



National Tax Training Committee

Self-Study Counselor Training and Certification Course Rel 1

Tax Year 2025

FOR USE BY AARP FOUNDATION TAX-AIDE VOLUNTEERS ONLY

Welcome to Tax-Aide Self-Study

Thank you for your interest in becoming a certified Tax-Aide return preparer! Tax-Aide certification can lead to a rewarding experience as a volunteer. We have a whole team of instructors and mentors to help you learn sufficient tax law and our proprietary tax software so you can pass the IRS-required certification tests and prepare accurate returns for the people in your community.

AARP Foundation Tax-Aide was started in 1968 and today has over 3,300 tax preparation sites in all 50 states and the District of Columbia. Tax-Aide volunteers are part of the nation's largest free, volunteer-run tax preparation and assistance program. We could not provide this service without our volunteers. We are grateful that you are interested in joining our team of over 29,000 volunteers.

As you follow the process, you will:

- Gain a basic understanding of the pertinent tax law for volunteer-prepared tax returns.
- Get comfortable using NTTC 4012 Volunteer Resource Guide to prepare tax returns.
- Practice with the TaxSlayer software that is used to prepare and e-file tax returns.

When you are working exercises or are confused with the tax law, don't hesitate to ask questions. When you complete this course, you should be able to pass the qualifying tests to become a Tax-Aide and IRS-certified volunteer Counselor.

How to use this Self-Study course

1. Introduction to Resources: intended for new volunteers. These lessons will help you learn about our tools and create the necessary accounts to become certified.
2. New Volunteer Basic Tax Topics: focuses on helping both new volunteers and returning counselors who want refreshers to prepare for the most common tax return situations we see.
3. Certification Lessons Advanced Tax Topics: introduces more complicated tax scenarios that may be part of the certification exam and may be encountered at our sites.

The primary IRS resource documents and tools for this course are:

1. The Intake and Interview Form [13614-C](#), completed by every taxpayer.
2. Tax-Aide's [NTTC 4491](#) Volunteer Training Guide.
3. Tax-Aide's [NTTC 4012](#) Volunteer Resource Guide.

(NTTC refers to the AARP Foundation Tax-Aide, National Tax Training Committee.)

Each lesson recommends tasks. You don't have to do every task listed; you may rearrange the order or choose only the steps you feel you need.

You can track your progress with your Self-Study Answers Sheet. Research and make any necessary changes to your work.

This document has lots of links to help you easily find resources and tools. The links will open in a new tab in your browser. You may want to close each tab, once you finish reviewing the information, and keep this course document open in a separate window or app to get back to it easily.

The IRS [Link & Learn](#) program also provides online courses for Volunteer Standards of Conduct, Intake, Interview and Quality Review, and Basic and Advanced Tax Law training. You may want to check these out as another learning option. The certification tests are taken through Link & Learn.

Let's get started!

Table of Contents

INTRODUCTION TO RESOURCES	5
Lesson 1: Getting Started, Volunteer Standards of Conduct.....	5
Lesson 2: Intake/Interview and Quality Review	7
Lesson 3: Learning to use NTTC 4012 and Other Resources	8
NEW VOLUNTEER BASIC TAX TOPICS.....	9
Lesson 4: Income - Practice Lab and Wages	9
Exercise 1: Wages (Form W-2)/Neva and Miguel Sanchez	10
Lesson 5: Interest, Dividends, Alimony, Unemployment	13
Exercise 2: Interest Income (Form 1099-INT)/Neva and Miguel Sanchez	13
Exercise 3: Dividend Income (Form 1099-DIV)/ Neva and Miguel Sanchez	15
Exercise 4: Alimony Received (Income)/ Neva and Miguel Sanchez	17
Exercise 5: Unemployment Compensation Income (Form 1099-G)/Neva and Miguel Sanchez.....	18
Lesson 6: Social Security Benefits, IRA Distributions	19
Exercise 6: Social Security Income (Form SSA-1099)/Al and Marcy Johnson	20
Exercise 7: Individual Retirement Accounts (IRAs) & Pension Distributions (Form 1099-R)/Al and Marcy Johnson	23
Lesson 7: Adjustments to Income	24
Exercise 8: Educator Expense Deduction/Karen Wilson	24
Exercise 9: Alimony Paid/Karen Wilson	26
Exercise 10: Traditional IRA Contribution/Karen Wilson	27
Exercise 11: Student Loan Interest Adjustment/Karen Wilson	27
Lesson 8: Dependents, Filing Status, Standard Deduction, Tax Computation	29
Exercise 12: Head of Household Filing Status/Karen Wilson	30
Lesson 9: Child Tax Credit and Credit for Other Dependents	32
Exercise 13: Child Tax Credit and Credit for Other Dependents/Michael and Debra Miller.....	33
Exercise 14: Earned Income Tax Credit/Michael and Debra Miller	37
CERTIFICATION LESSONS ADVANCED TAX TOPICS	38
Lesson 10: Dependents, Filing Requirements, Filing Status, and IP PINs.....	39
Exercise 15: Parental Dependent/James and Diana Calhoun	41
Exercise 16: Dependents and Filing Status	42
Exercise 17: IP PINs/James and Diana Calhoun	43
Lesson 11: Self-Employed Business Income on Schedule C.....	46
Exercise 18: Self-Employment Business Income/William Martin.....	47

Exercise 19: Self-Employed Health Insurance/William Martin	51
Exercise 20: Scope Limitations/William Martin	52
Exercise 21: Estimated Payments/William Martin	52
Lesson 12: Income – Capital Gain or Loss	53
Exercise 22: 1099-B and Brokerage Statement/Ronald Davis.....	54
Lesson 13: Rental Income, Gambling, Cancellation of Debt.....	57
Exercise 23: Rental Income/Ronald Davis.....	58
Exercise 24: Gambling/Ronald Davis	59
Exercise 25: Cancellation of Debt/Ronald Davis	60
Lesson 14: Retirement Income	62
Exercise 26: Early Retirement Distribution with Penalty/Ronald Davis	62
Exercise 27: Rollovers into an IRA/Patrick Compton.....	64
Exercise 28: Partially Taxable Pensions and Annuities/Patrick Compton.....	67
Lesson 15: Health Savings Account	69
Exercise 29: Health Savings Account/James and Diana Calhoun	69
Lesson 16: Itemizing Deductions.....	73
Exercise 30: Itemized Deductions/James and Diana Calhoun.....	73
Lesson 17: Credits	77
Exercise 31: Child and Dependent Care Credit/Greg and Alice Kohler	78
Exercise 32: Education Credit/Greg and Alice Kohler	81
Exercise 33: Premium Tax Credit/Greg and Alice Kohler	83
Exercise 34: Foreign Tax Credit/Ronald Davis	84
Exercise 35: Retirement Savings Credit/Karen Wilson	86
Lesson 18: Finishing the Return	87
Exercise 36: Finishing the Return/Greg and Alice Kohler	87

INTRODUCTION TO RESOURCES

Lessons 1 and 2

Note: Certification is only available in late fall each year. If you are taking this course at another time of year, please skip to [Lesson 3](#) to begin. You may come back to Lessons 1 and 2 when certification exams are available, usually in November.

Lesson 1: Getting Started, Volunteer Standards of Conduct

In this lesson, you will:

- ❖ Get your login credentials for the IRS Link & Learn site.
- ❖ Take the required certification test for Volunteer Standards of Conduct.

Getting Started

Tasks:

- Watch the [Welcome-New-Volunteers-video](#)
- “Link & Learn” is where the IRS certification tests are located. Reference this document for a thorough explanation of the test-taking process when needed: [Taking-Tests-Online](#)
- Click this link to create your personal IRS [Link & Learn](#) account if you don't already have one.
 - Group: 02 - TCE - AARP Volunteer
 - Do you plan to volunteer in the VITA/TCE program? Yes
 - Training Source: Publication 4491
 - Partner/Organization Name: AARP Foundation Tax-Aide
 - Unless you have a professional status, leave the rest blank and click Register.
 - If you need additional help, contact your mentor or instructor.
- Important! Volunteering with Tax-Aide requires the use of multiple accounts with different resources. We strongly recommend you write down and save your login IDs and passwords now for future logins. You have your Link & Learn credentials; you will get more as we progress through the course and are ready to prepare “live” tax returns.

A helpful tool for managing your Tax-Aide logins is a chart like this one. Keep it with you when you are working on your training, but be sure to keep it secured so no one else has access.

IRS Link & Learn	myuserid	mypswd
TaxSlayer Practice Lab (initial password to access the site: TRAINPROWEB)	myuserid	mypswd
Chromebook (or Google account, if using for training)	myuserid	mypswd

- You may also find this video helpful: [User IDs and Passwords Video](#)

Volunteer Standards of Conduct

Note: Before taking IRS certification tests, usually available in November, confirm that they are for the current tax year; each test title starts with that year ("2025 Standards of Conduct", e.g.). If the Link & Learn test page still has last year in the tests' titles, you will need to check back later to take the tests for certification. If this is the case, you can still progress through the course by skipping to [Lesson 3](#).

Tasks:

- Click this link to open the NTTC-modified IRS publication of the certification test questions, [Form 6744](#), and read the second page, Volunteer Standards of Conduct.
- Continue in Form 6744 to review the Volunteer Standards of Conduct Test and Retest questions. (Hint: If you download this document, you can use comment or markup tools to record your choices before taking the test. Or ask your instructor or mentor if a print copy is available.)
- For more depth, click and review the [IRS Volunteer Standards of Conduct Ethics Training](#).
- Sign into Certification Tests at [Link & Learn - Home](#) and take the 2025 Volunteer Standards of Conduct Exam. **Before you click SUBMIT**, record your answers in a separate document. The online test is only programmed to tell you if your answer is correct or incorrect.

The IRS only allows you two attempts to submit and pass any certification test. If you do not pass a test on the **first try, stop**, and **discuss the test questions and your answers with your mentor or instructor** before making your second attempt. They won't give you the answers, but they may help you with some recommended reading or exercises.

How did you do? If you passed the test, **Good job!** You've completed a first step towards certification that all our volunteers must do each year.



Congratulations!
You have completed Lesson 1 of the Tax-Aide Self-Study course.

Lesson 2: Intake/Interview and Quality Review

In this lesson, you will:

- ❖ Learn about tax client interviewing and our intake forms.
- ❖ Take the required certification test for Intake/Interview and Quality Review.

Intake, Interview and Quality Review

Tasks:

- Open and review the Intake and Interview [Form 13614-C](#). Consider filling out the form with your own tax information to better understand the process for our taxpayers. (You may print the form or open it in your computer's pdf editing program to fill out the form.)
- Watch the [Intake Video](#) and [Intake Booklet](#) video.
- Read [Gold Standards for Intake and Interview](#) and [Gold Standards for Quality Review](#).
- Click to open [Form 6744](#) (or open your downloaded or print copy) and review the Intake/Interview and Quality Review Test and Retest questions. This test is a little more difficult than the VSOC test, so you should discuss anything you are unsure of with your mentor or instructor before taking the test.
- For more depth and to confirm your understanding, review the [Intake/Interview and Quality Review Training](#).
- Sign into Certification Tests at [Link & Learn - Home](#) and take the 2025 Intake/Interview and Quality Review Exam. As before, record your answers in a separate document **before you SUBMIT**.

How did you do? If you passed the tests, **Good Job!** You've completed another step towards certification that all our volunteers must do each year.



Congratulations!

You have completed Lesson 2 of the Tax-Aide Self-Study course. You have now completed the necessary certification for several Tax-Aide volunteer roles, including Client Facilitator, Technology Coordinator, and Administrative Coordinator.

Continue on for lessons specific to the Tax Counselor role...

Lesson 3: Learning to use NTTC 4012 and Other Resources

In the rest of the Self-Study lessons, you will:

- ❖ Rely on the NTTC 4012 for answers to many of your questions.
- ❖ Rely on the NTTC 4491 for enlightenment of tax law subjects.

NTTC 4012

NTTC 4012 refers to Tax-Aide's NTTC 4012 Volunteer Resource Guide. This guide is a critical tool volunteers use throughout the season. It includes tax law information, instructions for how to enter data in the TaxSlayer software, and scope information.

Tasks:

- Watch the [NTTC Pub 4012 video](#) for best practices in navigating a document online.
- Open [NTTC 4012](#) and practice searching for information: Find out what the code “D” stands for in a taxpayer’s Form W-2, box 12.

NTTC 4491

NTTC 4491 refers to Tax-Aide's NTTC 4491 Volunteer Training Guide. It is a valuable resource for more thorough explanations of any tax law situation you encounter that is unfamiliar.

Task:

- Open [NTTC 4491](#) and navigate to the section on Income. Read through Part 1: Wages, salary, tips, etc. This will give you background for your next lesson on entering wage information into our tax software.

One final mention of valuable resources is the [Self-Study Counselor Resources](#) document and [NTTC Training Links for New Counselors](#). These list other resources you are welcome to use that may not be used in this course but may be valuable for you to know.

You may also find this video helpful: [Tips for an Accurate Return](#).



**You have completed Lesson 3 of the Tax-Aide Self-Study course.
Don't be shy about making use of these very helpful resources!**

NEW VOLUNTEER BASIC TAX TOPICS

Lessons 4 - 9

Lesson 4: Income - Practice Lab and Wages

In this lesson, you will:

- ❖ Create an account in our TaxSlayer Practice Lab software.
- ❖ Practice using the 13614-C Intake form.
- ❖ Reference NTTC 4012 as a primary resource in preparing tax returns.
- ❖ Reference NTTC 4491, as a primary training resource.
- ❖ Create your first tax return.
- ❖ Check your answers to track your progress.

Practice Lab

- “Practice Lab” is part of the TaxSlayer software where we will work on our practice exercises. Create your personal Practice Lab account, if you do not already have one.
 - Click this link to open [Practice Lab](#) (TaxSlayer).
 - The access password is TRAINPROWEB (all caps).
 - Click on the “Create New Account” button:
 - Program Type is “AARP Tax-Aide”
 - Site Identification Number: leave it blank.
 - If you need additional help, click on this link: [Instructions for Accessing Practice Lab and Creating an Account](#).
 - Remember to write down your account login information.
- Now you are ready to start your first practice tax return. You’ll start by learning about wages...

Wages (Form W-2)

Form W-2

Employers must report wages and other employee compensation on Form W-2. Employers are not required to mail Forms W-2, but they must make them available to employees by January 31. Employees may need to pick up Form W-2 from their employers or obtain it electronically. Most employers issue a standardized version of Form W-2, Wage and Tax Statement. Go to www.irs.gov > **Find Forms & Instructions** if you wish to view Form W-2.

see [NTTC 4491](#), Lesson: Income - Wages, Interest, Etc.

Tasks:

- Watch the [Introduction to Federal Income Tax-video](#).
- Reference [NTTC 4491](#), Income - Wages, Interest, etc.
- Find and view these IRS tables:
 - Table of Taxable and Nontaxable Income – ([NTTC 4012](#), Tab D)
 - Table of Earned and Unearned Income – ([NTTC 4012](#), Tab I)

- Watch the [Wages video](#).
- Review Wages in [NTTC 4012](#), Tab D (*Income*), and these applicable references:
 - Form W-2 Instructions
 - Form W-2 Reference Guide for Common Box 12 Codes*

Tip: Tax-Aide nomenclature for “tax year 20XX” is sometimes referred to as TYXX or TY20XX. Another best practice is to check the tax years of the forms your taxpayers bring. Sometimes, they may have multiple years with them, and it’s easy to get them mixed together. Be sure you are working on the correct tax year’s forms for each tax return.

Exercise 1: Wages (Form W-2)/Neva and Miguel Sanchez

- View [Intake/Interview & Quality Review Sheet](#) for Sanchez return.
 - The information shown below is only a portion of the Intake Sheet. Please click the link above to review the whole sheet before starting the return.

Form 13614-C (March 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 NEVA		M.I.	Last name SANCHEZ		Your date of birth 07/08/1962		Your job title CLERK	
Spouse's first name MIGUEL		M.I.	Last name SANCHEZ		Spouse's date of birth 01/15/1965		Spouse's job title TEACHER	
Mailing address 2023 COLORADO BLVD			Apt #	City YC		State YS	ZIP code YZIP	
Your telephone number 804-555-1234		Spouse's telephone number 804-555-4321		Email address (optional) NEVAS@EMAIL.COM		Did you live or work in two or more states in 2024 ☐ Yes ☒ No		
Check if you or your spouse were in 2024:								
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, 2024, what was your marital status								
☐ Never Married		☒ Married		If married, were you married for all of 2024		☒ Yes ☐ No		
				Did you live with your spouse during any part of the last six months of 2024		☒ Yes ☐ No		
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed				
Date of final decree		Date of separate maintenance decree		Year of spouse's death				
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return								
						☐ Yes ☒ No		

- Open [Practice Lab](#) and then click on [\(Go to Practice Area\)](#)
 - From the main menu, click “Start a new return.”
- Go to [NTTC 4012](#), Tab B and follow instructions to create their new return using this information.
 - Enter **NEVA SANCHEZ’s SSN: 015-00-6516**.
 - Use filing status Married Filing Jointly (MFJ) and **MIGUEL SANCHEZ’s SSN: 115-00-0001**. Find their address and phone information on their Intake/Interview & Quality Review Sheet.

- Enter the following W-2 Wage Income Statements.
- Notice the codes in box 12 of Miguel's W-2. What do they mean? (*See reference guide in [NTTC 4012](#) noted above for box 12 codes.)

Tip: In tax return preparation, the IRS prefers that all dollar amounts are rounded to the nearest dollar (50 cents and larger rounds up).

a. Employee's social security number 015-00-6516		Save. 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 625 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			
d. Control number		9.		10. Dependant care benefits			
e. Employee's first name and initial Employee's address and ZIP code NEVA SANCHEZ 2023 COLORADO BLVD YOUR CITY, YS YZIP		11. Nonqualified plans		12a. See instructions for box 12			
		13. Statutory Retirement Third-party Employee Plan sick pay ☐ ☐ ☐		12b.			
		14. Other		12c.			
				12d.			
15. State YS	Employer's state ID number 25-XXXXXXXXXX	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 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 115-00-0001		Save. accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b. Employer identification number (EIN) 25-5234567		1. Wages, tips, other compensation \$20,530.27		2. Federal income tax withheld \$2,200.00			
c. Employer's name, address, and ZIP code JEFFERSON SCHOOL 12210 ROBIN STREET INDIANAPOLIS IN 46204		3. Social security wages \$21,010.27		4. Social security tax withheld \$1,302.64			
		5. Medicare wages and tips \$21,010.27		6. Medicare tax withheld \$304.65			
		7. Social security tips		8. Allocated tips			
d. Control number		9.		10. Dependant care benefits			
e. Employee's first name and initial Employee's address and ZIP code MIGUEL SANCHEZ 2023 COLORADO BLVD YOUR CITY, YS YZIP		11. Nonqualified plans		12a. See instructions for box 12			
		13. Statutory Retirement Third-party Employee Plan sick pay ☐ ☒ ☐		12b. D		\$480.00	
		14. Other		12c.			
				12d.			
15. State YS	Employer's state ID number 255234567	16. State wages, tips, etc. \$20,530.27	17. State income tax	18. Local wages, tips, etc.	19. Local income tax	20. Locality name	
Form W-2 Wage and Tax Statement 20XX Copy B - To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service.							

- In the left menu, click on Summary/Print, then click on View/Print in the upper right, then “Print your 20XX Tax Return.” A PDF version of your tax return will pop up on your screen. (You can also get to this by clicking “Preview Return” found at the very top of each screen.)
- Now, you’ll need an answer key, so follow these steps:
 - Click on this link for [Self-Study Answer Sheet](#).
 - If you wish, you may download the answer sheet to your own computer to keep track of your answers. Here’s how: Click on File on your Menu Bar and choose Download to get a copy on your own computer. You may use it as you proceed through the course to record and compare your own answers to the exercises. (Different computers may show Download under the file menu or in one of the bars at the top of the screen.)
- Scroll to Form 1040 and related forms in the pdf of your return, and compare your answers with the [Self-Study Answer Sheet](#).

If you did not get the right answers, review your input and any helpful resources. Don’t worry when you miss the answer the first time. Keep trying to learn from your mistakes. “This is a practice, not a perfect.”

Many exercises build on the prior exercises so it's important to get the correct answer before moving forward. Remember that you can always reach out to your mentor or instructor if you feel that you are stuck!

If you did get the right answers, Congratulations! That’s a great start to using our resources to create an accurate tax return. Let’s add more common forms to this tax return...



Congratulations!
You have completed Lesson 4 of the Tax-Aide Self-Study course.

Lesson 5: Interest, Dividends, Alimony, Unemployment

In this lesson, you will:

- ❖ Add more income forms to your first tax return including: income from 1099-INT, 1099-DIV, 1099-G, and information from the taxpayer directly.

Interest Income (Form 1099-INT)

What interest is taxable?

Common sources of taxable interest income are checking and savings accounts, certificates of deposit (CDs), savings certificates, U.S. government bonds, interest on insurance proceeds, and loans that the taxpayer makes to others. Some savings and loans, credit unions, and banks call their distributions “dividends.” All of these distributions are really interest income and are reported correctly on Form 1099-INT in TaxSlayer.

see [NTTC 4491](#), Lesson: Income - Wages, Interest, Etc.

Tasks:

- Reference [NTTC 4491](#), Income - Wages, Interest, etc.
- Find and read about Interest Income in [NTTC 4012](#), Tab D, Interest Income.
- Watch [Interest/Dividends](#) video.

Exercise 2: Interest Income (Form 1099-INT)/Neva and Miguel Sanchez

- Open [Practice Lab](#) and the return for **NEVA SANCHEZ, SSN: 015-00-6516** and **MIGUEL SANCHEZ, SSN: 115-00-0001**. (To find a return, once you have many listed, click “Select” from Client Search, then scroll through your returns and double-click on the SSN for Sanchez or “Select” or search for it in the “Search Client List” box, then “Select.”).

Tip: After reopening the tax return, you can navigate by clicking in the menu column on the left (for example, click on “Federal Section” and then “Income”).

- Find the entry screen for 1099-INT and click “Begin.” Enter the Interest Income from the following Form 1099-INT. Note that the INT box numbers correspond to the screen entries in TaxSlayer.

☐ CORRECTED (if checked)						
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. DERBY FEDERAL CREDIT UNION 431 INVESTMENT ROW LOUISVILLE KY 40202		Payer's RTN (optional)		OMB No. 1545-0112 20XX Form 1099-INT		Interest Income 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.
PAYER'S TIN 75-7788997		RECIPIENT'S TIN 015-00-6516		1 Interest income \$238.80		
		2 Early withdrawal penalty \$23.00		3 Interest on US Savings Bonds and Treas. obligations \$150.00		
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal code NEVA SANCHEZ 2023 COLORADO BLVD 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 \$45.00		9 Specified private activity bond interest		
		10 Market Discount		11 Bond Premium		
		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						

- Dividend and interest income may be reported differently in your state tax return if it imposes state income taxes; interest on U.S. Savings bonds is not taxable by states. Search [NTTC 4012](#) for guidance with Form 1099-INT, box 3 - Interest on U.S. Savings bonds. Hint: There is an entry box on the input screen to fill in the amount of box 3 interest that is taxable to the state. If your state doesn't have a state income tax, this will not matter.
 - Except for tax-exempt interest, all other interest, whether or not the institution or person reported it to the IRS, is taxable income.

OOS Alert: If the FATCA (Foreign Account Tax Compliance Act) filing requirement box is checked on Forms 1099-INT, 1099-DIV, or any other income reporting document, then the tax return is out-of-scope for Tax-Aide. Suggest these taxpayers consult a professional tax preparer.

see [NTTC 4491](#), Lesson: Income - Wages, Interest, Etc.

- Miguel had both a savings and checking account at City Bank, and while he didn't get a 1099-INT from them, he received \$5 and \$4 in interest respectively. You may add these amounts together to report them as interest from City Bank.
- Input Miguel's taxable interest.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Dividend Income (Form 1099-DIV)

What are ordinary dividends?

Ordinary dividends are corporate distributions paid out of the earnings and profits of a corporation. Any dividend received on common or preferred stock is an ordinary dividend unless the paying corporation states otherwise. Ordinary dividends are reported on Form 1099-DIV.

What are qualified dividends?

Qualified dividends are ordinary dividends that qualify for lower, long-term capital gains tax rates.

see [NTTC 4491](#), Lesson: Income - Wages, Interest, Etc.

Tasks:

- Reference [NTTC 4491](#), Income - Wages, Interest, etc.
- Review [NTTC 4012](#), Tab D, Dividend Income (Form 1099-DIV).
- Review [Interest/Dividends](#) video if you feel it's necessary.

Exercise 3: Dividend Income (Form 1099-DIV)/ Neva and Miguel Sanchez

- Open [Practice Lab](#) and the return for **NEVA SANCHEZ, SSN: 015-00-6516** and **MIGUEL SANCHEZ, SSN: 115-00-0001**.
- Enter the dividend income from the following Form 1099-DIV.

☐ CORRECTED (if checked)				Dividends and Distributions	
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. BAKER FINANCIAL SERVICES PO BOX 237 JACKSONVILLE, FL 32209		1 Total Ordinary Dividends \$345.89	OMB No. 1545--0110 20XX Form 1099-DIV		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. 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.
		1b Qualified Dividends \$256.50			
		2a Total capital gain distr. \$49.78	2b Unrecap. Sec. 1250 gain		
PAYER'S TIN 25-7456789	RECIPIENT'S TIN 015-00-6516	2c Section 1202 gain	2d Collectables (28%) gain		
		2e Section 897 ordinary dividends	2f Section 897 capital gain		
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal code NEVA SANCHEZ 2023 COLORADO STREET YOUR CITY, YS YZIP		3 Nondividend distributions \$16.23	4 Federal income tax withheld		
		5 Section 199A dividends	6 Investment expenses		
		7 Foreign Tax Paid \$5.13	8 Foreign Country or US possession		
FATCA filing requirement ☐		9 Cash liquidation distributions	10 Noncash liquidation distribution		
		11 Exempt-Interest dividends	12 Specified private activity bond interest dividends		
Account number (see instructions) -----		13 State	14 State Identification no.	15 State tax withheld	

Form 1099-DIV					

- Dividends are often reported in a brokerage statement. The line numbers and descriptive text on the dividend section of a brokerage statement match a typical IRS Form 1099-DIV.
 - Neva and Miguel received a brokerage statement from Advantage Marketing Corporation that contained the following information. Use [NTTC 4012](#), Tab D to input Form 1099-DIV into the income section of TaxSlayer. Enter the below brokerage statement income:

Form 1099-DIV 20XX Advantage Marketing Corporation OMB No. 1545-0110	
Box	Amount
1a Total ordinary dividends	2,298.01
1b Qualified dividends	1,397.50
2a Total capital gain distr.	3,975.61
2b Unrecaptured Sec 1250 gain	0.00
2c Sec 1202 gain	0.00
2d Collectibles (28%) gain	0.00
2e Section 897 ordinary dividends	0.00
2f Section 897 capital gain	0.00
3 Nondividend distributions	0.00
4 Federal income tax withheld	0.00
5 Section 199a dividends	0.00
6 Investment expenses	0.00
7 Foreign tax paid	45.43
8 Foreign country or U.S. possession	N/A
9 Cash liquidation distributions	0.00
10 Noncash Liquidation distributions	0.00
11 FATCA filing requirement	N/A
12 Exempt-interest dividends	484.64
13 Specified private activity bond interest dividends	0.00
14 State	N/A
15 State identification no	N/A
16 State tax withheld	0.00

Tip: When inputting Form 1099-DIV amounts, it is easy to enter lines 1a and 1b and forget to look to see if there are other numbers. Be sure to enter the entire form, although you don't have to enter the zeroes, just fields with numbers.

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
 - Note the \$23 credit for the early withdrawal penalty on Schedule 1 and on the 1040.
 - Note the foreign tax and retirement savings credits on Schedule 3 and on the 1040. These will be covered later in the course.

Alimony Received (Income)

The payment to or for a spouse or former spouse, under a separation or divorce instrument is alimony. It may include payments on behalf of the spouse or former spouse, such as medical bills, housing costs, and other expenses. It does not include child support or voluntary payments outside the instrument. For divorces after 12/31/2018, alimony is neither reported as income to the recipient, nor as an adjustment to income to the payor.

see [NTTC 4491](#), Lesson: Income - Wages, Interest, Etc.

Tasks:

- Reference [NTTC 4491](#), Income - Wages, Interest, etc.
- Review Alimony Requirements in [NTTC 4012](#), Tab E

Exercise 4: Alimony Received (Income)/ Neva and Miguel Sanchez

- [Practice Lab](#): Open the return for **NEVA SANCHEZ, SSN: 015-00-6516 and MIGUEL SANCHEZ, SSN: 115-00-0001**.
- Neva received \$350 a month in alimony income (\$4,200 in 20XX). The date of her divorce agreement was December 23, 2014.
- Enter her alimony income. See [NTTC 4012](#), Tab D for assistance.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Click to complete the [Income](#) Quiz.

Unemployment Compensation Income (Form 1099-G)

The amount received under an unemployment compensation law of the United States or of a state in the U.S. is income. In most cases, unemployment compensation is taxable.

If taxpayers contribute to a governmental unemployment compensation program or a governmental paid family leave program and the contributions are not deductible, amounts received under the program are not included as unemployment compensation until the taxpayers recover their contributions. If the taxpayer has already deducted all of the contributions to the program, the entire amount received under the program is taxable.

see [NTTC 4491](#), Lesson: Income - Unemployment Compensation

Tasks:

- Watch the [Unemployment Income video](#).
- Reference [NTTC 4491](#), Income - Unemployment Compensation.
- Review [NTTC 4012](#), Tab D for the TaxSlayer instruction for unemployment compensation.

Exercise 5: Unemployment Compensation Income (Form 1099-G)/Neva and Miguel Sanchez

- Open [Practice Lab](#) and the return for **NEVA SANCHEZ, SSN: 015-00-6516** and **MIGUEL SANCHEZ, SSN: 115-00-0001**.
- Sadly, Miguel Sanchez lost his job in August. He was able to collect unemployment income until the end of the year.
 - Note: The situation described in the box above is a more unusual situation. In our situation with Miguel, his unemployment income is entirely taxable.
- Enter his Form 1099-G (Unemployment Income – several rows down in the list on your Income screen).

☐ CORRECTED (if checked)			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. STATE UNEMPLOYMENT COMMISSION 36 COUNTRY PLAZA YOUR CITY, YS, YZIP		1 Unemployment compensation \$12,000	OMB No. 1545-0120 Form 1099-G (Rev. March 2024) For calendar year _____
PAYER'S TIN 21-6644778		2 State or local income tax refunds, credits, or offsets \$	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.
RECIPIENT'S TIN 015-00-0001		3 Box 2 amount is for tax year	
RECIPIENT'S name MIGUEL SANCHEZ Street address (including apt. no.) 2023 COLORADO BLVD City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS YZIP		4 Federal income tax withheld \$500	
Account number (see instructions)		5 RTAA payments \$	
		6 Taxable grants \$	
		7 Agriculture payments \$	8 If checked, box 2 is trade or business income ☐
		9 Market gain \$	
		10a State YS	10b State identification no. 216644778
		11 State income tax withheld \$	
		\$	

Form **1099-G** (Rev. 3-2024) (keep for your records) www.irs.gov/Form1099G Department of the Treasury - Internal Revenue Service

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Complete the [Unemployment Compensation](#) Quiz.
- Check in with your mentor or instructor with any comments or questions.

Good work! You've now successfully entered the most common kinds of income that you will see from working taxpayers.



Congratulations!
You have completed Lesson 5 of the Tax-Aide Self-Study course.

Lesson 6: Social Security Benefits, IRA Distributions

In this lesson, you will:

- ❖ Introduce yourself to the treatment of Social Security on a tax return.
- ❖ Enter a Social Security SSA-1099 into a tax return.
- ❖ Introduce yourself to IRAs.
- ❖ Enter 1099-Rs into a tax return.

Social Security Income (Form SSA-1099)

Social Security benefits are payments made under Title II of the Social Security Act. They include Old-Age, Survivor, and Disability Insurance (OASDI) benefits. Social Security benefits include monthly retirement, survivor, and disability benefits. They do not include Supplemental Security Income (SSI - not taxable). Certain government retirees who receive a pension from work are not covered by Social Security.

Tier 1 railroad retirement benefits are equal to the Social Security benefit that a railroad employee or beneficiary would have been entitled to receive under the Social Security system. These benefits are called “Social Security equivalent benefits” and, for tax purposes, are treated like Social Security benefits. They are shown on the blue Form RRB-1099. Box 5 shows the net Social Security equivalent benefits for tier 1.

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

Tip: The original paper Form SSA-1099 might be used as a substitute for the actual Social Security card as the taxpayer’s required identification if approved by your Local Coordinator.

Tasks:

- Watch the [SSA-1099-video](#).
- Reference [NTTC 4491](#), Income: Social Security Benefits, Retirement Income.
- Review [NTTC 4012](#), Tab D, portions for Social Security and IRA distributions.

Exercise 6: Social Security Income (Form SSA-1099)/Al and Marcy Johnson

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

Form 13614-C (March 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 AL		M.I.	Last name JOHNSON		Your date of birth 07/08/1955		Your job title RETIRED	
Spouse's first name MARCY		M.I.	Last name JOHNSON		Spouse's date of birth 01/02/1967		Spouse's job title OFFICE ASSISTANT	
Mailing address 3123 LINCOLN BLVD			Apt #	City YOUR CITY			State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number 804-555-4321		Email address (optional) ALMARCY@EMAIL.COM		Did you live or work in two or more states in 2024 ☐ Yes ☒ No		
Check if you or your spouse were in 2024:				If you have a balance due, how would you like to make your payment				
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, 2024, what was your marital status								
☐ Never Married		☒ Married		If married, were you married for all of 2024		☒ Yes ☐ No		
				Did you live with your spouse during any part of the last six months of 2024		☒ Yes ☐ No		
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed		Year of spouse's death		
Date of final decree		Date of separate maintenance decree						
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return						☐ Yes ☒ No		

- Open [Practice Lab](#) and create a new return for **AL JOHNSON, SSN: 015-00-1809**. Al and Marcy Johnson are married and want to file jointly (MFJ). **MARCY JOHNSON, SSN: 015-00-6519**. Use other information from their Form 13614-C to start the return.
- Al is retired and collecting Social Security, but Marcy is still working. Enter Forms SSA-1099 and W-2 below.

Tip: Many taxpayers may not have any withholding in box 6 of the SSA-1099. Don't let yourself assume that box 6 will be blank and miss entering any withholding that might be there! It is also easy to mix up the entry for box 6 and the entry for Medicare. Take care to get both of these entered accurately in their correct order.

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Complete the [Social Security Benefits Quiz](#).

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 Al Johnson		Box 2. Beneficiary's Social Security 015-00-1809
Box 3. Benefits Paid in 20XX \$13,682.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$13,682.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$10,831.80 Medicare Part B premiums deducted from your benefits \$1,782.20 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$2,850.20 Benefits for 20XX \$13,682.00		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld \$1,068.00 Box 7. Address AL JOHNSON 3123 LINCOLN BLVD YOUR CITY, YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 015-00-1809A
Benefits for 20XX-1 Benefits for 20XX-2 Benefits for 20XX-3		

Form **SSA-1099-SM**

a. Employee's social security number 015-00-6519		Save, accurate, FAST! Use Visit the IRS website at www.irs.gov/efile	
b. Employer identification number (EIN) 25-1234568		OMB No. 1545-0008	
c. Employer's name, address, and ZIP code COLORADO PAPER COMPANY 1244 MAIN STREET INDIANAPOLIS, IN 46204		1. Wages, tips, other compensation \$32,851.00	2. Federal income tax withheld \$3,200.00
		3. Social security wages \$32,851.00	4. Social security tax withheld \$2,036.76
		5. Medicare wages and tips \$32,851.00	6. Medicare tax withheld \$476.34
		7. Social security tips	8. Allocated tips
d. Control number		9.	10. Dependant care benefits
e. Employee's first name and initial Last name Suff. Employee's address and ZIP code MARCY JOHNSON 3123 LINCOLN BLVD YOUR CITY, YS YZIP		11. Nonqualified plans	
		12a. See instructions for box 12	
		12b.	
		12c.	
		12d.	
13. Statutory Retirement Third-party Employee Plan sick pay ☐ ☐ ☐			
14. Other			
15. State YS	Employer's state ID number 25-XXXXXXX	16. State wages, tips, etc. \$32,851.00	17. State income tax 1,100.00
		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			

Individual Retirement Accounts (IRAs) and Pension Distributions (Form 1099-R)

Retirement plans are funded by either before-tax or after-tax contributions. “Before-tax” simply means that the employee did not pay taxes on the money at the time it was contributed, and the taxpayer has no “cost basis” in the plan. “After-tax” means the employee paid taxes on the money when it was contributed, i.e., the taxpayer has a cost basis in the plan.

If the taxpayer made all their contributions to a plan with before-tax dollars, the entire distribution will be fully taxable. The funds are taxed at the time of the distribution because neither the contributions nor the earnings/ investment gains were previously taxed. This is common in traditional IRAs, 401(k)s, and Thrift Savings Plans.

- If the taxpayer did not contribute to the retirement plan, all the distributions are fully taxable.
- If the taxpayer made contributions to a plan with after-tax dollars, then the distributions could be partially taxable as the portion of the distribution that is considered a return of the after-tax dollars will not be taxed again.
- The portion of the distribution that represents the earnings/investment gains is taxable since it has not been previously taxed. This is common in employer retirement plans.

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

IRA distributions are reported on Form 1099-R. Earnings and investment gains in a taxpayer’s IRA generally accumulate tax free or tax deferred until they are withdrawn. With traditional IRAs, distributions are fully or partially taxable. There are four kinds of IRAs, each with different tax implications and potential tax penalties for early distribution (withdrawal):

- Traditional IRA
- Roth IRA
- Savings Incentive Match Plans for Employees (SIMPLE) IRA
- Simplified Employee Pension (SEP) IRA

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

Tasks:

- Watch the [1099-R Basic Overview video](#).
- Reference [NTTC 4491](#), Income: Retirement Income.
- Review [NTTC 4012](#) Tab D, Form 1099-R Distributions.
 - Review Box 7 Distribution Codes Chart

Exercise 7: Individual Retirement Accounts (IRAs) & Pension Distributions (Form 1099-R)/Al and Marcy Johnson

- Open [Practice Lab](#) and the return for **AL JOHNSON, SSN: 015-00-1809** and **MARCY JOHNSON, SSN: 015-00-6519**.
- Input Form 1099-R for Al which is an IRA Distribution.

Tip: How do you know it is an IRA? Note the box next to box 7 in the 1099-R form. Be sure to checkmark this box when you enter the form into TaxSlayer. It's also a good idea to ask your taxpayer if the IRA is a Traditional or Roth. A Traditional distribution is likely to be taxable, but a Roth distribution would probably not be taxable.

☐ CORRECTED (if checked)				Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. UNITED FINANCIAL SERVICES PO BOX 3478 INDIANAPOLIS IN 46204			1 Gross distribution \$13,567.00	20XX Form 1099-R	
			2a Taxable amount \$13,567.00		
			2b Taxable amount not determined. ☒		
PAYER'S TIN 97-6123456			3 Capital gain (included in box 2a).		4 Federal income tax withheld
			5 Employee contributions/ Designated Roth contributions or		
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal AL JOHNSON 3123 LINCOLN BLVD YOUR CITY, YS YZIP			6 Net unrealized appreciation in employer's securities		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
			7 Distribution Code(s) 7 IRA/SEP/SIMPLE ☒		
9a Your percentage of total distribution %			9b Total Employee Contributions		
10 Amount allocable to IRR within 5 years			11 1st year of desig. Roth contrib.		
12 State tax withheld			13 State/Payer's state no.		14 State distribution
15 Local tax withheld			16 Name of locality		17 Local distribution
Form 1099-R					

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Complete the [IRA Distribution](#) Quiz using [NTTC 4012](#), Tab D for reference.



Congratulations!
 You have completed Lesson 6 of the Tax-Aide Self-Study course.

Lesson 7: Adjustments to Income

In this lesson, you will:

- ❖ Try out a different filing status.
- ❖ Include adjustments in a tax return for:
 - Educator expenses
 - Alimony paid
 - Traditional IRA contribution
 - Student Loan interest paid

Educator Expense Deduction

Educator Deduction

Eligible educators can deduct up to \$300 of qualified expenses paid during the tax year. Anyone who is a kindergarten through grade 12 teacher, instructor, counselor, principal or aide in a school, and worked for at least 900 hours during the school year is eligible for the educator deduction. If the taxpayer and spouse are both eligible educators, they can deduct up to \$600, but neither can deduct more than their own expenses up to \$300. Both public and private school educators qualify. The deduction amount is indexed for inflation.

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

Tasks:

- Reference [NTTC 4491](#), Adjustments to Income.
- Review [NTTC 4012](#), Tab E, Adjustments to Income.

Exercise 8: Educator Expense Deduction/Karen Wilson

- Meet Karen Wilson. She is single, a teacher, and wants you to prepare her tax return this year. She has quite a few adjustments to make on her return.
- View [Intake/Interview & Quality Review Sheet](#) for Wilson return.
- Open [Practice Lab](#) and create a new return for **KAREN WILSON, SSN: 015-00-1804**.
- Input Form W-2.
- Karen is a full-time 6th-grade teacher and worked the entire year. She has receipts totaling \$368 for classroom supplies she purchased during the year.
 - Enter Karen's educator expenses. (Under "Federal" on left menu, click "Deductions," then "Adjustments.")
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Form 13614-C (March 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 KAREN		M.I.	Last name WILSON		Your date of birth 07/08/1975		Your job title TEACHER
Spouse's first name		M.I.	Last name		Spouse's date of birth		Spouse's job title
Mailing address 2023 COLORADO BLVD			Apt #	City YOUR CITY		State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) KAREN@EMAIL.COM		Did you live or work in two or more states in 2024 ☐ Yes ☒ No	
Check if you or your spouse were in 2024: A U.S. citizen ☒ You ☐ Spouse ☐ No In the U.S. on a visa ☐ You ☐ Spouse ☒ No A full-time student ☐ You ☐ Spouse ☒ No				Legally blind ☐ You ☐ Spouse ☒ No Totally and permanently disabled ☐ 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 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, 2024, what was your marital status ☐ Never Married ☐ Married If married, were you married for all of 2024 ☐ Yes ☐ No Did you live with your spouse during any part of the last six months of 2024 ☐ Yes ☐ No ☒ Divorced ☐ Legally Separated but not Divorced Date of final decree 09/1997 Date of separate maintenance decree _____ ☐ Widowed Year of spouse's death _____							
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return						☐ Yes ☒ No	

a Employee's social security number 015-00-1804		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 41-7458967		1 Wages, tips, other compensation \$35,000.00		2 Federal income tax withheld \$4,300.00	
c Employer's name, address, and ZIP code EASTSIDE SCHOOL DISTRICT 123 MAIN ST YOUR CITY, YS YZIP		3 Social security wages \$35,000.00		4 Social security tax withheld \$2,170.00	
		5 Medicare wages and tips \$35,000.00		6 Medicare tax withheld \$507.50	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suf. KAREN WILSON 2023 COLORADO BLVD YOUR CITY, YS YZIP		11 Nonqualified plans		12a See instructions for box 12 DD \$4,651.00	
		13 Statutory employee Retiree Third-party sick pay ☐ ☐ ☐		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code		15 State Employer's state ID number YS 417458967		16 State wages, tips, etc. \$35,000.00	
		17 State income tax \$1,900.00		18 Local wages, tips, etc.	
				19 Local income tax	
				20 Locality name	

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

Alimony Paid

Alimony is a payment to a spouse or a former spouse under a divorce or legal separation instrument. If instrument was executed on or before 12/31/2018, the person paying alimony can deduct those payments as an adjustment to income and the person receiving alimony must report it as income. The payments do not have to be made directly to the ex-spouse. If instrument was executed or modified after 12/31/2018, it is neither deductible by the payor nor reportable by the recipient.

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

Tasks:

- Reference [NTTC 4491](#), Adjustments to Income.
- Review [NTTC 4012](#), Tab E, Adjustments to Income.

Exercise 9: Alimony Paid/Karen Wilson

- Open [Practice Lab](#) and the return for **KAREN WILSON, SSN:015-00-1804**.
- Karen pays her ex-husband, Sam Gonzales (SSN 015-00-9012) \$500 a month in alimony. Their divorce was effective on 9/23/1997 and has not been modified.
- Find Alimony Paid: Deductions > Adjustments > Alimony Paid. Input Karen's alimony paid.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Traditional IRA Contribution

Individual Retirement Arrangements (IRAs) are personal retirement savings plans that offer tax advantages to set aside money for retirement.

Contributions made to a traditional IRA may be fully or partially deductible, depending on the taxpayer's filing status and income.

Generally, the tax deductible contributions, earnings and gains in a traditional IRA are not taxed until funds are **distributed** (withdrawn) from the IRA.

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

Tasks:

- Reference [NTTC 4491](#), Adjustments to Income.
- Review [NTTC 4012](#), Tab E, Adjustments to Income.
 - Input of a Roth IRA contribution is done under the Retirement Savings Credit, covered later in the course.

Exercise 10: Traditional IRA Contribution/Karen Wilson

- Open [Practice Lab](#) and the return for **KAREN WILSON, SSN:015-00-1804**.
- Karen contributed \$2,000 to her Traditional IRA during 20XX.
- Enter this contribution in Karen's return.
 - The Traditional IRA contribution is considered an Adjustment. Find its entry on the Adjustment screen.
 - Look at box 13 on her W-2 to see if she has a retirement plan at work.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Student Loan Interest Adjustment

The student loan interest deduction is generally the smaller of \$2,500 or the interest payments paid that year on a qualified student loan. This amount is gradually reduced or eliminated based on the taxpayer's modified adjusted income and their filing status.

Note also that the \$2,500 limit is per return, not per taxpayer. For example, if the return were for MFJ with two taxpayers, the limit would still be \$2,500.

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

Tasks:

- Reference [NTTC 4491](#), Adjustments to Income.
- Review: [NTTC 4012](#) Tab E , Student Loan Interest Deduction.

Exercise 11: Student Loan Interest Adjustment/Karen Wilson

- Open [Practice Lab](#) and the return for **KAREN WILSON, SSN:015-00-1804**.
- Enter Karen's Student Loan Interest Statement. You may enter the full amount, but then notice on your return that the maximum allowable has been used.

☐ CORRECTED (if checked)			
RECIPIENT'S/LENDER'S name Street address City or town, state or province, country, ZIP or Foreign Postal Code Telephone number FIRST NATIONAL BANK 90 THIRD AVE BOSTON MA 02110		OMB. 1545-1576 20XX Form 1098-E	
RECIPIENT'S federal identification no. 12-5123456		BORROWER'S social security number 015-00-1804	1 Student loan interest received by lender \$3,000.00
BORROWER'S name Street address (including apt. no.) City or town, state or province, country, ZIP or Foreign Postal Code KAREN WILSON 2023 COLORADO BLVD YOUR CITY, YS YZIP		Copy B For Borrower This 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 the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.	
Account number (see instructions)		2 If checked box 1 does not include loan origination fees and/or capitalized interest for loans made before September, 1 2004 ☐	
Form 1098-E			

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Complete the [Adjustments to Income](#) Quiz.



Congratulations! You have completed Lesson 7 of the Tax-Aide Self-Study course. These lessons cover the most common adjustments we see for taxpayers. You are well on your way to becoming proficient with basic tax scenarios.

Lesson 8: Dependents, Filing Status, Standard Deduction, Tax Computation

In this lesson you will:

- ❖ Learn more about dependents and filing status.
- ❖ Try out a Head of Household (HOH) filing status.
- ❖ Become aware of the Standard Deduction.

(More will be covered on these topics in the next section of the course.)

Dependents and Filing Status

Taxpayers' **filing status** determines their income tax rate, the amount of their standard deduction, and their eligibility for certain credits and deductions. That decision is made at the beginning of the tax return. There are five filing statuses: married filing jointly (MFJ), qualifying surviving spouse (QSS), head of household (HOH), single (S), and married filing separately (MFS). In each Self-Study New Volunteer Lessons exercise, the instruction directs the appropriate filing status that is to be used. More detailed instructions and tools are included in the *Self-Study Certification Lessons* training module for determining a taxpayer's filing status.

"MFJ" applies if taxpayers are legally married on December 31 of the tax year or if spouse died during the year, and MFJ is usually the most favorable filing status for a taxpayer.

"Single" applies if the taxpayer is unmarried with no dependents.

Dependents are either a qualifying child or a qualifying relative of the taxpayer. The taxpayer's spouse cannot be claimed as a dependent. HOH and QSS do require taxpayers to have qualifying dependents.

The exercises in Self-Study New Volunteer Lessons will state when dependents can be claimed. You will be introduced to the IRS tests in Self-Study Certification Lessons, where the tax laws for determining filing status and qualifying dependents are presented.

see [NTTC 4491](#), Lesson: Dependents

Tasks:

- Watch a short video on [Filing Status](#).
- Reference [NTTC 4491](#), Filing Status and Dependents.
- Review [NTTC 4012](#), Tab B, Filing Status and Tab C, Dependents.

Exercise 12: Head of Household Filing Status/Karen Wilson

- Open [Practice Lab](#) and **KAREN WILSON'S** tax return.
- Add her daughter **FELICIA** to the return. **SSN: 015-00-4564**.
- Remember to change Karen's Filing Status to Head of Household (HOH). (Left menu > Basic Information > Filing Status)

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 2024	Single or Married as of 12/31/2024 (S/M)	U.S. Citizen	Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled	Issued IP PIN	Qualifying child or relative of any other person	This person provided more than 50% of their own support	This person had less than \$5,050 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
FELICIA WILSON	09/23/2014	DAUGHTER	12	S	Y	Y	Y	N	N	N	N	Y	Y	Y

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
- Notice the increased Standard Deduction she receives as HOH on the 1040.
- Notice the Child Tax Credit on the 1040.
 - Why isn't it \$2,200 (for 2025 or \$2,000 for 2024)? She owes some tax, but the total of her non-refundable credits cannot total more than that tax. The Retirement Savings Credit zeroes out her tax due. Karen receives the Additional Child Tax Credit (ACTC) below on the 1040.
- Since Karen has no tax due, she will receive all of her withholding back. She also qualifies for an Earned Income Credit. Totaling the withholding, EIC, and ACTC gives her a nice refund!

Standard Deduction and Tax Computation

The standard deduction is a fixed dollar amount based on the taxpayer's filing status that reduces taxable income. For most Tax-Aide taxpayers the standard deduction is the best option. However, taxpayers can choose to itemize their deductions if their allowable deductions are higher than the standard deduction amount. When taxpayers have a choice, they should use the type of deduction that results in the lower tax.

An increased standard deduction is available to taxpayers who are 65 or older or blind. There are limitations on the standard deduction for taxpayers who can be claimed as a dependent on someone else's return.

Standard Deduction or Itemized Deductions? TaxSlayer chooses the best option for the taxpayer. Sometimes Itemized Deductions are required. For example: In the case where a spouse has itemized when filing as Married Filing Separately (MFS), the taxpayer must also itemize, even if it totals less than the Standard Deduction.

see [NTTC 4491](#), Lesson: Deductions

Tasks:

- Reference [NTTC 4491](#), Deductions.
- Review [NTTC 4012](#), Tab F, Standard Deduction, for additional insight.

Tip: Check out the **IRS Interactive Tax Assistant** (www.irs.gov/help/ita):
[How Much Is My Standard Deduction?](#)

Self-Evaluation and Feedback:

- [Standard Deduction](#) Quiz.



Congratulations!
You have completed Lesson 8 of the Tax-Aide Self-Study course.

Lesson 9: Child Tax Credit and Credit for Other Dependents

In this lesson you will:

- ❖ Use the Child Tax Credit.
- ❖ Learn about the Credit for Other Dependents.

Child Tax Credit and Credit for Other Dependents

The Child Tax Credit (CTC) is a nonrefundable credit that allows taxpayers to claim a tax credit of up to \$2,200 per qualifying child (for 2025 or \$2,000 for 2024), which reduces their tax liability.

The Additional Child Tax Credit

Taxpayers who are not able to claim the full amount of the Child Tax Credit may be able to take the refundable Additional Child Tax Credit (ACTC). Completing Schedule 8812 Credits for Qualifying Children and Other Dependents may result in a refund even if the taxpayer doesn't owe any tax.

see [NTTC 4491](#), Lesson: Child Tax Credit & Credit for Other Dependents

Tasks:

- Reference [NTTC 4491](#), Child Tax Credit and Credit for Other Dependents.
- Review [NTTC 4012](#), Tab G, Child Tax Credit and Credit for Other Dependents.

Exercise 13: Child Tax Credit and Credit for Other Dependents/Michael and Debra Miller

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

Form 13614-C (March 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 MICHAEL		M.I.	Last name MILLER		Your date of birth 08/16/1982		Your job title TEACHER							
Spouse's first name DEBRA		M.I.	Last name MILLER		Spouse's date of birth 06/24/1981		Spouse's job title CLERK							
Mailing address 22 NORTH OAK DR				Apt #	City YOUR CITY		State YS		ZIP code YZIP					
Your telephone number 804-555-1234		Spouse's telephone number 804-555-4321		Email address (optional) MIKEDEB@EMAIL.COM			Did you live or work in two or more states in 2024 ☐ Yes ☒ No							
Check if you or your spouse were in 2024: A U.S. citizen ☒ You ☒ Spouse ☐ No In the U.S. on a visa ☐ You ☐ Spouse ☒ No A full-time student ☐ You ☐ Spouse ☒ 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										
If due a refund, how would you like your refund ☒ Direct deposit ☐ Check by mail ☐ Split refund between accounts ☐ Other				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 ☐ Yes ☒ No				☒ You ☒ Spouse ☐ No										
As of December 31, 2024, what was your marital status ☐ Never Married ☒ Married ☐ Divorced ☐ Legally Separated but not Divorced Date of final decree Date of separate maintenance decree				If married, were you married for all of 2024 ☒ Yes ☐ No Did you live with your spouse during any part of the last six months of 2024 ☒ Yes ☐ No Year of spouse's death										
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return ☐ Yes ☒ No														
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 2024	Single or Married as of 12/31/2024 (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 \$5,050 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
DAVID MILLER	02/04/2017	SON	12	S	Y	Y	Y	N	N	N	N	Y	Y	Y
CASSIDY MILLER	06/12/2004	DAUGHTER	12	S	Y	Y	N	N	N	N	N	Y	Y	Y

Catalog Number 52121E

www.irs.gov

Form **13614-C** (Rev. 3-2025)

- Open [Practice Lab](#) and enter **MICHAEL MILLER's SSN:015-00-7653** to create a new return with filing status MFJ.
- Enter **DEBRA MILLER, SSN:115-00-0002**. Notice that both of the Millers want to contribute \$3 to the Presidential Election Campaign Fund. You can designate this on the "Personal Information" screen.
- Enter the Millers' dependents' details from Form 13614-C. **DAVID MILLER, SSN: 013-00-0010 and CASSIDY MILLER, SSN: 013-00-0020**.
- Enter the W-2s:

a. Employee's social security number 015-00-7653		Save. accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b. Employer identification number (EIN) 45-9456789		1. Wages, tips, other compensation \$29,569.23		2. Federal income tax withheld \$2,957.00			
c. Employer's name, address, and ZIP code CARLSON COUNTY SCHOOL DISTRICT 34 W PINE CIR YOUR CITY, YS YZIP		3. Social security wages \$29,569.23		4. Social security tax withheld \$1,833.29			
		5. Medicare wages and tips \$29,569.23		6. Medicare tax withheld \$428.75			
		7. Social security tips		8. Allocated tips			
d. Control number		9.		10. Dependant care benefits			
e. Employee's first name and initial Employee's address and ZIP code MICHAEL MILLER 22 N OAK DR YOUR CITY, YS YZIP		11. Nonqualified plans		12a. See instructions for box 12 DD \$7,392.00			
		13. Statutory Retirement Third-party Employee Plan sick pay ☐ ☒ ☐		12b.			
		14. Other		12c.			
				12d.			
15. State YS	Employer's state ID number 453456789	16. State wages, tips, etc. \$29,569.23	17. State income tax 1,005.00	18. Local wages, tips, etc.	19. Local income tax	20. Locality name	
Form W-2 Wage and Tax Statement 20XX 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 115-00-0002		Save. accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b. Employer identification number (EIN) 45-9456789		1. Wages, tips, other compensation \$18,645.00		2. Federal income tax withheld \$1,850.00			
c. Employer's name, address, and ZIP code CARLSON COUNTY SCHOOL DISTRICT 34 W PINE CIRCLE YOUR CITY, YS, YZIP		3. Social security wages \$18,645.00		4. Social security tax withheld \$1,155.99			
		5. Medicare wages and tips \$18,645.00		6. Medicare tax withheld \$270.35			
		7. Social security tips		8. Allocated tips			
d. Control number		9.		10. Dependant care benefits			
e. Employee's first name and initial Employee's address and ZIP code DEBRA MILLER 22 N OAK DR YOUR CITY, YS YZIP		11. Nonqualified plans		12a. See instructions for box 12			
		13. Statutory Retirement Third-party Employee Plan sick pay ☐ ☒ ☐		12b.			
		14. Other		12c.			
				12d.			
15. State YS	Employer's state ID number 45-XXXXXXX	16. State wages, tips, etc. \$18,645.00	17. State income tax 900.00	18. Local wages, tips, etc.	19. Local income tax	20. Locality name	
Form W-2 Wage and Tax Statement 20XX Copy B - To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service.							

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
- To view the computation of the Child Tax Credit, scroll to Schedule 8812 in your tax return.
 - In studying the Child Tax Credit portion on form 8812, you will notice that David is allowed \$2,200 in the computation (lines 4 and 5) and Cassidy is allowed \$500 (lines 6 and 7). David gets the Child Tax Credit since he is under 17 years old; Cassidy gets the Credit for Other Dependents since she is over 16 years old. This equals a total of \$2,700, line 8. Why do the Millers get less for their children's credits? Notice that they are "non-refundable" credits which means they don't get more than the amount of tax they have due, thus zeroing out their tax due. You'll also notice that they get the remainder of the \$2,700 as a "refundable" credit named in the Payments section as the "Additional Child Tax Credit."
 - Note: The above computations are for 2025. For 2024, the credit amount was \$2,000, giving them a total of \$2,500, which zeroes out their tax. The remainder is given as the ACTC.

Self-Evaluation and Feedback:

- Complete the [Child Tax Credit and Credit for Other Dependents](#) Quiz.

Earned Income Tax Credit (EITC)

The **Earned Income Tax Credit** (EITC) is a refundable tax credit for those people who work but do not earn high incomes. The purpose of EITC is to encourage low-income earners to work rather than not work by providing them a special tax benefit - a refund. EITC tax credits are larger for families who have children. Eligible taxpayers can receive this credit, even if they have no filing requirement, owe no tax, or have no income tax withheld. They do, however, have to have some earned income.

see [NTTC 4491](#), Lesson: Earned Income Tax Credit

Note: It is important for Counselors to accurately input taxpayer information into TaxSlayer. The software properly calculates the earned income and the Earned Income Tax Credit (EITC or EIC) if a taxpayer is eligible for this credit. EITC is a significant credit for many low-income taxpayers and generates a fair number of questions to explain how their amount compares to their expectations.

Tasks:

- Watch: [IRS Video: Earned Income Tax Credit – Get It Right](#).
- Reference [NTTC 4491](#), Earned Income Tax Credit.
- Review [NTTC 4012](#), Tab I, Earned Income Credit.
- Review: [Qualifying Child or Relative Resource Tool](#) (bottom right on page 5 of the QC/R tool).

Tip: The QC/R is an incredibly handy tool to help you determine filing status and dependent status. More will be covered later, but you might want to save this to your computer for ready reference.

Note: For detailed instructions on calculating the Earned Income Tax Credit, look in the [IRS 1040 Instructions](#), under Payments. The formula is dependent on the taxpayer's earned income and the qualifying dependents being correctly identified in TaxSlayer. The software printout displays the EITC Worksheets A, B, and C that show the calculation for their tax records.

Also, EITC Assistance may be found here:

- [Use the EITC Assistant | Internal Revenue Service](#)
- [Earned Income Tax Credit \(EITC\) Assistant](#)

Tip: Click [here](#) for a chart that shows how the amount of Earned Income Tax Credit changes depending on AGI/earned income, number of children, and filing status.

Note: Married taxpayers who don't file a joint return can claim the EIC only if they had a qualifying child living with them for more than 1/2 the year and either lived apart from their spouse for the last 6 months of the year or are legally separated according to state law under a legal separation agreement or a decree of separate maintenance and didn't live in the same household as the spouse at the end of the year. If the separated spouse has a qualifying child but no qualifying child has a valid SSN, the separated spouse can still meet this special rule and claim self-only EITC.

see [NTTC 4012](#), Tab I, Summary of EIC Eligibility Requirements, footnote 4

Exercise 14: Earned Income Tax Credit/Michael and Debra Miller

- Open [Practice Lab](#) and the return for **MICHAEL MILLER, SSN:015-00-7653 and DEBRA MILLER, SSN:115-00-0002**.
- Check your TaxSlayer Summary/Print PDF.
- There is nothing further for you to enter on this tax return but take a look at the Earned Income Credit on the 1040 to see that result. Also, scroll to Schedule EIC and Worksheets A and B to view the computation.

Self-Evaluation and Feedback:

Complete the [Earned Income Tax Credit](#) Quiz.



Congratulations!

You have completed Lesson 9 of the Tax-Aide Self-Study course.

This ends the *New Volunteer Simple Tax Topics* section of the Self-Study course. We will cover "Finishing the Return" in the next section.

Thank you for taking your first step to volunteering, learning, and preparing yourself for tax preparation with AARP Foundation Tax-Aide.

Please answer a quick voluntary and anonymous survey. This is intended to give feedback to the AARP National Tax Training Committee, and any comments you have that will help improve the curriculum are appreciated.

Please CLICK and take this quick and anonymous survey:

[**Self-Study New Volunteer Lessons - Concluding Survey**](#)

You are now ready to start the *Certification Lessons Advanced Tax Topics* section of the Self-Study course. Please begin this section with the next lesson which follows...

CERTIFICATION LESSONS ADVANCED TAX TOPICS

Lessons 10 - 18

Thank you for volunteering with AARP Foundation Tax-Aide. **Self-Study Certification Lessons** are intended for all Tax-Aide volunteers, both returning counselors and new volunteers. New volunteers should first complete **Introduction to Resources** and **New Volunteer Basic Tax Topics** as prerequisites before starting these lessons.

If you are a returning counselor and have not taken the Volunteer Standards of Conduct test and the Intake, Interview and Quality Review test, you may go to [Lessons 1 and 2](#) in the **Introduction to Resources** section and complete those tests now. If you wish to complete the **New Volunteer Basic Tax Topics** section as a refresher, you may certainly do so.

As in the last section, this course gives you tasks such as watching a video or checking a relevant topic in the NTTC 4012 or NTTC 4491. You will find the majority of information on the current subject in those sources. When you feel you have a good handle on the subject, return to the course and do the exercises given. If you are a returning counselor and feel you already know the subject well, feel free to skip the reading and research and go straight to the exercises for practice. If you need to return to the resources, they are always there for you. Returning Counselors may find just the Certification Exercises (without the training tasks) in [Self-Study Certification Exercises Only](#).

Click on this link for [Answers to Self-Study exercises](#) in this part of the course. Download the document to your own computer. You may use it as you proceed through the course to record and compare your own answers to the exercises. (To download, click File then Download; it will download to your computer.)

(Different computers may show Download under the file menu, in one of the bars at the top of the screen, or you may open the document and click Download under File.)

Let's go...

Lesson 10: Dependents, Filing Requirements, Filing Status, and IP PINs

In this lesson, you will:

- ❖ Learn more details about identifying dependents.
- ❖ Learn how to choose the correct filing status for your taxpayer.
- ❖ Learn to use the Qualifying Child or Relative Resource Tool.
- ❖ Start a tax return with a parental dependent.
- ❖ Become familiar with dependency issues in multi-generational households and with dependency rules for divorced or separated parents.
- ❖ Enter IP PINs on a tax return.

Dependents

A dependent may either be a qualifying child or a qualifying relative of the taxpayer. The taxpayer's spouse cannot be claimed as a dependent. Some examples of dependents include a child, stepchild, brother, sister, or parent.

Individuals who qualify to be claimed as a dependent may be required to file a tax return if they meet the filing requirements, and it may impact the amount of their standard deduction.

An individual is NOT a dependent of a person if that person is not required to file an income tax return and either does not file an income tax return or files an income tax return solely to claim a refund of estimated or withheld taxes.

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

Identifying and determining the correct number of dependents is a critical component of completing an accurate return for the taxpayer. Claiming a dependent may make taxpayers eligible for other valuable tax benefits including the:

- child tax credit
- additional child tax credit
- credit for other dependents
- earned income credit
- child and dependent care credit
- head of household filing status
- qualifying surviving spouse filing status

For tax purposes, a dependent must be either a Qualifying Child or a Qualifying Relative. An individual is not a dependent if a person that could claim them as a dependent is not filing a tax return.

see [NTTC 4491](#), Lesson: Dependents

Tasks:

- Review [NTTC 4012](#), Tab C, Dependents
- Reference [NTTC 4491](#), Dependents. Verify some of the examples and exercises with the [QC/QR Tool](#). We highly suggest you check these examples and questions as they are very helpful.

[Qualifying Child or Relative Resource Tool](#) (QC/QR Tool) is an eight-page tool that simplifies the identification of qualifying children or relatives and aids in determining filing status.



Qualifying Child or Relative Resource Tool

(Determining tax benefits for Form 1040)

— FOR AARP FOUNDATION TAX-AIDE USE ONLY —

The following charts can be used to determine who is your qualifying child and who is your qualifying relative for the following income tax purposes:

• Head of household filing status	• Education credits
• Qualifying surviving spouse filing status	• Child and dependent care credit and exclusion
• Child tax credit (CTC) (incl. additional CTC)	• Premium tax credit
• Credit for other dependents	• Medical expense deduction
• Earned income credit (EIC)	

Always start with Chart 1, Box 1. If Chart 1 does not apply, you will soon be sent to Chart 2.

If you follow the arrows, you will eventually get to a shaded box that has no arrows leading away from it. At that point, STOP. This box tells you ALL the tax benefits that you can claim based on that person.

[Click to open this tool.](#)

- It identifies tax benefits that can be claimed (subject to additional requirements that may apply).
- It helps to minimize errors.
- It includes important definitions and a filing status chart.
- Recommended by AARP Tax-Aide.

Important: Do not rely on early printed versions of this document. Check that you are using the 2023 version of the [Qualifying Child or Relative Resource Tool](#) updated for any [errata](#) applying to the printed version. The online version will automatically update errata.

Exercise 15: Parental Dependent/James and Diana Calhoun

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

Form 13614-C (March 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. P	Last name CALHOUN		Your date of birth 06/04/1964		Your job title ACCOUNTANT							
Spouse's first name DIANA		M.I.	Last name CALHOUN		Spouse's date of birth 12/04/1963		Spouse's job title NURSE							
Mailing address 16723 ROBERTS ST				Apt #	City YOUR CITY			State YS		ZIP code YZIP				
Your telephone number 804-555-1234		Spouse's telephone number 804-555-4321		Email address (optional) JIMandDI@EMAIL.COM			Did you live or work in two or more states in 2024 ☐ Yes ☒ No							
Check if you or your spouse were in 2024:														
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		☐ Mail payment to IRS						
☐ Split refund between accounts		☐ Other		☐ Set up installment agreement										
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, 2024, what was your marital status														
☐ Never Married		☒ Married		If married, were you married for all of 2024				☒ Yes		☐ No				
				Did you live with your spouse during any part of the last six months of 2024				☒ Yes		☐ No				
☐ Divorced		☐ Legally Separated but not Divorced						☐ Widowed						
Date of final decree		Date of separate maintenance decree						Year of spouse's death						
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return										☐ Yes ☒ No				
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 2024	Single or Married as of 12/31/2024 (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 \$5,050 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
PENNY TAYLOR	01/17/1943	PARENT	0	S	Y	Y	N	N	N	N	N	Y	Y	Y

Catalog Number 52121E

www.irs.gov

Form **13614-C** (Rev. 3-2025)

- Open [Practice Lab](#) and create a new tax return for **JAMES CALHOUN, SSN: 015-00-7028** and **DIANA CALHOUN, SSN: 115-00-0003**.
- Add Diana's mother **Penny Taylor, SSN: 015-00-0510**, as their dependent.
 - She only receives a small amount of Social Security income. James and Diana paid all of Penny's medical bills that were not reimbursed by Medicare.
 - Penny lives in an Assisted Living facility, so choose "other reasons" in the drop-down box for number of months she lived with the Calhouns.
 - James and Diana pay more than 50% of Penny's support. Penny is not disabled. Penny may be claimed as a dependent even though she does not live in the same home. (see [IRS Pub 501](#), or [Relatives who don't live with you](#))
- Check your TaxSlayer Summary/Print PDF and compare it to this one: [Calhoun 1040 page 1](#) We will add wages, etc. later.

Self-Evaluation and Feedback:

- Complete the [Dependency](#) Quiz. Use the [Qualifying Child or Relative Resource Tool](#) to help you answer the questions.

Filing Requirements and Filing Status

Taxpayers must use one of five filing statuses. Filing status impacts the calculation of income tax, affects the amount of the standard deduction, and determines allowance or limitation of certain credits and deductions. Choosing the most advantageous status for taxpayers is an essential step in preparing a correct return.

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

Tasks:

- Watch the [Filing Requirements Video](#)
- Watch the [Filing Status Basic Video](#)
- Reference [NTTC 4491](#), Filing Basics: Who Must File/Who Should File and Filing Status.
- Review [NTTC 4012](#), Tab A, Who Must File, and Tab B, Filing Status.

Exercise 16: Dependents and Filing Status

Alicia, age 59, is single. She provided all the costs of keeping up her home for the entire year. Her income was \$49,000 in W-2 wages. Rosa, age 22, and her son Carlos, age 3, moved in with Alicia, Rosa's mother, in April when Rosa's divorce was final. Rosa's income was \$26,000 in wages. Rosa provided over half of her own support, but Alicia provided most of the support for Carlos. All are U.S. citizens with valid Social Security numbers who lived in the U.S. all year.

[Click here](#) to answer questions about Alicia, Rosa, and Carlos. Use the [Qualifying Child or Relative Resource Tool](#) to help you.

Hint: If you had trouble with this exercise, we suggest you review this video: [Filing Status Advanced Video](#). There is almost always a question like this one on the certification test.

Self-Evaluation and Feedback:

- Complete the [Filing Status](#) Quiz.

Identity Protection Personal Identification Number – IP PIN

For victims of identity theft, the IRS will assign an IP PIN. Every December or January, the IRS mails Notice CP01A to taxpayers previously identified as identity theft victims. The notice includes a 6-digit Identity Protection Personal Identification Number (IP PIN) to be entered on the tax return.

An IP PIN is also available to all taxpayers that wish to have one, not just those who have been tax identity theft victims. The taxpayer must apply online each year to obtain a new IP PIN. No letter is sent to them. Use the most recent IP PIN regardless of the tax year (even if you are preparing a previous year's return).

If a taxpayer decides to do so, they may opt out of the IP PIN program and will then no longer be required to have a pin on their tax return.

see [NTTC 4491](#), Lesson: Identity Protection Pin

Tasks:

- Reference [NTTC 4491](#), Filing Basics: Identify Protection Pin Program
- Review [NTTC 4012](#), Tab P, IP PIN Guidance

Exercise 17: IP PINs/James and Diana Calhoun

- Open [Practice Lab](#) and the **CALHOUN** tax return.
- Enter their IP PINs as viewed below. You can find their entry point on the Basic Information screen.
 - Since James had his Social Security Number stolen and used to file a fraudulent tax return a few years ago, he received a letter from the IRS with his IP PIN on it.
 - Diana decided it would be wise for her to have an IP PIN too, so she used the IRS IP PIN Tool to get hers online.



Department of the Treasury
Internal Revenue Service
Submission Processing
Kansas City, MO 64999-0017

IRS Notice CP01A

James Calhoun
16723 Roberts St
City, ST Zip

We assigned you an Identity Protection Personal Identification Number (IP PIN)

Your assigned IP PIN is: 090909

What you need to do immediately

You'll need this number to prepare your 20XX federal tax return so keep it in a safe place. If you don't use your IP PIN, we could reject your tax return or delay processing. Use this IP PIN when filing any current or prior year Forms 1040 during the calendar year beginning in January.

Enter the number in the correct place when filing your federal tax return:

- If filing electronically, your tax software or return preparer will tell you when and where to enter it.
- If filing a paper return, enter your IP PIN in the box marked "Identity Protection PIN" on the signature line.

About your IP PIN

It is a 6-digit number assigned to eligible taxpayers to help prevent the misuse of their Social Security number on fraudulent federal income tax returns.

The IRS will send you a new IP PIN each year.

Keep your IP PIN private and don't give it to anyone other than a tax professional filing your tax return.

Even if you don't have to file a tax return, your account is still protected from fraudulent filing.

Notice CP01A

Page 1 of 1

IRS.gov/account - Diana Calhoun

Identity Protection PIN (IP PIN)

An Identity Protection PIN (IP PIN) is a six-digit number that prevents someone else from filing a tax return using your Social Security Number or Individual Taxpayer Identification Number.

The IP PIN is known only to you and the IRS. It helps us verify your identity when you file your electronic or paper tax return. Even though you may not have a filing requirement, an IP PIN still protects your account.

Your assigned IP PIN is 080808

- This IP PIN must be used when filing any federal tax returns during the current year (20XX), including prior year returns. (Example: It must be used if filing for tax year 2024, 2023, and 2022)
- New IP PINs are generated each year and can be retrieved or viewed by signing back into your online account starting in early January.
- **Do not reveal your IP PIN to anyone other than your tax preparer.**

Additional Information

For additional information, visit:

www.irs.gov/IPPINfaq

Question to ponder:

⇒ Would it also be wise for Penny, Diana's mother, to get an IP PIN?

Self-Evaluation and Feedback:

⇒ Complete the [IP PIN](#) Quiz.



Congratulations!

You have completed Lesson 10 of the Tax-Aide Self-Study course.

Lesson 11: Self-Employed Business Income on Schedule C

In this lesson you will:

- ❖ Create a tax return for a self-employed taxpayer.
- ❖ Use a Self-Employed Health Insurance deduction.
- ❖ Use estimated payments made by the taxpayer for the current tax year.
- ❖ Practice setting up estimated payments for your taxpayer for the coming tax year.

Self-Employed Business Income

Taxpayers are self-employed if they carry on an unincorporated trade or business as a sole proprietor or independent contractor. Carefully review the Tax-Aide Intake Booklet and ask follow-up questions to determine if the taxpayer or spouse had business income.

Taxpayers may not think of themselves as “self-employed” if they have a small home business or work part-time as an independent contractor.

An activity qualifies as a business if the primary purpose for engaging in the activity is for income or profit, and the taxpayer is involved in the activity with continuity and regularity.

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

Tasks:

- Watch [Schedule C Basic video](#).
- Reference [NTTC 4491](#), Income - Business.
- Review [NTTC 4012](#), Tab D, and the instructions for Business Income; pay close attention to the following topics:
 - Business vehicle expenses
 - Training and education expenses
 - Health Insurance expenses (including Medicare premiums)
 - Loan Interest expense

Exercise 18: Self-Employment Business Income/William Martin

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

Form 13614-C (March 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 WILLIAM		M.I.	Last name MARTIN		Your date of birth 03/05/1960		Your job title CONTRACT PAINTER
Spouse's first name		M.I.	Last name		Spouse's date of birth		Spouse's job title
Mailing address 1423 CONCORD LN			Apt # B7	City YOUR CITY		State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) IPaint4U@EMAIL.COM		Did you live or work in two or more states in 2024 ☐ Yes ☒ No	
Check if you or your spouse were in 2024: A U.S. citizen ☒ You ☐ Spouse ☐ No In the U.S. on a visa ☐ You ☐ Spouse ☒ No A full-time student ☐ You ☐ Spouse ☒ No				Legally blind ☐ You ☐ Spouse ☒ No Totally and permanently disabled ☐ You ☐ Spouse ☒ No Issued an identity protection PIN (IPIN) ☐ 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						☐ 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, 2024, what was your marital status							
☒ Never Married		☐ Married		If married, were you married for all of 2024		☐ Yes ☐ No	
				Did you live with your spouse during any part of the last six months of 2024		☐ Yes ☐ No	
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed		Year of spouse's death	
Date of final decree		Date of separate maintenance decree					
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return						☐ Yes ☒ No	

- Open [Practice Lab](#) and create a new return for **WILLIAM MARTIN, SSN 015-00-6517**.
 - Remember, you may find help with TaxSlayer entries in [NTTC 4012](#) Tab D.

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 WILLIAM MARTIN		Box 2. Beneficiary's Social Security 015-00-6517																
Box 3. Benefits Paid in 20XX \$13,682.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$13,682.00																
DESCRIPTION OF AMOUNT IN BOX 3 <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Paid by check or direct deposit</td> <td style="text-align: right;">\$6,878.80</td> </tr> <tr> <td>Medicare Part B premiums deducted from your benefits</td> <td style="text-align: right;">\$1,735.20</td> </tr> <tr> <td>Medicare Prescription Drug premiums (Part D) deducted from your benefits</td> <td style="text-align: right;">\$1,068.00</td> </tr> <tr> <td>Total Additions</td> <td style="text-align: right;">\$6,803.20</td> </tr> <tr> <td>Benefits for 20XX</td> <td style="text-align: right;">\$13,682.00</td> </tr> <tr> <td>Benefits for 20XX-1</td> <td></td> </tr> <tr> <td>Benefits for 20XX-2</td> <td></td> </tr> <tr> <td>Benefits for 20XX-3</td> <td></td> </tr> </table>		Paid by check or direct deposit	\$6,878.80	Medicare Part B premiums deducted from your benefits	\$1,735.20	Medicare Prescription Drug premiums (Part D) deducted from your benefits	\$1,068.00	Total Additions	\$6,803.20	Benefits for 20XX	\$13,682.00	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 \$2,000 Box 7. Address WILLIAM MARTIN 1423 CONCORD LN YOUR CITY YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 015-00-6517A
Paid by check or direct deposit	\$6,878.80																	
Medicare Part B premiums deducted from your benefits	\$1,735.20																	
Medicare Prescription Drug premiums (Part D) deducted from your benefits	\$1,068.00																	
Total Additions	\$6,803.20																	
Benefits for 20XX	\$13,682.00																	
Benefits for 20XX-1																		
Benefits for 20XX-2																		
Benefits for 20XX-3																		

Form **SSA-1099-SM**

- Enter William's Social Security SSA-1099.
 - Notice that he has two entries for Medicare premiums; be sure to add them together and enter the total on the SSA-1099 entry screen.
- Enter William's Business Income and expenses:
 - William is a self-employed painter. His clients are businesses and private homeowners. His business name is Baldwin Painting, and he uses his home address for his business address. Use Schedule C business code 238320.
 - William received two Form 1099-NECs from restaurants he painted. Input these, linking each to a single Schedule C for his business, Baldwin Painting.
 - He also received cash payments totaling \$32,867 from private clients for painting their houses. Add this income to the Schedule C you already created.
 - Enter the expenses William listed on the Schedule C Worksheet which follows.

☐ VOID ☐ CORRECTED				
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. JANE'S CAFE 35 WEST ELM STREET YOUR CITY, YS YZIP			OMB No. 1545-0116 Form 1099-NEC (Rev. January 2024) For calendar year _____	Nonemployee Compensation
PAYER'S TIN 12-1234567	RECIPIENT'S TIN 015-00-6517	1 Nonemployee compensation \$ 3,200		
RECIPIENT'S name WILLIAM MARTIN Street address (including apt. no.) 1423 CONCORD LN City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS YZIP		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale ☐		Copy 1 For State Tax Department
		3 _____		
		4 Federal income tax withheld \$		
		5 State tax withheld \$	6 State/Payer's state no. _____	
Account number (see instructions) \$		\$		\$
Form 1099-NEC (Rev. 1-2024) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service				

☐ VOID ☐ CORRECTED				
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. ALICE'S BISTRO 234 FALCON DR YOUR CITY, YS YZIP			OMB No. 1545-0116 Form 1099-NEC (Rev. January 2024) For calendar year _____	Nonemployee Compensation
PAYER'S TIN 54-3456789	RECIPIENT'S TIN 015-00-6517	1 Nonemployee compensation \$ 6,500		
RECIPIENT'S name WILLIAM MARTIN Street address (including apt. no.) 1423 CONCORD LN City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS YZIP		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale ☐		Copy 1 For State Tax Department
		3 _____		
		4 Federal income tax withheld \$		
		5 State tax withheld \$	6 State/Payer's state no. _____	
Account number (see instructions) \$		\$		\$
Form 1099-NEC (Rev. 1-2024) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service				

20XX Self-Employed (Sch C) Worksheet (type-in fillable)**(Complete a separate worksheet for each business) Business**owner's name: **WILLIAM MARTIN**

- | | |
|--|---|
| ☐ I paid employees or other individuals | ☐ I want to deduct a home office |
| ☐ I had more than \$35,000 in business expenses | ☐ I received Form 1095-A for health coverage |
| ☐ I kept an inventory for my business | ☐ I need to report a business loss |
| ☐ I have assets to depreciate (any > \$2,500) | ☐ I don't use the cash method of accounting |

If you checked any of the above, please stop here and speak with one of our Counselors.*If you checked none of these above, please continue by completing the worksheet below for **each** business.*

Income	
Forms 1099 (-NEC, -MISC, -K)	\$ 9,700
Cash, checks, etc. (incl. tips)	\$ 32,867
Business expenses	
Advertising	\$ 350
Commissions and fees	\$
Health insurance premiums	\$ 3,400
Business insurance	\$
Interest on business loans	\$
Office expense/supplies	\$
Rent (not home office)	\$
Repairs	\$
Supplies	\$
Licenses or fees	\$ 95

Business use of car or truck	
Total mileage for year	mi.
Business miles	1968 mi.
Commuting miles	5,900 mi.
Other miles	9,546 mi.
Vehicle description:	Truck
Date placed in service:	May 1998

Business expenses (cont.)	
Business part of phone	\$ 695
Training for this business	\$
Tools, etc. under \$2,500 each	\$ 598
Travel away from home	\$
Business meals from restaurants	\$
Other business meals	\$
Other (specify)	\$
Paint	\$ 8,745
Liability Insurance	\$ 478
Business Cards	\$ 317
Personalized coveralls	\$ 250
	\$
	\$

Car or truck expenses	
Car loan interest	\$
Parking, tolls	\$
Other (specify)	\$
	\$
	\$
	\$

Drivers – be sure you have with you today:

- All Forms 1099 **AND** the detail provided by the company (Door Dash, Lyft, Postmates, Uber, etc.) – you need to download and print the detail from each company's web site.
- Your trip miles **AND** your between-trip miles (do not include from home to first stop nor from last stop to home).

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
 - Note on the Schedule 1, there is an adjustment to income for the ‘Deductible part of self-employment tax.’ This was automatically calculated by TaxSlayer as ½ of the Self-Employment Tax shown on Schedule 2.

Self-Employed Health Insurance

- Watch [Schedule C Advanced SEHI](#) video.
- Reference [NTTC 4491](#), Adjustments - Self-Employed Health Insurance.
- Review [NTTC 4012](#), Tab E, Adjustments to Income: Self-Employed Health Insurance.

Exercise 19: Self-Employed Health Insurance/William Martin

- In the previous exercise, we noticed that William has Medicare premiums totaling \$2,803. These can be added to his self-employment health insurance (SEHI) adjustment. This will be done on the “Expenses” entry screen for William’s Schedule C.
- William also wrote down on his Schedule C Worksheet that he paid \$3,400 in additional health insurance premiums, which you have already entered. Now add the \$2,803 of Medicare premiums to the \$3,400 for his total health insurance payments.
 - **IMPORTANT:** Medicare premiums added as SEHI must not also be entered on the Social Security screen. Entry of Medicare premiums on the Social Security screen automatically carries to Schedule A, Itemized Deductions.
 - Taxpayers’ insurance premiums paid cannot be used for both the SEHI adjustment and Itemized Deductions, so you must now **go back to the entry screen for the SSA-1099 and remove your entry of the \$2,803 Medicare premiums.**
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
 - Note that Schedule 1 has the adjustment for the SEHI (self-employed health insurance) entry.

Tip: Since taxpayers’ insurance premiums paid cannot be used for both the self-employment adjustment and itemized deductions, William will get a better deduction if we use the SEHI adjustment rather than itemized deductions, as William is not itemizing at all this year.

Self-Employed Scope Limitations

Tasks:

- Reference [NTTC 4491](#), Income - Business; note discussion on scope limitations.

Exercise 20: Scope Limitations/William Martin

- Find “F 1040, S C” in the [Tax-Aide Scope Manual](#).
- Note what is in scope and what is out of scope.
- Is everything we’ve done on William’s Schedule C in scope?

Self-Evaluation and Feedback:

- Complete the [Business Out-of-scope](#) Quiz.
- Complete the [Self-Employed Health Insurance Deduction](#) Quiz.

Estimated Payments

Tasks:

- Review [NTTC 4012](#), Tab H, Payments and Estimates.

Exercise 21: Estimated Payments/William Martin

- William owes quite a bit in taxes. He had \$2,000 withheld from his Social Security which helped to lower his tax owed, but not quite enough.
 - It would be helpful for William to make quarterly estimated tax payments to avoid a large tax amount due on his tax returns. Plus, it would help to avoid the penalty from the IRS for owing more than \$1,000.
 - As we chat with William, we learn that he did indeed make quarterly payments. (This is something taxpayers often forget to tell us; be sure to ask them!)

1st payment	Apr 15, 20XX	\$750
2nd payment	Jun 17, 20XX	\$750
3rd payment	Sep 16, 20XX	\$750
4th payment	Jan 15, 20XX	\$750

- In the Income section of TaxSlayer, go to Payments => Payments and Estimates => Federal Estimated Tax. Enter William’s Estimated Payments.
 - After further chatting with William, he is convinced that setting up payments for next year is also essential. However, he is slowing down some as he ages and doesn’t think he will work as much this coming year. He decides to lower his estimated payments to \$600 per quarter.
 - Go to Payments and Estimates => Vouchers for 20XX Estimated Tax Payments. Enter \$600 for each quarter’s payment for the coming year.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).



Congratulations!

You have completed Lesson 11 of the Tax-Aide Self-Study course.

Lesson 12: Income – Capital Gain or Loss

In this lesson, you will:

- ❖ Learn about short term and long term stock sales.
- ❖ Learn about and use a Capital Loss Carryover.
- ❖ Use a 1099-B form to enter a stock sale.
- ❖ Use a brokerage statement to enter interest, dividends, and stock sales.

Capital gains and/or losses on the sale of assets include the sale of stock, mutual funds, and the sale of a personal residence. They are reported on the tax return, and those net gains are taxed at special rates, depending on the taxpayer's other income. If there is a net capital loss, special rules apply.

Taxpayers provide the information needed to report the sale of their capital assets transactions, usually found in a broker statement. The taxpayer must provide the cost basis for any transaction if not reported on that statement.

To report capital gain or loss, identify the **basis** of their sale:

- **Basis** is the original cost of the asset
- Brokers report cost or other basis on Form 1099-B, Proceeds from Broker and Barter Exchange Transactions.
- The holding period is the time when the asset was acquired and when disposed of. Short term is one year or less and long term is more than a year.
- When a security transaction or the adjusted basis was not included in a brokerage statement or Form 1099-B, the taxpayer will have to provide it.

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

Tasks:

- Watch [Brokerage Sales](#) video and [Brokerage Sales Advanced](#) video.
- Reference [NTTC 4491](#) Income - Capital Gain or Loss.
- Review [NTTC 4012](#), Tab D, Schedule D.

Capital Loss Carryover

Prior year losses carried forward are entered separately then automatically combined by TaxSlayer with current year capital gains and losses. Any loss over \$3,000 (\$1,500 MFS) will be carried forward for use in future years. Carryforward amount is recalculated each year.

Tip: Capital loss carryover can be found by looking at the prior year return. If you see a capital loss on the 1040 of -\$3,000, then look for a worksheet later in the return for computing the carryover to the current tax year. Taxpayers may forget to tell you they have a carryover, or they may not know. Be sure to be a detective to find this for yourself!

Exercise 22: 1099-B and Brokerage Statement/Ronald Davis

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

Form 13614-C (March 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 RONALD		M.I.	Last name DAVIS		Your date of birth 07/01/1967		Your job title NOT EMPLOYED
Spouse's first name		M.I.	Last name		Spouse's date of birth		Spouse's job title
Mailing address 1423 CONCORD LN			Apt # C2	City YOUR CITY		State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) InvestorRon@EMAIL.COM		Did you live or work in two or more states in 2024 ☐ Yes ☒ No	
Check if you or your spouse were in 2024: A U.S. citizen ☒ You ☐ Spouse ☐ No In the U.S. on a visa ☐ You ☐ Spouse ☒ No A full-time student ☐ You ☐ Spouse ☒ No				Legally blind ☐ You ☐ Spouse ☒ No Totally and permanently disabled ☐ You ☐ Spouse ☒ No Issued an identity protection PIN (IPIN) ☐ 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, 2024, what was your marital status							
☒ Never Married		☐ Married		If married, were you married for all of 2024		☐ Yes ☐ No	
				Did you live with your spouse during any part of the last six months of 2024		☐ Yes ☐ No	
☐ Divorced		☐ Legally Separated but not Divorced		☐ Widowed			
Date of final decree _____		Date of separate maintenance decree _____		Year of spouse's death _____			
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return						☐ Yes ☒ No	

- Open [Practice Lab](#) and create a new return for **RONALD DAVIS, SSN 015-00-7614**.
- Ronald has a long-term capital loss carryover from last year of \$5,000.
- Enter the following 1099-B for the sale of IBM stock.
 - Ronald sold 25 shares of IBM stock that he inherited from his Uncle Jim who died in 2015.
 - Uncle Jim purchased the stock for \$50 per share and the share price was \$105 per share on his date of death.
 - Note Box 5 on the 1099-B. The basis was not reported to the IRS.

Hint: Remember that Basis/Cost for inherited items is determined as its value on the date of death of the bequeather.

☐ VOID ☐ CORRECTED			Applicable checkbox on Form 8949		OMB No. 1545-0715 20XX Form 1099-B		Proceeds From Broker and Barter Exchange Transactions	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. LINCOLN INVESTMENT SERVICES 197 ESSEX AVE JACKSONVILLE, FL 32209			1a Description of property (Example: 100 sh. XYZ Co.) 25 SHARES IBM CORPORATION		1b Date acquired		1c Date sold or disposed 08/19/20XX	
PAYER'S TIN 89-6123456		RECIPIENT'S TIN 015-00-7614		1d Proceeds \$ 3,569.50		1e Cost or other basis \$		Copy 1 For State Tax Department
RECIPIENT'S name RONALD DAVIS		1f Accrued market discount \$		1g Wash sale loss disallowed \$		2 Short-term gain or loss ☐ Long-term gain or loss ☐ Ordinary ☐		
Street address (including apt. no.) 1423 CONCORD LN		3 If checked, proceeds from: Collectibles ☐ QOF ☐		4 Federal income tax withheld \$		5 If checked, noncovered security ☒		
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS YZIP		6 Reported to IRS: Gross proceeds ☐ Net proceeds ☒		7 If checked, loss is not allowed based on amount in 1d ☐		8 Profit or (loss) realized in 2024 on closed contracts \$		
Account number (see instructions)		9 Unrealized profit or (loss) on open contracts—12/31/2023 \$		10 Unrealized profit or (loss) on open contracts—12/31/2024 \$		11 Aggregate profit or (loss) on contracts		
CUSIP number		FATCA filing requirement ☐		12 If checked, basis reported to IRS ☐		13 Bartering \$		
14 State name	15 State identification no.	16 State tax withheld \$		\$		\$		

Form **1099-B**
www.irs.gov/Form1099B
Department of the Treasury - Internal Revenue Service

Tip: Most brokers use a substitute Form 1099-B that is included as part of a consolidated brokerage statement, rather than the IRS form. Carefully review the brokerage statement during the interview to confirm the transaction data are correct and that the return is in scope.

- The following broker summary is based on a larger complete brokerage statement.
 - Accept that the dividends are from regular mutual funds and fully taxable for federal and state and that the exempt-interest dividends are fully tax-exempt for federal and state.
 - The short-term and long-term transactions are for mutual funds purchased on various dates.
 - All short-term sales occurred on 8/17/20XX (current tax year). The long-term sales occurred on various dates with the last transaction of the year on 9/23/20XX.
 - The basis for all these transactions was reported to the IRS.
- Enter Ronald's 1099-DIV, the 1099-INT, and the stock sales from the following brokerage statement.

Tip: To get the practice, it's a good idea to use the regular 1099-B entry screen, but because all the stock sales have basis reported to the IRS, and there are no adjustments, you could use the simple Schedule D entry screen in TaxSlayer as shown in the NTTC 4012.

Alpine Brokerage LLC 2715 Alpine Lane Boston MA 02110 Account No. 111-227 Payer's TIN: 95-7456789		20XX TAX INFORMATION SUMMARY		TAX REPORTING STATEMENT Ronald Davis 1423 Concord Ln, Your City, YS YZIP Recipient ID No. XXX-XX-7614	
Form 1099-DIV Dividends and Distributions Copy B for Recipient (OMB NO. 1545-0110)			Form 1099-INT Interest Income Copy B for Recipient (OMB NO. 1545-0112)		
Box		Amount	Box		Amount
1a	Total Ordinary Dividends	4,560.78	1	Interest Income	345.60
1b	Qualified Dividends	3,089.56	2	Early Withdrawal Penalty	0.00
2a	Total Capital Gain Distributions (Includes 2b – 2d)	7,006.50	3	Interest on U.S. Savings Bonds and Treas. Obligations ...	0.00
2b	Unrecaptured 1250 Gain	0.00	4	Federal Income Tax Withheld	0.00
2c	Section 1202 Gain	0.00	5	Investment Expenses	0.00
2d	Collectibles (28%) Gain	0.00	6	Foreign Tax Paid	0.00
2e	Section 897 ordinary dividends	0.00	7	Foreign Country or U.S. Possession	
2f	Section 897 capital gain	0.00	8	Tax-Exempt Interest	87.95
3	Nondividend Distributions	56.90	9	Specified Private Activity Bond Interest	0.00
4	Federal Income Tax Withheld	1,000.00	10	Market Discount	0.00
5	Section 199A Dividends	256.96		Market Discount on Noncovered Securities	0.00
6	Investment Expenses	850.00	11	Bond Premium	223.67
7	Foreign Tax Paid	34.89	12	Bond Premium on Tax-Exempt Bond	0.00
8	Foreign Country/U.S. Possession:	Various	13	Bond Premium on tax Exempt Bonds	
9	Cash Liquidation Distributions	0.00	15	State	YS
10	Non-Cash Liquidation Distributions	0.00	16	State Identification No.	XXXX
11	FATCA filing requirement		17	State Tax Withheld	0.00
12	Exempt-Interest Dividends	507.78		FATCA filing requirement	
13	Specified Private Activity Bond Interest Dividends	0.00			
14	State	YS			
15	State Identification No	XXXX			
16	State Tax Withheld	0.00			

Summary of Proceeds, Gains & Losses, Adjustments and Withholding					
Term	Form 8949 type	Proceeds	Cost basis	Wash Sale loss disallowed	Net Gain or Loss(-)
Short	A (basis reporter to IRS)	17,749.50	13,932.50		3,817.00
Short	B (basis not reported to IRS)				
Short	C (Form 1099-B not received)				
	Total Short-Term	17,749.50	13,932.50		3,817.00
Long	D (basis reporter to IRS)	8,089.35	5,194.75		2,894.60
Long	E (basis not reported to IRS)				
Long	F (Form 1099-B not received)				
	Total Long-Term	8,089.35	5,194.75		2,894.60
	Grand Total	25,838.85	19,127.25		6,711.60

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
- Note: Checking the “M” for multiple entries in the 1099-B entry screen may generate Form 8453 in the PDF of the return. This form instructs the taxpayer to send the IRS documentation detailing the sales. This form is not required for Tax-Aide returns and can be ignored.



Congratulations!
You have completed Lesson 12 of the Tax-Aide Self-Study course.

Lesson 13: Rental Income, Gambling, Cancellation of Debt

In this lesson, you will:

- ❖ Learn the scope of what types of Schedule E income Tax-Aide may handle.
- ❖ Use a W-2G in a practice tax return to report gambling winnings.
- ❖ Report cancellation of debt income in a practice tax return.

Schedule E Rentals and Royalties

Tax-Aide only: Rental of land with no improvements is in scope and reported on Schedule E. All land rental income must be reported whether on a Form 1099-MISC or not. Deductible interest or taxes can be claimed on Schedule A if itemizing deductions. If Taxpayers wish to claim the expenses on Schedule E, suggest they see a paid tax preparer since it is OOS for Tax-Aide.

see [NTTC 4491](#), Lesson, Income – Schedule K-1, Royalties and Rental

OOS Alert:

- Find “F 1040, S E” in the [Tax-Aide Scope Manual](#).
 - Rental of personal residence for less than 15 days is an exception. This is not considered a rental activity and is not taxable income. This remains in scope and does not require reporting.
 - Counselors with IRS Military certification are also allowed to prepare returns for active-duty military taxpayers with rental income from their personal residence.
 - Royalties with no expenses may be reported on Schedule E.

Tasks:

- Reference [NTTC 4491](#), Royalties and Rental.
- Review [NTTC 4012](#), Tab D, Entering Rental and Royalty Income.

Exercise 23: Rental Income/Ronald Davis

- Open [Practice Lab](#) and the return for **RONALD DAVIS, SSN: 015-00-7614**.
- Enter his rental income reflected in the 1099-Misc below.
 - Ronald rented a parcel of his land (196 State Street, Your City, Your State, YZIP) for 12 months last year to the Boyd Construction Company where they staged building materials for a nearby project.
 - Ronald was the sole owner of the property and managed the rental land himself.
 - The parcel of land has no buildings or improvements.
 - Ronald had property taxes of \$600 and no expenses associated with the rental of this land. If Ronald was itemizing, he could claim the property taxes there as a deduction. Since he is not itemizing, no deduction is within scope for Tax-Aide. If he insisted on claiming his \$600 expenses as a deduction on Schedule E, we would have to suggest that he see a paid preparer to do so; this would be OOS.
- Note box 2 in the 1099-MISC is used for royalties.

☐ CORRECTED (if checked)				
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. BOYD CONSTRUCTION 36 TRAIL RUN ROAD AUSTIN, TX 78749		1 Rents \$7,000.00	OMB No. 1545-0115 20XX Form 1099-MISC	Miscellaneous Income Copy B For Recipient
		2 Royalties	3 Other Income	
PAYER'S TIN 74-4561237		RECIPIENT'S TIN 015-00-7614	4 Federal income tax withheld	This is important tax information and is being furnished to the Internal Revenue Service. 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 RONALD DAVIS 1423 CONCORD LN YOUR CITY, YS YZIP		5 Fishing boat proceeds	6 Medical and health care payments	
		7 Nonemployee Compensation	8 Substitute payments in lieu of dividends or interest	
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale > ☐	10 Crop Insurance proceeds	
		11	12	
Account number (see instructions)		FATCA filing requirement ☐	13 Excess golden parachute payments	14 Gross proceeds paid to an attorney
15a Section 409A deferrals	15b Section 409A income	16 State tax withheld	17 State/Payer's state no.	18 State income
Form 1099-MISC				

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Gambling

Income that does not have a specific line on Form 1040 is generally reported on Form 1040, Schedule 1. Gambling income and the income associated with cancellation of debt is covered in this lesson. Even if the taxpayer does not receive an income document from the payer, the taxpayer is required to report the income if it is taxable.

see [NTTC 4491](#) Lesson: Other Income

Tasks:

- Reference [NTTC 4491](#), Other Income.
- Review [NTTC 4012](#), Tab D, Less Common Income: Gambling Winnings W2-G.
- Read IRS Tax Topic, [Gambling Income and Losses](#).

Exercise 24: Gambling/Ronald Davis

- Open [Practice Lab](#) and the return for **RONALD DAVIS, SSN: 015-00-7614**.
- In TaxSlayer find:
 - Income > Other Income > Less Common Income > W-2G
 - Choose: W-2-G Gambling Winnings
- In Ronald Davis' tax return, enter his gambling winnings as shown on the W-2G below.
 - Ronald purchased 20 quick picks at \$2 each month. He only had one winning ticket for the year that is reported on this Form W-2-G.
 - If Ronald was itemizing we could calculate his gambling losses that were associated with his monthly lottery purchases and enter on Schedule A. Losses claimed may not exceed winnings reported. Note: If the taxpayer is not itemizing, there is no use of the losses on the tax return.

☐ CORRECTED (if checked)		OMB No 1545-0238	
PAYER'S name, street address, city or town, state or province, country, ZIP or Foreign Postal Code STATE LOTTERY COMMISSION 578 DOLLAR TREE AVENUE YOUR CITY YS YZIP		1. Reportable winnings \$2,000.00	2. Date won 06/28/20XX
		3. Type of wager LOTTERY	4. Federal income tax withheld \$200.00
		5. Transaction	6. Race
PAYER'S Federal identification number 86-0123456		7. Winnings from identical wagers	8. Cashier
PAYER'S Telephone number 800-555-1212		9. Winner's taxpayer identification no. 015-00-7614	10. Window
WINNER'S name, street address, city or town, state or province, country, ZIP or Foreign Postal Code RONALD DAVIS 1423 CONCORD LN YOUR CITY, YS YZIP		11. First I.D. 201909051718	12. Second I.D.
		13. State/Payer's state identification no. YS0123456	14. State Winnings \$2,000.00
		15. State income tax withheld \$150.00	16. Local Winnings
		17. Local income tax withheld	18. Name of locality
20XX Form W2-G Certain Gambling Winnings This information is being furnished to the Internal Revenue Service 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.			
Under penalty of perjury, I declare that, to the best of my knowledge and belief, the name, address, taxpayer identification number that I furnished correctly identify me as the recipient of this payment and any payment from identical wagers, and no other person is entitled to any part of these payments.			
Signature >		Date >	
Form W-2G			

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Cancellation of Debt

A debt is a financial obligation which a taxpayer is liable to pay. Generally, if a debt for which a taxpayer is personally liable is canceled, the taxpayer must include the canceled amount in income. There is no income if the cancellation of debt is a gift or bequest.

Some types of cancelled debts are out of scope (OOS) for Tax-Aide. You can find more information in the [Scope Manual](#). See F 1099-C.

Items that are in scope for Tax-Aide are:

- ⇒ Nonbusiness credit card debt cancellation including box 3 interest when taxpayer is solvent before the cancellation.
- ⇒ Discharge of qualified principal residence indebtedness.
- ⇒ Discharge of certain student loan debt in 2021-2025 (no F 1099-C should be issued)

see [NTTC 4491](#) Lesson: Other Income

- Reference [NTTC 4491](#), Other Income: Cancellation of Debt.
- Review [NTTC 4012](#), Tab D, Less Common Income: Cancellation of Debt.

Exercise 25: Cancellation of Debt/Ronald Davis

- Open [Practice Lab](#) and the return for **RONALD DAVIS, SSN: 015-00-7614**.
- Enter Ronald's cancellation of debt income, Form 1099-C, below. He was not insolvent at the time the debt was canceled.

☐ CORRECTED (if checked)			
CREDITOR'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. CHASE CARD SERVICES PO BOX 17799 WILIMINGTON DE 19850-7799		1 Date of Identifiable Event 12/01/20XX 2 Amount of debt discharged \$1,623.47 3 Interest if included in Box 2 \$237.16	OMB No. 1545-1424 20XX Form 1099-C
CREDITOR'S TIN 76-5123456 DEBTOR'S TIN 015-00-7614		4 Debt description CREDIT CARD 5 If checked, the debtor was personally liable for repayment of this debt ☒	
DEBTOR'S name Street address (including apt.no) City or town, state or province, country, ZIP or foreign postal code RONALD DAVIS 1423 CONCORD LN YOUR CITY, YS YZIP		Copy B For Debtor 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.	
Account number (see instructions)		6 Identifiable Event Code	7 Fair market value of property
Form 1099-C			

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).



Congratulations!

You have completed Lesson 13 of the Tax-Aide Self-Study course.

Lesson 14: Retirement Income

In this lesson, you will:

- ❖ Add to a tax return retirement income on 1099-Rs that is:
 - An early distribution with a penalty
 - A rollover
 - Partially taxable

Retirement income includes benefits from annuities, retirement or profit-sharing plans, insurance contracts, IRAs, etc. Retirement income may be fully or partially taxable. There are multiple types of retirement income and certain income may or may not be taxable. Retirement income can be reported on Forms 1099-R, SSA-1099, CSA-1099R, CSF-1099, RRB-1099, and RRB-1099-R.

for more specific details search the [NTTC 4012 Tab D](#) or use the **Table of Contents, Tab O**, or the **Index**

Tasks:

- Reference [NTTC 4491](#), Retirement Income.
- Review [NTTC 4012](#), Tab D, Form 1099-R Distributions.

Early Retirement Distribution with Penalty

Tasks:

- Watch the [1099-R Early Distributions Video](#).
- Reference [NTTC 4491](#), Income - Retirement Income.
- Review [NTTC 4012](#), Tab D, Form 1099-R Distributions.
- Review the 10% early withdrawal penalty in the Distribution Codes Chart, box 1, in [NTTC 4012](#) Tab D.

Exercise 26: Early Retirement Distribution with Penalty/Ronald Davis

- Open [Practice Lab](#) and the return for **RONALD DAVIS, SSN: 015-00-7614**.
- Ronald withdrew \$4,256.36 from his IRA to buy some electronic equipment he has been wanting. Input the 1099-R form below.

☐ CORRECTED (if checked)						Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. FEDERAL CREDIT UNION 174 WEST PIKE RD YOUR CITY YS YZIP			1 Gross distribution \$4,256.36		20XX Form 1099-R			
2a Taxable amount \$4,256.36			2b Taxable amount not determined. ☒ Total Distribution ☐					
3 Capital gain (included in box 2a).			4 Federal income tax withheld \$425.00		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 TIN 35-2234567		RECIPIENT'S TIN 015-00-6519		5 Employee contributions/ Designated Roth contributions or				
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal RONALD DAVIS 1423 CONCORD LN YOUR CITY, YS YZIP			7 Distribution Code(s) 1				IRA/ SEP/ SIMPLE ☒	
8 Other			9a Your percentage of total distribution %				9b Total Employee Contributions	
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		FATCA filing requirement ☐		12 State tax withheld		
13 State/Payer's state no.		14 State distribution		15 Local tax withheld		16 Name of locality		
17 Local distribution		Account number (see instructions)		Date of payment		Form 1099-R		

- When you make this entry and click "Continue" you will see a screen alerting you to the 10% penalty involved with the early withdrawal since Ronald is not yet 59½ . Select "Retirement Plan" to continue. The last paragraph on this screen directs you to Form 5329 on which you may choose the reason, if there is an exception.
 - Go to Form 5329. You may type "5329" in the Form Finder box (top of left menu) and click the result to get the entry screen.
 - Once on the 5329 entry screen, scroll down and take a look at the drop-down box listing exceptions. You will see that Ronald does not fit any of the exceptions. Sadly, Ronald will just have to pay the 10% penalty for the early withdrawal.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
 - Since Ronald did not have a valid reason to negate the 10% penalty for an early withdrawal, you will see the penalty amount on Schedule 2 and also on page 2 of his 1040.
 - Also, take a look at the Form 5329 in your return.

Rollovers

A rollover is a tax-free distribution to the taxpayer from one retirement account (traditional IRA or employer's pension plan) that rolls over into another qualified retirement account within 60 days. Form 1099-R will be issued to the taxpayer by the financial institution. If the distribution was a direct rollover by the institution to another institution, it will show distribution code G. If there is also a taxable amount in Box 2 of the 1099-R, the distribution may be partially or fully taxable.

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

Tasks:

- Watch the [Form 1099-R Rollovers video](#)

Exercise 27: Rollovers into an IRA/Patrick Compton

- View [Intake/Interview & Quality Review Sheet](#) for Compton return.
- Open [Practice Lab](#) and create a new return for **PATRICK COMPTON**, SSN 015-00-6520.

Form 13614-C (March 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 PATRICK		M.I.	Last name COMPTON		Your date of birth 09/08/1945	Your job title RETIRED	
Spouse's first name		M.I.	Last name		Spouse's date of birth	Spouse's job title	
Mailing address 3123 S LINCOLN BLVD			Apt #	City YOUR CITY		State YS	ZIP code YZIP
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) PATRICKC@EMAIL.COM		Did you live or work in two or more states in 2024 ☐ Yes ☒ No	
Check if you or your spouse were in 2024:				Legally blind			
A U.S. citizen ☒ You ☐ Spouse ☐ No				☐ Yes ☐ Spouse ☒ No			
In the U.S. on a visa ☐ You ☐ Spouse ☒ No				☐ Yes ☐ Spouse ☒ No			
A full-time student ☐ You ☐ Spouse ☒ No				☐ Yes ☐ 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						☐ 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, 2024, what was your marital status							
☐ Never Married		☐ Married		If married, were you married for all of 2024		☐ Yes ☐ No	
				Did you live with your spouse during any part of the last six months of 2024		☐ Yes ☐ No	
☐ Divorced		☐ Legally Separated but not Divorced		☒ Widowed		Year of spouse's death 2017	
Date of final decree		Date of separate maintenance decree					
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return						☐ Yes ☒ No	

- Patrick rolled over \$234,975 from his pension fund to an IRA. Enter the 1099-R from Yale Bank and Trust Company. Be sure to scroll down and check the "Rollover" box!

☐ VOID ☐ CORRECTED					
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. YALE BANK AND TRUST CO TRUSTEE JEFFERSON CO PENSION FUND PO BOX 1674 CHICAGO, IL 60601			1 Gross distribution \$ 234,975.00 2a Taxable amount \$		OMB No. 1545-0119 20XX Form 1099-R
PAYER'S TIN 52-7464547			2b Taxable amount not determined ☐ Total distribution ☒		Copy 1 For State, City, or Local Tax Department
			3 Capital gain (included in box 2a) \$		
RECIPIENT'S name PATRICK COMPTON 3123 SO LINCOLN BLVD YOUR CITY, YS, YZIP			4 Federal income tax withheld \$		5 Employee contributions/ Designated Roth contributions or insurance premiums \$
RECIPIENT'S TIN 015-00-6520			6 Net unrealized appreciation in employer's securities \$		
			7 Distribution code(s) G IRA/ SEP/ SIMPLE ☐		
			8 Other \$ %		
10 Amount allocable to IRR within 5 years \$			9a Your percentage of total distribution %		9b Total employee contributions \$
11 1st year of desig. Roth contrib.			12 FATCA filing requirement ☐		13 State tax withheld \$
14 State/Payer's state no.			15 State distribution \$		
Account number (see instructions)			16 State distribution \$		
13 Date of payment			17 Local tax withheld \$		
18 Name of locality			19 Local distribution \$		
19 Local distribution \$			20 Local distribution \$		

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

- Check your TaxSlayer Summary/Print PDF.
- You will see on your tax return that Patrick has no income in the right-hand column at all. The non-taxable rollover is listed on line 5a only.
 - Notice, also, that the word ROLLOVER is printed at the bottom of 1040 page 1.

Partially Taxable Pensions and Annuities

(This section is different and challenging. If you have any difficulties, chat with your mentor or instructor. Once you get it, you get it, and you'll be saying, "That wasn't hard!")

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 as a Simplified Method tool to calculate the taxable income for pension distributions which contain after-tax contributions. The calculator computes the ages, will advise if the General Rule applies, and handles tricky railroad retirement pensions. With practice and care the Pension Calculator in the Colorado Resource Toolbox is easy to use and is an excellent tool that gets the right answer.

TaxSlayer's Simplified Method Worksheet requires the taxpayer to provide additional inputs that may not be readily available and are tricky to Counselors, but TaxSlayer can be a data repository for future calculations. The Colorado Resource Toolbox calculator output is sometimes the best source for inputs to TaxSlayer's Simplified Method Worksheet.

Tasks:

- Watch [Colorado Resource Toolbox \(CO-RT\) Tools Video](#).
- Watch the [1099-R Pension Exclusion video](#)

Exercise 28: Partially Taxable Pensions and Annuities/Patrick Compton

- Open [Practice Lab](#) and the return for **PATRICK COMPTON**.

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. ALPINE PENSION FUND 7588 PEACH TREE ST YOUR CITY, YS, YZIP		1 Gross distribution \$ 12,743.00		OMB No. 1545-0119 20XX Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.					
		2a Taxable amount \$									
		2b Taxable amount not determined ☒ Total distribution ☐		Copy 1 For State, City, or Local Tax Department							
PAYER'S TIN 12-1234567	RECIPIENT'S TIN 015-00-6520	3 Capital gain (included in box 2a) \$				4 Federal income tax withheld \$ 1,274.00					
RECIPIENT'S name PATRICK COMPTON Street address (including apt. no.) 3123 S LINCOLN BLVD City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS, YZIP		5 Employee contributions/ Designated Roth contributions or insurance premiums \$				6 Net unrealized appreciation in employer's securities \$					
7 Distribution code(s) 7		IRA/ SEP/ SIMPLE ☐		8 Other \$		%					
		9a Your percentage of total distribution %		9b Total employee contributions \$ 7,985.00							
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

- Patrick started receiving his pension on January 1, 2014, and did not select the joint or survivor option.
- Notice in the Alpine Pension Fund Form 1099-R that Box 2a (Taxable amount) is blank, Box 2b (Taxable amount not determined) is checked, and Box 9b (Total Employee Contributions) has a value. This means that the taxpayer contributed some of his already taxed compensation into this pension and a portion of the amount in Box 1 (Gross distribution) should not be taxed again. Determining the excludible and taxable amounts is calculated via the Simplified Method.
 - Enter this 1099-R into Patrick's tax return in TaxSlayer.
 - Now, enter the information from this Form 1099-R into the Annuity/Pension Exclusion Calculator in the [Colorado Resource Toolbox](#).
 - Check the output from the: [Patrick Compton Pension Exclusion Calculator](#).
 - Enter calculator's output - for Form 1099-R into TaxSlayer (see red arrows below):
 - (Box 1) Gross Distribution (did not change)
 - (Box 2a) Taxable Amount (click to change the amount)
 - (Box 9b) Total employee contributions (did not change)

Federal Section > Income > IRA/Pension Distributions/1099-R or RRB-1099-R:

Enter Taxable Amount directly
or use the worksheet:

Form 1099-R

1 Gross Distribution
12743
2a Taxable Amount
12287
9b Total employee contributions
7985

Simplified General Rule Worksheet

Gross distribution amount (from 1099-R)	12743
Plan cost at annuity start date	7985
Starting date of annuity	01/01/2014
Death benefit exclusion	0
☐ Check here if the annuity benefits are based on...	
Combined calculated age of annuitants at start date	68
Add or subtract from the calculated age, if necessary	
Number of months paid in 2025	12
Amounts previously recovered	5016

- **Important:** Always print a copy of the Pension Exclusion Calculator results for the taxpayer. Tell them to be sure to show this to their tax preparer every year!
- Check your TaxSlayer Summary/Print PDF. Patrick should now have \$12,287 in Adjusted Gross Income on line 11 of your 1040. Compare your answers with the [Self-Study Answer Sheet](#).

Surviving Spouse With Annuity Benefits

One other situation you may encounter is a surviving spouse who is getting benefits from an annuitant who has died.

This situation is treated just like the former examples we have done with one exception. Even though the original annuity was a "Joint/Survivor Annuity," it is no longer treated as one.

When you enter the information in the Simplified Method calculator (either Colorado or TaxSlayer), you use the surviving spouse's birthday in the entry box for the annuitant's birthday for the Colorado calculator or the spouse's age at onset of benefits (not deceased annuitant's age) for TaxSlayer. And you do not click the box for Joint/Survivor Annuity.

Also note, your box 7 code will be "4-Death Benefit."



Congratulations!

You have completed Lesson 14 of the Tax-Aide Self-Study course.



Lesson 15: Health Savings Account

In this lesson, you will:

- ❖ Enter a health savings account contribution from Form 5498-SA.
- ❖ Enter a health savings account distribution from Form 1099-SA.

Health Savings Accounts (HSA)

An HSA is a tax-exempt trust or custodial account that a taxpayer sets up with a qualified HSA trustee. Contributions are deductible as an adjustment to gross income and can be made up to the due date of the return. Distributions from an HSA are not taxable if the funds are offset by qualified medical expenses.

see [NTTC 4491](#) Lesson: Adjustments

Tasks:

- Reference [NTTC 4491](#), Adjustments: Health Savings Accounts (HSAs).
- Review [NTTC 4012](#), Tab E, Adjustments: Health Savings Accounts.
- Review IRS Resource: [Publication 4942](#), VITA/TCE Specialty Course - Health Savings Accounts (HSA)
- Watch [Health Savings Account Video - Contributions](#)
- Watch [Health Savings Account Video - Distributions](#)

Exercise 29: Health Savings Account/James and Diana Calhoun

- Open [Practice Lab](#) and the return for **JAMES, SSN: 015-00-7028**, and **DIANA CALHOUN, SSN: 015-00-0003**.
- Enter their W-2 information which follows.

a. Employee's social security number 015-00-7028		Save, accurate, FAST! Use OMB No. 1545-0008		 Visit the IRS website at www.irs.gov/efile	
b. Employer identification number (EIN) 53-0123456		1. Wages, tips, other compensation \$27,418.00		2. Federal income tax withheld \$2,175.00	
c. Employer's name, address, and ZIP code PATTERSON FOODS INC 1106 WILSON WAY INDIANAPOLIS IN 46205		3. Social security wages \$27,418.00		4. Social security tax withheld \$1,699.92	
		5. Medicare wages and tips \$27,418.00		6. Medicare tax withheld \$397.56	
		7. Social security tips 		8. Allocated tips 	
		9. 		10. Dependant care benefits 	
d. Control number 		11. Nonqualified plans 		12a. See instructions for box 12 	
e. Employee's first name and initial Last name Suff. Employee's address and ZIP code JAMES P CALHOUN 16723 ROBERTS ST YOUR CITY, YS YZIP				12b. 	
				12c. 	
				12d. 	
13. Statutory Employee Retirement Plan Third-party sick pay ☐ ☐ ☐		14. Other 			
15. State YS		Employer's state ID number 530123456		16. State wages, tips, etc. \$27,418.00	
				17. State income tax 1,025.00	

- Diana enrolled in an HDHP (high deductible health plan) with family coverage for the full tax year and has an HSA through her employer. James and Diana have no other health insurance.
 - Diana's employer contributed \$1,000 to her HSA as part of her benefit program during the year. Note this is shown on her W-2 in box 12 with code "W." Diana also contributed \$2,000 to her HSA on her own.
 - Diana received a distribution from her HSA of \$1,900 that was spent on qualifying medical expenses.
- In TaxSlayer go to:
Federal >Deductions >Adjustments> Health Savings Account or search for Form 8889 in the Form Finder and enter her contributions.

Note: Form 5498-SA is typically not available to the taxpayer by the April filing deadline. It is important to query the taxpayer and report contributions based upon the taxpayer's records. The HSA trustee's quarterly or monthly statements may be useful.

☐ CORRECTED (if checked)			
TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number JACKSON BANK & TRUST 14907 WS GRAND ST. INDIANAPOLIS, IN 46205		1 Employee's or self-employed person's Archer MSA contributions made in 20XX and 20XX+1 for 20XX \$	OMB No. 1545-1518 20XX HSA, Archer MSA, or Medicare Advantage MSA Information
2 Total contributions made in 2024 \$ 3,000.00		Form 5498-SA	
TRUSTEE'S TIN 54-2001234	PARTICIPANT'S TIN 115-00-0000	3 Total HSA or Archer MSA contributions made in 2025 for 2024 \$	
PARTICIPANT'S name DIANA G CALHOUN Street address (including apt. no.) 16723 ROBERTS ST. City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS YZIP		4 Rollover contributions \$	5 Fair market value of HSA, Archer MSA, or MA MSA \$ 9,509
Account number (see instructions)		6 HSA ☒ Archer MSA ☐ MA MSA ☐	
Form 5498-SA (keep for your records) www.irs.gov/Form5498SA Department of the Treasury - Internal Revenue Service			

Copy B

For Participant

 This information is being furnished to the IRS.

- Enter distributions. Be sure to include that the distribution was used for qualifying medical expenses.

☐ CORRECTED (if checked)				OMB No. 1545-1517		Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
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 GRAND ST INDIANAPOLIS, IN 46205				Form 1099-SA (Rev. April 2025)		
				For calendar year 20XX		
PAYER'S TIN 54-2001234	RECIPIENT'S TIN 115-00-0000	1 Gross distribution \$ 1,900	2 Earnings on excess cont. \$	Copy B For Recipient This information is being furnished to the IRS.		
RECIPIENT'S name DIANA G CALHOUN Street address (including apt. no.) 16723 ROBERTS ST City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YS, YZIP		3 Distribution code	4 FMV on date of death \$			
		5 HSA ☒ Archer MSA ☐ MA MSA ☐				
Account number (see instructions)						
Form 1099-SA (Rev. 4-2025)		(keep for your records)		www.irs.gov/Form1099SA		Department of the Treasury - Internal Revenue Service

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Complete [HSA Quiz](#).



Congratulations!
 You have completed Lesson 15 of the Tax-Aide Self-Study course.

Lesson 16: Itemizing Deductions

In this lesson, you will learn:

- ❖ Eligible Itemized Deductions and compare their total with the Standard Deduction.

Itemizing Deductions

Taxpayers can choose to itemize their deductions instead of taking the standard deduction. If their allowable itemized deductions are higher than their standard deduction amount, then they will generally pay less tax by choosing to itemize deductions. Some states may permit itemizing state deductions even when the federal standard deduction is taken (beyond the scope of this self-study program which only covers federal taxation).

Note: A taxpayer who files as Married Filing Separately (MFS) must itemize their deductions if their spouse files as MFS and itemized their deductions. It does not matter who files first.

see [NTTC 4491](#), Lesson: Deductions

Tasks:

- Watch the [Schedule A video](#).
- Reference [NTTC 4491](#), Deductions.
- Review [NTTC 4012](#), Tab F, Itemized Deductions.

Exercise 30: Itemized Deductions/James and Diana Calhoun

- Open [Practice Lab](#) and the return for the **CALHOUNS**.
- James and Diana provide a summary of expenses that may qualify as itemized deductions in their Itemized Deduction Worksheet which follows.
 - Note the line that specifies they had \$1,900 of other medical expenses, but these were reimbursed through Diana's Health Savings Account (HSA). Since deductions may not be used twice, and they have already used the benefit from the HSA, these expenses will not be allowed as itemized deductions.

20XX Itemized Deductions (Sch A) Worksheet

☐ I donated a vehicle worth more than \$500 ☐ I made more than \$5,000 of noncash donations
☐ I paid interest on borrowings for investments ☐ I repaid income (taxed in prior year) over \$3,000

If you checked any of the above, please stop here and speak with one of our Counselors.

If none is checked: enter your totals below for each expense – we do not need the details.

Please ask if you are unsure or have any questions.

Your name: James and Diana Calhoun

MEDICAL EXPENSES you paid for yourself or your dependent that were not reimbursed		STATE/LOCAL TAXES	
Insurance* (specify)	\$	State/local income tax paid (other than through withholding)	\$
Dental	\$ 1,135	Sales tax on car or home improvement purchases	\$ 1,390
	\$	Real estate taxes (not service fees like garbage or sewer)	\$ 4,901
	\$	Personal property (e.g. tax portion of car registration)	\$ 389
*Not paid pre-tax from paycheck for health, dental, vision, long-term care. Provide Form 1095-A from Marketplace if received.		Other taxes paid (specify):	\$
			\$
Doctors, dentist, etc.	\$ 2,589	INTEREST	
Hospital, medically needed care facility, etc.	\$ 3,538	Home mortgage interest	
Prescriptions (even if filled with over the counter meds)	\$ 1,795	- on main home	\$ 4,528
Medical aids (canes, glasses, etc.)	\$ 4,690	- on second loan or home	\$
COVID protective items	\$	Loan balance owed at Jan 1 or date acquired (Form 1098):	\$
Other (specify): <u>Smoking Couns.</u>	\$ 800	Amount of loan used to buy, build, or improve home, if less than the full amount	\$
LT Care Premiums (James)	\$ 2,450	Mortgage insurance required by lender	\$
Parking	\$	Year loan originated	Yr:
Bus or car service	\$ 950	Other (specify):	\$
Other medical reimbursed by HSA	~~\$1,900~~	OTHER:	
Medical miles	1,795 mi.	Gambling losses/expenses	\$
CHARITY (you need to keep evidence of each; if \$250 or more, must be in writing from charity)		Investment expenses (for state)	\$
Cash contributions (total)	\$ 2,900	Other (specify):	\$
Other than cash, specify name of charity (provide thrift store value) (no appreciated items)			
Salvation Army (clothing)	\$ 475		
	\$		
	\$		
Charitable miles	mi.		

We will use your federal standard deduction shown below if it is more than your itemized deductions above.

Single: \$15,750	If 65+ or blind, add \$2,000
Married filing separately: \$15,750	If 65+ or blind, add \$1,600
Married filing jointly: \$31,500	If 65+ or blind, add \$1,600 each
Head of household: \$23,625	If 65+ or blind, add \$2,000
Qual. surviving spouse: \$31,500	If 65+ or blind, add \$1,600

- Determine Itemized Deductions:
 - Enter the medical expenses that the Calhouns listed on their Itemized Deductions Worksheet. These include unreimbursed medical expenses incurred by Penny but paid by the Calhouns when she was hospitalized after a fall.
 - Enter their charitable contributions. Be sure to mention to your taxpayers that even though we do not need to see it, they need to have proof for their contributions in case of an audit - letters of acknowledgement, copies of checks, etc.
 - Also, in entering charitable contributions, TaxSlayer may want entries made one by one, but it is OK to total your contributions and make a single entry for cash and a single entry for goods contributions.
 - Taxes Paid, Schedule A - Taxes You Paid TaxSlayer
 - Real Estate tax: (See Form 1098-Mortgage Interest Statement below)
 - Personal Property tax (value-based): \$389.00
 - Click on Sales Tax Deduction.
 - Click "Add sales tax you paid." Answer the questions on the pop-up and fill in the sales tax the Calhouns paid. Click "Save" at the bottom.

ITEMIZED DEDUCTIONS

Taxes You Paid

Sales Tax Deduction

Deducting state and local sales tax instead of income tax is most beneficial to taxpayers in states that don't have an income tax. Enter your sales tax below, and we'll determine which deduction benefits you the most.


Add sales tax you paid

- For this exercise's state sales tax use the Zip Code 68101 for Omaha, NE (5.5% state, 1.5% local). (Obviously, you would use your taxpayer's own zip code in reality.)
- Diana paid \$1,390 in sales tax for the new car she purchased in 20XX.
- You may verify with [Use the Sales Tax Deduction](#)

[Calculator - IRS](#) if you wish.

- Compare deductible sales tax to state withholdings if any. The greater value will be used automatically by TaxSlayer on Schedule A, Line 5a. (Caution: The IRS and TaxSlayer may update their calculators with sales tax rates provided by the states randomly. This may cause a variation to the answers in this exercise of this course. If you're close, go with it!)
- Enter in the mortgage interest they paid, as shown on the Form 1098-Mortgage Interest Statement.

☐ CORRECTED (if checked)			
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code and telephone no. US BANK NATIONAL ORGANIZATION 4801 FREDERICA ST OWENSBORO KY 42301		* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.	20XX Form 1098
RECIPIENT'S/LENDER'S TIN 31-0841368		PAYER'S/BORROWER'S TIN 015-00-7028 1. Mortgage interest received from payer(s)/borrower(s) * \$4,527.50	
PAYER'S/BORROWER'S name, street address, city or town, state or province, country, ZIP or foreign postal code and telephone no. JAMES AND DIANA CALHOUN 16723 ROBERTS ST YOUR CITY, YS YZIP		2. Outstanding mortgage principal as of 1/1/20XX \$120,678.34	3. Mortgage origination date 05/23/2004
9. Number of properties securing the mortgage 		4. Refund of overpaid interest 	5. Mortgage insurance premiums
10. Other REAL ESTATE TAX: \$4900.76		6. Points paid on purchase of principal residence 	
Account number (see instructions)		7. ☒ If address of property securing mortgage is the same as PAYER'S/BORROWER'S address, the box is checked, or the address or description is entered in box 8. 	
8. Address or description of property securing mortgage (see Instructions)		The information in boxes 1 through 9 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 the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points, reported in boxes 1 and 6; or because you didn't report the refund of interest (box 4); or because you claimed a non-deductible item.	
Form 1098			

- Compare Deductions:
 - Go to TaxSlayer > Federal Section>Deductions>Compare Deductions
 - What is the Standard Deduction amount? _____
 - What is the Itemized Deduction amount? _____
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#). If you can't quite match, check with your mentor - there are a few items that are easy to overlook in these entries!



Congratulations!
 You have completed Lesson 16 of the Tax-Aide Self-Study course.

Lesson 17: Credits

In this lesson, you will:

- ❖ Practice using:
 - Child and Dependent Care Credit
 - Education Credit
 - Premium Tax Credit
 - Foreign Tax Credit
 - Retirement Savings Tax Credit

Important to know! Credits are reported as **refundable** and **nonrefundable**. A nonrefundable credit is a dollar-for-dollar reduction of the tax liability and can only reduce the tax liability to zero. A refundable credit can reduce the tax liability and result in a refund to the taxpayer even if there is no tax liability.

Credit for Child and Dependent Care Expenses

This nonrefundable credit, available to eligible taxpayers, is a percentage of their child and dependent care expenses. The credit may be claimed by taxpayers who, in order to work or look for work, pay a caregiver to care for their qualifying person. A qualifying person is a:

- A qualifying child who is the taxpayer's dependent and under age 13 when the care was provided. If the child is being claimed as a dependent by the noncustodial parent under the special rules for children of divorced and separated parents, only the custodial parent may treat the child as a qualifying person for this credit.
- Someone who was physically or mentally incapable of self-care who the taxpayer claims as a dependent or for whom the taxpayer could claim, except that:
 - The person had income greater than the current year threshold amount (gross income test for a qualifying relative)
 - The person filed a joint return
 - The taxpayer or spouse, if Married Filing Jointly, could be claimed as a dependent on someone else's current year tax return
- Spouses who were physically or mentally unable to care for themselves and lived with the taxpayer more than half the year.

see [NTTC 4491](#), Lesson: Credit for Child and Dependent Care Expenses

Tasks:

- Reference [NTTC 4491](#), Credit for Child and Dependent Care Expenses.
- Review [NTTC 4012](#), Tab G, Nonrefundable Credits: Child and Dependent Care Expenses.

Exercise 31: Child and Dependent Care Credit/Greg and Alice Kohler

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

Form 13614-C (March 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 GREG		M.I.	Last name KOHLER		Your date of birth 03/15/1987		Your job title TEACHER							
Spouse's first name ALICE		M.I.	Last name KOHLER		Spouse's date of birth 06/24/1989		Spouse's job title TEACHER							
Mailing address 67423 S NORTH ELM				Apt #	City YOUR CITY			State YS	ZIP code YZIP					
Your telephone number 804-555-1234		Spouse's telephone number		Email address (optional) GREGK@EMAIL.COM			Did you live or work in two or more states in 2024 ☐ Yes ☒ No							
Check if you or your spouse were in 2024:														
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, 2024, what was your marital status														
☐ Never Married		☒ Married		If married, were you married for all of 2024				☒ Yes		☐ No				
				Did you live with your spouse during any part of the last six months of 2024				☒ Yes		☐ No				
☐ Divorced		☐ Legally Separated but not Divorced						☐ Widowed						
Date of final decree		Date of separate maintenance decree						Year of spouse's death		2017				
To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return ☐ Yes ☒ No														
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 2024	Single or Married as of 12/31/2024 (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 \$5,050 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
JASON KOHLER	05/16/2004	SON	12	S	Y	Y	Y	N	N	N	N	Y	Y	Y
NAOMI KOHLER	02/17/2014	DAUGHTER	12	S	Y	Y	Y	N	N	N	N	Y	Y	Y

Catalog Number 52121E www.irs.gov Form **13614-C** (Rev. 3-2025)

- Open [Practice Lab](#) and create a new return for **GREG KOHLER, SSN 015-00-6518** and **ALICE KOHLER, SSN 015-00-0004**.
- Examine the gray area completed by the "Certified Volunteer Preparer" for everyone who lived with them or whom they supported but did not live with them last year, and determine the qualifying dependents.

Include children **Jason Kohler, SSN 015-00-0005** (a college student), and **Naomi Kohler, SSN 015-00-0006**, as dependents. (Don't forget to checkmark the box that says Jason is over 18 and a full-time student on the dependent entry screen.)

- Enter the W-2s. Notice that Alice's W-2 has a value in Box 10. What does it mean?

- Find the Child and Dependent Care Credit (Form 2441) and enter Naomi's day care details.
 - Naomi received daycare services from Marie Dawson who lives at 1498 Charles St., Your City, Your State, YZip.
 - Her phone number is 542-901-3636.
 - Her Social Security number is 055-00-0005.
 - Marie provided a receipt for \$2,500 for Naomi's daycare after school while her parents were still at work.
- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).
- Take a look at Form 2441. You will see that the total childcare of \$2,500 is on line 1e, but only \$500 of that is used on line 3. The \$2,000 of employer-provided childcare benefits from Alice's W-2, box 10, is subtracted from the total. The amount allocated as childcare benefits on the W-2 cannot also be used to calculate the credit.

Education Credits

Eligible taxpayers may receive education credits based on qualified education expenses the taxpayer and student paid during the tax year for themselves or their dependent(s).

Taxpayers can take education credits for themselves, their spouse, and/or dependents (claimed on the tax return) who were enrolled at or attended an eligible postsecondary educational institution during the tax year. The law requires that the student must generally receive a Form 1098-T, Tuition Statement, in order for the taxpayers to claim the education credit. The credits are based upon qualified education expenses.

The student's taxable scholarship income never goes on parents' tax return, even if the student is listed as a dependent on their parents' tax return. It only goes on the students' tax return, assuming they are filing a tax return.

Two most common education credits are:

- Lifetime Learning credit that is non-refundable to the taxpayer.
- American Opportunity credit that has both a non-refundable and refundable portion to the taxpayer.

The following taxpayers cannot claim the education credits for a dependent/student:

- Married filing separately filing status
- Anyone listed as a dependent on another person's tax return
- Taxpayers whose modified AGI is more than the allowable income limits
- Taxpayers (or the spouse) that were a nonresident alien for any part of the tax year unless one of the exceptions apply

see [NTTC 4491](#), Lesson: Education Credits & [NTTC 4012](#) Tab J

Tasks:

- Watch the [Education Credits Basics video](#).
- Reference [NTTC 4491](#), Education Credits.
- Study [NTTC 4012](#), Tab J for guidance on the different education credits, their limits, and types of qualifying education expenses.

Exercise 32: Education Credit/Greg and Alice Kohler

- Open [Practice Lab](#) and the return for the **KOHLERS**.
- Study Jason's situation to select and enter an education credit (use the better of the American Opportunity Credit or the Lifetime Learning Credit if eligible for either).
 - Jason is a full-time sophomore student majoring in mechanical engineering at Oakland University.
 - Jason received a scholarship that was restricted to qualified education expenses. His scholarship could not be used for room and board or any other non-qualified expenses.
 - The Kohlers paid the remainder of his tuition expenses, and they also have receipts of \$452 for the purchase of books that were required for Jason's classes.
 - Last year the Kohlers claimed the American Opportunity Credit for Jason for the first time.
 - Jason has no felony drug convictions, received a 1098-T from Oakland University, and 1098-T, Box 7 is not checked.

Tip: When the terms of a scholarship or grant do not restrict their use to only "qualified education expenses", then the Education Benefits Calculator in the Colorado Resource Toolbox is a best practice tool to determine the amount of taxable scholarship income for students. Income designated for room and board are common unrestricted scholarship and grant income.

The Education Benefits Calculator provides the most favorable choice between the American Opportunity Credit and Lifetime Learning Credit and can determine the amount of a scholarship income that can maximize the taxpayer's credit.

See [Colorado Resource Toolbox](#)

Note: Scholarship/grant income always belongs to the student, just like wages.

- Dependent students are not eligible for education credits.
- If a student cannot be claimed as a dependent by anyone, then only the student can claim those credits.

For taxpayers with a dependent, always enter any available education credit on the taxpayer's return and enter any taxable scholarship/grant income on the dependent's return.

If you would like a more complex education credit exercise, check the [Less Common Advanced Topics](#) collection. The three Oakman scenarios are a fun adventure!

- Enter Jason's Education Credit information from the 1098-T form below.

☐ CORRECTED (if checked)			
FILER'S name Street address City or town, state or province, country, ZIP or Foreign Postal Code Telephone number OAKLAND UNIVERSITY 677 OAKLAND DRIVE BLVD COLUMBUS OH 43216		1 Payments received for qualified tuition and related expenses \$10,200.00	OMB No. 1545-1574 20XX Form 1098-T
FILER'S employer identification no. 10-8456789		STUDENT'S TIN 015-00-0005	3 If this box is checked, your educational institution has changed its reporting method for 20XX. ☐
STUDENT'S name Street address (including apt. no.) City or town, state or province, country, ZIP or Foreign Postal Code JASON KOHLER 67423 S NORTH ELM YOUR CITY, YS, YZIP		4 Adjustments made for a prior year	5 Scholarships or grants \$6,700.00
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			

Tuition Statement

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.

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Self-Evaluation and Feedback:

- Complete [Education Quiz](#).

Premium Tax Credit (PTC)

The Premium Tax Credit helps eligible taxpayers pay for health insurance purchased through the Marketplace. When enrolling in qualified health coverage, the Marketplace estimates the amount of the PTC that eligible taxpayers may claim on their federal tax return. Based on the estimate, eligible taxpayers choose to either have advance payments of the premium tax credit (APTC) made on their behalf to their insurance company to offset their premiums, or to forgo the APTC and only get the benefit of the PTC when they claim the credit on their federal tax return.

Those who receive APTC are required to file a federal tax return with a Form 8962 even if their gross income is below filing threshold. Form 8962 will reconcile the APTC payments that were made based on estimated data against the taxpayer's actual PTC calculated using their final tax return data. Form 8962 is also needed for taxpayers with qualifying health coverage that did not receive APTC but want to claim the PTC. To complete Form 8962, Form 1095-A is required (provided to the health insurance policyholder by the Marketplace).

see [NTTC 4491](#), Lesson: Premium Tax Credit

Tasks:

- Watch the [Marketplace Insurance Video](#).
- Reference [NTTC 4491](#), Premium Tax Credit.
- Review [NTTC 4012](#), Tab H, Premium Tax Credit.

Exercise 33: Premium Tax Credit/Greg and Alice Kohler

- Open [Practice Lab](#) and the return for the **KOHLERS**.
- Enter their Form 1095-A below.

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	
Part I Recipient Information					
1 Marketplace Identifier 60-900400X		2 Marketplace-assigned policy number 123456789		3 Policy issuer's name SXF	
4 Recipient's name GREG KOHLER		5 Recipient's SSN 015-00-6518	6 Recipient's date of birth 03/15/1987		
7 Recipient's spouse's name ALICE KOHLER		8 Recipient's spouse's SSN 015-00-0004	9 Recipient's spouse's date of birth 06/24/1989		
10 Policy start date 03/01/20XX		11 Policy termination date 12/31/20XX		12 Street address (including apartment number) 67423 S NORTH ELM	
13 City or town, State or province, Country and ZIP or foreign postal code YOUR CITY 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 GREG KOHLER		015-00-6518	03/15/1987	03/01/20XX	12/31/20XX
17 ALICE KOHLER		015-00-0004	06/24/1989	03/01/20XX	12/31/20XX
18 JASON KOHLER		015-00-0005	05/16/2006	03/01/20XX	12/31/20XX
19 NAOMI KOHLER		015-00-0006	02/17/2014	03/01/20XX	12/31/20XX
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					
22 February					
23 March	\$789.00	\$789.00	\$607.00		
24 April	\$789.00	\$789.00	\$607.00		
25 May	\$789.00	\$789.00	\$607.00		
26 June	\$789.00	\$789.00	\$607.00		
27 July	\$789.00	\$789.00	\$607.00		
28 August	\$789.00	\$789.00	\$607.00		
29 September	\$789.00	\$789.00	\$607.00		
30 October	\$789.00	\$789.00	\$607.00		
31 November	\$789.00	\$789.00	\$607.00		
32 December	\$789.00	\$789.00	\$607.00		
33 Annual Totals	\$7,890.00	\$7,890.00	\$6,070.00		

- Check your TaxSlayer Summary/Print PDF and compare your answers with the [Self-Study Answer Sheet](#).

Foreign Tax Credit

U.S. citizens and residents compute their U.S. taxes based on their worldwide income. This may result in U.S. citizens having to pay tax twice on the same income — first to the government of the foreign country where the income was earned and again to the U.S..

The foreign tax credit was created to help taxpayers avoid this double taxation. Taxpayers who paid income, war profits, or excess profits taxes to a foreign country or U.S. possession may be entitled to a credit on their U.S. taxes. Like other nonrefundable credits, the foreign tax credit allows taxpayers to take a dollar-for-dollar reduction in the amount of U.S. tax owed. However, in some cases, not all taxes paid to a foreign government on foreign-sourced income can be used in the computation of the credit.

The Foreign Tax Credit is in scope only with Advanced certification when using the Simplified Limitation Election. That election requires total qualified foreign taxes to be \$300 (\$600 if MFJ) or less and requires the foreign source income to only be passive (such as interest and dividends). Use of Form 1116 for the Foreign Tax Credit (when the simplified limitation does not apply) is only in scope with international certification from the IRS.

see [NTTC 4491](#), Lesson: Foreign Tax Credit

OOS Alert:

- If the FATCA box is checked on any form, such as Form 1099-INT/DIV then the tax return is out of scope (OOS).
- Foreign tax credits from Form 1099-INT/DIV flow directly to Form 1040, Schedule 3, when the Simplified Limitation Election is taken. This is automatically done in TaxSlayer.

Tasks:

- Reference [NTTC 4491](#), Foreign Tax Credit.
- Review [NTTC 4012](#), Tab G, Foreign Tax Credits.

Exercise 34: Foreign Tax Credit/Ronald Davis

- Open [Practice Lab](#) and the return for **DAVIS**.
 - Go to your TaxSlayer Summary/Print PDF.
 - Note his 1099-DIV below. (You should have already entered this into his tax return, don't enter it again!) Notice the 1009-DIV Box 7 entry for Foreign Tax Paid is \$34.89.
 - Now take a look at your PDF of his tax return. Note the 1040 and Schedule 3 show the \$35 credit Ronald gets as his Foreign Tax Credit.

Alpine Brokerage LLC 2715 Alpine Lane Boston MA 02110 Account No. 111-227 Payer's TIN: 95-7456789		20XX TAX INFORMATION SUMMARY		TAX REPORTING STATEMENT Ronald Davis 143 Concord Ln, Your City, YS ZIP Recipient ID No. XXX-XX-7614	
Form 1099-DIV Dividends and Distributions Copy B for Recipient (OMB NO. 1545-0110)			Form 1099-INT Interest Income Copy B for Recipient (OMB NO. 1545-0112)		
Box		Amount	Box		Amount
1a	Total Ordinary Dividends	4,560.78	1	Interest Income	345.60
1b	Qualified Dividends	3,089.56	2	Early Withdrawal Penalty	0.00
2a	Total Capital Gain Distributions (Includes 2b – 2d)	7,006.50	3	Interest on U.S. Savings Bonds and Treas. Obligations ...	0.00
2b	Unrecaptured 1250 Gain	0.00	4	Federal Income Tax Withheld	0.00
2c	Section 1202 Gain	0.00	5	Investment Expenses	0.00
2d	Collectibles (28%) Gain	0.00	6	Foreign Tax Paid	0.00
2e	Section 897 ordinary dividends	0.00	7	Foreign Country or U.S. Possession	
2f	Section 897 capital gain	0.00	8	Tax-Exempt Interest	87.95
3	Nondividend Distributions	56.90	9	Specified Private Activity Bond Interest	0.00
4	Federal Income Tax Withheld	1,000.00	10	Market Discount	0.00
5	Section 199A Dividends	256.96		Market Discount on Noncovered Securities	0.00
6	Investment Expenses	850.00	11	Bond Premium	223.67
7	Foreign Tax Paid	34.89	12	Bond Premium on Tax-Exempt Bond	0.00
8	Foreign Country/U.S. Possession:	Various	13	Bond Premium on tax Exempt Bonds	
9	Cash Liquidation Distributions	0.00	15	State	YS
10	Non-Cash Liquidation Distributions	0.00	16	State Identification No.	XXXX
11	FATCA filing requirement		17	State Tax Withheld	0.00
12	Exempt-Interest Dividends	507.78		FATCA filing requirement	
13	Specified Private Activity Bond Interest Dividends	0.00			
14	State	YS			
15	State Identification No.	XXXX			
16	State Tax Withheld	0.00			

Retirement Savings Contribution Credit

The retirement savings contributions credit is a nonrefundable credit eligible taxpayers may claim if they made a qualifying voluntary contribution to a retirement plan. A taxpayer can qualify for this credit if the contribution is tax deductible (such as a traditional IRA) or nontax-deductible (such as Roth IRAs).

Generally, an individual who made a voluntary contribution to a retirement account, is at least 18 years of age, not a dependent, and not a full full-time student. If they meet these requirements, they may be eligible to claim this credit subject to income limits.

see [NTTC 4491](#), Lesson: Retirement Savings Contributions Credit

Note: Roth IRA contributions will require special attention. They are not deductible but may be used in calculating the Retirement Savings Contribution Credit (Form 8880). Review the [NTTC 4012](#), Tab G, Retirement Savings Contribution Credit for more info.

Go to the Credits section in TaxSlayer or use Form Finder to select Form 8880 to find an entry for this credit.

Tasks:

- Watch [Retirement Savings Credit Video](#)
- Reference [NTTC 4491](#), IRAs
- Review [NTTC 4012](#), Tabs E & G and the instructions for the applicable forms.
- More information on IRAs may be found here: IRS.GOV: [Individual Retirement Arrangements \(IRAs\)](#)

Exercise 35: Retirement Savings Credit/Karen Wilson

- Open [Practice Lab](#) and the return for **KAREN WILSON**. This return was done in the first part of this course, if you joined the course later, click [here](#) for a copy of her return before adding a qualifying child and [here](#) for the copy of her return after adding the child and changing her filing status to HOH.
 - Karen contributed \$2,000 to her IRA. Search for Form 8880 in the first return.
 - Note her Retirement Savings Credit on Form 8880 and Schedule 3.
 - Note in the later return, we added Karen's daughter and changed her filing status to HOH. This increased her standard deduction, causing her to have less taxable income and less tax; her Retirement Savings Credit decreased to just enough to zero out her tax.



Congratulations!

You have completed Lesson 17 of the Tax-Aide Self-Study course.

Lesson 18: Finishing the Return

In this lesson, you will:

- ❖ Be introduced to the tasks necessary to complete the tax return.

Completing and Filing a Return

Our goal is to prepare and provide a copy of a complete and accurate tax return to each taxpayer. Both the Counselor and the Quality Reviewer are responsible for producing an accurate return.

Counselor role: After the interview and when all entries have been made, confirm that all the income is reported. Ask the taxpayer if there is any other income. Then explain the completion process to the taxpayer, ask if there are any questions. In TaxSlayer, mark that the return as “Ready for Review”.

Quality Reviewer role: Review all entries, confirm that all income has been reported, and ask if there are any questions. Then print the taxpayer's copy, review it with them, and have them sign Form 8879 to permit efilg. Present taxpayers with their copy of the completed tax return and return all the paperwork they brought with them. In TaxSlayer mark the return “Complete.”

see [NTTC 4491](#), Lesson: Completing the Return

Tasks:

- Watch: [Tips for an Accurate Tax Return](#)
- Reference: [NTTC 4491](#), Completing the Return.
- Review: [NTTC 4012](#), Tab K, Finishing the Return.

Exercise 36: Finishing the Return/Greg and Alice Kohler

- Open [Practice Lab](#) and the return for the **KOHLERS**.
- Check the *Health Insurance* section. Be sure you have answered the question about Affordable Care Act Insurance. If the taxpayer has it, be sure you have entered their 1095-A information.
- Take a final look at the PDF of the tax return and fix anything that needs fixing.
- Proceed to the *E-File* Section. Read through these screens as we go to familiarize yourself with all the options.
- On the first screen, choose Direct Deposit for the Kohlers’ refund. (Choose for the state too if you have prepared a state return.)
- Click through the *Fee Summary* page. We are a free service!
- On the *Bank Information* page, enter the Kohlers’ bank account info. See check below. (The routing number is the first group on the bottom of the check; the account number

is the next group; be careful not to put the last group which is the check number and is not needed.) Always click “Pull Refund” to ensure you include any updated amount.

Alice and Greg Kohler 67423 S North Elm Your City, YS YZip		DATE _____	1234
PAY TO THE ORDER OF _____		\$ _____	
		DOLLARS	
MONEY INSTRUCTOR.COM BANK 1221 MAIN STREET ANYWHERE US 10001			
For	_____	_____	_____
	325070760	987123654	1234

- For this exercise, mark driver’s licenses as “not provided.” Some states require them, so if your state does, be sure to ask your taxpayer for the info you need.
- Mark the Consent forms as Accepted or Declined, as the taxpayer has chosen.
- Answer the Custom Questions as the taxpayer has marked them on their Intake form. For this exercise, have fun and pick whatever you want!
- On the *Submission Page*, mark any Tags that your site requires, and mark the return “Ready for Review.”

Select one:

☒	Mark tax return ready for review
☐	Mark tax return as complete

- Save and Exit the return.

Tax-Aide sites choose their own process for transmitting the tax returns to the IRS. Some sites have the Quality Reviewer transmit, and some sites have a Site Coordinator or other designated person do the transmitting for all returns. Check with your Local Coordinator or Site Coordinator for guidance at your site.

Self-Evaluation and Feedback:

- Complete [Finishing the Return](#) Quiz.



Congratulations!

**You have completed Lesson 18, the final lesson of the
Tax-Aide Self-Study course!**

A few final comments...

Tax-Aide Policy reminders:

- Protect taxpayers' information! Do not retain any of the taxpayer's information or documents, and do not mail or email any taxpayer documents.
- Treat everyone with respect, both fellow volunteers and taxpayers.
- Smile and help your taxpayers feel less stressed.

Congratulations on learning to prepare tax returns for those in our local community. We hope you will have many good and rewarding experiences as you work as a Tax-Aide volunteer!

You should now be prepared to take the [Link & Learn](#) Advanced tax test. We suggest that before you take the test, you [review all the questions](#) and choose your answers. If you have any doubts, please contact your mentor or instructor. You may also use the resources from this course, [NTTC 4491](#) and [NTTC 4012](#), to review any areas you feel you need to refresh. Remember the exam is open book and you can stop and start whenever you like.

Best of luck to you!



This concludes the Self-Study Tax Preparation Course.
Thank you for using Self-Study to learn to prepare tax returns.



We would be pleased if you would take this survey to provide feedback to the National Tax Training Committee. Your participation and response is optional and anonymous, and it is very helpful to us in preparing the tax training we use.

Please click to participate in the

[**Self-Study Certification Lessons - Concluding Survey**](#)