ Start Return in Interview Mode

OK Cancel Help

Enter SSN (without hyphens—program will enter automatically).

Repeat entry of SSN.

Do not check.

TaxWise® will automatically generate an alpha-numeric filename that will be associated with the SSN. The association will ensure unique file names for each return which will allow the program to show the SSN rather than filename in TaxWise® Explorer and also during Backup and Restore. The option to "Use SSN to name file" will be grayed out.

Check box that reads "Prompt if Return not Carried Forward" if you want information from the previous year's tax return to carry forward to this year's tax return.

**Caution - Be sure to verify that all EINs and addresses on Form W-2 and 1099 are still the same when using carry forward information.**

# TaxWise® Desktop Quick Reference

## The TaxWise® Window

**Annotations:**

- Title Bar:** TaxWise 2012 : 1040 Individual : Admin : 123-45-6789
- Menu Bar:** File Edit Form Letter View Bank Reports Communications Tools Help
- Main Tool Bar:** Prev. Form, Next Form, New Return, Open Return, Close Return, Forms Tree, Print Return, Print Form, Link Depr Wkst, Return Stage, Interview, Diagnostics, PortalSafe, IRS Pub 17, User Guide
- Refund Monitor:** 123-45-6789, AGI: \$11,500, Balance Due: \$701
- Forms Tree:**
  - 123-45-6789
    - Main Info
    - 1040 Individual Forms
      - 1040 Pg 1 (Blue check)
      - 1040 Pg 2 (Blue check)
      - 1040 Wkt (Blue check)
      - 1040 Wkt3 (Blue check)
      - 1040V (Blue check)
      - Sch A (Blue check)
      - A Detail (Blue check)
      - Sch B (Blue check)
      - Interest Stmt(Fully) (Blue check)
      - Dividend Stmt (Blue check)
      - Sch C Pg 1 (Blue check)
      - Sch C Pg 2 (Blue check)
      - 1099 MISC(TP-) (Blue check)
      - Sch E Pg 1 (Blue check)
      - Sch E Pg 2 (Blue check)
      - Sch EIC Wkt (Blue check)
      - Sch R Pg 1 (Blue check)
      - Sch R Pg 2 (Blue check)
      - 1099R(TP-ABC) (Blue check)
      - 2210 Pg 1 (Blue check)
      - 2210 Pg 2 (Blue check)
      - 2210 Pg 3 (Blue check)
      - 2210 Pg 4 (Blue check)
      - 6251 Pg 1 (Blue check)
      - 6251 Pg 2 (Blue check)
      - 8863 Pg 1 (Blue check)
      - 8863 Pg 2/JOE BL (Blue check)
- Main Information Sheet (2012):**
  - US
  - This return can be filed on Form: 1040A
  - Check form you are using: ☒ 1040 ☐ 1040A ☐ 1040EZ ☐ 1040PR ☐ 1040NR ☐ 1040NREZ
  - Check one: ☐ Spanish forms on the screen and printed. ☐ Spanish forms printed only.
  - Sal. Your first name: Joe, Initial: J, Last name: BLOW, Suffix: , Your SSN: 123-45-6789
  - If filing a **JOINT** return, enter your spouse's:
    - Sal. First name: , Initial: , Last name, if different from yours: , Spouse's SSN:
  - Mailing address:
    - Name line 2 Use % for care of:
    - Present home address: 123 MAIN
    - Zip code, city, and state: 12345-6789 COEUR D'ALENE, ID
    - Email address:
  - Telephone numbers:
    - Taxpayer: 208-765-4321
    - Spouse:

**Context-sensitive help screen shows instructions for the current entry.**

**Alt-F1 toggles the context-sensitive help screen on or off**

**Forms Tree shows common tax forms. Those with red explanation marks or blue check marks are included in this return.**

## Main Tool Bar



- Forms Tree - toggles the forms tree on or off
- Print Return - opens print screen, so you can choose which print packets to print.
- Print Form - prints the open form only.
- Return State - lets you mark the return with the stage it is in (in progress, waiting for signatures, complete, etc.)
- Interview - opens the interview format instead of the tax forms
- Diagnostics - checks the return for obvious errors
- PortalSafe - Not used by VITA/TCE
- IRS Pub 17 - opens PDF of current Pub 17
- User Guide - Opens PDF of current TaxWise User Guide

## Moving around in TaxWise®

- Select a form in the Forms Tree, **then click anywhere in the form itself.**
- Tab and Enter moves the cursor to the next cell.
- Shift-tab moves the cursor to the previous cell.
- Page Up and Page Down move the cursor to the next screen or next required field.
- Right-arrow and left-arrow move the cursor within a cell.

### CLASSIC COLOR SCREEN

Yellow ..... Calculated Entries  
 Green ..... Non-calculated Entries  
 Red Block ..... Required Entries  
 Red on Gray ..... Overridden Entries  
 White on Red ..... Estimated Entries  
 Yellow Block..... Scratch Pad Attached

### Function Keys

Function Key	Description
F1	Display Help
F2	Save Return
F3	Estimate
F5	Calculator
F6	Show 2nd Form
F7	Return Status
F8	Override Entry
F9	Link Form
F10	Close Form/Return
F11	Insert Variable
Shift+F1	IRS Instructions
Shift+F3	Un-Estimate
Shift+F8	Un-Override
Shift+F9	Remove Form
Shift+F10	Add New Copy
Shift+F11	Pause Timer
Alt+F1	Context-Sensitive Help
Alt+F9	Sort Ascending
Alt+F10	Sort Descending
Ctrl+F3	Find Next
Ctrl+F10	Add New Form
Ctrl+F10	Add Form/Display Form List

### Shortcut Keys

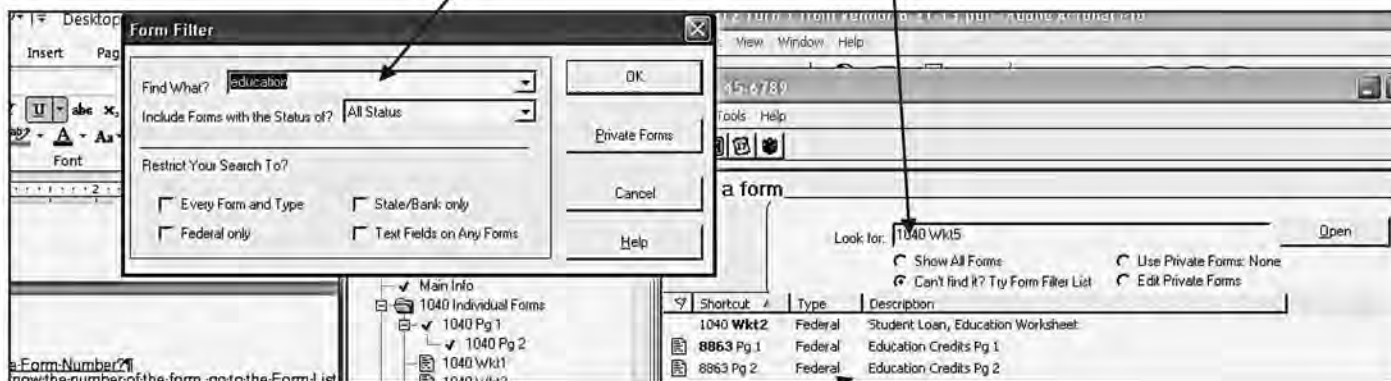
Shortcut Keys	Description
Alt+Delete	Delete a line
Alt+Insert	Insert a line
Ctrl+A	Select All
Ctrl+Alt+W	Go to Web
Ctrl+B	Backup to Disk
Ctrl+C	Copy Entry Text
Ctrl+D	Run Return Diagnostics
Ctrl+Delete	Delete Entry Text
Ctrl+E	Go to Required Entry
Ctrl+F	Find
Ctrl+I	Apply for ITIN
Ctrl+L	Replace
Ctrl+M	Make e-files
Ctrl+N	Start a New Return
Ctrl+O	Open Return
Ctrl+P	Print This Return
Ctrl+Q	Search/Query for Taxpayer
Ctrl+R	Restore from Disk
Ctrl+T	Show Forms Tree
Ctrl+U	Change User
Ctrl+V	Paste Entry Text
Ctrl+X	Cut Entry Text
Ctrl+Y	Open Return by SSN/EIN
Ctrl+Z	Undo Entry Text
Ctrl+Page Down	Next Page/Form
Ctrl+Page Up	Previous Page/Form
Space Bar	Drop down list



## Don't know the Form Number?

If you do not know the number of the form,

1. Go to the Form List (from the tab or F10),
2. Click on the radio button for Can't find it? Try Form Filter List
3. The Form Filter will open.
4. Enter a word from the form's title.



5. A list of forms that use that word will appear.
6. Double click on the one you want.

## Additional Dependent Worksheet

If there are more than four dependents to list, enter the first four dependents on the Main Information and the remaining dependents on the Additional Dependent Statement by linking from the first dependent on page 1 of **Form 1040**.

1. Click on the first name in the list.
2. Press F9 or right-click and link to the Addl Deps worksheet

- Nondependents must be listed on the Main Information Sheet—they cannot be listed on the statement.
- Children who are qualifying children for EIC or Dependent Care must be listed on the Main Information Sheet.

## Running Diagnostics and Creating an Electronic File

- Select the **Diagnostics** icon for the active return.
- Correct all e-file errors. The text will be red and generally if you click on the error, TaxWise® will take you to the error that needs correction.
- Select the **Diagnostics** icon again.
- Click on the E-file button in the middle of the screen\*.

*\*If you are running Desktop as the front end for TWO, click on the Mark to Transfer button in the middle of the screen. Later, the Admin user will transfer this return to TWO and then create the e-file.*



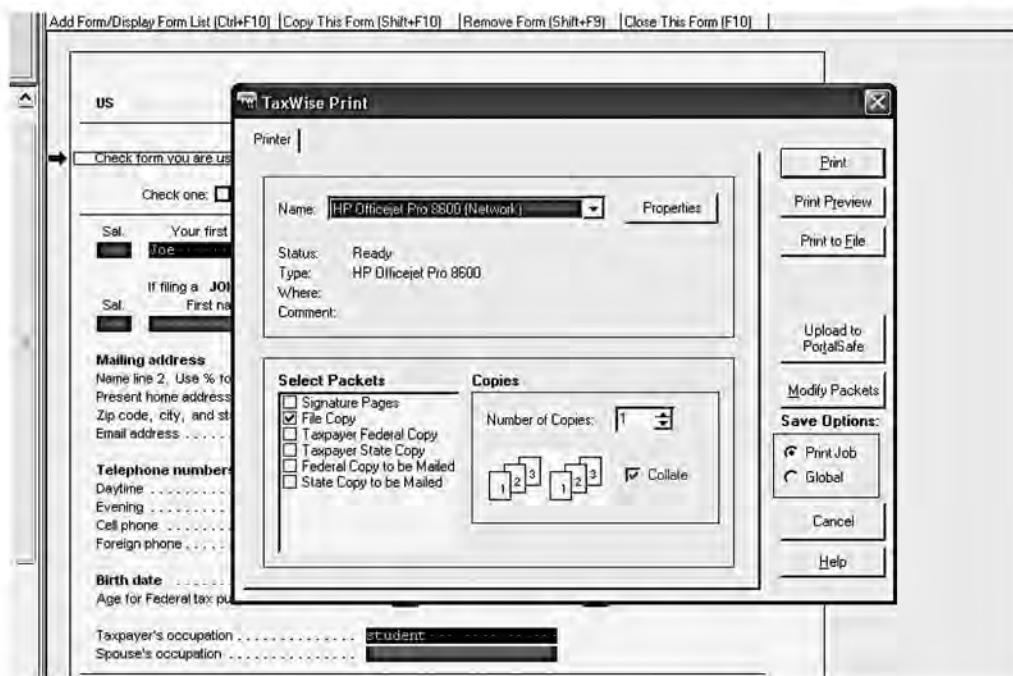
# Setting the Return Stage

## Setting the return stage from inside the tax return:

1. Open the return.
2. Select the **Return Stage** icon.
3. Select the appropriate stage from the drop down box. See your Site Coordinator for further information on selecting return stages.

# Printing the Active Tax Return

To print a return while you have the return open, you can click the task bar's **Print Return** icon.



Check the print packets that you want, and click on Print.

# Transferring Returns to TWO

1. Log on to Desktop as Admin. Select Communications, and Transfer to TaxWise® Online. A listing of all the returns that have been Marked to Transfer will appear.
2. Select the returns and click Send.
3. When the communications session has completed, go to TWO.
4. In TWO, log on as a user with administrator privileges.
5. In the lower left-hand corner, choose Select to Import. A list of the returns from Step 2 above will appear.
6. Choose the user to receive the returns, select the returns to transfer, and click Submit. Repeat for the next user.
7. If some of the returns are not on the list, there was already a copy of that return in TWO. Click on Resolve Conflicts to specify which return to keep.
8. Open each return, run diagnostics and create the e-file.

# Notes

[illegible]







# Identity Theft Job Aid for Volunteers

## Assisting Taxpayers with Tax Related

Being sensitive towards victims of identity theft is critical to assisting taxpayers through a confusing and frustrating situation. Remember victims of identity theft are:

- Victimized by identity thieves-mostly through no fault of their own, and
  - Trying to comply with tax laws– file tax return and pay their fair share of taxes
- Every December, the IRS Identity Protection Specialized Unit (IPSU) mails Notice CP01A to taxpayers previously identified as identity theft victims. The notice includes a 6-digit Identity Protection Personal Identification Number (IP PIN) to be entered on the tax return. Taxpayers are mailed Notice CP01A every year as long as the identity theft indicator remains on their account (usually 3 years) Use the most recent IP PIN regardless of the tax year.

When assisting taxpayers who are victims or may be victims of identity theft at VITA/TCE site:

### If...

### Then...

Identity Protection PIN (IP) PIN was issued to primary and/or secondary taxpayer

Ensure the IP PIN is input correctly on the tax return.

Taxpayer received an IP PIN but did not bring it with them

1. Complete a tax return for the taxpayer.
2. Provide taxpayer with a complete copy of the tax return. (Provide two copies if the taxpayer will mail the tax return.)
3. Refer to Replacing Lost or Missing IP PIN below.
4. If taxpayer wants to e-file, arrange for the taxpayer to provide the IP PIN by returning to the site or via telephone.

Taxpayer received an IP PIN but misplaced or lost it

1. Complete a tax return for the taxpayer.
2. Provide taxpayer with a complete copy of the tax return. (Provide two copies if the taxpayer will mail the tax return.)
3. Refer to Replacing Lost or Missing IP PIN below.
4. If the taxpayer receives original or a replacement IP PIN and wants to e-file, arrange for the taxpayer to provide the IP PIN by returning to the site or via telephone.

Taxpayer did not receive IP PIN but IRS rejected the e-filed tax return because the IP PIN was not entered.

1. Refer to Replacing Lost or Missing IP PIN below.
2. Provide taxpayer with two complete copies of the tax return.
3. If the taxpayer receives the original or a replacement IP PIN and taxpayer wants to e-file, advise the taxpayer to provide the IP PIN by returning to the site or via telephone.
4. If IPSU doesn't provide the IP PIN, advise taxpayer to follow IPSU instructions in mailing the tax return. There may be processing delays as IRS verifies the taxpayer's identity.

IP PIN was not issued to the taxpayer but IRS rejected the taxpayer's tax return because the taxpayer's primary/secondary SSN was previously used.

1. Advise the taxpayer to contact the IPSU for assistance. If required, the IPSU will advise the taxpayer to complete Form 14039 and to mail it with their tax return to the IRS.
2. Provide the taxpayers two copies of their tax return.

## Replacing a Lost or Missing IP PIN

If a taxpayer did not receive his/her new IP PIN or the taxpayer misplaced it, the taxpayer has two options:

1. A taxpayer can register and create a user profile to get his/her current IP PIN at <http://irs.gov/uac/Get-An-Identity-Protection-PIN>. The registration process will require the taxpayer to provide specific personal information and answer a series of questions to validate his/her identity.
2. Contact IPSU at 1-800-908-4490, extension 245, to receive a replacement IP PIN if the taxpayer is unable or unwilling to create an account on IRS.gov. **CAUTION:** Using a replacement IP PIN will cause a delay in processing the tax return and the issuance of any refund the taxpayer may be entitled to.

# Frequent Taxpayer Inquiries

Taxpayers normally ask questions during the interview process about the topics covered in this section. Visit [www.irs.gov-keyword: 1040 Central](http://www.irs.gov-keyword: 1040 Central) or see Publication 17 for additional topics and information.

## Installment Payment

Publication 594, The IRS Collection Process, explains taxpayers' rights and responsibilities regarding payment of federal taxes.

## Copies of Prior-Years' Returns

Transcripts of prior-year returns may be obtained by going to <http://www.irs.gov/individuals/Get-Transcript> or by filing Form 4506-T, Request for Transcript of Tax Return. The website can be used to get prior-year information needed for this year's return.

If an actual copy is needed, taxpayer should complete Form 4506, Request for Copy of Tax Return, and mail it with the required fee to the IRS campus where the return was filed.

## Amended Returns (See Other Returns Tab)

Form 1040X, Amended U.S. Individual Income Tax Return should be used by taxpayers to amend their return. Many mistakes are corrected in processing by the IRS and a letter of explanation is mailed at the time an error is identified or when a refund is issued. In these cases, taxpayers are not required to file an Amended Return as the corrections have already been made.

Preparation of amended returns has expanded in the VITA/TCE programs. Sites can choose to file amended returns even if they did not prepare the original return.

## Taxpayer Address Changes

Taxpayers should use Form 8822, Change of Address, to notify the IRS of any change of address. If taxpayers move after filing the return and before a refund is received, they should notify their old post office and the IRS of their new address.

## Recordkeeping

Taxpayers should keep their tax documents until the statute of limitations runs out for the return. Usually, this is three years from the date the return was due or filed, or two years from the date the tax was paid, whichever is later. Refer taxpayers to Publication 17, Filing Information or at [www.irs.gov](http://www.irs.gov) – keyword: Recordkeeping.

## FREE Tax Preparation Locations

Consult your Site Coordinator for information about the location of other VITA/TCE sites in your area. Taxpayers may call 1-800-829-1040 or visit AARP's website at [www.aarp.org/taxaide](http://www.aarp.org/taxaide) or call 1-888-227-7669 for this information.

## Problems Navigating the IRS

Taxpayers may contact the Taxpayer Advocate if their attempts to deal with an IRS problem are unsuccessful.

Taxpayers can visit [www.irs.gov/advocate](http://www.irs.gov/advocate) or see Publication 1546, for details on what the Taxpayer Advocate Service provides. Also suggest Publication 910, Guide to Free Tax Services.

## Refund Information

Taxpayers should be directed to [www.irs.gov](http://www.irs.gov) to obtain information about their refund. Specific information is available by clicking on "Where's My Refund?"

## Innocent Spouse Relief

Taxpayers who file a joint tax return are jointly and individually responsible for the tax and any interest or penalty due on the joint return even if they later divorce. In some cases, a spouse (or former spouse) will be relieved of the tax, interest, and penalties on a joint tax return. Spousal relief is granted in certain situations when a taxpayer can prove he/she is not liable for amounts due in joint filing situations.

Taxpayers should see Publication 971, Innocent Spouse Relief which explains the types of relief, who may qualify for them, and how to get them. Married persons who did not file joint returns, but who live in community property states, may also qualify for relief. (Out of scope for VITA/TCE prepared returns.)

## Injured Spouse Relief

An injured spouse claim is different from an innocent spouse relief request. An injured spouse can request the division of tax overpayment attributed to each spouse. The injured spouse must file Form 8379, Injured Spouse Allocation, to request his or her portion of a joint refund.

## Married Filing Separately

Unless required to file separately, married taxpayers may want their tax figured on a joint return and on separate returns, to make sure they are receiving the most advantageous filing status. Generally, however, married taxpayers pay more combined tax on separate returns than they would on a joint return. See Publication 17, Filing Status, for Special Rules (which outlines the disadvantages).

## Social Security Numbers and Account Information

As of August 1, 2014, Social Security no longer issues Social Security Number verification printouts in their field offices. Taxpayers may get this information using the **my Social Security Account** feature on [www.ssa.gov](http://www.ssa.gov). Local Social Security offices would continue to provide benefit verification letters.

## Hardship Refund Request

A taxpayer's tax refund will be offset (intercepted) to pay outstanding Federal tax debts, child support, Federal non-tax debts, state income tax debts, and unemployment compensation debts. When a tax refund is offset, the taxpayer will receive a letter explaining how the refund was applied to his or her outstanding debt.

If a taxpayer would face a hardship from a tax refund offset and has only outstanding Federal tax debts, he or she can request an Offset Bypass Refund (OBR) from the IRS. Refer the taxpayer to the Taxpayer Advocate Service to see if they meet TAS case acceptance criteria. The OBR typically should be requested before the return is filed because the OBR must be approved before the refund is offset.

Requests for hardship relief from other debts must be made to the agency to which the debt is owed. The Treasury Offset Program (TOP) can confirm whether a tax refund will offset for these other debts and provide details about the debt and a contact phone number for the agency to which the debt is owed. The TOP Call Center can be reached weekdays at 800-304-3107, TTD 866-297-0517, between 8:30 a.m. and 6 p.m. Eastern Time.

# Useful Publications and Forms

## Tax Publications for Individual Taxpayers

### General Guides

- 1** Your Rights as a Taxpayer
- 17** Your Federal Income Tax For Individuals
- 334** Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)
- 509** Tax Calendars for 2014
- 910** IRS Guide to Free Tax Services

### Specialized Publications

- 3** Armed Forces' Tax Guide
- 54** Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 463** Travel, Entertainment, Gift, and Car Expenses
- 501** Exemptions, Standard Deduction, and Filing Information
- 502** Medical and Dental Expenses (Including the Health Coverage Tax Credit)
- 503** Child and Dependent Care Expenses
- 504** Divorced or Separated Individuals
- 505** Tax Withholding and Estimated Tax
- 514** Foreign Tax Credit for Individuals
- 516** U.S. Government Civilian Employees Stationed Abroad
- 517** Social Security and Other Information for Members of the Clergy and Religious Workers
- 519** U.S. Tax Guide for Aliens
- 521** Moving Expenses
- 523** Selling Your Home
- 524** Credit for the Elderly or the Disabled
- 525** Taxable and Nontaxable Income
- 526** Charitable Contributions

- 527** Residential Rental Property (Including Rental of Vacation Homes)
- 529** Miscellaneous Deductions
- 530** Tax Information for Homeowners
- 531** Reporting Tip Income
- 535** Business Expenses
- 544** Sales and Other Dispositions of Assets
- 550** Investment Income and Expenses (Including Capital Gains and Losses)
- 551** Basis of Assets
- 554** Tax Guide for Seniors
- 555** Community Property
- 556** Examination of Returns, Appeal Rights, and Claims for Refund
- 559** Survivors, Executors, and Administrators
- 561** Determining the Value of Donated Property
- 570** Tax Guide for Individuals With Income From U.S. Possessions
- 571** Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations
- 575** Pension and Annuity Income
- 590** Individual Retirement Arrangements (IRAs)
- 594** The IRS Collection Process
- 596** Earned Income Credit (EIC)
- 721** Tax Guide to U.S. Civil Service Retirement Benefits
- 901** U.S. Tax Treaties
- 907** Tax Highlights for Persons with Disabilities

- 915** Social Security and Equivalent Railroad Retirement Benefits
- 925** Passive Activity and At-Risk Rules
- 926** Household Employer's Tax Guide For Wages Paid in 2014
- 929** Tax Rules for Children and Dependents
- 936** Home Mortgage Interest Deduction
- 946** How To Depreciate Property
- 947** Practice Before the IRS and Power of Attorney
- 969** Health Savings Accounts and Other Tax-Favored Health Plans
- 970** Tax Benefits for Education
- 971** Innocent Spouse Relief
- 972** Child Tax Credit
- 1542** Per Diem Rates (For Travel Within the Continental United States)
- 1544** Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)
- 1546** Taxpayer Advocate Service – Your Voice at the IRS

### Spanish Language Publications

- 1SP** Derechos del Contribuyente
- 17SP** El Impuesto Federal sobre los Ingresos Para Personas Físicas
- 594SP** El Proceso de Cobro del IRS
- 596SP** Crédito por Ingreso del Trabajo
- 850** English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
- 1544SP** Informe de Pagos en Efectivo en Exceso de \$10,000 (Recibidos en una Ocupación o Negocio)

## Commonly Used Tax Forms

### Form Number and Title

- 1040** U.S. Individual Income Tax Return
- Sch A** Itemized Deductions
- Sch B** Interest and Ordinary Dividends
- Sch C** Profit or Loss From Business
- Sch C-EZ** Net Profit From Business
- Sch D** Capital Gains and Losses
- Sch E** Supplemental Income and Loss
- Sch EIC** Earned Income Credit
- Sch R** Credit for the Elderly or the Disabled
- Sch SE** Self-Employment Tax
- 1040A** U.S. Individual Income Tax Return
- 1040EZ** Income Tax Return for Single and Joint Filers With No Dependents
- 1040-ES** Estimated Tax for Individuals
- 1040-V** Payment Voucher
- 1040X** Amended U.S. Individual Income Tax Return
- 1116** Foreign Tax Credit
- 2106** Employee Business Expense
- 2106-EZ** Unreimbursed Employee Business Expenses
- 2120** Multiple Support Declaration

### Form Number and Title

- 2441** Child and Dependent Care Expenses
- 2848** Power of Attorney and Declaration of Representative
- 3903** Moving Expenses
- 4137** Social Security and Medicare Tax On Unreported Tip Income
- 4562** Depreciation and Amortization
- 4868** Application for Automatic Extension of Time
- 5329** Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
- 5405** First Time Homebuyer Credit and Repayment
- 5695** Residential Energy Credits
- 8332** Release of Claim to Exemption by Custodial Parent
- 8379** Injured Spouse Allocation
- 8453** Transmittal for an IRS e-file Return
- 8812** Additional Child Tax Credit
- 8822** Change of Address
- 8863** Education Credits (American Opportunity, and Lifetime Learning Credits)
- 8879** IRS e-file Signature Authorization
- 8880** Credit for Qualified Retirement Savings Contribution
- 8949** Sales and Other Dispositions of Capital Assets
- 9465** Installment Agreement Request



**Where Do You File?** Mail your return to the address shown below that applies to you.



*Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over  $\frac{1}{4}$ " thick). Also, include your complete return address.*

IF you live in...	THEN use this address if you:	
	Are not enclosing a check or money order...	Are enclosing a check or money order...
Florida, Louisiana, Mississippi, Texas	Department of the Treasury Internal Revenue Service Austin, TX 73301-0002	Internal Revenue Service P.O. Box 1214 Charlotte, NC 28201-1214
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002	Internal Revenue Service P.O. Box 7704 San Francisco, CA 94120-7704
Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002	Internal Revenue Service P.O. Box 802501 Cincinnati, OH 45280-2501
Alabama, Georgia, Kentucky, New Jersey, North Carolina, South Carolina, Tennessee, Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002	Internal Revenue Service P.O. Box 931000 Louisville, KY 40293-1000
Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New York, Pennsylvania, Rhode Island, Vermont, West Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002	Internal Revenue Service P.O. Box 37008 Hartford, CT 06176-0008
A foreign country, U.S. possession or territory*, or use an APO or FPO address, or file Form 2555, 2555-EZ, 4563, or 8891, or are a dual-status alien	Department of the Treasury Internal Revenue Service Austin, TX 73301-0215	Internal Revenue Service P.O. Box 1303 Charlotte, NC 28201-1303

\*If you live in American Samoa, Puerto Rico, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands, see Pub. 570.

### Additional Training in TaxWise on Tax Return Preparation

At TaxWise University <https://training.cchsfs.com> you can purchase (at no cost) training curriculum that includes basic and advanced individual workshop returns. Go to <https://training.cchsfs.com> and look to the right side; there is a link to a PDF User Guide. The guide describes all how to set up users, purchase courses, assign courses, and take courses.

The individual workshop returns are located at the free training section and can be assigned to students. You also have the option of downloading the returns to your computer and using the tax scenarios for processed based training classes.

If you have a problem accessing the returns, you can contact your relationship manager, chat with a customer service representative or email [customer.education@cchsfs.com](mailto:customer.education@cchsfs.com) for assistance.

# Where's My Refund - It's Quick, Easy and Secure.



Available on [irs.gov](https://irs.gov)

[En Español](#)



You can generally expect the IRS to issue your refund in less than 21 calendar days after we receive your tax return.

Use this tool to check on the status of your refund. It provides the most up-to-date information the IRS has. There's no need to call us unless Where's My Refund? tells you to do so. Where's My Refund? is updated every 24 hours – usually overnight – so you only need to check once a day.

How to Use Where's My Refund?

**1**

When to check...

- Within 24 hours after we've received your e-filed tax return
- 4 weeks after you mail your paper return

**2**

What you need...

- Social Security Number
- Filing status
- Exact refund amount

**3**

How...

- Get your refund status at ...

**where's  
my refund?**

## Interactive Tax Assistant (ITA)

Available on [irs.gov](https://irs.gov)

The ITA tool is a tax law resource that takes you through a series of questions and provides you with responses to tax law questions.

- Simply answer the questions and click the "Continue Button" to progress to the next question screen.
- You may need to collect information before the interview such as income amounts, taxes owed and credits you are claiming.
- The tool includes a crossover feature that allows you to move from certain tax topics to another without needing to enter the same answers multiple times. The "Review/Change Button" allows you to adjust responses to previously asked questions.
- When you reach the response screen, you have the option to print the entire interview and the final response.

A link to ITA is also available on the TaxWise solution center.

# Index

<b>401(k)</b>		<b>Annuity Income</b> ..... D-19	<b>Lifetime Learning</b> ..... J-4
Contribution..... G-7		<b>Armed Forces Income</b> ..... D-2	<b>Retirement Savings</b> ..... G-6
Distribution ..... D-19		<b>Auto Registration Tax</b> ..... F-5	<b>Credit Card Debt,</b>
Rollover ..... D-22		<b>Automatic Debit</b> ..... K-5	<b>Cancellation of</b> ..... D-32
<b>ACA</b>		<b>Balance Due</b> ..... K-3	<b>Date of Death</b> ..... C-11
2014 Federal Tax Filing		<b>Basic Steps in Preparing a</b>	<b>Day Care—See Child Care</b> ... G-3, G-4
Requirement Thresholds..ACA-6		<b>Tax Return</b> ..... 19	<b>Death of Taxpayer or Spouse</b> ....C-11
2014 Federal Tax Filing		<b>Basis Adjustment Codes</b> ..... D-16	<b>Deceased Taxpayer</b>
Requirement Thresholds-		<b>Birth date</b> ..... C-10	Claiming a Refund..... K-8
Dependents ..... ACA-7		<b>Broker's Statement</b> ..... D-15	Signature..... K-8
2014 National Average		<b>Business Mileage</b> ..... D-12	<b>Deductions</b> ..... F-14
Bronze Plan Premium		<b>Business Expense</b> ..... D-13, F-9	<b>Dependent</b>
(NABPP) Table..... ACA-10		<b>Recordkeeping</b> ..... F-13	Interview Tips for
Alternative Calculation for Year		<b>Cancellation of Debt</b>	Qualifying Child..... C-5
of Marriage Eligibility.... ACA-12		Credit Card..... D-32	Interview Tips for
Applicable Figure for Line 7		<b>Capital Gains and</b>	Qualifying Relative..... C-6
of Form 8962 ..... ACA-10		<b>Losses</b> ..... D-15	<b>Dependent Care Benefits</b> ..... G-5
Determining ACA Next Steps –		Carry Forward ..... D-15	<b>Dependent, Rules for</b>
Insurance All Year ..... ACA-1		<b>Carry Forward Data</b>	<b>Claiming</b> ..... C-3
Determining ACA Next Steps –		Desktop ..... O-2	<b>Deposit slip</b> ..... K-1
No Insurance All Year .... ACA-2		TWO..... N-4	<b>Determining Support</b>
Determining ACA Next Steps –		<b>Charitable Contributions</b> ..... F-8	<b>Worksheet</b> ..... C-9
Insurance Part Year ..... ACA-3		<b>Child and Dependent Care Credit</b>	<b>Determining Qualified</b>
Federal Poverty Lines ..... ACA-8		Decision Tree ..... G-4	<b>Education Expenses</b> ..... J-6
Flat Dollar Amount		Screen shot ..... G-5	<b>Direct Debit</b> ..... K-5
Worksheet..... ACA-9		<b>Child Tax Credit</b> ..... G-9	<b>Direct Deposit of Refund</b> ..... K-1
Health Care Coverage		<b>Children of Divorced or Separated</b>	<b>Disabled Person, EIC for</b> ..... I-6
Exemption..... ACA-5		<b>Parents</b> ..... C-8	<b>Disallowed EIC</b> ..... I-2
Minimum Essential		<b>Civil Rights</b> ..... Inside front cover	<b>Distributing Copies of the</b>
Coverage ..... ACA-4		<b>Civil Service Retirement</b> ..... D-25	<b>Return</b> ..... K-10
Repayment Limitation ..... ACA-12		<b>Classroom Expenses for</b>	<b>Dividends</b> ..... D-10
Shared Policy Allocation –		<b>Teachers</b> ..... E-3	Capital Gain ..... D-10
Line 9.....ACA-11		<b>COD Credit Card</b> ..... D-32	Exempt Interest..... D-10
Shared Responsibility		<b>Codes</b>	Non-dividend
Payment Worksheet ..... ACA-9		1099-R Box 7 ..... D-18	Distributions ..... D-10
<b>ACH</b> ..... K-5		5329 ..... H-1	Ordinary ..... D-10
<b>Ad Valorem Taxes</b> ..... F-5		Basis Adjustment..... D-15	Private Activity Bond ..... D-10
<b>Add Forms</b>		Exception to Code 1 Penalty... H-2	Qualified..... D-10
Desktop..... O-5		Form 8949..... D-16	<b>Divorced or Separated</b>
TWO..... N-10		<b>Commuting Expense</b> ..... F-12	<b>Parents, Children of</b> ..... C-8
<b>Additional Child Tax</b>		<b>Contact Numbers</b> ..... Back cover	<b>Earned Income</b> ..... I-1
<b>Credit</b> ..... G-8		<b>Contributions to Charity</b> ..... F-8	<b>Earned Income Credit</b>
<b>Additional Dependent Worksheet</b>		<b>Cost of Keeping Up a Home</b> ..... B-4	<b>Rules</b> ..... I-2
Desktop..... O-6		<b>Credits</b>	<b>Education Credit</b> ..... J-5
TWO..... N-11		Screen Shot ..... G-1	<b>Education Expenses</b> ..... J-5, J-6
<b>Additional Tax on IRAs</b> ..... H-2		Additional Child Tax..... G-8	<b>Education Loan, Interest</b>
<b>Address, Foreign</b> ..... C-11		American Opportunity ..... J-4	<b>Paid</b> ..... E-4
<b>Adjustments Screenshot</b> ..... E-5		Child and	<b>Education Tax Benefits</b>
<b>Alien Taxpayer</b> ..... L-1		Dependent Care ..... G-3, G-4	<b>Summary</b> ..... J-2, J-3
<b>Alimony Requirements</b> ..... E-3		Child Tax ..... G-8	<b>Educator Expenses</b> ..... E-3
<b>Amended Returns</b> ..... M-1		Earned Income..... Tab I	<b>E-Filing with ITIN</b> ..... L-2
<b>American Opportunity</b>		Education ..... J-1, J-4	<b>EIC</b>
<b>Credit</b> ..... J-4		For the Elderly or the	Disallowed..... I-2
<b>Student Under Age 24</b> ..... J-8		Disabled..... G-10	Interview Tips ..... I-3

Qualifying Child of More than One Person.....	I-5	8453 .....	K-7	Student Loan Interest Paid.....	E-4
Requirements.....	I-2	8863 .....	J-7	Statement.....	D-9
Worksheet.....	I-7	8879 .....	K-6	Tax-exempt.....	D-9
<b>Estimated Tax Payment</b> .....	H-3	8880 .....	G-7	You Paid.....	F-5
Direct Debit .....	K-5	8889 .....	E-1	<b>IRA</b>	
<b>Exception to Early Distribution Penalty</b> .....	H-2	8949 Codes.....	D-16	Contribution.....	E-5
<b>Exclusion of Gain on Sale of Home</b> .....	D-18	ACH.....	K-5	Rollover .....	D-22
<b>Exemptions</b> .....	C-1	CSA 1099-R .....	D-25	<b>ITA</b> .....	P-5
Dependent.....	C-3	K-1.....	D-3	<b>Itemized Deductions</b> .....	Tab F
Interview Tips for Qualifying Child.....	C-5	RRB-1099 .....	D-25	Interview Tips .....	F-3
Interview Tips for Qualifying Relative .....	C-6	RRB-1099-R.....	D-25	Screen Shots.....	F-5
Personal .....	C-2	SSA 1099 .....	D-25	Who Must Itemize .....	F-1
<b>Expenses</b>		W-2.....	D-7	<b>ITIN</b> .....	L-3
Business.....	D-13, F-9	W-4.....	K-4	Applying for .....	L-3
Employee .....	F-6	W-4P .....	K-4	Creating a Return without ITIN E-filing .....	L-3
Entertainment.....	F-10	<b>Foster child</b> .....	C-1	<b>Job Aid</b> .....	6
50% Limit .....	F-11	<b>Gains and Losses</b> .....	D-15	<b>Job Hunting Expenses</b> .....	F-5
Job Hunting.....	F-6	<b>Gross Income</b> .....	D-1	<b>K-1</b> .....	D-3
Medical.....	F-7	<b>Head of Household</b> .....	B-3	<b>Keeping Up a Home, Cost of</b> .....	B-4
Miscellaneous .....	F-6	<b>Health Insurance Premiums</b> .....	F-7	<b>Keyboard Shortcuts</b>	
Transportation .....	F-12	<b>Health Savings Account</b> .....	E-1, E-2	Desktop.....	O-4
Travel .....	F-9	<b>Home, Sale of</b> .....	D-18	TWO.....	N-2
<b>Extension, Requesting</b> .....	M-3	<b>How to Use This Guide</b> .....	7	<b>Last name, determining</b> .....	C-16
<b>FAQs</b> .....	P-2	<b>HSA</b> .....	E-1, E-2	<b>Lifetime Learning Credit</b> .....	J-4
<b>Filing Requirements</b> .....	A-1	<b>Identity Theft</b> .....	P-1	<b>Linking to a Form</b>	
Children.....	A-2	<b>Income</b>		Desktop.....	O-5
Dependents.....	A-2	Armed Forces.....	D-2	TWO.....	N-7
Other Situations .....	A-3	Business.....	D-13	<b>Logging On</b>	
<b>Filing Status Decision Tree</b> .....	B-1	Earned.....	I-1	Desktop .....	O-1
Head of Household Qualifying Person .....	B-3	Gambling Winnings...D-1, D-3, D-4		TWO.....	N-1
<b>First-time Homebuyer Credit</b> .....	H-1	Gross.....	D-1	<b>Long Term Care Insurance</b> .....	12, F-7
<b>Foreign Address</b> .....	C-11	IRA Distribution .....	D-19	<b>Main Information Screen</b> .....	C-10
<b>Foreign Tax Credit</b> .....	G-2	Military.....	D-2	<b>Medical Expenses</b> .....	F-7
<b>Form</b>		Pension and Annuity .....	D-19	<b>Mileage</b>	
1040-X.....	M-1	Quick Reference Guide.....	D-1	Business.....	D-14
1099-B.....	D-15	Rental.....	D-27	Charitable.....	F-8
1099-DIV .....	D-9	Royalties .....	D-27	Medical.....	F-7
1099-INT .....	D-8, D-9	Self-employment .....	D-12 - D-13	<b>Military Income</b> .....	D-2
1099-R .....	D-19 - D-26	Taxable and Non-taxable .....	D-1	<b>Miscellaneous Expenses</b> .....	F-6
1116.....	G-2	Where to Enter.....	D-5	<b>Monthly Payments, Making</b> .....	K-3
13614-C .....	18	<b>Income Documents</b> .....	D-3	<b>Mortgage Insurance Premiums</b> .....	F-5
2441 .....	G-5	<b>Injured Spouse</b> .....	P-2	<b>Mortgage Interest Paid</b> .....	F-5
2848 .....	K-7	<b>Innocent Spouse</b> .....	P-2	<b>Municipal Bond Interest</b> .....	D-9
4137 .....	D-8	<b>Insolvency Worksheet</b> .....	D-33	<b>Name and Address</b> .....	C-10
4868 Extension .....	M-3	<b>Installment Agreement</b> .....	K-4	<b>Nondividend Distribution</b> .....	D-10
5329 .....	H-1	<b>Insurance Premiums</b>		<b>Nonrefundable Credits</b> .....	G-1
8332 .....	K-7, K-11	Health.....	F-7	<b>Office of Personnel Management</b> .....	D-25
8379 .....	P-2	Long Term Care .....	12, F-7	<b>OID Interest</b> .....	D-9
		<b>Intake and Interview Sheet</b> .....	15	<b>OPM Retirement</b> .....	D-25
		<b>Interactive Tax Assistant</b> .....	P-5	<b>Other Taxes Screen Shot</b> .....	H-1
		<b>Interest</b> .....	D-8	<b>Out of Scope Topics</b> .....	9
		Mortgage Interest Received.....	D-8		
		Municipal Bond.....	D-9		
		OID.....	D-9		



<b>Paper Return</b> .....	K-10	<b>Rental Income</b> .....	D-27	<b>Standards of</b>	
<b>Payment Agreements</b> .....	K-4	<b>Residency Status Decision</b>		<b>Conduct</b> .....	Inside front cover
<b>Penalty, Estimated Tax</b> .....	H-3	<b>Tree</b> .....	L-1	<b>State Returns, Creating</b> .....	C-13
<b>Pension and Annuity</b>		<b>Retirement and Pension</b>		<b>Student for EIC</b> .....	I-6
<b>Income</b> .....	D-19	<b>income for EIC</b> .....	D-19	<b>Student Loan Interest</b> .....	E-4
<b>Personal Exemptions</b> .....	C-2	<b>Retirement Savings</b>		<b>Support Worksheet</b> .....	C-9
<b>Personal Representative</b> .....	K-8	<b>Credit</b> .....	G-7	<b>Taxable and</b>	
<b>PIN Guidelines</b> .....	C-14, K-6	<b>Return Stage</b>		<b>Non-taxable Income</b> .....	D-1
<b>Points paid</b> .....	F-5	<b>Desktop</b> .....	O-7	<b>Taxes You Paid</b> .....	F-5
<b>Power of Attorney</b> .....	K-9	<b>TWO</b> .....	N-13	<b>Tax-exempt Interest</b> .....	D-8
<b>Practitioner PIN Guidelines</b> .....	K-6	<b>Rollover of IRA or 401(k)</b> .....	D-22	<b>Taxpayer Civil</b>	
<b>Prep Use Fields</b> .....	C-15	<b>ROTH IRA, Contribution</b> .....	E-5	<b>Rights</b> .....	Inside back cover
<b>Preparer Use Fields</b> .....	C-15	<b>Routing Numbers</b> .....	K-1	<b>Temporary absence</b> .....	C-5
<b>Preparing a Tax Return</b> .....	19	<b>Royalty Income</b> .....	D-27	<b>Tie-breaker</b> .....	C-4
<b>Printing the Return</b>		<b>Sale of Stock</b> .....	D-15	<b>Tips</b> .....	D-8
<b>Desktop</b> .....	O-7	<b>Sales Tax</b> .....	F-5	<b>Toolbar Icons</b>	
<b>TWO</b> .....	N-14	<b>Savings Bond with</b>		<b>Desktop</b> .....	O-3
<b>Prior Year Returns</b> .....	M-2	<b>Refund</b> .....	K-2	<b>TWO</b> .....	N-9
<b>Private Activity Bond</b>		<b>Schedule</b>		<b>Transportation Expense</b> .....	F-12
<b>Interest</b> .....	D-9	<b>A</b> .....	F-5	<b>Travel Expenses</b> .....	F-9
<b>Property Taxes</b> .....	F-5	<b>A Detail</b> .....	F-7	<b>Uniforms</b> .....	D-2
<b>Publication</b>		<b>B</b> .....	D-7	<b>Unmarried Parents,</b>	
<b>4731</b> .....	D-32	<b>C</b> .....	D-13	<b>Children of</b> .....	C-8
<b>4885</b> .....	E-2	<b>C-EZ</b> .....	D-12	<b>Unreported Social Security</b>	
<b>Qualifying Child</b> .....	C-3	<b>D</b> .....	D-15	<b>and Medicare Tax</b> .....	H-1
<b>Child Tax Credit</b> .....	G-8, G-9	<b>E</b> .....	D-27	<b>Vehicle Registration Tax</b> .....	F-5
<b>EIC</b> .....	I-2	<b>EIC</b> .....	I-6	<b>Volunteer Agreement</b>	
<b>Interview Tips</b> .....	C-5	<b>R</b> .....	G-10	<b>.....</b>	Inside front cover
<b>Of More Than One Person</b> .....	C-4	<b>Scholarships and Grants</b> .....	J-1	<b>Wages</b> .....	D-6
<b>For EIC</b> .....	I-4	<b>Scope of Service</b> .....	9	<b>Where's My Refund</b> .....	P-5
<b>Qualifying Relative</b> .....	C-3	<b>Section 121 Exclusion</b> .....	D-18	<b>Who Must File</b>	
<b>Interview Tips</b> .....	C-6	<b>Self-select PIN</b> .....	K-6	<b>Children</b> .....	A-2
<b>Quality Review</b> .....	K-10	<b>Separated Parents,</b>		<b>Dependents</b> .....	A-2
<b>Quality Site Requirements</b> .....	17	<b>Children of</b> .....	C-8	<b>Most People</b> .....	A-1
<b>Railroad Retirement</b> .....	D-25	<b>Signatures</b> .....	K-8	<b>Other Situations</b> .....	A-3
<b>Real Estate Taxes</b> .....	F-5	<b>Child's Return</b> .....	K-8	<b>Who Should File</b> .....	A-3
<b>Recordkeeping,</b>		<b>Deceased Taxpayer</b> .....	K-8	<b>Withholding</b> .....	K-4
<b>Business Travel</b> .....	F-13	<b>Social Security Benefits</b> .....	D-25	<b>On 1099-B</b> .....	H-3
<b>Refund</b>		<b>Split Refund</b> .....	K-2		
<b>Direct Deposit</b> .....	K-1	<b>Standard Deduction</b> .....	F-1		
<b>Savings Bond</b> .....	K-2	<b>For Dependents</b> .....	F-2		
<b>Split</b> .....	K-2	<b>For Over 65 or Blind</b> .....	F-2		

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# Notes

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## Taxpayer Civil Rights

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The Department of the Treasury-Internal Revenue Service will not tolerate discrimination based on race, color, national origin (including limited English proficiency), disability, reprisal, sex (in education programs or activities) or age in programs or activities receiving federal financial assistance from the Internal Revenue Service.

If a taxpayer believes that he or she has been discriminated against, a written complaint should be sent to:

**Operations Director, Civil Rights Division**  
**Internal Revenue Service Room 2413**  
**1111 Constitution Avenue, NW**  
**Washington DC 20224**

Email [edi.civil.rights.division@irs.gov](mailto:edi.civil.rights.division@irs.gov)

Do not send tax returns, payments or other non-civil rights information to this address.

## Low Income Tax Clinics

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Low Income Taxpayer Clinics (LITCs) represent low income individuals in disputes with the Internal Revenue Service, including audits, appeals, collection matters, and federal tax litigation. LITCs can also help taxpayers respond to IRS notices and correct account problems. Some LITCs provide education for low income taxpayers and taxpayers who speak English as a second language (ESL) about their taxpayer rights and responsibilities.

LITC services are free or low cost for eligible taxpayers. LITCs are independent from the IRS but receive some of their funding from the IRS through the LITC grant program. Each clinic determines whether prospective clients meet income guidelines and other criteria before agreeing to represent them.

Find a clinic near you on the [LITC Map](#) or IRS Publication 4134, [Low Income Taxpayer Clinic List](#). This publication is also available by calling 1-800-829-3676 or at your local IRS office

## Contact Information for Volunteers

TaxWise	
TaxWise Volunteer Support	1-800-411-6391(do not give to the public)
TaxWise via E-Mail	customer.support@taxwise.com
TaxWise Website	www.taxwise.com
TaxWise TV	www.taxwisetv.com

Tax Year Website
2013 <a href="https://twonline.taxwise.com/13">https://twonline.taxwise.com/13</a>
2012 <a href="https://twonline.taxwise.com/12">https://twonline.taxwise.com/12</a>
2011 <a href="https://twonline.taxwise.com/11">https://twonline.taxwise.com/11</a>
2010 <a href="https://twonline.taxwise.com/10">https://twonline.taxwise.com/10</a>

Internal Revenue Service	
VITA/TCE Hotline (for volunteer use only)	1-800-829-8482 (800-TAX-VITA)**
Foreign Student/Scholar Issues Or to e-mail a question	1-800-829-1040 <a href="http://www.irs.gov/taxlaw">www.irs.gov/taxlaw</a> – select Alien issues
IRS SPEC Territory Office	
Enterprise Service Desk (Help Desk)	1-866-7HELP4U (1-866-743-5748)
Identity Theft	1-800-908-4490
VolTax	1-877-330-1205
Volunteer Tax Alerts	Keyword Volunteer Tax Alerts

\*\* January 20 – April 15, Monday – Friday, 7:00 AM – 7:00 PM (local time) No service available on Saturdays

State Department of Revenue	
State Volunteer Hotline	
State e-file Help Desk	
State General Information	
State Website	
Partner Point of Contact	

Contact Information for Taxpayers	
IRS Tax-Help	1-800-829-1040
IRS Refund Hotline	1-800-829-1954
Where's My Refund Website	<a href="http://www.irs.gov">www.irs.gov</a>
IRS Forms and Publications	1-800-829-3676
IRS Taxpayer Advocate	1-877-777-4778
IRS Tax-Help for Deaf (TDD)	1-800-829-4059
Social Security Administration	1-800-772-1213
Refund Offset Inquiry (Financial Management System)	1-800-304-3107