



National Tax Training Committee

Self-Study Less Common Advanced Topics

Tax Year 2026

Release 1, 9/15/2026

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LESS COMMON ADVANCED TOPICS

Welcome to the Advanced Topics!

AARP Tax-Aide Self-Study courses may be used by students who are studying by themselves or in a small group. They are also helpful for classroom instruction. This part of the Self-Study family includes self-directed lessons for experienced counselors. The topics fall within the AARP Tax-Aide scope; however, some topics may not be seen at some Tax-Aide sites.

Local Coordinators may select and rely on “master” counselors to prepare and quality review some of these tax situations. As an experienced counselor, you may choose to study either to expand your tax preparation knowledge or to gain experience in any of the topics. Be selective and discuss your intentions with your Local Coordinator.

In using this series of practice returns, you may proceed in order through the course, or you may pick and choose which topic or topics are of most interest to you. We hope you return again and again, as you have the time, to learn the advanced topics.

If there is an advanced topic that you would like to study that is not in this set, please let us know, and we will try to add it to the collection.

Resources Used in this Course

- Study and learn the tax law using:
 - [NTTC 4491](#).
- Learn and practice with the exercises using:
 - [NTTC 4012](#).
- Create and modify tax returns using:
 - TaxSlayer’s [Practice Lab](#) software.
- Utilize any other resources and tools that you find helpful.
- Compare your answers with the [Self-Study Answer Sheet](#). You may download this answer sheet if you wish; click on “File” and choose Download.

What’s New for this Tax Year?

- Read through “Important Changes” for the current year at the beginning of [NTTC 4491](#).
- Watch the [Tax Law Highlights TY26](#) video

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TAX TOPICS

Unique Filing Situations

Taxpayers who are not U.S. citizens may present both filing status and dependency issues that require awareness of these special situations:

- A noncitizen is a resident alien or nonresident alien,
- A dependency issue for nonresident alien stepchildren and for children of a nonresident spouse who is married to a U.S. citizen or resident alien.

see [NTTC 4491](#), Lesson: Unique Filing Situations

Tasks

- Review [NTTC 4491](#), Unique Filing Situations.
- Look for out of scope situations:
 - For taxpayers who are in the United States on an F, J, M, or Q visa, verify that their return is in scope using the [Scope Manual](#) and [NTTC 4012](#), Tab L.
 - Refer in scope taxpayers with one of these visas to a pair of volunteers certified to prepare tax returns for foreign students or to a professional tax preparer. (The *Foreign Student and Scholar* course and certification test are part of [Link & Learn Central](#). Pub 4011 and Pub 5876 are also available for that certification.)
- Find in [NTTC 4012](#):
 - Determination of Filing Status – Decision Tree (Tab B)
 - Substantial Presence Test? (Tab L; within Decision Tree/Chart)
 - Resident or Nonresident Alien Decision Tree/Chart (Tab L)
- The [Qualifying Child or Relative Resource Tool](#) can be useful (if the answer is no to Chart 1, Box 1).

Test your knowledge:

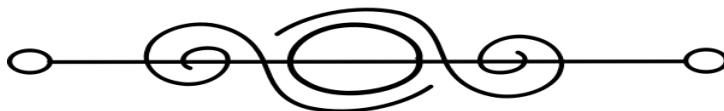
- [Unique Filing Status](#) quiz

Tip: Where can someone get help with Individual Taxpayer Identification Numbers (ITINs)?

- Share this IRS video: [Individual Taxpayer Identification Number \(ITIN\)](#).
- Go to: <https://www.irs.gov/tin/taxpayer-identification-numbers-tin>.

More practice:

- In the Link & Learn [Unique Filing Situations Lesson](#) complete the [Skills Workout](#).



Medicaid Waiver Payments

Certain payments for caregiving may be qualified Medicaid waiver payments excludable from gross income yet includible for earned income credit (EIC) and additional child tax credit (ACTC). To qualify as Medicaid waiver payments, both the care provider and the care recipient must reside in the same home. When the care provider and the care recipient do not live together in the same home, the Medicaid waiver payments are fully taxable.

Medicaid waiver payments are most often reported on Form W-2, but some payers report on a Form 1099. To find out how Medicaid waiver income is reported in your state, check with your Local Coordinator. Taxable caregiving income reported on Form 1099 is reported on Schedule C if it constitutes a business. If the payments are excluded, expenses related to that income are not deductible.

IRS provides guidance on when family caregivers have or don't have a business subject to self-employment tax. IRS.gov: [Family Caregivers and Self-Employment Tax](#).

- A taxpayer may choose to include all or none of the qualified Medicaid waiver payments for the taxable year in earned income. They may not include or exclude only a portion of qualified Medicaid waiver payments.
- If the taxpayer and spouse, filing jointly, both have Medicaid waiver payment income, each can elect to include all or none of their respective payments in earned income.
- If the taxpayer chooses to include qualified Medicaid waiver payments in earned income, that amount will be included in the calculation for both the EIC and the ACTC.

see [NTTC 4491](#), Lesson: Income – Wages, Interest and Dividends

Tasks

- Watch the [Medicaid-Waiver-Payment-video](#).
- Review [NTTC 4491](#), Qualified Medicaid waiver payments.
- Review [NTTC 4012](#), Tab D, Entering Medicaid Waiver Payments.

In 2024, a new W-2 Box 12 code II was created for Medicaid waiver payments. We highly recommend you review the “Entering Medicaid Waiver Payments” section in Tab D of the NTTC 4012, which gives excellent examples and explanations on all the options for these payments.

Test your knowledge:

- [Income – Medicaid Waiver](#) quiz

Exercise 1: Medicaid Waiver Payment Reported on W-2/Franklin and Mary Lufton

- View the [Intake/Interview and Quality Review Sheet](#) for the Lufton return.
- Open [Practice Lab](#) and prepare a return for **FRANKLIN LUFTON, SSN 458-00-XXXX, MARY LUFTON, SSN 341-00-XXXX, ANNA LUFTON, SSN 652-00-XXXX, AND LOUIS SAMUEL, SSN 257-00-XXXX**.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964												
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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														
• Complete pages 1-5 of this form. • You are responsible for the information on your return. Provide complete and accurate information. • If you have questions, ask the IRS-certified volunteer preparer.														
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov														
Your first name FRANKLIN	M.I.	Last name LUFTON	Your date of birth 04/15/1990	Your job title CHEF										
Spouse's first name MARY	M.I.	Last name LUFTON	Spouse's date of birth 10/15/1990	Spouse's job title HOMEMAKER										
Mailing address 667 CYPRESS AVE	Apt # 7D	City YOUR CITY	State YS	ZIP code										
Your telephone number 246-405-8695	Spouse's telephone number	Email address (optional)	Did you live or work in two or more states in 2025 ☐ Yes ☒ No											
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No														
Check if you or your spouse were in 2025:														
A U.S. citizen	☒ You	☒ Spouse	☐ No	Legally blind										
In the U.S. on a visa	☐ You	☐ Spouse	☒ No	Totally and permanently disabled										
A full-time student	☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)										
				Owners or holders of any digital assets										
If due a refund, how would you like your refund			If you have a balance due, how would you like to make your payment											
☒ Direct deposit			☐ Bank account											
☐ Split refund between accounts			☒ IRS.gov Direct Pay											
☐ Check by mail			☐ Mail payment to IRS											
☐ Other			☐ Set up installment agreement											
Would you like to receive written communications from the IRS in a language other than English														
What language														
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund														
☐ Yes ☐ Spouse ☒ No														
As of December 31, 2025, what was your marital status														
☐ Never Married														
☒ Married														
If married, were you married on the last day of the year														
☒ Yes ☐ No														
Did you and your spouse live apart all of the last 6 months of the year														
☐ Yes ☒ No														
☐ Divorced														
Date of final decree														
☐ Legally Separated but not Divorced														
Date of separate maintenance decree														
☐ Widowed														
Year of spouse's death														
List the names below of everyone who lived with you last year (except your spouse) AND anyone you supported but did not live with you last year.														
Answer Yes or No (Y/N)														
To be completed by certified volunteer (Yes, No, or N/A)														
Name (first, last)	Date of birth (mm/dd/yy)	Relationship to you (child, parent, none, etc.)	Number of months lived in your home in 2025	Single or Married as of 12/31/2025 (S/M)	U.S. Citizen	Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled	Issued IPPIN	Qualifying child or relative of any other person	This person provided more than 50% of their own support	This person had less than \$5,200 of income	Taxpayer(s) provided more than 50% of support for this person	Taxpayer(s) paid more than half the cost of maintaining a home for this person
ANNA LUFTON	07/22/2015	DAUGHTER	12	S	Y	Y	Y	N	N	N	N	Y	Y	Y
LOUIS SAMUEL	11/18/1958	UNCLE	12	S	Y	Y	N	Y	N	N	N	Y	Y	Y

Catalog Number 52121E

www.irs.gov

Form 13614-C (Rev. 10-2025)

- Use [NTTC 4012](#), Tab D, Entering Medicaid Waiver Payments, to complete the options that provide the best tax liability for the taxpayer.
- The Luftons live with their daughter Anna and Mary's uncle, Louis Samuel, in their apartment. Mary receives MWP for caring for her uncle. Louis' only income is his Social Security payments and the Luftons provide over half of his support.
- When entering the health insurance data, note that the taxpayer, spouse, and all dependents claimed on the return are members of the tax family (also called Household Members in TaxSlayer) even if they are not covered individuals listed on Form 1095-A.

		a Employee's social security number 458-00-XXXX		OMB No. 1545-0029 Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .			
b Employer identification number (EIN) 53-42XXXXX				1 Wages, tips, other compensation \$36,750.00		2 Federal income tax withheld \$3,675.00					
c Employer's name, address, and ZIP code BROAD STREET RESTAURANT 111 BROAD STREET YOUR CITY, YS YZIP				3 Social security wages \$36,750.00		4 Social security tax withheld \$2,278.50					
				5 Medicare wages and tips \$36,750.00		6 Medicare tax withheld \$532.88					
				7 Social security tips 		8 Allocated tips 					
				9 		10 Dependent care benefits 					
d Control number e Employee's first name and initial Last name Suff. FRANKLIN LUFTON 667 CYPRESS AVE, APT 7D YOUR CITY, YS YZIP				11 Nonqualified plans 		12a See instructions for box 12 					
				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b 					
				14a Other 		12c 					
				14b Treasury Tipped Occupation Code(s) 		12d 					
				f Employee's address and ZIP code 							
15 State Employer's state ID number YS 5342XXXXX		16 State wages, tips, etc. \$36,750.00		17 State income tax \$1,838.00		18 Local wages, tips, etc. 		19 Local income tax 		20 Locality name 	

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

		a Employee's social security number 341-00-XXXX		OMB No. 1545-0029 Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .			
b Employer identification number (EIN) 68-15XXXXX				1 Wages, tips, other compensation \$13,600.00		2 Federal income tax withheld \$843.20					
c Employer's name, address, and ZIP code COUNTY DEPT OF SOCIAL SERVICES 3A THATCHER PLAZA YOUR CITY, YS YZIP				3 Social security wages \$13,600.00		4 Social security tax withheld \$843.20					
				5 Medicare wages and tips \$13,600.00		6 Medicare tax withheld \$197.20					
				7 Social security tips 		8 Allocated tips 					
				9 		10 Dependent care benefits 					
d Control number e Employee's first name and initial Last name Suff. MARY LUFTON 667 CYPRESS AVE, APT 7D YOUR CITY, YS YZIP				11 Nonqualified plans 		12a See instructions for box 12 					
				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b 					
				14a Other 		12c 					
				14b Treasury Tipped Occupation Code(s) 		12d 					
				f Employee's address and ZIP code 							
15 State Employer's state ID number YS 5342XXXXX		16 State wages, tips, etc. \$36,750.00		17 State income tax \$1,838.00		18 Local wages, tips, etc. 		19 Local income tax 		20 Locality name 	

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT**20XX**

- ☐ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
☐ SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name

LOUIS SAMUEL

Box 2. Beneficiary's Social Security Number

257-00-XXXX

Box 3. Benefits Paid in 20XX

\$12,525.00

Box 4. Benefits Repaid to SSA in 20XX

Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4)

\$12,525.00

DESCRIPTION OF AMOUNT IN BOX 3

Paid by check or direct deposit \$10,090.20

Medicare Part B premiums deducted
from your benefits \$2,434.80Medicare Prescription Drug
premiums (Part D) deducted from
your benefits

Total Additions \$2,434.80

Benefits for 20XX \$12,525.00

Benefits for 20XX-1

Benefits for 20XX-2

Benefits for 20XX-3

DESCRIPTION OF AMOUNT IN BOX 4

Box 6. Voluntary Federal Income Tax Withheld

Box 7. Address

LOUIS SAMUEL
667 CYPRESS AVE
YOUR CITY, YS, YZIP

Box 8. Claim Number (use this number if you need to contact SSA)

257-00-XXXXA

Form **SSA-1099-SM**

Form 1095-A Department of the Treasury Internal Revenue Service	Health Insurance Marketplace Statement > Do not attach to your tax return. Keep for your records. > Go to www.irs.gov/Form1095A for instructions and the latest information.	OMB No. 1545-2232 20XX
☐ VOID ☐ CORRECTED		
Part I Recipient Information		
1 Marketplace Identifier 11-103XXXX	2 Marketplace-assigned policy number MP561890	3 Policy issuer's name UNION HEALTHCARE
4 Recipient's name FRANKLIN LUFTON	5 Recipient's SSN 458-00-XXXX	6 Recipient's date of birth 04/15/1990
7 Recipient's spouse's name MARY LUFTON	8 Recipient's spouse's SSN 341-00-XXXX	9 Recipient's spouse's date of birth 10/15/1990
10 Policy start date 01/01/20XX	11 Policy termination date 12/31/20XX	12 Street address (including apartment number) 667 CYPRESS AVE, APT 7D
13 City or town, State or province, Country and ZIP or foreign postal code YC, YS, YZIP		
Part II Covered Individuals		
A Covered individual name	B Covered individual SSN	C. Date of birth
D. Coverage start date	E. Coverage termination date	
16 FRANKLIN LUFTON	458-00-XXXX	04/15/1990
17 MARY LUFTON	341-00-XXXX	10/15/1990
18 ANNA LUFTON	652-00-XXXX	07/22/2015
19		
20		
Part III Coverage Information		
Month	A Monthly Enrollment Premiums	B Monthly second lowest cost silver plan (SLCSP) premium
C. Monthly advance payment of premium tax credit		
21 January	\$433.78	\$454.18
22 February	\$433.78	\$454.18
23 March	\$433.78	\$454.18
24 April	\$433.78	\$454.18
25 May	\$433.78	\$454.18
26 June	\$433.78	\$454.18
27 July	\$433.78	\$454.18
28 August	\$433.78	\$454.18
29 September	\$433.78	\$454.18
30 October	\$433.78	\$454.18
31 November	\$433.78	\$454.18
32 December	\$433.78	\$454.18
33 Annual Totals	\$5,205.36	\$5,450.16
		\$4,020.00
Form: 1095-A		

Tip: MWP's can be reported on Form W-2 in a variety of ways, requiring some variation in how they are entered in TaxSlayer. See the NTTC 4012, Tab D, Income, Entering Medicaid Waiver Payments, for an excellent, detailed explanation with examples.

Option 1:

- Exclude MWP from both taxable income and earned income
- Enter Mary's Form W-2; in Box 12a select II and then enter the amount of the MWP.
 - Check your PDF print preview and compare your answers to the [Self-Study Answer Sheet](#).
 - Make a chart like the one below to fill in your answers to each option.

Option 2: Exclude MWP from taxable income and include MWP in earned income.

- Enter Mary's Form W-2; in Box 12a select II and then enter the amount of the MWP.
- Below the entries for Box 14, check the checkbox for "Select if you want to include your Medicaid waiver payments in the calculation of earned income..."
- Check your PDF print preview and compare your answers to the [Self-Study Answer Sheet](#).

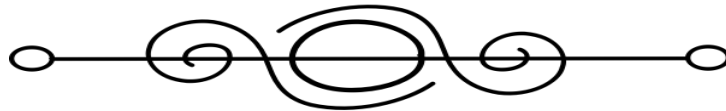
Option 3:

- Include MWP in both taxable income and earned income.

- For Mary's W-2 with Code II, include the MWP amount in Box 1 but do not enter Code II or the MWP in Box 12a.
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Fill in your answers in your comparison chart, then review the results for all three options and compare how the MWP impacts the taxable income, earned income credit, and the refund. Which option is best for the taxpayer?

Options	Taxable Income	Earned Income	Refund?
1	Exclude	Exclude	
2	Exclude	Include	
3	Include	Include	



State and Local Tax Refund and Sales Tax Deduction

Taxpayers who received a refund of state or local income taxes may receive Form 1099-G reporting their refund amount(s). Only taxpayers who itemized in the prior tax year and received a federal income tax benefit for deducting their state or local income taxes must include some or all of their state/local tax refunds in income. Not everyone must include the refund in their taxable income.

- Taxpayers who claimed the standard deduction for the year they received a refund of state or local income taxes do not have to include the refund in their taxable income.
- Taxpayers who itemized and deducted the state sales tax instead of the state income tax withheld or paid do not have to include the refund in their taxable income.
- Some taxpayers could not deduct all their state income taxes because of the annual cap on state and local taxes deduction. Refer to the Volunteer Resource Guide (4012), Tab D, Income, for the State and Local Refund Worksheet in the software to determine the amount, if any, of the refund that is taxable.

see [NTTC 4491](#), Lesson: Income – Government Payments

Tasks

- Review [NTTC 4491](#), State or local income tax refunds.
- Review [NTTC 4012](#), Tab D, State and Local Refund Worksheet.

Exercise 2: State and Local Tax Refund/Robert and Barbara Brown

- View the [Intake/Interview and Quality Review Sheet](#) for the Brown return.
- Open [Practice Lab](#) and use the information below to prepare a return for **ROBERT BROWN, SSN 015-00-7004**, and **BARBARA BROWN, SSN 015-00-0009**.

Form 13614-C (October 2025)		Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet				OMB Number 1545-1964	
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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						- Complete pages 1-5 of this form. - You are responsible for the information on your return. Provide complete and accurate information. - If you have questions, ask the IRS-certified volunteer preparer.	
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov							
Your first name ROBERT		M.I.	Last name BROWN		Your date of birth 07/08/1962		Your job title ANALYST
Spouse's first name BARBARA		M.I.	Last name BROWN		Spouse's date of birth 01/15/1965		Spouse's job title HOMEMAKER
Mailing address 2020 COLORADO BLVD			Apt #	City YOUR CITY		State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) ROBERTB@EMAIL.COM		Did you live or work in two or more states in 2025 ☐ Yes ☒ No	
Can anyone else claim you or your spouse on their tax return						☐ Yes ☒ No	
Check if you or your spouse were in 2025:							
A U.S. citizen		☒ You	☒ Spouse	☐ No	Legally blind		☐ Yes ☒ No
In the U.S. on a visa		☐ You	☐ Spouse	☒ No	Totally and permanently disabled		☐ Yes ☒ No
A full-time student		☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)		☐ Yes ☒ No
					Owners or holders of any digital assets		☐ Yes ☒ No
If due a refund, how would you like your refund				If you have a balance due, how would you like to make your payment			
☒ Direct deposit		☐ Check by mail		☒ Bank account		☐ IRS.gov Direct Pay	
☐ Split refund between accounts		☐ Other		☐ Set up installment agreement		☐ Mail payment to IRS	
Would you like to receive written communications from the IRS in a language other than English						☐ Yes ☐ Spouse ☒ No	
What language							
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund						☐ Yes ☐ Spouse ☒ No	
As of December 31, 2025, what was your marital status							
☐ Never Married		☒ Married		If married, were you married on the last day of the year		☒ Yes ☐ No	
				Did you and your spouse live apart all of the last 6 months of the year		☐ Yes ☒ No	
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed		Year of spouse's death	
Date of final decree		Date of separate maintenance decree					

- Enter Robert's W-2.

a Employee's social security number 015-00-7004		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 74-1234567		1 Wages, tips, other compensation \$87,000.00		2 Federal income tax withheld \$8,700.00	
c Employer's name, address, and ZIP code DATA SOLUTIONS 555 STEVENER ST NEW BRAUNFELS TX 78131		3 Social security wages \$87,000.00		4 Social security tax withheld \$5,394.00	
		5 Medicare wages and tips \$87,000.00		6 Medicare tax withheld \$1,261.50	
		7 Social security tips		8 Allocated tips	
		9		10 Dependent care benefits	
d Control number		11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial ROBERT		Last name BROWN		Suff.	
2020 COLORADO BLVD YOUR CITY, YS YZIP		13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐		12b	
		14a Other		12c	
		14b Treasury Tipped Occupation Code(s)		12d	
		f Employee's address and ZIP code			
15 State YS	Employer's state ID number 741234567	16 State wages, tips, etc. \$87,000.00	17 State income tax \$5,220.00	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form **W-2** Wage and Tax Statement
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

20XX

Department of the Treasury—Internal Revenue Service

- Use the [NTTC 4012](#), Tab D, State and Local Refund Worksheet.
 - Find the entry screen under Income > Form 1099-G Box 2.
 - Input the state tax refund using their 1099-G form and the information that follows.

☐ CORRECTED (if checked)

PAYER'S name STATE TAX DEPARTMENT				1 Unemployment compensation \$		OMB No. 1545-0120 Form 1099-G (Rev. December 2026)		Certain Government Payments Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address 33 B AVENUE				Room/suite no.		2 State or local income tax refunds, credits, or offsets \$ 680.00		
City/town YOUR CITY		State/province YS		Country USA		ZIP/foreign code YZIP		
Telephone number:				3 Box 2 amount is for tax year		4 Federal income tax withheld \$		
PAYER'S TIN 95-9321654				RECIPIENT'S TIN 015-00-7004				Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name ROBERT BROWN				5 RTAA payments \$		6 Taxable grants \$		
Street address 2020 COLORADO BLVD				Apt. no.		7 Agriculture payments \$		
City/town YOUR CITY		State/province YS		Country USA		ZIP/foreign code YZIP		
Account number (see instructions)				9 Market gain \$		8 If checked, box 2 is trade or business income ☐		
				10 Family leave benefits \$				
				11a State YS		11b State identification no. 959321654		12 State income tax withheld \$

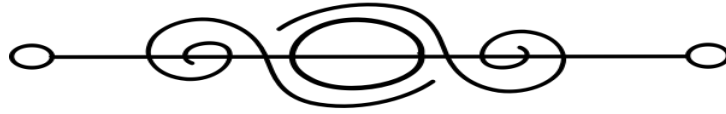
Form **1099-G** (Rev. 12-2026) (keep for your records) www.irs.gov/Form1099G Department of the Treasury - Internal Revenue Service

- Robert and Barbara have a copy of last year's return that showed their prior year tax return information, itemized deductions, and the following:
 - The adjusted gross income for last year was \$86,033.
 - Total itemized deductions were an even \$30,000.
 - State and local taxes from the previous year's Sch A:

Taxes You Paid	5 State and local taxes.		
	a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box ☐		5a 2,818
	b State and local real estate taxes (see instructions)		5b 3,000
	c State and local personal property taxes		5c 150
	d Add lines 5a through 5c		5d 5,968
	e Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately)		5e 5,968

- Assume the sales tax deduction would have been \$2,668 and this includes \$1,565 of sales tax on the car they purchased. If you wish, you may use the IRS [general sales tax calculator](#) to verify with Tax Year 20XX, zip code 68101. Note: As sales taxes often change, this may not match exactly to our \$2,668.
- The Browns had no qualified income adjustments or non-refundable credits and previously filed married filing jointly (MFJ).
- Some Counselors use the [Colorado Resource Toolbox](#) (find the Taxable Refund and Recovery Calculator.) Give it a try if you wish to do so.
- Check your PDF print preview and compare your answers to the [Self-Study Answer Sheet](#). On

the State and Local Tax Refund Worksheet, you will see that in this situation, \$150 of the Browns' state refund from last year will be taxable this year.



Business Income (A)

Self-employed Uber drivers have self-employment business income. Check out Schedule C, Self-employment income, with the limitations in the [Tax-Aide Scope Manual](#) (F 1040, S C).

Tasks

- Watch [Schedule C Basics](#) video if you are not familiar with Schedule C.
- Watch [Schedule C \(with Health Insurance\)](#) video.
- Review [NTTC 4491](#): Lesson 9, Income – Business.
- Review [NTTC 4012](#): Tab D, Schedule C Self-Employment Income and Form 1099-K.

Exercise 3: Uber Driver (A)/Ashok Jackson

This exercise explores a retired single senior who drives for Uber and may qualify for an adjustment for self-employed health insurance (SEHI).

- View [the Intake/Interview and Quality Review Sheet](#) for the Jackson return.

Form 13614-C (October 2025)		Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet				OMB Number 1545-1964		
You will need: • Tax Information such as Forms W-2, 1099, 1098, 1095. • 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						• Complete pages 1-5 of this form. • You are responsible for the information on your return. Provide complete and accurate information. • If you have questions, ask the IRS-certified volunteer preparer.		
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov								
Your first name ASHOK		M.I.	Last name JACKSON		Your date of birth 12/03/1958		Your job title RETIRED	
Spouse's first name		M.I.	Last name		Spouse's date of birth		Spouse's job title	
Mailing address 8705 MAPLE DRIVE			Apt #	City YOUR CITY		State YS		ZIP code YZIP
Your telephone number 815-645-8787		Spouse's telephone number		Email address (optional)		Did you live or work in two or more states in 2025 ☐ Yes ☒ No		
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No								
Check if you or your spouse were in 2025:								
A U.S. citizen		☒ You	☐ Spouse	☐ No	Totally and permanently disabled		☐ You	☐ Spouse ☒ No
In the U.S. on a visa		☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)		☐ You	☐ Spouse ☒ No
A full-time student		☐ You	☐ Spouse	☒ No	Owners or holders of any digital assets		☐ You	☐ Spouse ☒ No
If due a refund, how would you like your refund				If you have a balance due, how would you like to make your payment				
☒ Direct deposit		☐ Check by mail		☒ Bank account		☐ IRS.gov Direct Pay		
☐ Split refund between accounts		☐ Other _____		☐ Set up installment agreement		☐ Mail payment to IRS		
Would you like to receive written communications from the IRS in a language other than English						☐ You ☐ Spouse ☒ No		
What language _____								
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund						☐ You ☐ Spouse ☒ No		
As of December 31, 2025, what was your marital status								
☒ Never Married		☐ Married		If married, were you married on the last day of the year		☐ Yes ☐ No		
				Did you and your spouse live apart all of the last 6 months of the year		☐ Yes ☐ No		
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed				
Date of final decree _____		Date of separate maintenance decree _____		Year of spouse's death _____				

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare a return for **ASHOK JACKSON, SSN 572-00-7613**.

- Enter in Ashok's Social Security Statement and IRA distribution.

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
20XX ☐ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ☐ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name ASHOK JACKSON		Box 2. Beneficiary's Social Security Number 572-00-7613
Box 3. Benefits Paid in 20XX \$40,120.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$40,120.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$34,597.20 Medicare Part B premiums deducted from your benefits \$2,434.80 Medicare Prescription Drug premiums (Part D) deducted from your benefits \$280.00 Total Additions \$5,522.80 Benefits for 20XX \$40,120.00 Benefits for 20XX-1 Benefits for 20XX-2 Benefits for 20XX-3		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld \$2,808.00 Box 7. Address ASHOK JACKSON 8705 MAPLE DRIVE YOUR CITY, YS, YZIP Box 8. Claim Number (use this number if you need to contact SSA) 572-00-7613A

Form **SSA-1099-SM**

☐ CORRECTED (if checked)

PAYER'S name PIONEER TRUST COMPANY				1 Gross distribution \$ 19,000.00		OMB No. 1545-0119 20XX		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.					
Street address PO BOX 1400		Room or suite no.		2a Taxable amount \$ 19,000.00		Form 1099-R							
City or town BOSTON		Telephone number		2b Taxable amount not determined ☒		Total distribution ☐							
State or province MA		Country US		ZIP or foreign postal code 02119		3 Capital gain (included in box 2a) \$							
PAYER'S TIN 27-112XXXX		RECIPIENT'S TIN 572-00-XXXX		4 Federal income tax withheld \$ 1,900.00		5 Employee contrib./desig. Roth contrib. or insurance premiums \$		6 NUA in employer's securities \$					
RECIPIENT'S name ASHOK JACKSON				7a Dist. code(s) 7						7b IRA/SEP/SIMPLE ☒		7c Thrift account ☐	
Street address 8705 MAPLE DRIVE		Apt. no.		8a Other \$						8b Percentage of annuity contract %		9a Percentage of total dist. %	
City or town YOUR CITY		State or province YS		Country US						ZIP or foreign postal code YZIP			
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement ☐		14 State tax withheld \$ 570.00		15 State/Payer's state no. YS 27112		16 State distribution \$ 19,000.00			
Account number (see instructions)				13 Date of payment		17 Local tax withheld \$		18 Name of locality		19 Local distribution \$			

Form **1099-R**

www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

- Enter Ashok's Uber income:
 - The Uber Summary and Expense forms are **exactly** how they look. Be careful when using Uber's "Table 1 Expenses, Fees, Tax and Reimbursements" (see the link below).
 - Forms 1099-NEC and 1099-K (below).
 - Tips are shown on Form 1099-K.
 - Additional resources on Uber fees:
 - [Understanding Table 1 in Uber's Tax Summary.](#)
 - [IRS Pub 463](#), Chapter 6.

☐ CORRECTED (if checked)			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. UBER TECHNOLOGIES INC 1725 3RD STREET SAN FRANCISCO, CA 94158		OMB No. 1545-0116 Form 1099-NEC (Rev. January, 2022) For calendar Year 20XX	Nonemployee Compensation
PAYER'S TIN 45-2647441	RECIPIENT'S TIN 572-00-XXXX	1 Nonemployee compensation \$1,773.00	
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal code ASHOK JACKSON 8705 MAPLE DRIVE YC, YS YZIP		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale ☐ 3 4 Federal income tax withheld	Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number (see instructions) 656285CAB50DA136A5F6		5 State tax withheld -----	
		7 State income -----	
Form 1099-NEC (Rev. 1-2022) (keep for your records) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service			

☐ CORRECTED (if checked)

FILER'S name UBER TECHNOLOGIES INC			1a Gross amount of payment card/third party network transactions \$ 19,164	OMB No. 1545-2205 Form 1099-K (Rev. December 2026)	Payment Card and Third Party Network Transactions
Street address 1725 3RD STREET		Room or suite no.	1b Card Not Present transactions \$	For calendar year 20XX	
City or town SAN FRANCISCO		Telephone number			
State or province CA	Country US	ZIP or foreign postal code 94158			
Check to indicate if FILER is a (an): Payment settlement entity (PSE) ☐ Electronic payment facilitator (EPF)/Other third party ☐			Check to indicate transactions reported are: Payment card ☐ Third party network ☒		Copy B For Payee This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.
FILER'S TIN 45-2647441		PAYEE'S TIN 572-00-XXXX		4 Federal income tax withheld \$	
PAYEE'S name ASHOK JACKSON		5a January \$ 1,660	5b February \$ 1,804		
Street address 8705 MAPLE DRIVE		5c March \$ 1,495	5d April \$ 1,648		
City or town YOUR CITY		5e May \$ 1,545	5f June \$ 1,460		
State or province YS		5g July \$ 1,574	5h August \$ 2,063		
Country US		5i September \$ 1,480	5j October \$ 1,402		
ZIP or foreign postal code YZIP		5k November \$ 1,490	5l December \$ 1,553		
PSE'S name and telephone number		6 State income tax withheld \$	7 State identification no.	8 State	
Account number (see instructions)					

Form **1099-K** (Rev. 12-2026) (Keep for your records) www.irs.gov/Form1099K Department of the Treasury - Internal Revenue Service

- Refer to [NTTC 4012](#) under Income > Schedule C > Form 1099-K.

Uber					
Tax Summary for 20XX					
Driving Totals		472		14,231	
		COMPLETED TRIPS		ONLINE MILES	
Your Gross Payment		Expenses, Fees and Tax		Your Net Payout	
Reportable Payments		Expenses, Fees and tax	+\$5,759	Net Earnings	+\$14,971
Gross Trip Earnings/1099-K	\$19,164			Reimbursements: Tolls, Airport Fees and Surcharges	+\$207
1099-NEC	+\$1,773				
	\$20,937		\$5,759		\$15,178

Uber

Tax Summary for 20XX

*May be tax-deductible

Table 1 Expenses, Fees, Tax and Reimbursements

Expenses, Fees and Tax

Uber service fee/other adjustments*	\$5,527
Booking fee*	\$20
Airport and city fees collected*	\$212

Reimbursements

Tolls, airport fees and surcharges*	\$207
TOTAL EXPENSES, FEES, TAX AND REIMBURSEMENTS	\$5,966

Table-2 Additional Payments from Uber or Subsidiaries

Incentives	\$1,773
TOTAL ADDITIONAL EARNINGS	\$1,773

- Enter in Ashok's additional business income and expenses:
 - He received \$350 in additional income from private pickups.
 - Ashok used a mileage app to track his mileage including trips to stores for supplies.
 - Total business mileage: 14,345 (does not include commuting miles).
 - His app shows that, of these business miles, he drove 7,145 miles between 1/1/20XX-6/30/20XX and 7,200 miles between 7/1/20XX-12/31/20XX.
 - Other mileage was 120 commuting and 2500 other non-business miles.
 - He uses his car, a 2017 Ford, and does not have another vehicle.
 - The vehicle was placed in service May 1, 2023.
 - He bought business liability insurance policy for \$240.
 - He bought an accounting book on eBay for \$25 and a ledger for \$15.
 - He paid \$420 for Medicare supplemental insurance
 - He made estimated payments on June 1: \$500 federal and \$100 state

Note: The tips deduction is limited to business profit (Sch. C line 31) minus the deductible part of self-employment tax (Sch. 1 line 15) and the self-employed health insurance deduction (Sch. 1 line 16). See NTTC 4012 Tab F.

In tax year 2025, the tips deduction from Schedule 1-A had to be manually excluded from Qualified Business Income (see "Entering a Negative QBI Adjustment for Self-Employment Tip Income" in [NTTC 4012](#) tab F). TaxSlayer may do this automatically for tax year 2026.

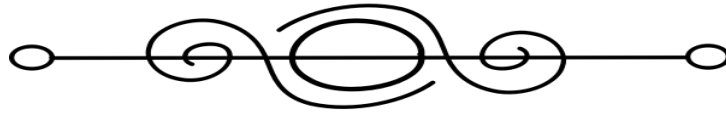
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Test your knowledge:

- [Income – Business](#) quiz

More practice:

- In the Link & Learn [Business Income](#) Lesson complete the [Skills Workout](#).



Sale of a Residence (A)

To qualify as a personal residence, a home must have cooking, sleeping, and bathroom facilities that the taxpayer used as a residence for 15 days or more during the year. A house, a condominium, houseboat, mobile home, or co-op can be a residence. A sale or other disposition of a personal residence is in scope for the VITA/TCE Programs. Gain on the disposition of a home is taxable, subject to exclusions. Loss on the disposition of a home is personal and not deductible. The sale of real estate other than a home used as the taxpayer's residence is out of scope for Tax-Aide Counselors.

The sale of the taxpayer's residence must be reported on Form 8949 and Schedule D, if the home was the taxpayer's main home, and the taxpayer meets the ownership and use tests, and if the gain is more than the allowed exclusion amount.

Taxpayers must report the sale of a home if ANY of the following is true:

- The taxpayer has a gain and does not qualify to exclude all of it
- The taxpayer does not meet the ownership test
- The taxpayer does not meet the use test
- During the two-year period ending on the date of the sale, the taxpayer has excluded the gain from the sale of another home
- The taxpayer has a gain and chooses not to exclude it
- The taxpayer received Form 1099-S

see [NTTC 4491](#), Lesson: Income – Capital Gain or Loss

Tasks

- Review [NTTC 4491](#), Sale of home.
- Review [NTTC 4012](#), Tab D, Capital Gains or Losses - Sale of Main Home.
- Other tax preparation tools to consider:
 - [Colorado Resource Toolbox](#): Home Sale Worksheet
 - [IRS FAQ: Property \(Basis, Sale of Home, etc.\)](#)

Exercise 4: Sale of a Residence (A)/Ben and Peggy Parkins

- View the [Intake/Interview & Quality Review Sheet](#) for the Parkins return.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964			
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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					
• Complete pages 1-5 of this form. • You are responsible for the information on your return. Provide complete and accurate information. • If you have questions, ask the IRS-certified volunteer preparer.					
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov					
Your first name BEN	M.I.	Last name PARKINS	Your date of birth 02/28/1964	Your job title SALES REP	
Spouse's first name PEGGY	M.I.	Last name PARKINS	Spouse's date of birth 09/30/1966	Spouse's job title SALES ASSOCIATE	
Mailing address 1523 REDWOOD LN		Apt #	City YOUR CITY	State YS	ZIP code YZIP
Your telephone number 804-555-1234	Spouse's telephone number		Email address (optional) SELL4U@EMAIL.COM	Did you live or work in two or more states in 2025 ☐ Yes ☒ No	
Can anyone else claim you or your spouse on their tax return					☐ Yes ☒ No
Check if you or your spouse were in 2025:					
A U.S. citizen	☒ You	☒ Spouse	☐ No	Legally blind	☐ You ☐ Spouse ☒ No
In the U.S. on a visa	☐ You	☐ Spouse	☒ No	Totally and permanently disabled	☐ You ☐ Spouse ☒ No
A full-time student	☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)	☐ You ☐ Spouse ☒ No
				Owners or holders of any digital assets	☐ You ☐ Spouse ☒ No
If due a refund, how would you like your refund			If you have a balance due, how would you like to make your payment		
☒ Direct deposit	☐ Check by mail		☒ Bank account	☐ IRS.gov Direct Pay	
☐ Split refund between accounts	☐ Other _____		☐ Set up installment agreement	☐ Mail payment to IRS	
Would you like to receive written communications from the IRS in a language other than English					☐ You ☐ Spouse ☒ No
What language _____					
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund					☒ You ☐ Spouse ☐ No
As of December 31, 2025, what was your marital status					
☐ Never Married		☒ Married		If married, were you married on the last day of the year	
				☒ Yes ☐ No	
		Did you and your spouse live apart all of the last 6 months of the year		☐ Yes ☒ No	
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed	
Date of final decree _____		Date of separate maintenance decree _____		Year of spouse's death _____	

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **BEN PARKINS, SSN 704-00-0001, and PEGGY PARKINS, SSN 704-00-0002**.
- The Parkins downsized, moved into a rental home, and sold their home on West Elm Blvd. This had been Ben's main home the entire time, and he never rented or had a home business.
 - Check to see if Ben and Peggy should receive the maximum exclusion. Use the TaxSlayer: Sale of Main Home Worksheet. (Type "1099-S" into the Form Finder and click on "Proceeds from Real Estate Transactions" to find the worksheet under Schedule D entries.)
- They provided the following information:
 - In August 1989, the home was purchased for \$157,698.
 - In the taxpayer interview Ben and Peggy said they were married on March 1, 2019.
 - The September 25, 20XX, closing statement shows that the seller (Ben Parkins) paid realtor commissions of \$5,692.
- The following improvements were made to the home:
 - Complete kitchen renovation (1991): \$28,457
 - County assessment for installing sidewalks and street lighting (1990): \$3,500
 - Added a deck (1995): \$6,596
 - New roof (2004): \$11,766
 - Painted exterior of the house (2019): \$3,600
- Notice there is an amount in Box 4 of the 1099-S form for "Buyer's part of real estate tax." Since Ben already paid the real estate tax for the whole year, Box 4 shows the part that is to be allocated to the buyer. Ben does not include this amount when calculating his deduction for real estate taxes on Schedule A.

☐ CORRECTED (if checked)

FILER'S name US BANK NATIONAL ASSOCIATION			1 Date of closing 09/25/20XX		OMB No. 1545-0997 Form 1099-S (Rev. December 2026)		Proceeds From Real Estate Transactions
Street address 4401 FREDERICA STREET		Room or suite no.		2a Total gross proceeds \$ 547,560.03		For calendar year 20XX	
City or town OWENSBORO		Telephone number		2b Cash gross proceeds \$ 547,560.03		2c Digital asset gross proceeds	
State or province KY		Country		ZIP or foreign postal code 42301			
FILER'S TIN 31-01456789		TRANSFEROR'S TIN 704-00-0001		3 Address (including city, state, and ZIP code) or legal description 134 WEST ELM BLVD YOUR CITY, YS YZIP			Copy B For Transferor This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.
TRANSFEROR'S name BEN PARKINS			4 Buyer's part of real estate tax \$ 795.00				
Street address 1523 REDWOOD LANE			Apt. no.				
City or town YOUR CITY			5				
State or province YS		Country		6 If checked, transferor received or will receive services or property (other than cash, notes, or digital assets) as part of the consideration ☐			
Account number (see instructions)			7 If checked, transferor is a foreign person (nonresident alien, foreign partnership, foreign estate, or foreign trust) ☐				
8a Code for digital asset received, or to be received, as consideration			8b Name of digital asset received, or to be received, as consideration				
8c Number of digital asset units received, or to be received, as consideration			8d Date digital asset received, or to be received, as consideration				

Form **1099-S** (Rev. 12-2026)

(Keep for your records)

www.irs.gov/Form1099S

Department of the Treasury - Internal Revenue Service

- Input the Parkins' Form W-2s...

a Employee's social security number 704-00-0001		OMB No. 1545-0029		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 12-5465899				1 Wages, tips, other compensation \$36,590.00		2 Federal income tax withheld \$3,950.00	
c Employer's name, address, and ZIP code CLARK PAPER COMPANY 416 WILSON BLVD PHILADELPHIA PA 19104				3 Social security wages \$36,590.00		4 Social security tax withheld \$2,268.58	
				5 Medicare wages and tips \$36,590.00		6 Medicare tax withheld \$530.56	
				7 Social security tips		8 Allocated tips	
				9		10 Dependent care benefits	
d Control number				11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Suff. BEN PARKINS 1523 REDWOOD LN YOUR CITY, YS YZIP				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b	
				14a Other		12c	
				14b Treasury Tipped Occupation Code(s)		12d	
				f Employee's address and ZIP code			
15 State Employer's state ID number YS 123456789		16 State wages, tips, etc. \$36,590.00		17 State income tax \$1,485.00		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form W-2 Wage and Tax Statement

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

a Employee's social security number 704-00-0002		OMB No. 1545-0029		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 12-5465899				1 Wages, tips, other compensation \$39,478.13		2 Federal income tax withheld \$4,200.00	
c Employer's name, address, and ZIP code CLARK PAPER COMPANY 416 WILSON BLVD PHILADELPHIA PA 19104				3 Social security wages \$39,478.13		4 Social security tax withheld \$2,447.64	
				5 Medicare wages and tips \$39,478.13		6 Medicare tax withheld \$572.43	
				7 Social security tips		8 Allocated tips	
				9		10 Dependent care benefits	
d Control number				11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Suff. PEGGY PARKINS 1523 REDWOOD LN YOUR CITY, YS YZIP				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b	
				14a Other		12c	
				14b Treasury Tipped Occupation Code(s)		12d	
				f Employee's address and ZIP code			
15 State Employer's state ID number YS 123456789		16 State wages, tips, etc. \$39,478.13		17 State income tax \$1,506.00		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form W-2 Wage and Tax Statement

20XX

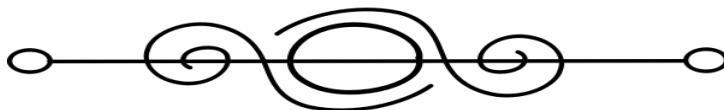
Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Test your knowledge:

- [Income – Sale of Main Home](#) quiz.



Lump-Sum Social Security Income

Some taxpayers may have received a lump-sum benefit payment reported in Box 3 of their Form SSA-1099 or Form RRB-1099. The reported lump-sum payment could cover both the current and prior tax years. When figuring the taxable portion of Social Security benefits, two options are available for lump-sum benefit payments:

- The first option allows the taxpayer to report the whole payment the year it was received. When the taxpayer chooses this option, complete the Social Security Benefits Worksheet as usual by including the entire lump-sum payment as normal.
- The second option allows the taxpayer to treat the payment as if received in the earlier year or years. This is done by figuring whether any part of these benefits is taxable, based on the earlier year's income. Any part that is taxable is then added to any taxable benefits for the current year and included on Form 1040. The taxpayer can elect this method if it lowers the taxable benefits.

Both methods should be tested. TaxSlayer automatically determines the taxable amount of Social Security Benefits using the most beneficial method.

see [NTTC 4491](#), Lesson: Income - Social Security Benefits

Tasks:

- Review [NTTC 4491](#), Lump-sum Social Security benefit payments.
- Review [NTTC 4012](#), Tab D, Form SSA-1099 Lump-Sum Distributions.
- Watch [Lump-Sum Social Security](#) video. (Highly recommended - shows you all you need to know!)
- Review more in-depth description of how to best deal with lump-sum payments: <https://www.irs.gov/faqs/social-security-income/back-payments>

Exercise 5: Lump-Sum Social Security Payments/Joseph and Kathryn Styck

- View the [Intake/Interview & Quality Review Sheet](#) for the Styck return.

[illegible]

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **JOSEPH STYCK, SSN 015-00-3002** and **KATHRYN STYCK, SSN 015-00-0003**.
- Kathryn received lump-sum Social Security disability benefits covering two prior years, as well as the current year. She wants to treat the payment as if it were received in the earlier years if that results in a better outcome (higher refund or lower balance due).
 - First, enter the following SSA-1099s and the 1099-R as usual. Make a note of their refund from your PDF print preview.
 - Now go back and use the Lump-Sum Worksheet. It is accessed at the bottom of the Social Security entry screen: "Lump-Sum Payments - Begin Worksheet."
 - (20XX-2 = two years prior; 20XX-1= prior year)
 - In 20XX-2 and 20XX-1 they received no tax-exempt income. No adjustments or exclusions were claimed. Their prior year information is:
 - 20XX-1 - AGI \$35,160 -- SSA payments received \$17,080 -- taxable SS benefits \$5,850
 - 20XX-2 - AGI \$34,790 -- SSA payments received \$0 -- taxable SS benefits \$0
 - Joseph and Kathryn filed married filing jointly in both 20XX-2 and 20XX-1.
 - All of the SSA payments and taxable SS benefits in 20XX-1 were received by Joseph.

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
20XX ☐ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ☐ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name JOSEPH STYCK		Box 2. Beneficiary's Social Security Number 015-00-3002
Box 3. Benefits Paid in 20XX \$17,558.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$17,558.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$14,523.20 Medicare Part B premiums deducted from your benefits \$2,434.80 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$3,034.80 Benefits for 20XX \$17,558.00 Benefits for 20XX-1 Benefits for 20XX-2 Benefits for 20XX-3		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld \$600.00 Box 7. Address JOSEPH STYCK 1223 STATE ST YOUR CITY, YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 015-00-3002A

Form SSA-1099-SM

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
20XX ☐ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ☐ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name KATHRYN STYCK		Box 2. Beneficiary's Social Security Number 015-00-0003
Box 3. Benefits Paid in 20XX \$38,049.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$38,049.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$35,614.20 Medicare Part B premiums deducted from your benefits \$2,434.80 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$2,434.80 Benefits for 20XX \$12,882.00 Benefits for 20XX-1 \$12,682.00 Benefits for 20XX-2 \$12,485.00 Benefits for 20XX-3		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address KATHRYN STYCK 1223 STATE ST YOUR CITY, YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 015-00-0003A

Form SSA-1099-SM

☐ CORRECTED (if checked)

PAYER'S name NATIONAL PENSION SERVICES				1 Gross distribution \$ 36,550.00		OMB No. 1545-0119 20XX		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.			
Street address PO BOX 1500		Room or suite no.		2a Taxable amount \$ 36,550.00		Form 1099-R		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.			
City or town SAINT LOUIS		Telephone number		2b Taxable amount not determined ☐		Total distribution ☐					
State or province MO		Country US		ZIP or foreign postal code 63103		3 Capital gain (included in box 2a) \$				4 Federal income tax withheld \$ 3,100.00	
PAYER'S TIN 23-2201234		RECIPIENT'S TIN 015-00-3002		5 Employee contrib./desig. Roth contrib. or insurance premiums \$		6 NUA in employer's securities \$					
RECIPIENT'S name JOSEPH STYCK				7a Dist. code(s) 7		7b IRA/SEP/SIMPLE ☐		7c Trump account ☐		7d Earnings on excess contrib. \$	
Street address 1223 STATE ST		Apt. no.		8a Other \$		8b Percentage of annuity contract %					
City or town YOUR CITY				9a Percentage of total dist. %		9b Total employee contrib. \$					
State or province YS		Country US		ZIP or foreign postal code YZIP							
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement ☐		14 State tax withheld \$ 735.00		15 State/Payer's state no. YS552689		16 State distribution \$ 36,550.00	
Account number (see instructions)				13 Date of payment		17 Local tax withheld \$		18 Name of locality		19 Local distribution \$	

Form **1099-R**

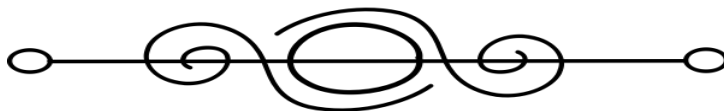
www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

- Check your PDF print preview. Scroll through the tax return to Worksheets 1-4. Notice the difference when using the Lump-sum Worksheet. Without the worksheet, the taxable Social Security would be more (line 19, worksheet 1). By using the worksheet, their taxable amount is decreased (line 21, worksheet 4).
- Compare your answers with the [Self-Study Answer Sheet](#).

Test your knowledge:

- Complete the [Income – Lump Sum SS](#) quiz.



Retirement Income

This is a long lesson so Counselors may want to be selective and focus on the videos and exercises that provide the most beneficial learning opportunity.

Tasks

- Review [NTTC 4012](#):
 - Tab D, IRA/Pension and Social Security Distributions.
 - Tab D, Form 1099-R Box 7 Distribution Codes.
 - Tab H, Other Taxes, Form 5329, Additional Tax on IRAs and Other Qualified Plans.
- Review [NTTC 4491](#):
 - Additional taxes on IRAs and retirement plans.

Exercise 6: Early Distribution Penalty with a Medical Exception (A)/Linda Young

- Watch: [1099-R Early Distribution video](#)
- View the [Intake/Interview & Quality Review Sheet](#) for the Young return.

Form 13614-C (October 2025)		Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet				OMB Number 1545-1964	
You will need: • Tax Information such as Forms W-2, 1099, 1098, 1095. • 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				• Complete pages 1-5 of this form. • You are responsible for the information on your return. Provide complete and accurate information. • If you have questions, ask the IRS-certified volunteer preparer.			
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov							
Your first name LINDA	M.I.	Last name YOUNG	Your date of birth 03/18/1970	Your job title OFFICE MANAGER			
Spouse's first name	M.I.	Last name	Spouse's date of birth	Spouse's job title			
Mailing address 1923 SOUTH CONGRESS AVE		Apt #	City YOUR CITY		State YS	ZIP code YZIP	
Your telephone number 804-555-1234	Spouse's telephone number		Email address (optional) LINDAY@EMAIL.COM		Did you live or work in two or more states in 2025 ☐ Yes ☒ No		
Can anyone else claim you or your spouse on their tax return					☐ Yes ☒ No		
Check if you or your spouse were in 2025:							
A U.S. citizen	☒ You	☐ Spouse	☐ No	Legally blind	☐ You	☐ Spouse	☒ No
In the U.S. on a visa	☐ You	☐ Spouse	☒ No	Totally and permanently disabled	☐ You	☐ Spouse	☒ No
A full-time student	☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)	☐ You	☐ Spouse	☒ No
				Owners or holders of any digital assets	☐ You	☐ Spouse	☒ No
If due a refund, how would you like your refund				If you have a balance due, how would you like to make your payment			
☐ Direct deposit	☒ Check by mail			☐ Bank account	☐ IRS.gov Direct Pay		
☐ Split refund between accounts	☐ Other _____			☐ Set up installment agreement	☒ Mail payment to IRS		
Would you like to receive written communications from the IRS in a language other than English What language _____				☐ You ☐ Spouse ☒ No			
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund				☐ You ☐ Spouse ☒ No			
As of December 31, 2025, what was your marital status							
☐ Never Married	☐ Married			If married, were you married on the last day of the year		☐ Yes ☐ No	
				Did you and your spouse live apart all of the last 6 months of the year		☐ Yes ☐ No	
☐ Divorced	☐ Legally Separated but not Divorced					☒ Widowed	
Date of final decree _____	Date of separate maintenance decree _____			Year of spouse's death _____		2013	

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **LINDA YOUNG, SSN 015-00-3006**.
- Enter the W-2 and 1099-R below.

a Employee's social security number 015-00-3006		OMB No. 1545-0029		Safe, accurate, FAST! Use		 Visit the IRS website at www.irs.gov/efile					
b Employer identification number (EIN) 25-6234567				1 Wages, tips, other compensation \$36,524.79		2 Federal income tax withheld \$3,652.00					
c Employer's name, address, and ZIP code PETROLEUM OIL AND GAS 624 KASPAR DRIVE INDIANAPOLIS, IN 46204				3 Social security wages \$36,524.79		4 Social security tax withheld \$2,264.54					
				5 Medicare wages and tips \$36,524.79		6 Medicare tax withheld \$529.61					
				7 Social security tips		8 Allocated tips					
				9		10 Dependent care benefits					
d Control number				11 Nonqualified plans		12a See instructions for box 12					
e Employee's first name and initial LINDA Last name YOUNG Suff. 1923 SOUTH CONGRESS AVE YOUR CITY, YS YZIP f Employee's address and ZIP code				13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐		12b					
				14a Other		12c					
				14b Treasury Tipped Occupation Code(s)		12d					
15 State Employer's state ID number YS 25XXXXXXX		16 State wages, tips, etc. \$36,524.79		17 State income tax \$1,200.00		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

☐ CORRECTED (if checked)				OMB No. 1545-0119 20XX Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.	
PAYER'S name JD INVESTMENTS			1 Gross distribution \$ 5,000.00		2a Taxable amount \$ 5,000.00		
Street address 243 GREEN LANE		Room or suite no.					
City or town EL PASO		Telephone number					
State or province TX		Country US	ZIP or foreign postal code 79950		2b Taxable amount not determined ☒	Total distribution ☐	
PAYER'S TIN 11-1276546		RECIPIENT'S TIN 015-00-3006		3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$	
RECIPIENT'S name LINDA YOUNG			5 Employee contrib./desig. Roth contrib. or insurance premiums \$		6 NUA in employer's securities \$		
Street address 1923 SOUTH CONGRESS AVE		Apt. no.		7a Dist. code(s) 1	7b IRA/SEP/SIMPLE ☐	7c Trump account ☐	7d Earnings on excess contrib. \$
City or town YOUR CITY			8a Other \$		8b Percentage of annuity contract %		
State or province YS		Country US	ZIP or foreign postal code YZIP		9a Percentage of total dist. %	9b Total employee contrib. \$	
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement ☐			
Account number (see instructions)			13 Date of payment		14 State tax withheld \$	15 State/Payer's state no. \$	16 State distribution \$
					17 Local tax withheld \$	18 Name of locality \$	19 Local distribution \$

- This tax year, Linda had unreimbursed medical expenses of \$6,250. She took an early distribution from her retirement account of \$5,000 to pay her medical expenses. Linda is taking the standard deduction.
- Since Linda is under 59½ years old, she will owe a penalty for early withdrawal from her retirement account unless she has a valid exemption reason. Check the list on Form 5329 to see if she can claim an exemption.
 - You can find Form 5329 in the Form Finder or in the Other Taxes section of TaxSlayer.
 - Read the box below from NTTC 4012 describing Form 5329, exception #05, medical expenses.

Qualified retirement plan distributions up to the amount paid for **unreimbursed medical expenses** during the year (those you would be able to include in figuring a deduction for medical expenses on Schedule A) minus 7.5% of adjusted gross income (AGI) for the year. Applies to IRA and employer plan distributions. The same medical expenses used for exception code 05 may also be claimed on Schedule A if itemizing.

Example: A 50-year-old withdrew \$10K from her 401(k) to buy a car. Her AGI is \$38K and she had \$8K of unreimbursed medical expenses:

Item	Amount
Early distribution included in income	\$10,000
Amount of medical expenses that can be applied to this exception	$\$8,000 - (0.075 \times \$38,000) = \$8,000 - \$2,850 = \mathbf{\$5,150}$
Amount subject to additional tax	$\$10,000 - \$5,150 = \mathbf{\$4,850}$
10% Additional tax	\$485

- To figure out how much of Linda's distribution will not be penalized, you can do the math yourself, or you can feed the numbers into the Itemized Deductions medical entry screen and let TaxSlayer figure it for you. ([View Schedule A sample.](#))
- Hint: Use the total of Linda's medical expenses in your calculations, not just the amount of her distribution.
- Next open Form 5329 (Use the Form Finder or look under *Other Taxes* for *Tax on Early Distribution.*) Scroll down to fill in the early distribution that isn't subject to the 10% tax.
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Test your knowledge:

- [Income – Employer Retirement Plans](#) quiz.

Exercise 7: IRA Distributions with Basis (Form 8606) (A)/James Madison

- Review [NTTC 4491](#): Income – Retirement.
- Review [NTTC 4012](#): Tab D: Distributions from Traditional IRAs with Basis.
- [Colorado Resource Toolbox](#): IRA Worksheet (Form 8606).
- Watch the [1099-R Non-Deductible Form 8606 Video](#).
- View the [Intake/Interview and Quality Review Sheet](#) for the Madison return.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964			
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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					
- Complete pages 1-5 of this form. - You are responsible for the information on your return. Provide complete and accurate information. - If you have questions, ask the IRS-certified volunteer preparer.					
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov					
Your first name JAMES	M.I.	Last name MADISON	Your date of birth 01/17/1957	Your job title RETIRED	
Spouse's first name	M.I.	Last name	Spouse's date of birth	Spouse's job title	
Mailing address 24 NORTH ST		Apt #	City YOUR CITY	State YS	ZIP code YZIP
Your telephone number 804-555-1234	Spouse's telephone number		Email address (optional)	Did you live or work in two or more states in 2025 ☐ Yes ☒ No	
Can anyone else claim you or your spouse on their tax return					☐ Yes ☒ No
Check if you or your spouse were in 2025:					
A U.S. citizen	☒ You	☐ Spouse	☐ No	Legally blind	☐ You ☐ Spouse ☒ No
In the U.S. on a visa	☐ You	☐ Spouse	☒ No	Totally and permanently disabled	☐ You ☐ Spouse ☒ No
A full-time student	☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)	☐ You ☐ Spouse ☒ No
				Owners or holders of any digital assets	☐ You ☐ Spouse ☒ No
If due a refund, how would you like your refund			If you have a balance due, how would you like to make your payment		
☐ Direct deposit	☒ Check by mail		☐ Bank account	☐ IRS.gov Direct Pay	
☐ Split refund between accounts	☐ Other _____		☐ Set up installment agreement	☒ Mail payment to IRS	
Would you like to receive written communications from the IRS in a language other than English What language _____					☐ You ☐ Spouse ☒ No
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund					☐ You ☐ Spouse ☒ No
As of December 31, 2025, what was your marital status					
☐ Never Married		☐ Married		If married, were you married on the last day of the year ☐ Yes ☐ No Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No	
☐ Divorced		☐ Legally Separated but not Divorced		☒ Widowed	
Date of final decree _____		Date of separate maintenance decree _____		Year of spouse's death 2016	

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **JAMES MADISON, SSN 015-00-3004**.
- James is in excellent health, had too much time on his hands after retiring, and returned to work maintaining oil rigs part-time. Enter his W-2, SSA-1099, and 1099-R forms.

a Employee's social security number 015-00-3004		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 25-6234567		1 Wages, tips, other compensation \$25,480.00		2 Federal income tax withheld \$2,550.00			
c Employer's name, address, and ZIP code PETROLEUM OIL AND GAS 624 KASPAR DRIVE INDIANAPOLIS, IN 46204		3 Social security wages \$25,480.00		4 Social security tax withheld \$1,579.76			
		5 Medicare wages and tips \$25,480.00		6 Medicare tax withheld \$369.46			
		7 Social security tips		8 Allocated tips			
		9		10 Dependent care benefits			
d Control number		11 Nonqualified plans		12a See instructions for box 12			
e Employee's first name and initial JAMES		Last name MADISON		Suff.			
24 NORTH ST YOUR CITY, YS YZ1P		13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐		12b			
		14a Other		12c			
		14b Treasury Tipped Occupation Code(s)		12d			
f Employee's address and ZIP code							
15 State Employer's state ID number YS 256234567		16 State wages, tips, etc. \$25,480.00		17 State income tax \$950.00		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
20XX ☐ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ☐ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name JAMES MADISON	Box 2. Beneficiary's Social Security Number 015-00-3004	
Box 3. Benefits Paid in 20XX \$16,453.80	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$16,453.80
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$13,419.00 Medicare Part B premiums deducted from your benefits \$2,434.80 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$3,034.80 Benefits for 20XX \$16,453.80 Benefits for 20XX-1 Benefits for 20XX-2 Benefits for 20XX-3		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld \$600.00 Box 7. Address JAMES MADISON 24 NORTH STREET YOUR CITY, YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 015-00-3004A

Form **SSA-1099-SM**

☐ CORRECTED (if checked)

PAYER'S name JD INVESTMENTS				1 Gross distribution \$ 8,700.00		OMB No. 1545-0119 20XX Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.									
Street address 243 GREEN LANE		Room or suite no.		2a Taxable amount \$ 8,700.00													
City or town EL PASO		Telephone number		2b Taxable amount not determined ☒ Total distribution ☐													
State or province TX		Country US		ZIP or foreign postal code 79950		3 Capital gain (included in box 2a) \$ 670.00											
PAYER'S TIN 11-1276546		RECIPIENT'S TIN 015-00-3004		4 Federal income tax withheld \$ 670.00		5 Employee contrib./desig. Roth contrib. or insurance premiums \$ 7											
RECIPIENT'S name JAMES MADISON				6 NUA in employer's securities \$ 7		7a Dist. code(s) 7		7b IRA/SEP/SIMPLE ☒		7c Trump account ☐		7d Earnings on excess contrib. \$ 7					
Street address 24 NORTH ST				Apt. no.		8a Other \$ 7		8b Percentage of annuity contract % 7		9a Percentage of total dist. % 7		9b Total employee contrib. \$ 7					
State or province YS		Country US		ZIP or foreign postal code YZIP		10 Amount allocable to IRR within 5 years \$ 7		11 1st year of desig. Roth contrib. ☐		12 FATCA filing requirement ☐		14 State tax withheld \$ 87.00		15 State/Payer's state no. YS11276546		16 State distribution \$ 8,700.00	
Account number (see instructions)				13 Date of payment		17 Local tax withheld \$ 7		18 Name of locality		19 Local distribution \$ 7							

Form **1099-R**

www.irs.gov/Form1099R

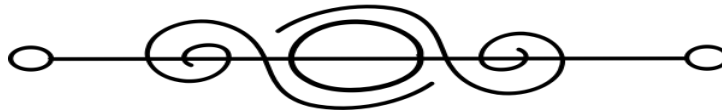
Department of the Treasury - Internal Revenue Service

- James made nondeductible contributions to his IRA in past years. Form 8606, line 14 from last year's tax filing showed the remaining tax basis in his IRA as \$6,471 and his Form 5498, provided below, shows the balance of his IRA on December 31, 20XX. James made no nondeductible contributions in 20XX.
 - Note: Form 5498 is often not available yet during tax season. This information may need to be retrieved from another source, such as a year-end account statement.
- Using the information provided, complete James' tax return.
 - Use [Colorado Resource Toolbox](#): IRA Worksheet (Form 8606) to get the numbers you need to create Form 8606 in James' tax return. (View a [comparison worksheet](#) here.)
- Find the TaxSlayer Form 8606 entry screen: *Deductions > Adjustments > Nondeductible IRAs* (near bottom of screen) or enter 8606 in the form finder in the upper left corner and enter amounts shown on CRT IRA worksheet.
- Adjust Form 1099-R to show correct taxable box 2a amount.

☐ CORRECTED (if checked)		OMB No. 1545-0747		IRA Contribution Information
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	20XX	
PEOPLE'S TRUST COMPANY PO BOX 254 NEW YORK, NY 10001		\$		
TRUSTEE'S or ISSUER'S TIN		2 Rollover contributions		Copy B
26-1121234		\$		
PARTICIPANT'S TIN		3 Roth IRA conversion amount	4 Recaptured contributions	For Participant
015-00-3004		\$	\$	
PARTICIPANT'S name		5 FMV of account	6 Life insurance cost included in box 1	This information is being furnished to the IRS.
JAMES MADISON		\$ 46,200.00	\$	
Street address (including apt. no.)		7 IRA ☒ SEP ☐ SIMPLE ☐ Roth IRA ☐	8 SEP contributions	9 SIMPLE contributions
24 NORTH STREET			\$	
City or town, state or province, country, and ZIP or foreign postal code		10 Roth IRA contributions	11 If checked, required minimum distribution for 2024 ☐	12b RMD amount
YOURCITY YS YZIP		\$		
		12a RMD date	13b Year	13c Code
		13a Postponed/late contrib.		
		\$		
		14a Repayments	14b Code	
		\$		
Account number (see instructions)		15a FMV of certain specified assets	15b Code(s)	
		\$		

Form 5498 (keep for your records) www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

- When James' tax return is complete, check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).



Railroad Retirement (A)

Tasks

- Review [NTTC 4012](#), Tab D, Form RRB-1099-R Distributions and Form SSA-1099/RRB-1099 Tier 1 Distributions.
- Review [NTTC 4491](#), Part II Employer Retirement Plans, Railroad Retirement Benefits.
- Watch [Railroad Retirement Video](#).

Exercise 8: Forms RRB-1099 and RRB-1099-R (Railroad Retirement) (A)/Harold and Cynthia Getz

- View the [Intake/Interview and Quality Review Sheet](#) for the Getz return.

Form 13614-C (October 2025)		Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet				OMB Number 1545-1964		
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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				- Complete pages 1-5 of this form. - You are responsible for the information on your return. Provide complete and accurate information. - If you have questions, ask the IRS-certified volunteer preparer.				
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov								
Your first name HAROLD		M.I.	Last name GETZ		Your date of birth 07/08/1945		Your job title RETIRED	
Spouse's first name CYNTHIA		M.I.	Last name GETZ		Spouse's date of birth 01/15/1965		Spouse's job title OFFICE ASSISTANT	
Mailing address 3123 SO LINCOLN BLVD			Apt #	City YOUR CITY			State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) HAROLDG@EMAIL.COM			Did you live or work in two or more states in 2025 ☐ Yes ☒ No	
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No								
Check if you or your spouse were in 2025:								
A U.S. citizen		☒ You	☒ Spouse	☐ No	Legally blind		☐ You ☐ Spouse ☒ No	
In the U.S. on a visa		☐ You	☐ Spouse	☒ No	Totally and permanently disabled		☐ You ☐ Spouse ☒ No	
A full-time student		☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)		☐ You ☐ Spouse ☒ No	
					Owners or holders of any digital assets		☐ You ☐ Spouse ☒ No	
If due a refund, how would you like your refund				If you have a balance due, how would you like to make your payment				
☒ Direct deposit		☐ Check by mail		☐ Bank account		☐ IRS.gov Direct Pay		
☐ Split refund between accounts		☐ Other _____		☐ Set up installment agreement		☒ Mail payment to IRS		
Would you like to receive written communications from the IRS in a language other than English What language _____				☐ You ☐ Spouse ☒ No				
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund				☐ You ☐ Spouse ☒ No				
As of December 31, 2025, what was your marital status								
☐ Never Married		☒ Married		If married, were you married on the last day of the year		☒ Yes ☐ No		
				Did you and your spouse live apart all of the last 6 months of the year		☐ Yes ☒ No		
☐ Divorced		☐ Legally Separated but not Divorced				☐ Widowed		
Date of final decree _____		Date of separate maintenance decree _____				Year of spouse's death _____		

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **HAROLD GETZ, SSN 015-00-6522** and **CYNTHIA GETZ, 115-00-0001**.
- Harold retired from AMTRAK and started drawing his pension on December 1, 2015. His pension was set up as joint/survivor.

PAYER'S NAME, STREET ADDRESS, CITY, STATE AND ZIP CODE UNITED STATES RAILROAD RETIREMENT BOARD 844 N. RUSH ST. CHICAGO, IL 60611-2092		20XX		PAYMENTS BY THE RAILROAD RETIREMENT BOARD	
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600	3. Gross Social Security Equivalent Benefit Portion of Tier 1 paid in 20XX	\$15,645.00	COPY C - FOR RECIPIENT'S RECORDS. THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.		
1. Claim Number and Payee Code	4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 20XX				
2. Recipient's Identification Number 015-00-6522	5. Net Social Security Equivalent Benefit Portion of Tier 1 paid in 20XX	\$15,645.00			
Recipient's Name, Address, City, State and ZIP Code HAROLD GETZ 3123 SO LINCOLN BLVD YOUR CITY, YS YZIP	6. Workers Compensation Offset in 20XX				
	7. Social Security Equivalent Benefit Portion of Tier 1 Paid for 20XX-1				
	8. Social Security Equivalent Benefit Portion of Tier 1 Paid for 20XX-2				
	9. Social Security Equivalent Benefit Portion of Tier 1 Paid for Years Prior to 20XX-2				
	10. Federal Income Tax Withheld	11. Medicare Premium \$2,434.80			

Form **RRB-1099**

PAYER'S NAME, STREET ADDRESS, CITY, STATE AND ZIP CODE UNITED STATES RAILROAD RETIREMENT BOARD 844 N. RUSH ST. CHICAGO, IL 60611-2092		20XX		ANNUITIES OR PENSIONS BY THE RAILROAD RETIREMENT BOARD	
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600	3. Employee Contributions	\$38,443.00	COPY B - REPORT THIS INCOME ON YOUR FEDERAL TAX RETURN. IF THIS FORM SHOWS FEDERAL INCOME TAX WITHHELD IN BOX 9 ATTACH THIS COPY TO YOUR RETURN. THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.		
1. Claim Number and Payee Code	4. Contributory Amount Paid	\$22,640.00			
2. Recipient's Identification Number 015-00-6522	5. Vested Dual Benefit				
Recipient's Name, Address, City, State and ZIP Code HAROLD GETZ 3123 SO LINCOLN BLVD YOUR CITY, YS YZIP	6. Supplemental Annuity				
	7. Total Gross Paid	\$22,640.00			
	8. Repayments				
	9. Federal Income Tax Withheld	\$2,245.00			
			11 Country	12. Medicare Premium Total	

Form **RRB-1099-R**

- Use the [Colorado Resource Toolbox](#) and find the Annuity/Pension Exclusion Calculator.
 - Verify that the Taxable Amount in TaxSlayer matches the Colorado Toolbox Annuity/Pension Exclusion Calculator. It is preferable to enter the amounts from the Simplified General Rule Worksheet into the TaxSlayer line 2a worksheet (vs. just changing the taxable amount) because then it will be carried forward to the next year.

Federal Section > Income > IRA/Pension Distributions/1099-R or RRB-1099-R:	
Enter Taxable Amount directly or use the worksheet:	Simplified General Rule Worksheet
Form RRB-1099-R 3 Total employee contributions 38443 7 Total Gross Paid 22640 7a Taxable Amount 21359	Gross distribution amount (from 1099-R) 22640 Plan cost at annuity start date 38443 Starting date of annuity 12/01/2015 Death benefit exclusion 0 ☒ Check here if the annuity benefits are based on... Combined calculated age of annuitants at start date 120 Add or subtract from the calculated age, if necessary Number of months paid in 2025 12 Amounts previously recovered 11636

- Input Cynthia's Form W-2:

a Employee's social security number 115-00-0001		OMB No. 1545-0029		Safe, accurate, FAST! Use IRS e-file		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 25-5234567				1 Wages, tips, other compensation \$30,000.00		2 Federal income tax withheld \$4,500.00	
c Employer's name, address, and ZIP code JEFFERSON COUNTY SCHOOL DISTRICT 12210 ROBIN STREET INDIANAPOLIS, IN 46204				3 Social security wages \$30,000.00		4 Social security tax withheld \$1,860.00	
				5 Medicare wages and tips \$30,000.00		6 Medicare tax withheld \$435.00	
				7 Social security tips		8 Allocated tips	
d Control number				9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff. CYNTHIA GETZ 3123 SO LINCOLN BLVD YOUR CITY, YS YZIP				11 Nonqualified plans		12a See instructions for box 12	
				13 Statutory employee Retirement plan Third-party sick pay ☐ ☒ ☐		12b	
				14a Other		12c	
				14b Treasury Tipped Occupation Code(s)		12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	21623456	\$30,000.00	\$450.00				

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

20XX

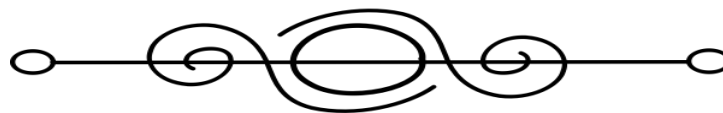
Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Test your knowledge:

- [Income – Railroad Retirees](#) quiz.



Qualified Charitable Distributions (A)

A qualified charitable distribution (QCD) is a distribution from an IRA by the trustee directly to an organization eligible to receive tax-deductible contributions. That amount reduces the taxable amount of the taxpayer's IRA distribution. The taxpayer must be at least age 70½ when the distribution is made.

However, the excludable portion of a QCD distribution may need to be reduced by IRA deductible contributions made after the taxpayer turns 70½. See more on this calculation in the NTTC 4991 lesson below.

see [NTTC 4491](#), Lesson: Income – Retirement Income

Tasks

- Reference [NTTC 4491](#), Income – Retirement, Qualified Charitable Distributions.
- Review [NTTC 4012](#), Tab D, Form 1099-R Distributions, Qualified Charitable Distributions.
- Watch the [Qualified Charitable Distribution](#) video.

Note: Payers may include code Y in 1099-R box 7 to denote a QCD in addition to whatever code would normally be there, such as Y7, Y4, etc. For TY2026, the Y code will be optional to the 1099-R provider.

Exercise 9: Qualified Charitable Distribution (QCD) (A)/Lynn Berry

- View the [Intake/Interview and Quality Review Sheet](#) for the Berry return.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964
You will need: • Tax Information such as Forms W-2, 1099, 1098, 1095. • 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		
• Complete pages 1-5 of this form. • You are responsible for the information on your return. Provide complete and accurate information. • If you have questions, ask the IRS-certified volunteer preparer.		
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov		
Your first name LYNN	M.I.	Last name BERRY
Spouse's first name	M.I.	Last name
Your date of birth 09/23/1952		Your job title RETIRED
Spouse's date of birth		Spouse's job title
Mailing address 4321 CENTRAL TR	Apt #	City YOUR CITY
State YS	ZIP code YZIP	
Your telephone number 804-555-1234	Spouse's telephone number	Email address (optional) LBERRY@EMAIL.COM
Did you live or work in two or more states in 2025 ☐ Yes ☒ No		
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No		
Check if you or your spouse were in 2025:		
A U.S. citizen	☒ You ☐ Spouse ☐ No	Legally blind ☐ Yes ☒ No
In the U.S. on a visa	☐ You ☐ Spouse ☒ No	Totally and permanently disabled ☐ Yes ☒ No
A full-time student	☐ You ☐ Spouse ☒ No	Issued an identity protection PIN (IPPIN) ☐ Yes ☒ No
		Owners or holders of any digital assets ☐ Yes ☒ No
If due a refund, how would you like your refund ☐ Direct deposit ☒ Check by mail ☐ Split refund between accounts ☐ Other _____		If you have a balance due, how would you like to make your payment ☐ Bank account ☐ IRS.gov Direct Pay ☐ Set up installment agreement ☒ Mail payment to IRS
Would you like to receive written communications from the IRS in a language other than English What language _____		☐ Yes ☐ Spouse ☒ No
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund		☐ Yes ☐ Spouse ☒ No
As of December 31, 2025, what was your marital status ☐ Never Married ☐ Married ☐ Legally Separated but not Divorced If married, were you married on the last day of the year ☐ Yes ☐ No Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No ☐ Divorced ☒ Widowed Date of final decree _____ Date of separate maintenance decree _____ Year of spouse's death 1997		

- Open [Practice Lab](#) and create a return for **LYNN R. BERRY: SSN 015-00-9876**.
- Enter Lynn's SSA-1099.

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
20XX ☐ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ☐ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name LYNN R BERRY	Box 2. Beneficiary's Social Security Number 015-00-9876	
Box 3. Benefits Paid in 20XX \$20,772.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$20,772.00
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
Paid by check or direct deposit \$18,337.20		Box 6. Voluntary Federal Income Tax Withheld
Medicare Part B premiums deducted from your benefits \$2,434.80		
Medicare Prescription Drug premiums (Part D) deducted from your benefits		
Total Additions \$2,434.80		
Benefits for 20XX \$20,772.00		Box 7. Address LYNN R BERRY 4321 CENTRAL TR YOUR CITY, YS YZIP
Benefits for 20XX-1		Box 8. Claim Number (use this number if you need to contact SSA) 015-00-9876A
Benefits for 20XX-2		
Benefits for 20XX-3		

Form **SSA-1099-SM**

- Lynn works part-time at the school helping them keep up with their filing. Enter her W-2.

a Employee's social security number 015-00-9876		OMB No. 1545-0029		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 25-5234567				1 Wages, tips, other compensation \$21,400.00		2 Federal income tax withheld \$2,100.00			
c Employer's name, address, and ZIP code JEFFERSON COUNTY SCHOOL DISTRICT 12210 ROBIN STREET INDIANAPOLIS, IN 46204				3 Social security wages \$21,400.00		4 Social security tax withheld \$1,326.80			
				5 Medicare wages and tips \$21,400.00		6 Medicare tax withheld \$310.30			
				7 Social security tips		8 Allocated tips			
d Control number				9		10 Dependent care benefits			
e Employee's first name and initial Last name Suff. LYNN R BERRY 4221 CENTRAL TRAIL YOUR CITY, YS YZIP				11 Nonqualified plans		12a See instructions for box 12			
				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b			
				14a Other		12c			
				14b Treasury Tipped Occupation Code(s)		12d			
f Employee's address and ZIP code									
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			
YS	255234567	\$21,400.00	\$950.00						

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

- Lynn instructed her traditional IRA custodian to make a QCD of \$4,000 to her preferred veterans' organization, which is an eligible 501(c)(3) organization. They provided a notification that they received the contribution.
 - Note: Not all QCD distributions will be made directly by the IRA custodian. It is also possible for a taxpayer to write a check directly from his/her IRA account to the charitable organization. In this case, the IRA custodian will not know it is for a QCD. Consequently, the 1099-R would not have the Box 7 code denoting it as such.
 - Another possibility is that the QCD was made directly by the IRA custodian, but they do not account for it on the 1099-R. Again, there may or may not be a Y7 in Box 7. In this case, you will need to change the amount in Box 2a to reflect the correct taxable amount.
 - Be sure to ask your taxpayer if they made any QCDs during the year!
- Enter the 1099-R for the QCD amount:

☐ CORRECTED (if checked)

PAYER'S name ALPINE INVESTMENTS			1 Gross distribution \$ 4,000.00		OMB No. 1545-0119 20XX Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.	
Street address 5788 PEACHTREE ST		Room or suite no.	2a Taxable amount \$ 4,000.00		2b Taxable amount not determined ☒ Total distribution ☐			
City or town ATLANTA		Telephone number	3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$			
State or province GA	Country US	ZIP or foreign postal code 30301	5 Employee contrib./desig. Roth contrib. or insurance premiums \$		6 NUA in employer's securities \$			
PAYER'S TIN 45-7487891		RECIPIENT'S TIN 015-00-9876		7a Dist. code(s) Y7		7b IRA/SEP/SIMPLE ☒	7c Trump account ☐	7d Earnings on excess contrib. \$
RECIPIENT'S name LYNN R BERRY			8a Other \$		8b Percentage of annuity contract %		This information is being furnished to the IRS.	
Street address 4321 CENTRAL TR		Apt. no.	9a Percentage of total dist. %		9b Total employee contrib. \$			
City or town YOUR CITY								
State or province YS	Country US	ZIP or foreign postal code YZIP						
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib.	12 FATCA filing requirement ☐	14 State tax withheld \$		15 State/Payer's state no.		16 State distribution \$	
Account number (see instructions)		13 Date of payment	17 Local tax withheld \$		18 Name of locality		19 Local distribution \$	

Form **1099-R**

www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

- In the 1099-R entry screen for Box 2a, choose [Click here for options](#), then select Qualified Charitable Distribution and enter the amount. That will reduce Box 2a by the amount of the QCD.
- Then enter the 1099-R for the non-QCD amount:

☐ CORRECTED (if checked)

PAYER'S name ALPINE INVESTMENTS			1 Gross distribution \$ 500.00		OMB No. 1545-0119 20XX Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.
Street address 5788 PEACHTREE ST		Room or suite no.		2a Taxable amount \$ 500.00			
City or town ATLANTA		Telephone number		2b Taxable amount not determined ☒ Total distribution ☐			
State or province GA	Country US	ZIP or foreign postal code 30301		3 Capital gain (included in box 2a) \$			
PAYER'S TIN 45-7487891		RECIPIENT'S TIN 015-00-9876		4 Federal income tax withheld \$			
RECIPIENT'S name LYNN R BERRY				5 Employee contrib./desig. Roth contrib. or insurance premiums \$		6 NUA in employer's securities \$	
Street address 4321 CENTRAL TR		Apt. no.		7a Dist. code(s) 7	7b IRA/SEP/SIMPLE ☒	7c Trump account ☐	7d Earnings on excess contrib. \$
City or town YOUR CITY				8a Other \$		8b Percentage of annuity contract %	
State or province YS	Country US	ZIP or foreign postal code YZIP		9a Percentage of total dist. %		9b Total employee contrib. \$	
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement ☐		14 State tax withheld \$	
Account number (see instructions)		13 Date of payment		15 State/Payer's state no.		16 State distribution \$	
				17 Local tax withheld \$		18 Name of locality	
						19 Local distribution \$	

Form **1099-R**

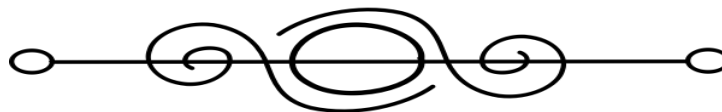
www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).
 - You will not see the \$4,000 QCD as part of Lynn's income since it is non-taxable. The remaining taxable \$500 is listed as income.
 - Notice on line 4c, box 2, "QCD" is checked.

Test your knowledge:

- [Income – QCDs](#) quiz.



Disability Distribution

Tasks

- Review [NTTC 4491](#), Income – Retirement, Part II: Employer Retirement Plans, Disability Pension Income.
- Review [NTTC 4012](#), Tab D, Form 1099-R Rollovers & Disability Under Minimum Retirement Age.
- Watch [1099-R Disability Retirement Income video](#).

Exercise 10: Disability Distribution/Adam Rodriguez

- View the [Intake/Interview and Quality Review Sheet](#) for the Rodriguez return.

[SS.2026.13614C.RODRIGUEZ.3pgs.pdf](#)

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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		
Complete pages 1-5 of this form. You are responsible for the information on your return. Provide complete and accurate information. If you have questions, ask the IRS-certified volunteer preparer.		
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov		
Your first name ADAM	M.I.	Last name RODRIGUEZ
Spouse's first name	M.I.	Last name
Your date of birth 04/02/1972		Your job title RETIRED
Spouse's date of birth		Spouse's job title
Mailing address 1523 CASIMIR COVE	Apt #	City YOUR CITY
State YS	ZIP code YZIP	
Your telephone number 804-555-1234	Spouse's telephone number	Email address (optional) ADAMR@EMAIL.COM
Did you live or work in two or more states in 2025		☐ Yes ☒ No
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No		
Check if you or your spouse were in 2025:		
A U.S. citizen ☒ You ☐ Spouse ☐ No	Legally blind ☐ Yes ☒ No	Totally and permanently disabled ☒ You ☐ Spouse ☐ No
In the U.S. on a visa ☐ You ☐ Spouse ☒ No	Issued an identity protection PIN (IPPIN) ☐ Yes ☐ No	Spouse's job title ☐ Yes ☐ No
A full-time student ☐ You ☐ Spouse ☒ No	Owners or holders of any digital assets ☐ Yes ☐ No	
If due a refund, how would you like your refund		If you have a balance due, how would you like to make your payment
☐ Direct deposit ☒ Check by mail		☐ Bank account ☐ IRS.gov Direct Pay
☐ Split refund between accounts ☐ Other _____		☐ Set up installment agreement ☒ Mail payment to IRS
Would you like to receive written communications from the IRS in a language other than English		☐ Yes ☐ Spouse ☒ No
What language _____		
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund		☐ Yes ☐ Spouse ☒ No
As of December 31, 2025, what was your marital status		
☐ Never Married	☐ Married	If married, were you married on the last day of the year ☐ Yes ☐ No
	Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No	
☒ Divorced	☐ Legally Separated but not Divorced	☐ Widowed
Date of final decree 2016	Date of separate maintenance decree _____	Year of spouse's death _____

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **ADAM RODRIGUEZ, SSN 015-00-3007**.
- Adam was declared permanently disabled on 7/1/2020 and left his job. He checked with his pension plan administrator, and the minimum retirement age for his plan is 55 years old. He will be on disability until he reaches 55 years old. At that time, he will be considered retired.
- Enter his 1099-R below. How do we know this is a disability payment?

- Be sure to check the box near the bottom of the entry screen to “report on Form 1040, Line 1h.” This allows the income amount to be treated as earned income for purposes of the earned income credit. This is only allowed with Box 7 code 3.

☐ CORRECTED (if checked)

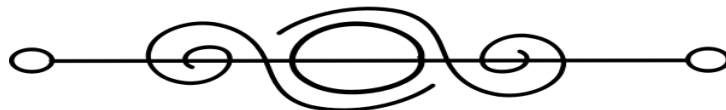
PAYER'S name FOUNDATION INVESTMENT MANAGERS			1 Gross distribution \$ 8,479.00		OMB No. 1545-0119 20XX		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		
Street address 45 TANAKA LN		Room or suite no.		2a Taxable amount \$ 8,479.00		Form 1099-R			
City or town PENSACOLA		Telephone number		2b Taxable amount not determined ☒ Total distribution ☐					
State or province FL	Country US	ZIP or foreign postal code 32526		3 Capital gain (included in box 2a) \$					
PAYER'S TIN 64-7478589		RECIPIENT'S TIN 015-00-3007		4 Federal income tax withheld \$		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.			
RECIPIENT'S name ADAM RODRIGUEZ				5 Employee contrib./desig. Roth contrib. or insurance premiums \$				6 NUA in employer's securities \$	
Street address 1523 CASIMIR COVE		Apt. no.		7a Dist. code(s) 3	7b IRA/SEP/SIMPLE ☐			7c Trump account ☐	7d Earnings on excess contrib. \$
City or town YOUR CITY				8a Other \$				8b Percentage of annuity contract %	
State or province YS	Country US	ZIP or foreign postal code YZIP		9a Percentage of total dist. %		9b Total employee contrib. \$ 12,500.00			
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement ☐		14 State tax withheld \$			
Account number (see instructions)		13 Date of payment		17 Local tax withheld \$		15 State/Payer's state no.			
				18 Name of locality		16 State distribution \$			
						19 Local distribution \$			

Form **1099-R** www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

More practice:

- Complete the [Skills Workout](#) in Link & Learn > [Income - Retirement](#).



Partially Taxable Pension (A) with Public Safety Officer Exclusion

If a taxpayer made after-tax contributions toward their retirement plan, they have basis in that plan and can recover that basis a bit at a time as they get distributions from the plan. Two methods used to figure the taxable portion of each pension or annuity payment are the General Rule and the Simplified Method. Unless an exception applies, retirees must use the Simplified Method for annuity payments from a qualified plan. If a taxpayer has been using the General Rule to figure the taxable portion for past years, they must be referred to a professional tax preparer

see [NTTC 4491](#), Lesson: Retirement Income

The NTTC recommends the Annuity/Pension Exclusion Calculator in the [Colorado Resource Toolbox](#) (CRT) as a simplified method tool to calculate the taxable income for pension distributions which contain after-tax contributions. The calculator computes ages, will advise if the general rule applies, and handles railroad retirement pensions. With practice and care the Annuity/Pension Exclusion Calculator in the CRT is easy to use and is an excellent tool that gets the right answer.

Once the CRT calculator is used, enter the fields into TaxSlayer's Simplified Method Worksheet. You reach it by clicking on "Options" under the box 2a entry on the 1099-R screen. This will allow carryforward information to populate in the next year if the taxpayer consents to carryforward.

A benefit of the CRT calculator is the report it produces for the taxpayer detailing contributions to use each year for the taxable portion of the distribution. This should be printed to give to the taxpayer to keep with their tax records.

Tasks:

- Watch the [1099-R Pension Exclusion video](#).
- Watch the [Form 1099-R Public Safety Officer \(PSO\) video](#).
- Review [NTTC 4491](#), Income – Retirement, Part II: Employer Retirement Plans, Retired public safety officer exclusion.
- Review [NTTC 4012](#), Tab D, Form CSA-1099-R – Civil Service Retirement Benefits and Tab D, Public Safety Officer (PSO) Exclusion for Insurance Premiums.
- Watch [Colorado Resource Toolbox \(CRT\) Tools Video](#).

Exercise 11: Partially Taxable Pension (A) with Public Safety Officer/David Rouse

- View the [Intake/Interview & Quality Review Sheet](#) for the Rouse return.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964
---------------------------------------	---	-------------------------

You will need:

- Tax Information such as Forms W-2, 1099, 1098, 1095.
- 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

• Complete pages 1-5 of this form.
• You are responsible for the information on your return. Provide complete and accurate information.
• If you have questions, ask the IRS-certified volunteer preparer.

Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov

Your first name DAVID	M.I.	Last name ROUSE	Your date of birth 09/16/1965	Your job title RETIRED
Spouse's first name	M.I.	Last name	Spouse's date of birth	Spouse's job title

Mailing address 1301 GEORGIA ST	Apt #	City YOUR CITY	State YS	ZIP code YZIP
------------------------------------	-------	-------------------	-------------	------------------

Your telephone number 804-555-1234	Spouse's telephone number	Email address (optional) DAVER@EMAIL.COM	Did you live or work in two or more states in 2025 ☐ Yes ☒ No
---------------------------------------	---------------------------	---	---

Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No

Check if you or your spouse were in 2025:

A U.S. citizen ☒ You ☐ Spouse ☐ No	Legally blind ☐ You ☐ Spouse ☒ No
In the U.S. on a visa ☐ You ☐ Spouse ☒ No	Totally and permanently disabled ☐ You ☐ Spouse ☒ No
A full-time student ☐ You ☐ Spouse ☒ No	Issued an identity protection PIN (IPPIN) ☐ You ☐ Spouse ☒ No
	Owners or holders of any digital assets ☐ You ☐ Spouse ☒ No

If due a refund, how would you like your refund ☐ Direct deposit ☒ Check by mail ☐ Split refund between accounts ☐ Other _____	If you have a balance due, how would you like to make your payment ☐ Bank account ☐ IRS.gov Direct Pay ☐ Set up installment agreement ☒ Mail payment to IRS
--	---

Would you like to receive written communications from the IRS in a language other than English ☐ You ☐ Spouse ☒ No

What language _____

Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund ☐ You ☐ Spouse ☒ No

As of December 31, 2025, what was your marital status

☒ Never Married	☐ Married If married, were you married on the last day of the year ☐ Yes ☐ No Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No	☐ Widowed Year of spouse's death _____
☐ Divorced Date of final decree _____	☐ Legally Separated but not Divorced Date of separate maintenance decree _____	

- Open [Practice Lab](#) and prepare a return for **DAVID ROUSE, SSN 015-00-4397**.
- David was a public safety officer and is therefore eligible for up to \$3,000 exclusion for medical insurance paid. On his Form CSA-1099 for his retirement pension, the Box 5 amount is for medical insurance paid.

PAID BY OFFICE OF PERSONNEL MANAGEMENT RETIREMENT SERVICES PROGRAM P. O. BOX 45 BOYERS, PA 16017-0045	Copy B - File with Federal tax return 20XX	OMB No. 1545-0119 Form: 1099R Distribution From Pensions, Annuities Retirement or Profit- Sharing Plans, IRA's, Insurance Contracts, etc.
--	---	---

PAYER's Federal Identification 16-5123456	Recipient's ID No. (Annuitant) 015-00-4397	Account number (Retirement Claim) CSA 457156
--	---	---

Form CSA 1099R (Rev 1/2009)
 This information is being furnished to the
 Department of Treasury - Internal Revenue Service

5. Employee Contributions/ Designed ROTH Contributions or Insurance Premiums \$3,275.00	PAID TO → DAVID ROUSE 1301 GEORGIA ST YOUR CITY, YS YZIP	1. Gross distribution \$25,864.00
7. Distribution Code(s) 7-NONDISABILITY		2a. Taxable amount UNKNOWN
9b. Total Employee Contributions \$49,872.00		4. Federal Income Tax Withheld \$1,295.00

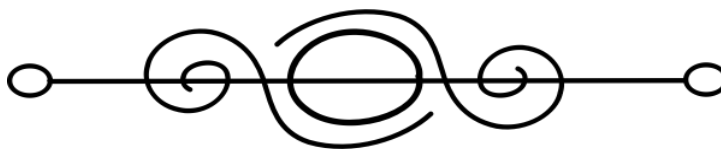
State 1	10. State Income Tax Withheld
State 2	11. State Income Tax Withheld

- David retired in 2020 after 33 years as an FBI agent. He started receiving his pension on December 1, 2020. The taxable amount in box 2a is "unknown," so the simplified method is needed to calculate the Box 2a taxable amount.

- Continue to the entry screen for the 1099-R above and begin entry on it.
 - To determine the Box 2a taxable amount, use the [Colorado Resource Toolbox](#): Annuity /Pension Exclusion Calculator.
 - Print the CRT chart.
 - Under Box 2a, choose [Click here for options](#). Select the Simplified Method Worksheet and complete the fields using the entries as shown on the CRT chart.
- The remaining \$275 of Box 5 (\$3,275) that exceeds the \$3,000 limit for the PSO deduction is available to use on Schedule A (medical deductions) or as a self-employed health insurance (SEHI) deduction, (no self-employment or Schedule A in this exercise).
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).
 - Note line 5c will have box 2 checked for PSO.

Test your knowledge:

- [Income – IRAs](#) quiz.



Schedule K-1 (A)

Schedule K-1 is used to report the taxpayer's share of income, distributions, deductions, and credits from partnerships, S corporations, and some estates and trusts. One copy of Schedule K-1 is sent to the IRS. Another copy of Schedule K-1 is sent to the taxpayer.

Scope Caution and Guidance from NTTC 4491: Schedules K-1 or K-3 may report information that is not needed for an in-scope return, such as investment income or foreign tax credit per-country detail. It is not necessary to enter that information into the software. Some items of income, expense, or credits on a K-1 make the tax return out of scope.

Please see NTTC 4012, Tab D, Schedules K-1 for specific and exact instructions on what is and is not in scope.

see [NTTC 4491](#), Lesson: Income – Sch K-1, Royalties, and Land Rents

Tasks

- Review [NTTC 4491](#), Income - Sch K-1, Sch K-1, income, deductions, credits, etc.
- Review [NTTC 4012](#), Tab D, Schedules K-1.

Exercise 12: Schedule K-1 (Form 1065) (A)/Janet Smith

- View the [Intake/Interview and Quality Review Sheet](#) for the Smith return.

Form 13614-C (October 2025)		Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet				OMB Number 1545-1964	
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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				- Complete pages 1-5 of this form. - You are responsible for the information on your return. Provide complete and accurate information. - If you have questions, ask the IRS-certified volunteer preparer.			
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov							
Your first name JANET	M.I.	Last name SMITH	Your date of birth 10/28/1968	Your job title OFFICE ADMINISTRATOR			
Spouse's first name	M.I.	Last name	Spouse's date of birth	Spouse's job title			
Mailing address 1223 GARDEN CITY AVE		Apt #	City YOUR CITY		State YS	ZIP code YZIP	
Your telephone number 804-555-1234	Spouse's telephone number		Email address (optional) JANETS@EMAIL.COM		Did you live or work in two or more states in 2025 ☐ Yes ☒ No		
Can anyone else claim you or your spouse on their tax return				☐ Yes ☒ No			
Check if you or your spouse were in 2025:							
A U.S. citizen	☒ You	☐ Spouse	☐ No	Legally blind	☐ You	☐ Spouse	☒ No
In the U.S. on a visa	☐ You	☐ Spouse	☒ No	Totally and permanently disabled	☐ You	☐ Spouse	☒ No
A full-time student	☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)	☐ You	☐ Spouse	☒ No
				Owners or holders of any digital assets	☐ You	☐ Spouse	☒ No
If due a refund, how would you like your refund				If you have a balance due, how would you like to make your payment			
☐ Direct deposit				☒ Check by mail			
☐ Split refund between accounts				☐ Bank account			
				☐ IRS.gov Direct Pay			
				☐ Set up installment agreement			
				☒ Mail payment to IRS			
Would you like to receive written communications from the IRS in a language other than English				☐ Yes ☐ Spouse ☒ No			
What language _____							
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund				☐ Yes ☐ Spouse ☒ No			
As of December 31, 2025, what was your marital status							
☐ Never Married		☐ Married		If married, were you married on the last day of the year		☐ Yes ☐ No	
				Did you and your spouse live apart all of the last 6 months of the year		☐ Yes ☐ No	
☒ Divorced		☐ Legally Separated but not Divorced		☐ Widowed			
Date of final decree 1994		Date of separate maintenance decree _____		Year of spouse's death _____			

- Open [Practice Lab](#) and use the information, worksheets, and documents below to prepare the return for **JANET SMITH, SSN 015-00-8003**.

a Employee's social security number 015-00-8003		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 84-1234578		1 Wages, tips, other compensation \$32,456.00		2 Federal income tax withheld \$3,245.00	
c Employer's name, address, and ZIP code FAST SHIPPING SERVICES 77 STREET SIDE PLAZA ROUND ROCK, TX 78664		3 Social security wages \$32,456.00		4 Social security tax withheld \$2,012.27	
		5 Medicare wages and tips \$32,456.00		6 Medicare tax withheld \$470.61	
		7 Social security tips		8 Allocated tips	
		9		10 Dependent care benefits	
d Control number		11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial JANET		Last name SMITH		12b	
1223 GARDEN CITY AVE YOUR CITY, YS YZIP		13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐		12c	
		14a Other		12d	
		14b Treasury Tipped Occupation Code(s)			
		f Employee's address and ZIP code			
15 State YS	Employer's state ID number 84XXXXXXX	16 State wages, tips, etc. \$32,456.00	17 State income tax \$1,546.00	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

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

20XX

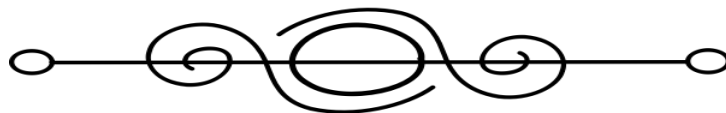
Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

- Janet received a Schedule K-1 (Form 1065) from Stanton Holdings. All of Janet's investment is at risk.
 - Schedule K-1s may be related to Form 1041, 1065, or 1120. The Schedule K-1 form will have its related form number on it.
 - We suggest you check the [Scope Manual](#) to be sure your K-1 is in scope for Tax-Aide. Check the Table of Contents for "F 1065, S K-1." Once on this page, find the entry by the same name to see what is and is not in scope for Tax-Aide. You will notice that Part III dividends and capital gains are in scope, so we may enter the K-1 for Janet.
 - Also, take note of the format of this K-1 form. It can be confusing to think the numbering columns are actually dollar amounts to enter – be sure to look only for the marked dollar amounts on the dividends and capital gains!

Schedule K-1 (Form 1065) Department of the Treasury Internal Revenue Service For Calendar year 20XX, or tax year beginning ending		20XX		☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123																																																								
Partner's Share of Income, Deductions, Credits, etc.		Part III Partner's Share of Current Year Income, Deductions, Credits and Other Items																																																										
Part I Information About the Partnership		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">1</td> <td style="width: 70%;">Ordinary business income (loss)</td> <td style="width: 5%;">15</td> <td style="width: 20%;">Credits</td> </tr> <tr> <td>2</td> <td>Net rental real estate income (loss)</td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>Other net rental income (loss)</td> <td>16</td> <td>Foreign transactions</td> </tr> <tr> <td>4A</td> <td>Guaranteed payments for services</td> <td></td> <td></td> </tr> <tr> <td>4B</td> <td>Guaranteed payments for capital</td> <td></td> <td></td> </tr> <tr> <td>4C</td> <td>Total guaranteed payments</td> <td></td> <td></td> </tr> <tr> <td>5</td> <td>Interest income</td> <td></td> <td></td> </tr> <tr> <td>6A</td> <td>Ordinary dividends</td> <td>\$96.43</td> <td></td> </tr> <tr> <td>6B</td> <td>Qualified dividends</td> <td>\$53.91</td> <td></td> </tr> <tr> <td>6C</td> <td>Dividend equivalents</td> <td>17</td> <td>Alternative minimum tax (AMT) items</td> </tr> <tr> <td>7</td> <td>Royalties</td> <td></td> <td></td> </tr> <tr> <td>8</td> <td>Net short-term capital gain (loss)</td> <td></td> <td></td> </tr> <tr> <td>9A</td> <td>Net long-term capital gain (loss)</td> <td>18</td> <td rowspan="2">Tax-exempt income and nondeductible expenses</td> </tr> <tr> <td>9B</td> <td>Collectables (28%) gain (loss)</td> <td></td> </tr> </table>				1	Ordinary business income (loss)	15	Credits	2	Net rental real estate income (loss)			3	Other net rental income (loss)	16	Foreign transactions	4A	Guaranteed payments for services			4B	Guaranteed payments for capital			4C	Total guaranteed payments			5	Interest income			6A	Ordinary dividends	\$96.43		6B	Qualified dividends	\$53.91		6C	Dividend equivalents	17	Alternative minimum tax (AMT) items	7	Royalties			8	Net short-term capital gain (loss)			9A	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses	9B	Collectables (28%) gain (loss)	
1	Ordinary business income (loss)	15	Credits																																																									
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Part II Information About the Partnership		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="4">A Partnership's employer identification number 76-5XXXXXX</td> </tr> <tr> <td colspan="4">B Partnership's name, address, city state and ZIP code STANTON HOLDINGS LLC PO BOX 1267 BOSTON MA 02110</td> </tr> <tr> <td colspan="4">C IRS Center where corporation filed return ANDOVER</td> </tr> <tr> <td colspan="4">D ☐ Check if this is a publically traded partnership (PTP)</td> </tr> <tr> <td colspan="4">E Shareholder's identifying number 015-00-8003</td> </tr> <tr> <td colspan="4">F Shareholder's name, address, city, state, and ZIP code JANET SMITH 1223 GARDEN CITY AVE YOUR CITY, YS YZIP</td> </tr> </table>				A Partnership's employer identification number 76-5XXXXXX				B Partnership's name, address, city state and ZIP code STANTON HOLDINGS LLC PO BOX 1267 BOSTON MA 02110				C IRS Center where corporation filed return ANDOVER				D ☐ Check if this is a publically traded partnership (PTP)				E Shareholder's identifying number 015-00-8003				F Shareholder's name, address, city, state, and ZIP code JANET SMITH 1223 GARDEN CITY AVE YOUR CITY, YS YZIP																																		
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- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).



Health Savings Accounts (HSAs) (A)

An HSA is a tax-exempt trust or custodial account that a taxpayer sets up with a qualified HSA trustee, either with an employer or with a bank. Contributions are deductible as an adjustment to gross income. Distributions from an HSA are nontaxable if the funds are offset by qualified medical expenses. A taxpayer must be an eligible individual to qualify to contribute to an HSA but does not need to be eligible in the year of distribution.

To be an eligible individual and qualify for an HSA, the taxpayer must meet the following requirements:

- Be covered by a high-deductible health plan (HDHP) on the first day of the month (includes ACA Bronze and catastrophic plans starting in 2026).
- Not be covered by other health insurance (see Publication 969 for exceptions).
- Not be enrolled in Medicare (the individual can be HSA-eligible for the months before being covered by Medicare).
- Not be eligible to be claimed as a dependent on someone else's tax return (see Caution).

In the case of married individuals, each spouse who is an eligible individual and wants to have an HSA must open a separate HSA. Married couples cannot have a joint HSA, even if they are covered by the same HDHP; however, distributions can be used to cover the qualified expenses of the other spouse. In the event of the death of one of the married individuals, the HSA will be treated as the surviving spouse's HSA if the spouse is the designated beneficiary of the HSA.

see [NTTC 4491](#), Lesson: Adjustments to Income, Health Savings Accounts (HSA) Contributions

Tasks

- Review [NTTC 4012](#), Tab E, Health Savings Accounts (HSA).
- [Form 5498-SA](#): Provides account information, however, this form is often not received by the tax deadline. You may need to rely on the taxpayer for the information needed. A year-end account statement is a good alternative source.
- Watch these videos:
 - [HSA Introduction](#)
 - [HSA Data Entry](#)
 - [HSA Contributions](#)
 - [HSA Distributions Video](#)

Exercise 13: HSA (A)/Randall Cleveland

- View the [Intake/Interview and Quality Review Sheet](#) for the Cleveland return.

[illegible]

☐ CORRECTED (if checked)

PAYER'S name SHIPWERKS ENTERPRISES			1 Gross distribution \$ 35,000.00		OMB No. 1545-0119 20XX		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
Street address 15 OLIVER WAY		Room or suite no.	2a Taxable amount \$ 35,000.00		Form 1099-R		
City or town YOUR CITY		Telephone number	2b Taxable amount not determined ☐		Total distribution ☐		
State or province YS	Country US	ZIP or foreign postal code YZIP	3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$ 2,500.00		
PAYER'S TIN 54-1298473		RECIPIENT'S TIN 245-00-6543		5 Employee contrib./desig. Roth contrib. or insurance premiums \$		6 NUA in employer's securities \$	
RECIPIENT'S name RANDALL CLEVELAND			7a Dist. code(s) 7		7b IRA/SEP/SIMPLE ☐		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.
Street address 568 MAGNOLIA LANE		Apt. no.	7c Trump account ☐		7d Earnings on excess contrib. \$		
City or town YOUR CITY			8a Other \$		8b Percentage of annuity contract %		
State or province YS	Country US	ZIP or foreign postal code YZIP	9a Percentage of total dist. %		9b Total employee contrib. \$		
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.	12 FATCA filing requirement ☐	14 State tax withheld \$ 1,235.00		15 State/Payer's state no. YS-4587123	
Account number (see instructions)			13 Date of payment	17 Local tax withheld \$		18 Name of locality	
				16 State distribution \$ 35,000.00		19 Local distribution \$	

Form **1099-R**

www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT			
20XX ○ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ○ SEE THE REVERSE FOR MORE INFORMATION.			
Box 1. Name RANDALL CLEVELAND		Box 2. Beneficiary's Social Security Number 245-00-6543	
Box 3. Benefits Paid in 20XX \$25,436.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$25,436.00	
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$23,812.80 Medicare Part B premiums deducted from your benefits \$1,623.20 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$1,623.20 Benefits for 20XX \$25,436.00 Benefits for 20XX-1 Benefits for 20XX-2 Benefits for 20XX-3		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address RANDALL CLEVELAND 568 MAGNOLIA LANE YOUR CITY, YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 245-00-6543A	

Form **SSA-1099-SM**

- Now determine Randall's allowable HSA contribution and enter it on Form 8889. Since he was only eligible for a contribution for four months, you will need to take the annual amount divided by 12, then multiplied by 4. Don't forget to include the extra \$1,000 for being age 55 or older. Although Randall didn't make any HSA contributions during the year, he can make eligible contributions up until the due date of the return and those can be deducted on the return. He will need to tell his HSA trustee that those contributions are for the prior year.
- Enter Randall's HSA distributions, and how much of the distribution he used for qualified medical expenses.

9494 ☐ VOID ☐ CORRECTED

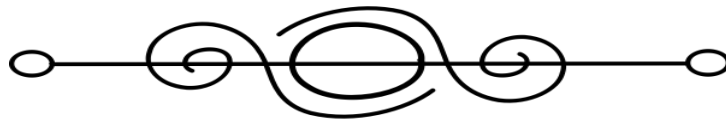
TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number JACKSON BANK & TRUST 14907 SW GRANT ST INDIANAPOLIS IN 46305		OMB No. 1545-1517 Form 1099-SA (Rev. April 2025) For calendar year 20XX		Distributions From an HSA, Archer MSA, or Medicare Advantage MSA Copy A For Internal Revenue Service Center For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the General Instructions for Certain Information Returns. www.irs.gov/Form1099
PAYER'S TIN 54-2001234	RECIPIENT'S TIN 245-00-6543	1 Gross distribution \$ 1500.00	2 Earnings on excess cont. \$	
RECIPIENT'S name RANDALL CLEVELAND		3 Distribution code 1	4 FMV on date of death \$	
Street address (including apt. no.) 568 MAGNOLIA LANE		5 HSA ☒ Archer MSA ☐ MA MSA ☐		
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS YZIP				
Account number (see instructions)				

Form **1099-SA** (Rev. 4-2025) Cat. No. 38471D www.irs.gov/Form1099SA Department of the Treasury - Internal Revenue Service

- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Test your knowledge:

- [Income – HSA Distributions](#) quiz.
- [Adjustments – HSA](#) quiz.



Education Benefits: Optimizing Education Benefits with Unrestricted Scholarship or Grants

Whether [a taxpayer] will benefit from applying a scholarship or fellowship grant to nonqualified expenses will depend on the amount of the student's qualified education expenses, the amount of the scholarship or fellowship grant, and whether the scholarship or fellowship grant may (by its terms) be used for nonqualified expenses. Any benefit will also depend on the student's federal and state marginal tax rates as well as any federal and state tax credits the student claims. Before deciding, look at the total amount of [the taxpayer's] federal and state tax refunds or taxes owed and, if the student is [the taxpayer's] dependent, the student's tax refunds, or taxes owed. For example, if [the taxpayer is] the student and can also claim the EITC, choosing to apply a scholarship or fellowship grant to nonqualified expenses by including the amount in their income may benefit them if the increase to their American opportunity credit is more than the decrease to their EITC.

From [Publication 970](#), Tax Benefits for Education

AARP Counselors can use the [Colorado Resource Toolbox](#) Education Benefits Calculator to optimize the declaration of income and education credit. The optimizing process accounts for situations when a taxpayer and dependent have restricted and unrestricted scholarship and grant income. The Education Benefits Calculator is also an effective tool for simpler education credit situations.

Tasks

- Review [NTTC 4491](#), Education Credits.
- Review [NTTC 4012](#), Tab J.
- Watch:
 - [Education Credits Basics video](#)
 - [Scholarship Income video](#)
 - [NTTC Video: Colorado Resource Toolbox: Education Credit Calculator](#)

Important: Scholarship/grant income always belongs to the student. If a taxpayer has a dependent with scholarship/grant income, enter any available education credit on the taxpayer's return (when the taxpayer actually claims the dependent) and enter the scholarship/grant income on the dependent's return.

Exercise 14: Scenario 1 – Dependent with no income and unrestricted scholarship or grant/Varisian 1

- View the [Intake/Interview and Quality Review Sheet](#) for the Varisian return.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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		
Complete pages 1-5 of this form. You are responsible for the information on your return. Provide complete and accurate information. If you have questions, ask the IRS-certified volunteer preparer.		
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov		
Your first name ROBERT	M.I. M.I.	Last name VARISIAN
Spouse's first name M.I.	M.I. M.I.	Last name M.I.
Your date of birth 2/10/1978	Your job title MANAGER	
Spouse's date of birth M.I.	Spouse's job title M.I.	
Mailing address 465 FULLERTON AVE	Apt # Apt #	City YOUR CITY
State YS	ZIP code YZIP	
Your telephone number 304-626-5959	Spouse's telephone number M.I.	Email address (optional) M.I.
Did you live or work in two or more states in 2025 ☐ Yes ☒ No		
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No		
Check if you or your spouse were in 2025:		
A U.S. citizen ☒ You ☐ Spouse ☐ No	Legally blind ☐ Yes ☒ No	Spouse ☐ Yes ☒ No
In the U.S. on a visa ☐ You ☐ Spouse ☒ No	Totally and permanently disabled ☐ Yes ☒ No	Spouse ☐ Yes ☒ No
A full-time student ☐ You ☐ Spouse ☒ No	Issued an identity protection PIN (IPPIN) ☐ Yes ☒ No	Spouse ☐ Yes ☒ No
Owners or holders of any digital assets ☐ Yes ☒ No		
If due a refund, how would you like your refund ☒ Direct deposit ☐ Check by mail ☐ Split refund between accounts ☐ Other _____		
If you have a balance due, how would you like to make your payment ☒ Bank account ☐ IRS.gov Direct Pay ☐ Set up installment agreement ☐ Mail payment to IRS		
Would you like to receive written communications from the IRS in a language other than English ☐ Yes ☐ Spouse ☒ No		
What language _____		
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund ☒ Yes ☐ Spouse ☒ No		
As of December 31, 2025, what was your marital status ☐ Never Married ☐ Married ☐ Legally Separated but not Divorced ☐ Widowed If married, were you married on the last day of the year ☐ Yes ☐ No Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No Date of final decree 2012 Date of separate maintenance decree _____ Year of spouse's death _____		
List the names below of everyone who lived with you last year (except your spouse) AND anyone you supported but did not live with you last year.		
Answer Yes or No (Y/N)		
To be completed by certified volunteer (Yes, No, or N/A)		
Name (first, last)	Date of birth (mm/dd/yy)	Relationship to you (child, parent, none, etc.)
SAMARA VARISIAN	6/14/2007	DAUGHTER
Number of months lived in your home in 2025	Single or Married as of 12/31/2025 (S/M)	U.S. Citizen
12	S	Y
Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled
Y	Y	N
Issued IPPIN	Qualifying child or relative of any other person	This person provided more than 50% of their own support
N	N	Y
This person had less than \$5,200 of income	Taxpayer(s) provided more than 50% of support for this person	Taxpayer(s) paid more than half the cost of maintaining a home for this person
Y	Y	Y

- Robert Varisian is a single parent, whose daughter Samara is a full-time student in college pursuing an engineering degree. She has no income. Samara qualifies for the American Opportunity Credit – she has not already completed four years of higher education, they have not already claimed four years of the American Opportunity Credit, and she does not have a felony conviction.
- Click to view the full [Education Credits Worksheet](#) that Robert filled out.
 - Here are the expenses that they listed:

Expenses <i>(Not all expenses qualify for both Education Credits)</i>	
Tuition	\$ 15,000
Student activity fees, if required for enrollment	\$
Required books that <u>must</u> be purchased from the institution	\$
Required books purchased from a bookstore or otherwise	\$ 160
Required supplies and equipment fees which must be purchased from the institution	\$
Other required supplies and equipment	\$
Living expenses, even if living at home ROOM AND BOARD	\$ 8,500
Required insurance or student health fees	\$
Expenses for special needs services	\$
Other (specify):	\$
SAFETY GOGGLES AND LAB COAT (REQUIRED)	\$ 58
USED LAPTOP TO REPLACE THE OLD ONE THAT BROKE	\$ 750
	\$

- Samara's school billing statement shows \$5,500 in Pell grants. All other scholarships (of the \$18,000 total shown on her 1098-T Form below) must be used for qualified expenses.
- Open [Practice Lab](#) and use the information and documents below to prepare the return for **ROBERT VARISIAN, SSN 385-00-5640, and his dependent SAMARA, SSN 386-00-5650.**
- Input Robert's W-2.

a Employee's social security number 385-00-5640		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 20-867XXXX		1 Wages, tips, other compensation \$42,000.00		2 Federal income tax withheld \$4,800.00	
c Employer's name, address, and ZIP code WALTON'S GROCERY 123 EAST STREET SALSBURY, NC 28145		3 Social security wages \$42,000.00		4 Social security tax withheld \$2,604.00	
		5 Medicare wages and tips \$42,000.00		6 Medicare tax withheld \$609.00	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff. ROBERT VARISIAN 465 FULLERTON AVE YOUR CITY, YS YZIP		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b	
		14a Other		12c	
		14b Treasury Tipped Occupation Code(s)		12d	
f Employee's address and ZIP code					
15 State Employer's state ID number YS 20867XXXX	16 State wages, tips, etc. \$42,000.00	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **20XX** Department of the Treasury—Internal Revenue Service
Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

- There are no other income/deductions in this exercise, but in a real return, you would complete all federal income and deductions, **except for** Form 8863, Education Credit, where the most advantageous credit is determined.
- Find Robert's Form 1040 by using the Print View Summary screen. This is needed for the **Optimizer Tab** of the Education Benefits Calculator, which you will use next.
- Robert and Samara agree to use any of the unrestricted scholarship income as additional taxable income on Samara's return if it provides their best optimized combined tax refund. **The optimum tax position is a trade-off of declaring taxable scholarship (grant) income vs. reducing the income with qualified education expenses that potentially reduce education tax credits.¹**
- Open the [Colorado Resource Toolbox](#) and find the Education Benefits Calculator.² Make the following entries in the different tabs:

Taxpayer Information Tab:

- Taxpayer's name: Robert Varisian
- Current tax year and location button
- Filing status and any checkboxes that apply

¹ See [Pub 970](#), Chapter 2, for a detailed description of the options in the American Opportunity Credit.

² Use the Education Benefits Calculator [Instructions tab](#) as needed to review the detailed instructions.

- Dependent information
- Student information (the remainder of the tab)

☐ CORRECTED (if checked)			
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code and telephone number HARPER COLLEGE 1 COLLEGE WAY YOUR CITY, YS YZIP		1 Payments received for qualified tuition and related expenses \$15,000.00	OMB No. 1545-1574 20XX Form 1098-T
		2	
FILER'S employer identification no. 46-3436543	STUDENT'S TIN 386-00-5650	3	Copy B For Student This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
STUDENT'S name Street address (including apt. no.) City or town, state or province, country, ZIP or foreign postal code SAMARA VARISIAN 465 FULLERTON AVE YOUR CITY, US YZIP		4 Adjustments made for a prior year	
		5 Scholarships or grants \$18,000.00	
		6 Adjustments to scholarships or grants for a prior year	
Service Provider/Acct No. (see instr.)	8. Checked if at least half-time student ☒	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 20XX+1. ☐	
		9 Checked if a graduate student ☐	10 Ins. contract reimb./refund
Form 1098-T (keep for your records) www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service			

On the Funding Sources Tab:

- Under **Scholarships, Fellowships and Grants:**
 - Enter line 1: Unrestricted grant and scholarship amount that can be used for other expenses; be sure to click "unrestricted." \$5,500
 - Enter line 2: Other scholarships/fellowships; this is restricted to tuition, so do not click "unrestricted." \$12,500

Expense Information Tab:

- Enter education expenses – for this exercise, we have tuition, books (not from the college), supplies of the laptop and safety equipment (also not from the college), and other living expenses. (Remember the \$8,500 for room and board.)

Optimizer Tab:

- In the **Taxpayer's Return** section, find the column with the white boxes and enter: Wages, AGI, and Total NonRefundable Credits using the TaxSlayer pdf print from the first step (before entering the Form 8863).
- Normally, you would enter the student's tax return information in the **Student's Return** section of the Optimizer tab. In this example, Samara has no other income, so leave this section blank.
- Click the OPTIMIZE button (near bottom right of the screen) and notice the qualified education expenses to use for the education credit entry on the taxpayer's (Robert's) tax return in TaxSlayer. There is no return for Samara done in this exercise since she has no filing requirement, but if we were doing a return for her, the additional taxable income for the student (Samara) would be on her return, not Robert's. Note that taxable scholarship income is considered earned income for the purpose of determining

whether a return must be filed, but in this case, the amount is still below the filing requirement threshold so there is no need for Samara to file.

- Using the Optimizer screen results box at the bottom of the screen, enter in Robert's tax return in TaxSlayer (Deductions > Credits > Education Credits):
 - Tuition amount: \$15,000
 - Scholarship amount: \$12,502
 - Qualified education expenses: \$968
- Note the \$5,498 in the Optimizer results for additional taxable scholarship income. Again, if Samara had a tax return, this would go on her return, not on Robert's return, as "Other Income."
- Verify with [Varisian1 Education Calculator](#).
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Exercise 15: Scenario 2 – Dependent with wages and and unrestricted scholarship or grant/Varisian 2

In this scenario, Samara worked over the summer and vacations and she saved most of her salary. She is still a dependent. Once a dependent has other income in addition to taxable scholarship income, there is the potential for the kiddie tax issue, which would put Samara's return out of scope. Although scholarship income is considered earned income to determine filing requirements, it is considered unearned income for the kiddie tax. The kiddie tax is generally invoked when a dependent has a filing requirement and more than \$2,700 in unearned income. Luckily, the Education Benefits Calculator will help you work out whether there is a risk of kiddie tax and how to optimize to avoid it.

Tasks

- Review the [IRS tax topic: https://www.irs.gov/taxtopics/tc553](https://www.irs.gov/taxtopics/tc553)
- Watch the [Kiddie Tax video https://ta-nttc.tiny.us/kiddie-tax-video](https://ta-nttc.tiny.us/kiddie-tax-video)

Questions:

- With \$12,500 of wages, is Samara required to file? Is there a kiddie tax issue? If she isn't required to file a return, should she anyway?
- What if Samara's wages are \$20,000? Is she required to file? Is there a kiddie tax issue?

Steps

- Your return for Robert has been completed. For this scenario, you need to remove the Form 8863, Education Credits from the previous exercise in order to redo the credits.
- Now prepare the return for Samara in TaxSlayer, using the W-2 below. Be sure to mark that Samara is being claimed as a dependent on someone else's return when you enter in the personal information.

- **Samara Varisian SSN: 386-00-5650** BDATE: 06/14/2007 ADDR: 465 FULLERTON AVE, YOUR CITY, YS, YZIP PH: 304-612-4567

a Employee's social security number 386-00-5650		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 20-867XXXX		1 Wages, tips, other compensation \$12,500.00		2 Federal income tax withheld \$1,250.00	
c Employer's name, address, and ZIP code WALTON'S GROCERY 123 EAST STREET SALSBURY, NC 28145		3 Social security wages \$12,500.00		4 Social security tax withheld \$775.00	
		5 Medicare wages and tips \$12,500.00		6 Medicare tax withheld \$181.00	
		7 Social security tips		8 Allocated tips	
		9		10 Dependent care benefits	
d Control number		11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial SAMARA		Last name VARISIAN		Suff.	
f Employee's address and ZIP code 465 FULLERTON AVE YOUR CITY, YS YZIP		13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐		12b	
		14a Other		12c	
		14b Treasury Tipped Occupation Code(s)		12d	
15 State YS	Employer's state ID number 20867XXXX	16 State wages, tips, etc. \$12,500.00	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

- Robert and Samara agree to use any of the unrestricted scholarship income as additional taxable income on Samara's return if it provides their best optimized combined tax refund. **The optimum tax position is a trade-off of declaring taxable scholarship (grant) income vs. reducing the income with qualified education expenses that potentially reduce education tax credits.**
- Open the [Colorado Resource Toolbox](#) and find the Education Benefits Calculator.

Taxpayer Information Tab:

- Enter:
 - Taxpayer's name: Robert Varisian 2
 - Current tax year and location button
 - Filing status and any checkboxes that apply
 - Dependent information
 - Student information (the remainder of tab)

Funding Sources Tab:

- Under **Scholarships, Fellowships and Grants:**
 - Enter line 1: Unrestricted grant and scholarship amount that can be used for other expenses; be sure to click "unrestricted." **\$5,500**
 - Enter line 2: Other scholarships/fellowships; this is restricted to tuition, so do not click "unrestricted." **\$12,500**

Expense Information Tab:

- Enter education expenses – for this exercise, we have the same tuition of \$15,000, books for \$160 (not from the college), supplies (laptop for \$750 and safety gear for \$58, also not from the college), and other living expenses (the \$8,500 for college room and board.)

Optimizer Tab:

- In the **Taxpayer's Return** section find the column with the white boxes and enter: wages, AGI, and total nonrefundable credits using Robert's pdf print from TaxSlayer (before entering the Form 8863).
- In the **Student's Return** section, find the column with the white boxes and enter wages and AGI using Samara's pdf print from TaxSlayer (before entering the Form 8863).
- Click the OPTIMIZE button (near bottom right of the screen). Notice the additional taxable income for the student's tax return and the qualified education expenses for the taxpayer's tax return.
- Using the Optimizer screen results box at the bottom of the screen, enter in TaxSlayer:
 - Samara's tax return:
 - Additional taxable income for the student \$3,250
(Other Income > Other Compensation > Scholarships)
 - Robert's tax return (Education Credit):
 - Tuition amount: \$15,000
 - Scholarship: \$14,750
 - Qualified education expenses: \$968
- Note how the Optimizer has kept Samara's total income equal to the standard deduction to avoid a filing requirement for her. Not only does this mean that there is no kiddie tax issue, but also she owes no taxes on the additional income and gets a full refund of her withholdings!
- Verify with: [Varisian2 Education Calculator](#).
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).

Exercise 16: Scenario 3 – Coordinating 1099-Q College 529 Distribution

College 529 distributions can be applied to room and board if the student is at least half-time (whether or not the student actually lives on campus) and/or has qualified education expenses. However, education expenses that are covered by funds coming from a 529 plan cannot be used to qualify for an education credit.

Samara's expenses are:

- \$13,000 tuition
- \$968 other expenses (books and PC and safety equipment)
- \$8,500 expenses for room and board

In this scenario Samara received no scholarships.

Robert owns a College 529 Plan where Samara is the beneficiary. He received a Form 1099-Q from the investment company showing the \$5,000 distribution that he took out from the plan to help pay for Samara's expenses.

You do not need to enter this information into TaxSlayer for this exercise. Review the following questions and answer them to the best of your ability.

☐ CORRECTED (if checked)			
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code and telephone number HARPER COLLEGE 1 COLLEGE WAY YOUR CITY, YS YZIP		1 Payments received for qualified tuition and related expenses \$13,000.00	OMB No. 1545-1574 20XX Form 1098-T
		2	
FILER'S employer identification no. 46-3436543	STUDENT'S TIN 386-00-5650	3	Copy B For Student This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
STUDENT'S name Street address (including apt. no.) City or town, state or province, country, ZIP or foreign postal code SAMARA VARISIAN 465 FULLERTON AVE YOUR CITY, US YZIP		4 Adjustments made for a prior year	
		5 Scholarships or grants	
		6 Adjustments to scholarships or grants for a prior year	
		7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 20XX+1. ☐	
Service Provider/Acct No. (see instr.)	8. Checked if at least half-time student ☒	9 Checked if a graduate student ☐	10 Ins. contract reimb./refund
Form 1098-T (keep for your records) www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service			

☐ CORRECTED (if checked)			
PAYER'S/TRUSTEE's name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. COLLEGE FUND INVESTORS		1 Gross Distribution \$5,000.00	OMB No. 1545-1760 Form 1099-Q (Rev. November, 2019) For calendar Year 20XX
		2 Earnings \$3,235.00	
PAYER'S/TRUSTEE'S TIN 87-2354XXX	RECIPIENT'S TIN 385-00-XXXX	3 Basis \$1,765.00	4 Trustee-to-trustee transfer ☐
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal code ROBERT VARISIAN 465 FULLERTON AVE YC, YS YZIP		5 Check one: * Qualified Tuition Program -- Private ☐ or State ☒ * Coverdell ESA ☐	6 If this box is checked, the recipient is not the designated beneficiary ☒
Account number (see instructions) 879987-398		If the fair market value (FMV) is shown below, see Pub. 970, Tax Benefits for Education, for how to figure earnings.	
Form 1099-Q (Rev. 11-2019) (keep for your records) www.irs.gov/Form1099Q Department of the Treasury - Internal Revenue Service			

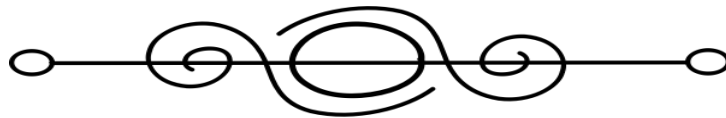
Questions:

1. How is the College 529 Plan distribution applied (for example, does it all go towards tuition or split between expenses)?
2. Can Robert still take the American Opportunity Credit? If yes, how much qualified educational expense can he claim for the credit?
3. If Robert withdrew \$13,000 (Box 1) from the College 529 Plan to cover the full tuition amount, can he still take the American Opportunity Credit?
4. If yes, how much qualified educational expense can he claim for the credit now?
5. What if Robert withdrew \$30,000 (Box 1) from the College 529 plan?

Answers:

1. Robert can apply the full \$5,000 withdrawn to room and board.
2. He can take the AOC with his full qualified education expense total of \$13,968.
3. Robert can apply \$8,500 of the \$13,000 amount withdrawn to room and board expenses. The remaining \$4,500 must cover other qualifying expenses which then cannot be used to claim the AOC.
4. His expenses for the AOC are now \$13,968 minus \$4,500 = \$9,468
5. This situation is out of scope. The taxpayer withdrew more than the qualifying education expenses defined for a 529 plan.
 - a. The total expenses are \$22,468 (\$13,000 tuition + \$968 + \$8,500 room and board).
 - b. Since the withdrawal exceeded the qualified expenses, part of the earnings will be taxable.
 - c. Withdrawals from a 529 plan that are taxable are out of scope.

Review [NTTC 4012](#) Tab J, Highlights chart: *What expenses qualify besides tuition and required enrollment fee?*



Amended Returns (A)

Note: Tax-Aide Policy and Procedures Manual says: “Volunteers should have taxpayers refer to their original preparer for amendment requests on returns originally prepared outside of Tax-Aide.” If it is not possible for the taxpayer to access the original preparer, we would need to create an original that is exactly like the one that was filed. Then we can do an amendment for it, as long as it is in scope for Tax-Aide.

Tasks

- Review [NTTC 4491](#), Amended and Prior Year Returns.
- Review [NTTC 4012](#), Tab M, Original Return Prepared by the Site and Accepted in TaxSlayer, and Original Return **Not** Created by the Site Preparing the Amended Return.
- Watch [Amended Returns](#) video.

Caution: Be careful when amending state returns. Make sure you have a hard copy of the original accepted state return. TaxSlayer may cause the original state return information to change when you amend Federal items. Verify the “original amount” and have a manual original and federal copy to restore if necessary.

Exercise 17: Amended Returns (A)/Marshall Franklin

- View the [Intake/Interview & Quality Review Sheet](#) for the Franklin return.

Form 13614-C (October 2025)	Department of the Treasury - Internal Revenue Service Intake/Interview and Quality Review Sheet	OMB Number 1545-1964
You will need: - Tax Information such as Forms W-2, 1099, 1098, 1095. - 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		
- Complete pages 1-5 of this form. - You are responsible for the information on your return. Provide complete and accurate information. - If you have questions, ask the IRS-certified volunteer preparer.		
Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov		
Your first name MARSHALL	M.I.	Last name FRANKLIN
Spouse's first name	M.I.	Last name
Your date of birth 06/10/1985		Your job title CUSTOMER SERVICE REP
Spouse's date of birth		Spouse's job title
Mailing address 7723 BANKS ST	Apt #	City YOUR CITY
State YS	ZIP code YZIP	
Your telephone number 804-555-1234	Spouse's telephone number	Email address (optional) MARSHALLF@EMAIL.COM
Did you live or work in two or more states in 2025		☐ Yes ☒ No
Can anyone else claim you or your spouse on their tax return ☐ Yes ☒ No		
Check if you or your spouse were in 2025:		
A U.S. citizen	☒ You ☐ Spouse ☐ No	Legally blind ☐ Yes ☒ No
In the U.S. on a visa	☐ You ☐ Spouse ☒ No	Totally and permanently disabled ☐ Yes ☒ No
A full-time student	☐ You ☐ Spouse ☒ No	Issued an identity protection PIN (IPPIN) ☐ Yes ☒ No
If due a refund, how would you like your refund ☐ Direct deposit ☒ Check by mail ☐ Split refund between accounts ☐ Other _____		Owners or holders of any digital assets ☐ Yes ☒ No
If you have a balance due, how would you like to make your payment ☐ Bank account ☐ IRS.gov Direct Pay ☐ Set up installment agreement ☒ Mail payment to IRS		
Would you like to receive written communications from the IRS in a language other than English What language _____		☐ Yes ☐ Spouse ☒ No
Would you, or your spouse if married filing jointly, like \$3 to go to the Presidential Election Campaign Fund As of December 31, 2025, what was your marital status		☐ Yes ☐ Spouse ☒ No
☐ Never Married ☐ Married If married, were you married on the last day of the year ☐ Yes ☐ No Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No		
☐ Divorced ☐ Legally Separated but not Divorced ☒ Widowed Date of final decree _____ Date of separate maintenance decree _____ Year of spouse's death 2013		

- Open [Practice Lab](#) and use the Information, worksheets, and documents below to prepare the returns for **MARSHALL FRANKLIN, SSN 015-00-3010**.
- Even though we did not prepare Marshall's original return, he would like us to amend it to include his recently received 1099-INT. We can do this by preparing a return that is just like the one that was actually filed by another preparer, not Tax-Aide. **Of course, we do not try to e-file the copy we have made, but we will use it to create the amended return.**
- Follow the [NTTC 4012](#), Tab M, "Original Return Not Created by the Site Preparing the Amended Return."
- Prepare Marshall's initial tax return. Treat this as his prepared tax return that was transmitted to and accepted by the IRS; it should match the copy he brought to the site. The Form W-2 was his only original tax document; access the print preview in TaxSlayer to confirm.
- Marshall paid the tax that was due from the original tax return.

a Employee's social security number 015-00-3010		OMB No. 1545-0029		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN) 42-9123456				1 Wages, tips, other compensation \$33,500.00		2 Federal income tax withheld \$1,820.00	
c Employer's name, address, and ZIP code CARSON COUNTY SD 34 WEST PINE CIRCLE LAKEWOOD WA 98498				3 Social security wages \$33,500.00		4 Social security tax withheld \$2,077.00	
				5 Medicare wages and tips \$33,500.00		6 Medicare tax withheld \$485.75	
				7 Social security tips		8 Allocated tips	
				9		10 Dependent care benefits	
d Control number				11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Suff. MARSHALL FRANKLIN 7723 BANKS ST YOUR CITY, YS YZIP				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b	
				14a Other		12c	
				14b Treasury Tipped Occupation Code(s)		12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
YS	42-XXXXXXX	\$33,500.00	\$900.00				

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

- Marshall just received a Form 1099-INT that was not included in his original return that was filed and accepted by the IRS. Both the Form W-2 and 1099-INT were for the same tax year.

☐ CORRECTED (if checked)							
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. PAYTON FINANCIAL BANK 1200 TENTH STREET HARTFORD CT 06101-0054			Payer's RTN (optional)		OMB No. 1545-0112 20XX Form 1099-INT		Interest Income Copy B For Recipient
			1 Interest income \$601.62				
			2 Early withdrawal penalty				
PAYER'S TIN 12-1123456		RECIPIENT'S TIN 015-00-3010		3 Interest on US Savings Bonds and Treas. obligations \$265.00		This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported	
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal code MARSHALL FRANKLIN 7723 BANKS ST YOUR CITY, YS YZIP			4 Federal income tax withheld		5 Investment expenses		
			6 Foreign Tax Paid		7 Foreign Country or US possession		
			8 Tax exempt interest		9 Specified private activity bond interest		
			10 Market Discount		11 Bond Premium		
FATCA filing requirement ☐			12 Bond premium on Treasury obligations		13 Bond Premium on tax-exempt bond		
Account number (see instructions)			14 Tax-exempt and tax credit bond CUSIP no.		15 State	16 State Identification no.	17 State tax withheld
Form 1099-INT							

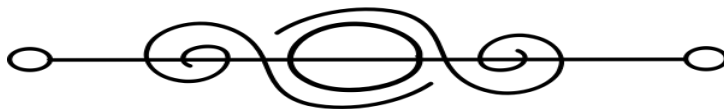
- Amend Marshall's return to include the 1099-INT amounts.
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).
- Many amended returns can be e-filed, depending on the year. Some state amended returns can be e-filed, but some must be mailed by the taxpayer. Check with your Local Coordinator to find out how amendments should be filed at your site.

Test your knowledge:

- [Amended - Prior Year Returns](#) quiz

More practice:

- Click [Link & Learn > Amended and Prior Year Returns](#) and review the lesson page. Review [Skills Workout](#).



Injured Spouse

When a joint return is filed and one spouse has a federal debt (back federal taxes, child support, student loans) that the IRS can deduct from (offset) the refund, the other spouse without debt can be considered an injured spouse if eligible. This protects some or all of the injured spouse's refund from being offset.

Injured spouses may file Form 8379 to receive their share of the refund shown on the joint return. To be eligible, the injured spouse:

1. Must not be legally obligated to pay the past-due amount, and
2. Must have made and reported tax payments (such as federal income tax withheld from wages or estimated tax payments), or claimed a refundable tax credit.

Special rules apply to the calculation if the injured spouse lived in a community property state at any time during the tax year.

see [NTTC 4491](#), Lesson: Filing Status, Injured Spouse

Caution: Community Property States

If you live in a community property state check with your district Training Coordinator to determine if you are able to complete Form 8379, and if so, how to fill it out. Community property states have unique rules for allocating amounts between spouses. The answers here are for separate property states.

Tasks

- Review [NTTC 4491](#):
 - Filing Status, Injured spouse.
 - Amended and prior year returns, Injured spouse situations.
- Review [NTTC 4012](#), Tab M: Filing An Injured Spouse Allocation.
- Review IRS forms:
 - [Form 8379, Injured Spouse Allocation](#)
 - [Instructions for Form 8379](#)

Exercise 18: Injured Spouse/Earl and Wanda Jones

- View the [Intake/Interview & Quality Review Sheet](#) for the Jones return.

[illegible]

a Employee's social security number 015-00-3041		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 25-6234567		1 Wages, tips, other compensation \$12,283.00		2 Federal income tax withheld \$1,228.00	
c Employer's name, address, and ZIP code PETROLEUM OIL AND GAS 624 KASPAR DRIVE INDIANAPOLIS, IN 46204		3 Social security wages \$12,283.00		4 Social security tax withheld \$761.55	
		5 Medicare wages and tips \$12,283.00		6 Medicare tax withheld \$178.10	
		7 Social security tips		8 Allocated tips	
		9		10 Dependent care benefits	
d Control number		11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Suff. EARL JONES		13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b	
f Employee's address and ZIP code 2023 SOMERSBY ST YOUR CITY, YS YZIP		14a Other		12c	
		14b Treasury Tipped Occupation Code(s)		12d	
15 State Employer's state ID number YS 25XXXXXXX	16 State wages, tips, etc. \$12,283.00	17 State income tax \$614.00	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

a Employee's social security number 015-00-3042		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile.	
b Employer identification number (EIN) 25-5234567		1 Wages, tips, other compensation \$12,851.00		2 Federal income tax withheld \$1,200.00	
c Employer's name, address, and ZIP code JEFFERSON SCHOOL 12210 ROBIN DRIVE INDIANAPOLIS, IN 46204		3 Social security wages \$12,851.00		4 Social security tax withheld \$796.76	
		5 Medicare wages and tips \$12,851.00		6 Medicare tax withheld \$186.34	
		7 Social security tips		8 Allocated tips	
		9		10 Dependent care benefits	
d Control number		11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Suff. WANDA JONES		13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b	
f Employee's address and ZIP code 2023 SOMERSBY ST YOUR CITY, YS YZIP		14a Other		12c	
		14b Treasury Tipped Occupation Code(s)		12d	
15 State Employer's state ID number YS 25XXXXXXX	16 State wages, tips, etc. \$12,851.00	17 State income tax \$600.00	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

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

20XX

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. TRI-STATE FINANCIAL 16 MARKET STREET AUSTIN TX 78749		1a Total ordinary dividends		OMB No. 1545-0110		Dividends and Distributions	
		\$ 300.10		Form 1099-DIV			
		1b Qualified dividends		(Rev. January 2024)			
		\$		For calendar year 20XX			
PAYER'S TIN		RECIPIENT'S TIN		2a Total capital gain distr.		2b Unrecap. Sec. 1250 gain	Copy B For Recipient
51-1246573		015-00-3041		\$		\$	
RECIPIENT'S name		2c Section 1202 gain		2d Collectibles (28%) gain			
EARL AND WANDA JONES		\$		\$			
Street address (including apt. no.)		2e Section 897 ordinary dividends		2f Section 897 capital gain			
2023 SOMERSBY ST		\$		\$			
City or town, state or province, country, and ZIP or foreign postal code		3 Nondividend distributions		4 Federal income tax withheld			
YOUR CITY, YS YZIP		\$		\$			
11 FATCA filing requirement		5 Section 199A dividends		6 Investment expenses			
☐		\$		\$			
Account number (see instructions)		7 Foreign tax paid		8 Foreign country or U.S. possession			
		\$					
		9 Cash liquidation distributions		10 Noncash liquidation distributions			
		\$		\$			
		12 Exempt-interest dividends		13 Specified private activity bond interest dividends			
		\$		\$			
		14 State		15 State identification no.		16 State tax withheld	
						\$	
						\$	

Form **1099-DIV** (Rev. 1-2024)

(keep for your records)

www.irs.gov/Form1099DIV

Department of the Treasury - Internal Revenue Service

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. TRI-STATE FINANCIAL 16 MARKET STREET AUSTIN TX 78749		Payer's RTN (optional)		OMB No. 1545-0112		Interest Income
		1 Interest income		Form 1099-INT		
		\$ 76.54		(Rev. January 2024)		
				For calendar year 20XX		
PAYER'S TIN		RECIPIENT'S TIN		2 Early withdrawal penalty		Copy B For Recipient
51-1246573		015-00-3042		\$		
RECIPIENT'S name		3 Interest on U.S. Savings Bonds and Treasury obligations		4 Federal income tax withheld		
WANDA JONES		\$		\$		
Street address (including apt. no.)		6 Foreign tax paid		5 Investment expenses		
2023 SOMERSBY ST		\$		\$		
City or town, state or province, country, and ZIP or foreign postal code		8 Tax-exempt interest		7 Foreign country or U.S. territory		
YOUR CITY, YS YZIP		\$		\$		
11 FATCA filing requirement		9 Specified private activity bond interest		10 Market discount		
☐		\$		\$		
Account number (see instructions)		12 Bond premium on Treasury obligations		11 Bond premium		
		\$		\$		
		13 Bond premium on tax-exempt bond		14 Tax-exempt and tax credit bond CUSIP no.		
		\$				
		15 State		16 State identification no.		17 State tax withheld
						\$
						\$

Form **1099-INT** (Rev. 1-2024)

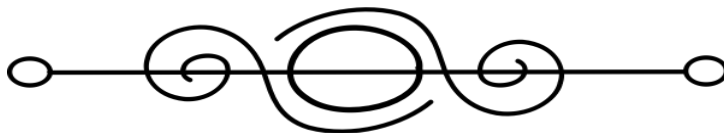
(keep for your records)

www.irs.gov/Form1099INT

Department of the Treasury - Internal Revenue Service

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

- Now, you have an “original” return. This makes the exercise work; start without any injured spouse allocations.
- Determine who is the injured spouse.
- Continuing in TaxSlayer, find and open Form 8379 and then answer the Part I questions.
- Part II allocates the income and expenses to the injured spouse and the other spouse.
 - Wages, salaries, tips, etc. (who earned the income?)
 - Interest and Dividends (who earned the income?)
 - Standard Deduction - allocate half to each spouse.
 - Nonrefundable credits based on a dependent - allocate to the spouse that would claim the dependent if the spouses filed separately.
 - Refundable credits based on a dependent - allocate to the spouse that would claim the dependent if the spouses filed separately.
 - Follow the IRS instructions and do not allocate the earned income credit.
 - Directly assign the tax withholdings to each spouse based on their tax forms.
- Check your PDF print preview and compare your answers with the [Self-Study Answer Sheet](#).
 - Note that your 1040 will say “Injured Spouse” at the top.



THE END

This is the end of the Self-Study Less Common Advanced Topics Course.
We hope you have learned lots and will continue to use the skills and tax law that you have learned.

Your willingness to volunteer to help your community by preparing tax returns is a valued talent.
Tax-Aide appreciates you and your taxpayers appreciate you!

