

# Publication 4012

## VITA/TCE Volunteer Resource Guide

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

**2022** RETURNS

Volume 7 of 14



Take your VITA/TCE training online at <https://apps.irs.gov/app/vita>. Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.



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# Qualified Business Income Deduction



*If taxable income (before the QBI deduction) exceeds \$340,100 for married filing joint returns, \$170,050 for all other returns, the return is Out of Scope.*

For tax years beginning after December 31, 2017, and before January 1, 2026, there is a deduction for “pass through” businesses. Sole proprietors are categorized as “pass through” businesses.

- A sole proprietor that reports a profit on Schedule C will be able to take up to 20% of qualified business (QBI) as a deduction on the tax return.
- The calculations on Schedule C and Schedule SE are not affected by the deduction.

- Taxable income is not reduced below zero by the 20% deduction.
- The 20% deduction is limited for higher income.
- The deduction will also be limited for specified service trades or businesses. Refer to Form 1040 instructions for more information.

For taxable income that does not exceed the applicable threshold amount, the QBI deduction is the lesser of:

- 20% of qualified business income (for example, it is the net profit reported on a Schedule C plus 20% of qualified real estate investment trust (REIT) section 199A dividends) or
- 20% of taxable income (equals adjusted gross income minus the applicable standard or itemized deduction) minus net capital gains and qualified dividends. See Form 8995 instructions for more details.

Qualified business income is reduced by the deductible part of the SE tax, the SE health insurance deduction and by contributions to qualified retirement plans. The deduction is claimed on Form 1040 and can be taken in addition to the standard deduction or itemized deduction.

The 20% deductions for sole proprietors and qualified REIT Section 199A dividends are in scope; however, taxpayers with a qualified business net loss carryforward from a prior year or publicly traded partnership are Out of Scope.

See Publication 535, Business Expenses, for additional information.

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## Notes

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# **Tab G: Nonrefundable Credits**

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Nonrefundable Credits

Credits		
Foreign Tax Credit Form 1116	1	BEGIN
Child Care Credit Form 2441	2	BEGIN
Education Credits Form 1098-T	3	BEGIN
Retirement Savings Credit Form 8880	4	BEGIN
Residential Energy Credit Form 5695	5	BEGIN
Adoption Credit Form 8839	OOS	BEGIN
DC First-Time Homebuyer Credit Form 8859	OOS	BEGIN
Mortgage Interest Credit Form 8396	OOS	BEGIN
Claiming Refundable Credits after Disallowance Form 8862		BEGIN
EIC Check-list	6	BEGIN
Credit for the Elderly or Disabled Schedule R	7	BEGIN
Alternative Motor Vehicle Credit (Hybrid Cars) Form 8910	OOS	BEGIN
Qualified Electric Motor Vehicle Credit Form 8936	OOS	BEGIN
Small Employer Health Insurance Premiums Form 8941	OOS	BEGIN
Credit for Federal Tax Paid on Fuels Form 4136	OOS	BEGIN
Credit for Increasing Research Activities from Pass-through Entities Form 6765	OOS	BEGIN
Investment Credit Form 3468	OOS	BEGIN

- 1 Select for Form 1116, Foreign Tax Credit
- 2 Select for Form 2441, Child and Dependent Care Expenses. See Child and Dependent Care Credit Expenses/Screening Sheet later in this tab.
- 3 Select for Form 8863 Education Credits. See Tab J, Education Benefits
- 4 Select for Form 8880, Credit for Qualified Retirement Savings Contributions. Complete this screen if taxpayer (or spouse) made any contributions to a qualified retirement plan.
- 5 Select for Form 5695, Residential Energy Credit. See Tab EXT, Legislative Extenders for more information.
- 6 EIC checklist is not required for VITA/TCE.
- 7 If taxpayer qualifies for the credit for the elderly or the disabled, open Schedule R. Refer to the Credit for the Elderly or the Disabled - Screening Sheet later in this tab.

Nonrefundable credits can't exceed the taxpayer's federal income tax.

Form 8863

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# Child Tax Credit



*Make sure the taxpayer's credit hasn't been disallowed previously. If previously disallowed, see Form 8862, Information To Claim Certain Credits After Disallowance, in Tab I, Earned Income Credit.*

This is a credit intended to reduce tax. This part of the credit isn't refundable. The credit is up to \$2,000 per qualifying child and calculates automatically.

## **Qualifying child:**

- 1.** Under age 17 at the end of the tax year.
- 2.** A U.S. citizen or U.S. national\* or resident alien of the United States. See Tab L, Resident/NR Alien.
- 3.** Child must be claimed as your dependent.\*\*

- 4.** Your:
- a.** son or daughter, adopted child, stepchild, eligible foster child, or a descendant of any of them
  - b.** brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew)
- 5.** Didn't provide over half of his or her own support.
- 6.** Lived with the taxpayer for more than half of the tax year. (See Exception to Time Lived with You section on the Child Tax Credit chart on the following page.)
- 7.** Must have a Social Security number that is valid for employment issued before the due date of the return, including extensions.

\* A national is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.

\*\*Refer to the tables in Tab C, Dependents, for the rules governing who may be claimed as a dependent.



*If the taxpayer is able to claim the dependent under the rules for divorced and separated parents, he or she is the only parent entitled to claim the child tax credit or additional child tax credit.*

Schedule 8812 (Form 1040), Credits for Qualifying Children and Other Dependents, is intended to be filed by all taxpayers claiming the child tax credit, the additional child tax credit, or the credit for other dependents. See Tab C, Dependents, for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).



# **Additional Child Tax Credit (ACTC) – General Eligibility**

The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit:

- Taxpayers with more than \$2,500 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.
- Limited to \$1,500 per qualifying child.



*The IRS cannot issue refunds before mid-February for returns that claim the earned income credit (EIC) or the ACTC.*



*Taxpayers may not file an amended return to retroactively claim the additional child tax credit for a qualifying child if a valid SSN for the child is issued after the due date of the tax return.*



*(International Certification only) If you claim the foreign earned income exclusion, the housing exclusion, or the housing deduction on Form 2555, you can't claim the additional child tax credit.*



*See Disallowance of Certain Credits in Tab I, Earned Income Credit, if the taxpayer received a letter saying they had to complete Form 8862.*

# Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents?

Remember to apply the steps for each dependent. To claim the child tax credit and/or the credit for other dependents, you can't be a dependent of another taxpayer.

Step	Probe/Ask the taxpayer:	Action
<b>1</b>	Is this person your qualifying child dependent? See Tab C, Dependents, Table 1: All Dependents	<p>If <b>YES</b>, go to Step 2.</p> <p>If <b>NO</b>, you can't claim the child tax credit for this person. This person may qualify for the credit for</p>

		other dependents, go to Table 2.
<b>2</b>	Did the child have an SSN, ITIN, or adoption taxpayer identification number (ATIN) issued on or before the due date of your return (including extensions)? (Answer "Yes" if you are applying for an ITIN or ATIN for the child on or before the due date of your return (including extensions.)	<p>If <b>YES</b>, go to Step 3.</p> <p>If <b>NO</b>, you can't claim the child tax credit or the credit for other dependents for this child.</p>
<b>3</b>	Was the child a U.S. citizen, U.S. national, or U.S. resident alien? (See Pub. 519, U.S. Tax Guide for Aliens, for the definition of a U.S.	<p>If <b>YES</b>, go to Step 4.</p> <p>If <b>NO</b>, you can't claim the child tax credit</p>

	national or U.S. resident alien. If the child was adopted, see Exception to citizen test, below.)	or the credit for other dependents for this child.
<b>4</b>	Was the child under age 17 at the end of 2022?	<p>If <b>YES</b>, go to Step 5.</p> <p>If <b>NO</b>, you can claim the credit for other dependents for this child.</p>
<b>5</b>	Does this child have a Social Security Number valid for employment issued before the due date of the return (including extensions)?	<p>If <b>YES</b>, you can claim the child tax credit for this person. Use Schedule 8812 to calculate the credit.</p>

		If <b>NO</b> , you can claim the credit for other dependents for this child.
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## **Modified Adjusted Gross Income Limits**

- Married filing jointly \$400,000
- All other filing statuses \$200,000

## **Children of Divorced or Separated Parents**

If the noncustodial parent can claim the child as a dependent, the noncustodial parent can also claim the child as a qualifying child for the child tax credit, the credit for other dependents, or the additional child tax credit.

## **Exception to Citizen Test**

If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the citizen test.

# Credit for Other Dependents

There is a \$500 credit for other dependents who do not qualify for the child tax credit. The dependent must be a U.S. citizen, U.S. national, or resident of the U.S. The dependent must have a valid identification number (ATIN, ITIN, or SSN).

The \$500 nonrefundable credit is available for dependents who don't qualify for the child tax credit, such as children who are age 17 and above, dependents with other relationships (such as elderly parents), or children who do not have a valid SSN. Taxpayers cannot claim the credit for themselves (or a spouse if Married Filing Jointly).



*Dependents who are not U.S. citizens or U.S. nationals, but are residents of Canada or Mexico do not qualify for either the Child Tax Credit or the Credit for Other Dependents.*





*If previously disallowed, see Form 8862, Information To Claim Certain Credits After Disallowance, in Tab I, Earned Income Credit.*

## **Table 2: Does Your Qualifying Relative Qualify You for the Credit for Other Dependents?**

<b>Step</b>	<b>Probe/Ask the taxpayer:</b>	<b>Action</b>
<b>1</b>	Is this person your qualifying relative dependent? See Tab C, Dependents, Table 2: Qualifying Relative Dependents.	If <b>YES</b> , go to Step 2.  If <b>NO</b> , you can't claim the credit for other dependents for this person.
<b>2</b>	Did your qualifying relative have a SSN, ITIN, or ATIN issued on	If <b>YES</b> , go to Step 3.

	<p>or before the due date of your 2022 return (including extensions)? (Answer "Yes" if you are applying for an ITIN or ATIN for the qualifying relative on or before the return due date (including extensions).</p>	<p>If <b>NO</b>, you can't claim the credit for other dependents for this person.</p>
<b>3</b>	<p>Was your qualifying relative a U.S. citizen, U.S. national, or U.S. resident alien?</p>	<p>If <b>YES</b>, you can claim the credit for other dependents for this person.</p> <p>If <b>NO</b>, stop. You can't claim the credit for other dependents for this person.</p>

## Form 1116 – Foreign Tax Credit



Federal Section>Deductions>Credits Menu>Foreign Tax Credit; or Keyword “1116”

### Form 1116 - Foreign Tax Credit

In order to claim a credit for any foreign taxes paid without filing Form 1116, you must answer Yes to all of the following questions:

- Is all of your gross foreign source income Passive Category Income such as interest and dividends?
- Was all of that interest and dividend income reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1?
- If you had dividend income from shares of stock, did you hold those shares for at least 16 days?
- Is the total of your foreign taxes less than or equal to **\$300**
- Were all of your taxes:
  - A. Legally owed and not eligible for a refund; AND
  - B. Paid to countries that are recognized by the United States; AND
  - C. Paid to countries that do not support terrorism?

Foreign tax credit not over **\$300**

Note: Only enter an amount if you answered Yes to all the questions above.

\$

1

If you are needing to file Form 1116 because you are not making the election above, complete Form 1116 Foreign Tax Credit.

GO TO FORM 1116

**1** ONLY the Simplified Limitation Election for the foreign tax credit is in scope for Advanced certification. To be eligible for this election, qualified foreign taxes must be \$300 (\$600 if MFJ) or less, all foreign source income is passive category (such as interest and dividends) and taxpayer meets the other requirements as explained in Instructions for Form 1116. Do not enter amounts from Forms 1099-INT, Box 6, or 1099-DIV, Box 7. The software will include these in the foreign tax credit calculation. Foreign taxes from Forms K-1 should be entered here.

Both the tax return preparer and quality reviewer must have International certification to prepare Form 1116.



If the taxpayer has a carryback or a carryforward of unused foreign tax, refer taxpayer to a professional tax preparer.



Foreign income tax is also eligible to be claimed on Schedule A as an itemized deduction. While that is an option, foreign tax claimed as a credit is generally more advantageous for taxpayers.

Foreign tax credit

Section 951A income	1	BEGIN
Foreign branch income	1	BEGIN
Passive income		BEGIN
General limited income		BEGIN
Section 901(j) income	1	BEGIN
Income resourced by treaty	1	BEGIN
Lump-sum distributions	1	BEGIN

- 1 Out of Scope
- 2 Passive and General limited income are in scope with International Certification only. Select the appropriate category. If taxpayer has income in more than one category or from more than one country, another form can be added later.

Passive income

Country of residence \*

- Please Select -

3

☐ Are you reporting income that passed through a mutual fund or other regulated investment company (RIC) on a country-by-country basis?

☐ Do you have passive income that is treated as general category income because it is highly taxed?

Carryback or Carryover

\$

Reduction in Foreign Taxes

\$

Adjustments

\$

Reduction of credit for international boycott operations

\$

Type of Income

Credit is claimed for taxes paid or accrued

☒ Paid

☐ Accrued

4

- 3 Select country of residence
- 4 Indicate whether the foreign tax was actually paid during the tax year (paid) or if the tax was billed in one year but paid in another (accrued). A taxpayer using the cash basis can choose to use either the cash or accrual method to determine the foreign tax credit. However, if the accrual method is chosen, the taxpayer must continue to use the accrual method for the foreign tax credit on all future returns.

Foreign Country or U.S. possession

- Please Select -

1

Qualified Dividends/Capital Gains Taxed at 0% from Country

\$

Qualified Dividends/Capital Gains Taxed at 15% from Country

\$

Qualified Dividends/Capital Gains Taxed at 20% from Country

\$

Gross income from sources within the country of the specified type (Do not include income excluded by Form 2555, Foreign Earned Income)

\$

2

Expenses Directly Allocable to Income

\$

Other Deductions

\$

Gross income from sources within the country of the specified type (Including any income excluded by Form 2555, Foreign Earned Income)

\$

3

Home mortgage interest

\$

4

Other interest expense

\$

Losses from foreign sources

\$

Date paid or accrued \*

MM

DD

YYYY

5

Foreign taxes paid or accrued in foreign currency

Tax Withheld on Dividends (in Foreign Currency)

\$

Tax Withheld on Rents/Royalties (in Foreign Currency)

\$

Tax Withheld on Interest (in Foreign Currency)

\$

6

Other Foreign Taxes (in Foreign Currency)

\$

Foreign taxes paid or accrued in U.S. dollars

Dividends

\$

7

Rents and royalties

\$

Interest

\$

Other taxes

\$

8

CANCEL

CONTINUE

1 Select the country that imposed the tax.

2 Enter the gross income (not the tax) of this category type where indicated. Enter income from this category type only, not total income. Do not enter any income excluded by Form 2555.

3 Enter the gross income of this category type where indicated. Enter income from this category type only, not total income. Include any income excluded by Form 2555, but only if that income is of the category selected (passive or general income).

4 If your gross foreign source income (including income excluded on Form 2555) does not exceed \$5,000, you can allocate all your interest expense to U.S. source income. Otherwise, deductible home mortgage interest (including points and qualified mortgage insurance premiums) is apportioned using a gross income method. See Instructions for Form 1116.

5 Enter the date the tax was paid or accrued.

6 Select the itemized amounts boxes to enter taxes paid in foreign currency in the appropriate category.

7 Generally, you must enter the amount of foreign taxes, in both the foreign currency denomination(s) and as converted into U.S. dollars, that relate to the category of income checked (Passive or General limited income).

8 Enter the taxes paid (in U.S. dollars) in the appropriate category.

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# **Child and Dependent Care Credit Expenses**

To determine if a taxpayer qualifies for the Credit for Child and Dependent Care Expenses, ask the taxpayer for information from the screening sheet on the next page.

## **Who is a qualifying person?**

- A qualifying child who was under the age of 13 when the expenses were incurred and who can be claimed as a dependent, see the first caution below.
- Any person who was incapable of self-care\* whom the taxpayer can claim as a dependent or could've been claimed as a dependent except that the person had gross income of more than \$4,400 or filed a joint return or that the taxpayer or spouse, if married filing jointly, could be claimed as a dependent on someone else's 2022 return.

- A spouse who was physically or mentally incapable of self-care\*.

\*Incapable of self-care persons who can't dress, clean, or feed themselves. Also, persons who must have constant attention to prevent them from injuring themselves or others.

- The qualifying person must live with the taxpayer more than 1/2 the year.

See Publication 503, Child and Dependent Care Expenses, for special rules regarding divorced or separated parents or parents who live apart.

## **Qualified work-related expenses**

- Expenses must be paid for the care of the qualifying person to allow the taxpayer and spouse, if married, to work or look for work.



- The care includes the costs of services for the qualifying person's well-being and protection.
- Expenses to attend kindergarten or a higher grade aren't an expense for care.
- Expenses for summer day-camp are qualifying, but those for overnight camp aren't.

Refer to Tab C, Dependents, for the rules governing who may be claimed as a dependent.



*Only the custodial parent may claim the child and dependent care credit even if the child is being claimed as a dependent by the noncustodial parent under the rules for divorced or separated parents.*



*If Dependent Care Benefits are listed in Box 10 of a Form W-2, Wage and Tax Statement, then the taxpayer **MUST** complete Form 2441, Child and Dependent Care Expenses. If Form 2441 isn't completed, the Box 10 amount is added as taxable wages.*



*If the qualifying child turned 13 during the tax year, the qualifying expenses include amounts incurred for the child while under age 13 when the care was provided.*



*Dependent care benefits can include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and can't be separated from the total cost.*

# Credit for Child & Dependent Care Expenses – Screening Sheet

Step	Probe/Ask the taxpayer:	Action
<b>1</b>	Was the care for one or more qualifying persons? See prior page for definition.	<p><b>YES</b> – Go to Step 2</p> <p><b>NO</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p>
<b>2</b>	Did you (and your spouse if applicable) have earned income <sup>1</sup> during the year? Refer to the Earned Income Table	<p><b>YES</b> – Go to Step 3</p> <p><b>NO</b> – You CAN'T claim the child and</p>

	in Tab I, Earned Income Credit.	dependent care credit <sup>2</sup>
<b>3</b>	Did you pay the expenses to allow you to work or look for work? See prior page for qualifying expenses.	<p><b>YES</b> – Go to Step 4</p> <p><b>NO</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p>
<b>4</b>	Were your payments made to someone you or your spouse could claim as a dependent?	<p><b>YES</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p> <p><b>NO</b> – Go to Step 5</p>

<p><b>5</b></p>	<p>Were your payments made to your spouse or to the parent of your child who is your qualifying person? Answer NO if your qualifying child is a disabled person over age 13.</p>	<p><b>YES</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p> <p><b>NO</b> – Go to Step 6</p>
<p><b>6</b></p>	<p>Were your payments made to your child who was under the age of 19 at the end of the year?</p>	<p><b>YES</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p> <p><b>NO</b> – Go to Step 7</p>

<b>7</b>	Are you single?	<b>YES</b> – Go to Step 10  <b>NO</b> – Go to Step 8
<b>8</b>	Are you filing a joint return?	<b>YES</b> – Go to Step 10  <b>NO</b> – Go to Step 9
<b>9</b>	Do you meet the requirements to be considered unmarried?	<b>YES</b> – Go to Step 10  <b>NO</b> – You CAN'T claim the child and dependent care credit <sup>2</sup>

<p><b>10</b></p>	<p>Do you know the care provider's name, address, and identifying number? Or did you make a reasonable effort to get this information? (See Due Diligence in Publication 503.)</p>	<p><b>YES</b> – Go to Step 11</p> <p><b>NO</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p>
<p><b>11</b></p>	<p>Did you have only one qualifying person and exclude or deduct at least \$3,000 of dependent care benefits? <sup>3</sup></p>	<p><b>YES</b> – You CAN'T claim the child and dependent care credit <sup>2</sup></p> <p><b>NO</b> – You CAN claim the child and dependent care credit. Fill out Form 2441</p>

## Footnotes

- 1** Your spouse is treated as having earned income for any month that he or she is a full-time student, or physically or mentally not able to care for himself or herself. (Your spouse also must live with you for more than half the year.) If the taxpayer's spouse died during the year and he/she files a return as a surviving spouse, the taxpayer may, but isn't required to, take into account the earned income of the spouse who died during the year.
- 2** If you had expenses that met the requirements for 2021, except that you didn't pay them until 2022, you may be able to claim those expenses in 2022.
- 3** If two or more, the amount you can exclude or deduct is limited to a total of \$6,000.



Form 2441 – Credit for Child and Dependent Care Expenses



Federal Section>Deductions>Credits Menu>Child Care Credit; or Keyword “2441”

F2441 - Child Care Credit - Page 1

The 2441 covers expenses paid for child care. The amount paid to the provider(s) of the child care must equal the total expenses of the dependents and any qualified person not listed on the return as a dependent. If the totals do not balance out to a difference of \$0, then there is a risk of rejection of the return.

Total Expenses	-	\$0.00
Total Amount Paid To Providers	-	\$0.00
Difference	-	\$0.00

Step 1 - Child Care Providers

Enter the required information about the child care provider you paid to care for your dependents and qualified persons. Once you have entered providers, continue to Step 2 - Dependents.

Provider	ID Number	Amount
<div><div><div></div><div>Add a Child Care Provider</div></div><div>1</div></div>		

Step 2 - Dependents

2

Step 3 - Qualifying Persons

CANCEL

CONTINUE TO PAGE 2

1 Add a Child Care Provider.

2 Next, enter the total amount of qualified expenses paid for each dependent. Select **Edit** next to the appropriate dependent. Remember, it's possible for one qualifying person to have 0 expenses and another qualifying person have expenses exceeding \$3,000. The \$6,000 limit applies.

The tax return can't be filed electronically without a valid Employer Identification Number or Social Security Number for the child care provider.

Only check the “qualifying person had no expenses” box if the person is both a qualifying person for the credit and had no expenses.

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## F2441 - Child Care Credit - Page 2

CANCEL

CONTINUE

What is this page for?  
The Credit for Dependent Care Expenses is for individuals who paid for child care so that they could work. For this credit to calculate, the Taxpayer and the Spouse, if applicable, must each have earned income. There are exceptions to the rule for disabled or full-time students who were unable to work. Complete the "Addition to Income" section below for the appropriate non-working spouse for the purpose of calculating this credit only.

\*NOTE: Any amounts entered here are **only** used for the purposes of figuring this credit. It will not be added to your total income on your tax return.

Additions to Income for Taxpayer for this credit  
**NOTE:** If the taxpayer was a full-time student or disabled, enter any additional income.

**Figuring the amount to enter:**  
Step 1: Figure out how many months you were a student (or disabled) and did not work. Do not include any month in which both you and your spouse (if applicable) were both students.  
  
Step 2: If you have just one qualifying child that you paid expenses for, multiply the number of months you figured in Step 1 by \$250. If you have more than one qualifying child, multiply the number of months by \$500. The result is what you should report as Additional Income for Taxpayer.

Additional Income for Taxpayer for purposes of this credit

\$

3

- 3
- Form 2441 Page 2:
- If the taxpayer or spouse is a full-time student or disabled, enter \$250 per month (\$500 per month if more than one qualifying person was cared for during the year).
  - If the person also worked during the month, use the higher of \$250 (or \$500) or his or her actual earned income for that month.

Additions to Income for Spouse for this credit

**NOTE:** If the spouse was a full-time student or disabled, enter any additional income.

**Figuring the amount to enter:**

Step 1: Figure out how many months your spouse was a student (or disabled) and did not work. Be sure to include any month in which both you and your spouse were students.

Step 2: If you have just one qualifying child that you paid expenses for, multiply the number of months you figured in Step 1 by \$250. If you have more than one qualifying child, multiply the number of months by \$500. The result is what you should report as Additional Income for Spouse.

Additional Income for Spouse for purposes of this credit

\$

1

Benefits (Do not enter an amount from your W-2)

Employer-paid Dependent Care Benefits

\$

Forfeited Employer-paid Benefits

\$

Carryover Employer-paid Benefits

\$

Benefits Received from Sole Proprietorship or Partnership

\$

**Did you pay any expenses for 2019 during 2020**

- ☐ Yes
- ☐ No

Generally, married persons must file a joint return to claim the Child Care Credit. If your filing status is Married Filing Separately and all of the following apply, you are considered unmarried for purposes of claiming the credit on Form 2441:

- You lived apart from your spouse during the last 6 months of 2020.
- Your home was the qualifying person's main home for more than half of 2020.
- You paid for more than half of the cost of keeping up that home for 2020.

**Are you considered unmarried for the purposes of this credit?**

- ☐ Yes
- ☐ No2

1 If the taxpayer is a surviving spouse and did not remarry, add \$3,000 (\$6,000 if there is more than one qualifying child).

2 Select **Yes** if the taxpayer is MFS but can be considered unmarried for the purposes of claiming the credit.

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Only enter dependent care benefits  
*not reported on a Form W-2.*



*Foreign earned income and the foreign housing exclusion are subtracted from wages when figuring the credit.*

*Subtract any amount earned while incarcerated or on work release.*



*Both spouses must have earned income in order to claim the credit. Complete the additions to income for taxpayer if the taxpayer or spouse was either a full-time student or disabled. If the taxpayer has a filing status of surviving spouse, you may, but aren't required to, take into account the earned income of your spouse who died during the year.*

# Retirement Savings Contributions Credit – Screening Sheet

Step	Probe/Ask the taxpayer:	Action
<b>1</b>	Did you make a voluntary contribution or deferral to an IRA or other qualified plan for 2022? <sup>1</sup>	<b>YES</b> – Go to Step 2  <b>NO</b> – Not qualified for credit
<b>2</b>	Is AGI \$34,000 or less (\$51,000 if head of household, \$68,000 if married filing jointly)?	<b>YES</b> – Go to Step 3  <b>NO</b> – Not qualified for credit

<b>3</b>	Were you born before January 2, 2005?	<b>YES</b> – Go to Step 4  <b>NO</b> – Not qualified for credit
<b>4</b>	Are you being claimed as a dependent on someone else's tax return for 2022?	<b>YES</b> – Not qualified for credit  <b>NO</b> – Go to Step 5
<b>4</b>	Were you a full-time student <sup>2</sup> during 2022?	<b>YES</b> – Not qualified for credit  <b>NO</b> – Qualified for credit

## Footnotes

**1** Plans that qualify are listed on Form 8880. Answer yes if the taxpayer will make a qualifying IRA contribution for tax year 2022 by the due date of the return.

**2** You were a student if during any part of 5 calendar months of 2022 you:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school\* or a state, county, or local government agency.

\*A school includes technical, trade and mechanical schools. It does not include on-the job training courses, correspondence schools, or schools offering courses only through the Internet.



# **Important Reminders for Retirement Savings Contributions Credit**

- Be sure to look at the taxpayer's Form(s) W-2. An entry in box 12 or an "X" in the Retirement box is an indicator that the taxpayer may be eligible for this credit. A full description of all codes used in box 12 can be found in Instructions for Forms W-2 and W-3, Transmittal of Wage and Tax Statements.
- An entry in box 14 on the Form W-2 may also indicate a contribution to a state retirement system. In TaxSlayer, if the contribution qualifies, from the drop down menu in Box 14 of Form W-2, select

- **Retirement (Not in Box 12) Carry to Form 8880.** If these are treated as employer contributions they
- aren't eligible for the credit. See Instructions for Form W-2.
- If the taxpayer seems to qualify for the credit, be sure to visit the Form 8880 entry screen in the Credits Menu and address any necessary questions there.
- A contribution to a traditional or Roth IRA qualifies for this credit, but may not appear on any taxpayer document. Remember to review the expenses section on page 2 of the Form 13614-C, Intake/Interview & Quality Review Sheet, and ask taxpayers if they made any IRA contributions.

- Some distributions reduce the eligible contributions for this credit. In addition to distributions for the current year as shown on Forms 1099-R, Distributions From Pensions, Annuities, Retirement or ProfitSharing Plans, IRAs, Insurance Contracts, etc., be sure to ask about distributions from the two prior years or between January 1 and the tax filing deadline.
- See a list of distributions later in this tab that don't reduce the eligible contributions for this credit.
- Form 8880, Credit for Qualified Retirement Savings Contributions, is used to claim this credit.
- If taxpayer (or spouse if MFJ) is a full-time student, be sure to mark it in the Personal Information Section in the software. This credit is not available to full-time students.



*Federal Section>Deductions>Credits  
Menu>Retirement Savings Credit; or  
Keyword "8880"*

Open the Retirement Savings Contributions Credits screen if the taxpayer meets eligibility criteria and any of the following are true:

- The taxpayer(s) make a traditional IRA or a Roth IRA contribution before the filing deadline.
- The taxpayer or spouse's Form W-2 includes:
- Box 12 entries of D, E, F, G, H, S, AA, BB, EE
- Box 14 amounts that are voluntary retirement contributions or marked as "Qualifies for Form 8880"
- The designated beneficiary of an Achieving a Better Life Experience (ABLE) account made a contribution to their ABLE account.

Verify total contribution amounts with the taxpayer. Total IRA contributions cannot exceed the lesser of total compensation or the annual limit. See Tab E, Adjustments for limits.



*Internal Revenue Code Section 414(h)(2) provides that any plan established by a governmental unit, where the contributions of employing units are designated employee contributions, but the employer “picks up” the contributions, the contributions are treated as employer contributions, not voluntary contributions made by the employee. They do not qualify for the credit.*

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# Retirement Savings Contributions Credits

## TAXPAYER

Enter Any Qualifying Retirement Distributions in 2018 or 2017 (current year distributions reported are already included)

\$

1

Enter as a negative number any current year distributions reported as income that should not be included on Line 4 of the 8880. For example, Military Retirement should be entered as a negative number here.

\$

2

DO NOT USE

Enter Any Current Year Traditional and ROTH IRA Contributions, and ABLE Account Contributions (Do not re-enter Traditional IRA contributions already reported in the IRA Deduction menu)

\$

Elective Deferrals from W-2(s)  
\$0.00

Enter any Elective Deferrals to a 401(k) or other Qualified Plan not reported on a W-2

\$

1 Distributions entered on Form 1099-R will be calculated by the software. Any other distributions from the 2 prior years or between January 1 and the tax filing deadline must be entered manually where indicated.

2 TaxSlayer cannot identify which current tax year distributions are relevant, so it automatically reports all tax year distributions. If one of these distributions is listed on the following page as a distribution that should not be included (e.g., military pensions), go to the Form 1099-R entry screen for that distribution and check the box labeled "Does not qualify for Form 8880."



Certain distributions received after 2019 and before the due date (including extensions) of your 2022 tax return from any of the following types of plans are subtracted from contributions:

- Traditional or Roth IRAs
- 401(k), 403(b), governmental 457, 501(c)(18)(D), SEP, or SIMPLE plans
- Qualified retirement plans (including the federal Thrift Savings Plan).

For taxpayers with a 2020 Coronavirus-related distribution who spread the income over 3 years:

- Enter 1/3 of the 2020 coronavirus distribution to be included in income for 2022 on the Form 8915-F
- Enter the entire amount of the 2020 coronavirus distribution on the line marked 1 above, and
- Enter the 1/3 that's included in income for 2022 as a negative number on the line marked 2 above.

This is the only time this line should be used.

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**Don't include any of the following as distributions.** See Tab D, Income, Form 1099-R Box 7 Distribution Codes.

- Distributions from a military retirement plan (other than the federal TSP)
- Distributions not taxable as the result of a rollover or a trustee-to-trustee transfer
- Distributions from your eligible retirement plan (other than a Roth IRA) rolled over or converted to your Roth IRA
- Loans from a qualified employer plan treated as a distribution
- Distributions of excess contributions or deferrals (and income allocable to such contributions or deferrals)
- Distributions of contributions made during a tax year and returned (with any income allocable to such contributions) on or before the due date (including extensions) for that tax year

- Distributions of dividends paid on stock held by an employee stock ownership plan under IRC section 404(k)
- Distributions that are taxable as the result of an in-plan rollover to your designated Roth account
- Distributions from an inherited IRA by a nonspousal beneficiary

**The credit is calculated using the following percentages:**

<b>If AGI is-</b>		<b>And your filing status is-</b>		
<b>Over-</b>	<b>But not over-</b>	<b>Married filing jointly</b>	<b>Head of household</b>	<b>Single, Married filing separately, or Qualifying Surviving Spouse</b>
---	\$20,050	.5	.5	.5
\$20,500	\$22,000	.5	.5	.2
\$22,000	\$30,750	.5	.5	.1

\$30,750	\$33,000	.5	.2	.1
\$33,000	\$34,000	.5	.1	.1
\$34,000	\$41,000	.5	.1	.0
\$41,000	\$44,000	.2	.1	.0
\$44,000	\$51,000	.1	.1	.0
\$51,000	\$68,000	.1	.0	.0
\$68,000	---	.0	.0	.0

# Credit for the Elderly or the Disabled – Screening Sheet

## Figure A. Are You a Qualified Individual?

Use the following chart to determine if the taxpayer is eligible for the credit for the elderly or the disabled:

Step	Probe/Ask the taxpayer:	Action
<b>1</b>	Were you married at the end of the tax year?	<b>YES</b> – Go to Step 2 <b>NO</b> – Go to Step 4
<b>2</b>	Did you live with your spouse at any time during the year?	<b>YES</b> – Go to Step 3 <b>NO</b> – Go to Step 4

<p><b>3</b></p>	<p>Are you filing a joint return with your spouse?</p> <p>Answer YES if you qualify to be considered unmarried and file as Head of Household.</p>	<p><b>YES</b> – Go to Step 4</p> <p><b>NO</b> – You aren't a qualified individual and can't take the credit for the elderly or the disabled</p>
<p><b>4</b></p>	<p>Are you a U.S. citizen or resident alien? 1</p>	<p><b>YES</b> – Go to Step 5</p> <p><b>NO</b> – You aren't a qualified individual and can't take the credit for the elderly or the disabled</p>

<b>5</b>	Were you 65 or older at the end of the tax year?	<p><b>YES</b> – You are a qualified individual and may be able to take the credit for the elderly or the disabled unless your income exceeds the limits in Figure B</p> <p><b>NO</b> – Go to Step 6</p>
<b>6</b>	Are you retired on permanent and total disability?	<p><b>YES</b> – Go to Step 7</p> <p><b>NO</b> – You aren't a qualified individual and can't take the credit for the elderly or the disabled</p>

<b>7</b>	Did you reach mandatory retirement age before this year? 2	<p><b>YES</b> – You aren't a qualified individual and can't take the credit for the elderly or the disabled</p> <p><b>NO</b> – Go to Step 8</p>
<b>8</b>	Did you receive taxable disability benefits this year?	<p><b>YES</b> – You are a qualified individual and may be able to take the credit for the elderly or the disabled unless your income exceeds the limits in Figure B</p> <p><b>NO</b> – You aren't a qualified individual and can't take the credit for the elderly or the disabled</p>



## **Footnotes**

- 1** If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident alien at the end of the tax year, see the Qualified Individual section of the Credit for the Elderly or Disabled chapter in Publication 524, Credit for the Elderly or the Disabled. If you and your spouse choose to treat you as a U.S. resident alien, answer “yes” to this question.
- 2** Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

## Figure B. Income Limits

(See TaxSlayer Hint on the next page)

IF you are . . .	THEN you generally can't take the credit if...	
	Your adjusted gross income (AGI) is . . .	OR the total of your nontaxable social security and other nontaxable pension annuities or disability income is equal to or more than . . .

single, head of household, or qualifying surviving spouse with dependent child	\$17,500	\$5,000
married filing a joint return and both spouses qualify in Figure A	\$25,000	\$7,500
married filing a joint return and only one spouse qualifies in Figure A	\$20,000	\$5,000
married filing a separate return and you lived apart from your spouse for all of 2022	\$12,500	\$3,750



*Be sure to include the taxpayer's total social security benefits, regardless of the taxability, to ensure the correct calculation of the credit. The software does not calculate this credit automatically. If the taxpayer appears to qualify for the credit, refer to the navigation path below and answer the questions.*

## **Entering the Credit for the Elderly or the Disabled**



*Federal Section>Deductions>Credits Menu>Credit for the Elderly or Disabled; or Keyword: "Schedule R"*

## **Schedule R Retired/Disability Question**

**Choose one**

- ☐ Both spouses were 65 or older.
- ☐ Both spouses were under 65, but only one spouse retired on permanent and total disability.
- ☐ Both spouses were under 65 and both retired on permanent and total disability.
- ☐ One spouse was 65 or older and the other spouse was under 65 and retired on permanent and total disability.
- ☐ One spouse was 65 or older, and the other spouse was under 65 and NOT retired on permanent and total disability.

## Statement of Disability

IF ☒ You filed a physician's statement for this disability for 1983 or an earlier year

OR ☒ You filed or got a statement for tax years after 1983 and your physician signed line B on the statement,

AND ☒ Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2020.

**1** ☐ Check this box only if this entire statement is true.

**1** Check the box if the statements above regarding the taxpayer's disability are true. Not checking the box does not prevent the taxpayer from claiming the credit. However, they must obtain a physician's statement for their records. See the Instructions for Schedule R for a sample statement.

## Physician's Statement Needed



Because you did not meet both qualifications on the previous page, the IRS requires you to obtain another physician's statement. Your physician must complete the statement for Schedule R and you must retain it for your records.

## Income

Taxable disability income

\$  **1**

Other pension, annuity, or disability benefit that is excluded from income under any other provision of law (DO NOT re-enter non-taxable income already reported such as Social Security Benefits)

\$  **2**

**1** Enter the taxpayer's taxable disability income, if any, (such as from Form 1099-R) where indicated.

**2** Enter pension, annuity or disability benefits excluded from income as indicated. Do not enter Social Security benefits. Enter Social Security income in the Social Security SSA-1099 screen in TaxSlayer.

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## Notes

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