Publication 4012

VITA/TCE Volunteer Resource Guide

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

2022 RETURNS

Volume 6 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.

Publication 4012 (Rev. 10-2022) Catalog Number 74146L
Department of the Treasury **Internal Revenue Service** www.irs.gov

Visit the Accessibility Page on IRS.gov

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Entering Foreign Earned Income Exclusion Information in TaxSlayer

Federal Section>Income>Less Common Income>Foreign Earned Income Exclusion; or Keyword "2555"

Foreign Earned Income Exclusion is in scope only for preparers with International Certification.

U.S. citizens and U.S. resident aliens are required to report worldwide income on a U.S. tax return.

However, certain taxpayers can exclude income earned while living in foreign countries.

To claim the foreign earned income exclusion, taxpayers must:

- Demonstrate that their tax home is in a foreign country

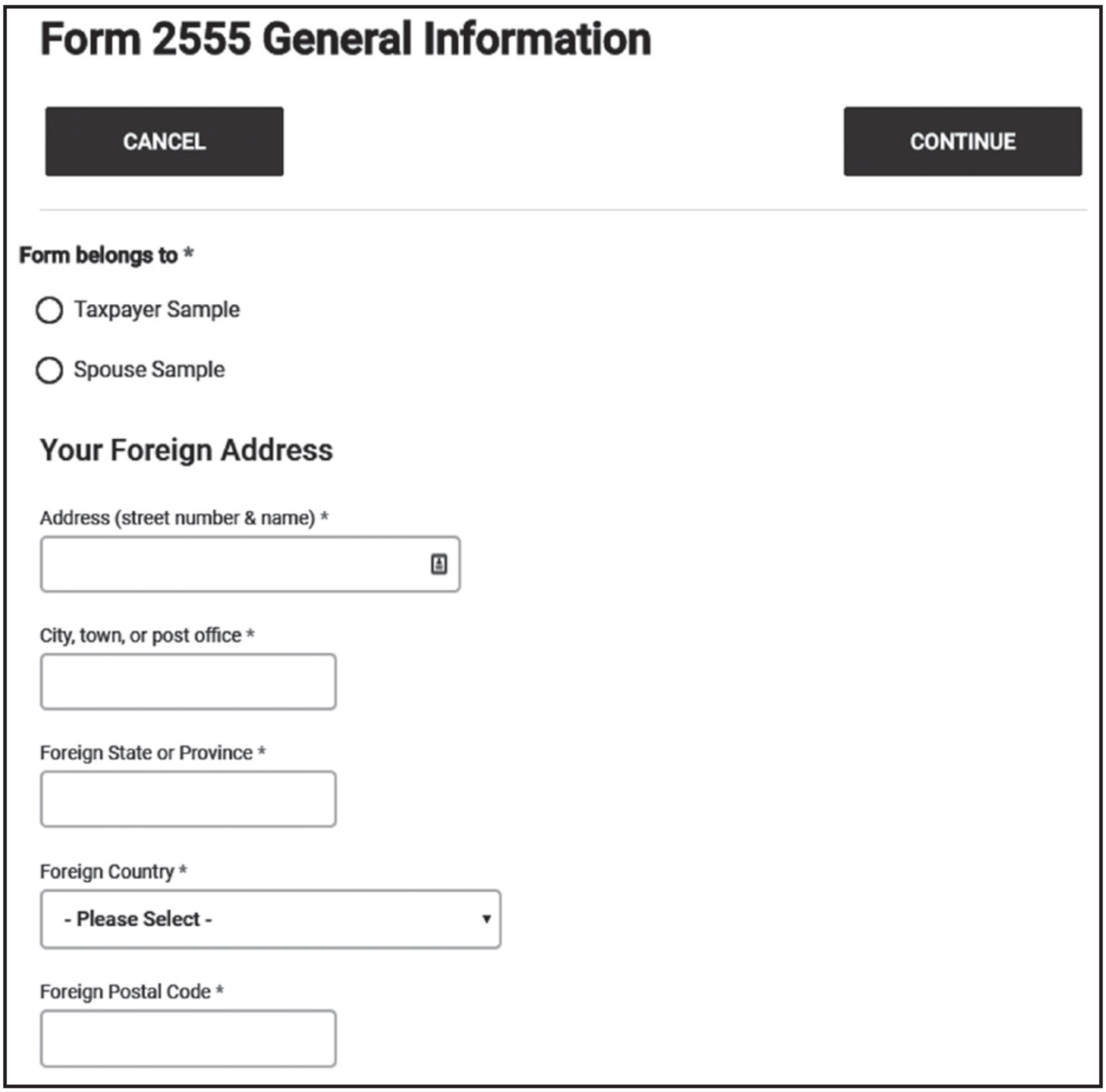
- Meet either the Bona Fide Residence Test or the Physical Presence Test
- Have income that qualifies as foreign earned income (reported on Form 1040 as taxable wages or as self-employment income)

The foreign earned income exclusion doesn't apply to wages and salaries of U.S. military members and civilian employees of the U.S. government.

For 2022, the maximum exclusion is $112,000. For MFJ returns, both spouses can claim the exclusion up to the maximum amount per person.

You can't exclude or deduct more than the taxpayer's foreign earned income for the year.

The taxpayer's tax home is the taxpayer's regular or principal place of business, employment, or post of duty, regardless of where the taxpayer maintains a family residence. A taxpayer may have more than one tax home during the year.



Form 2555 General Information

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CONTINUE

Form belongs to *

- ○ Taxpayer Sample
- ○ Spouse Sample

Your Foreign Address

Address (street number & name) *

City, town, or post office *

Foreign State or Province *

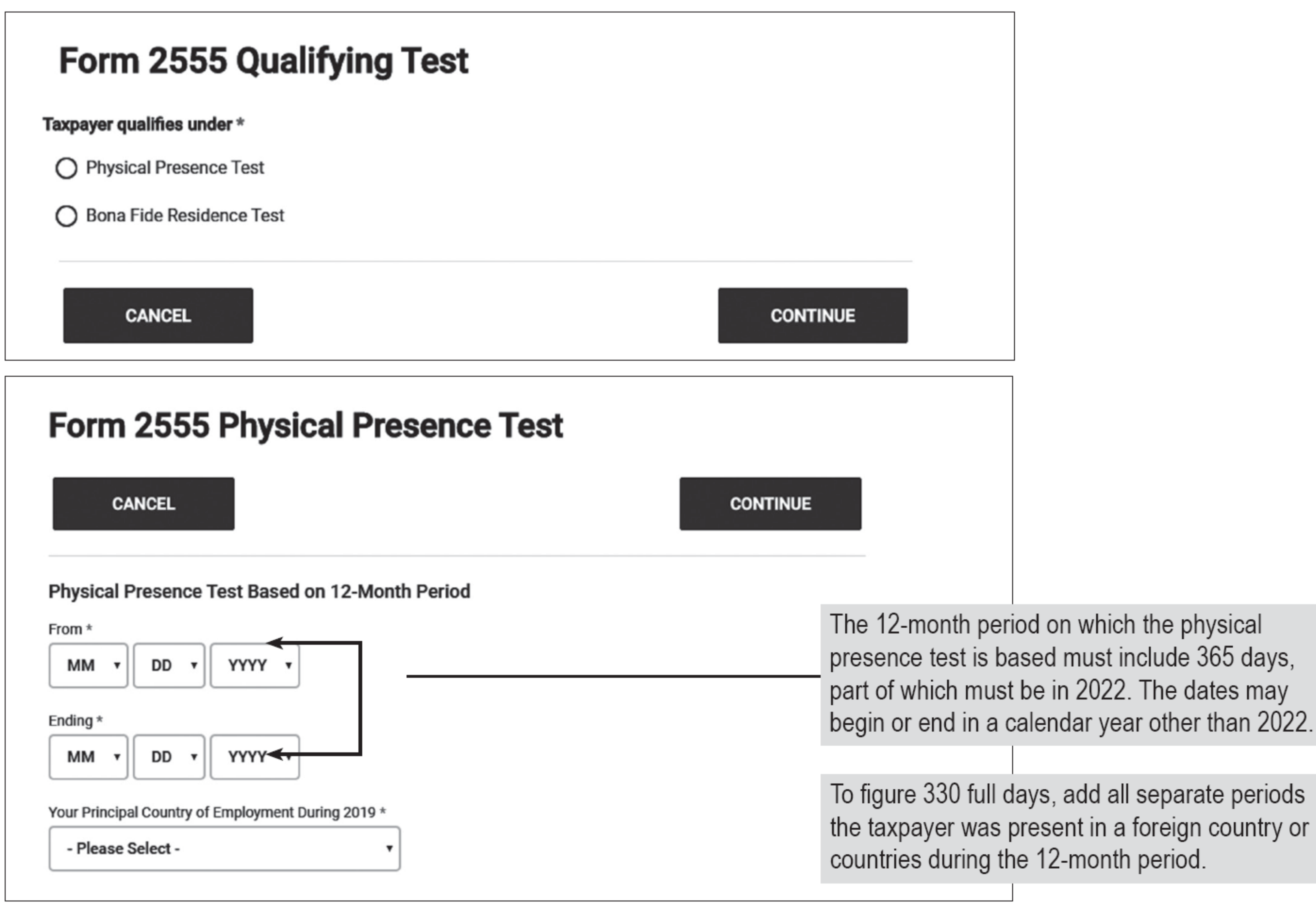
Foreign Country *

- Please Select -

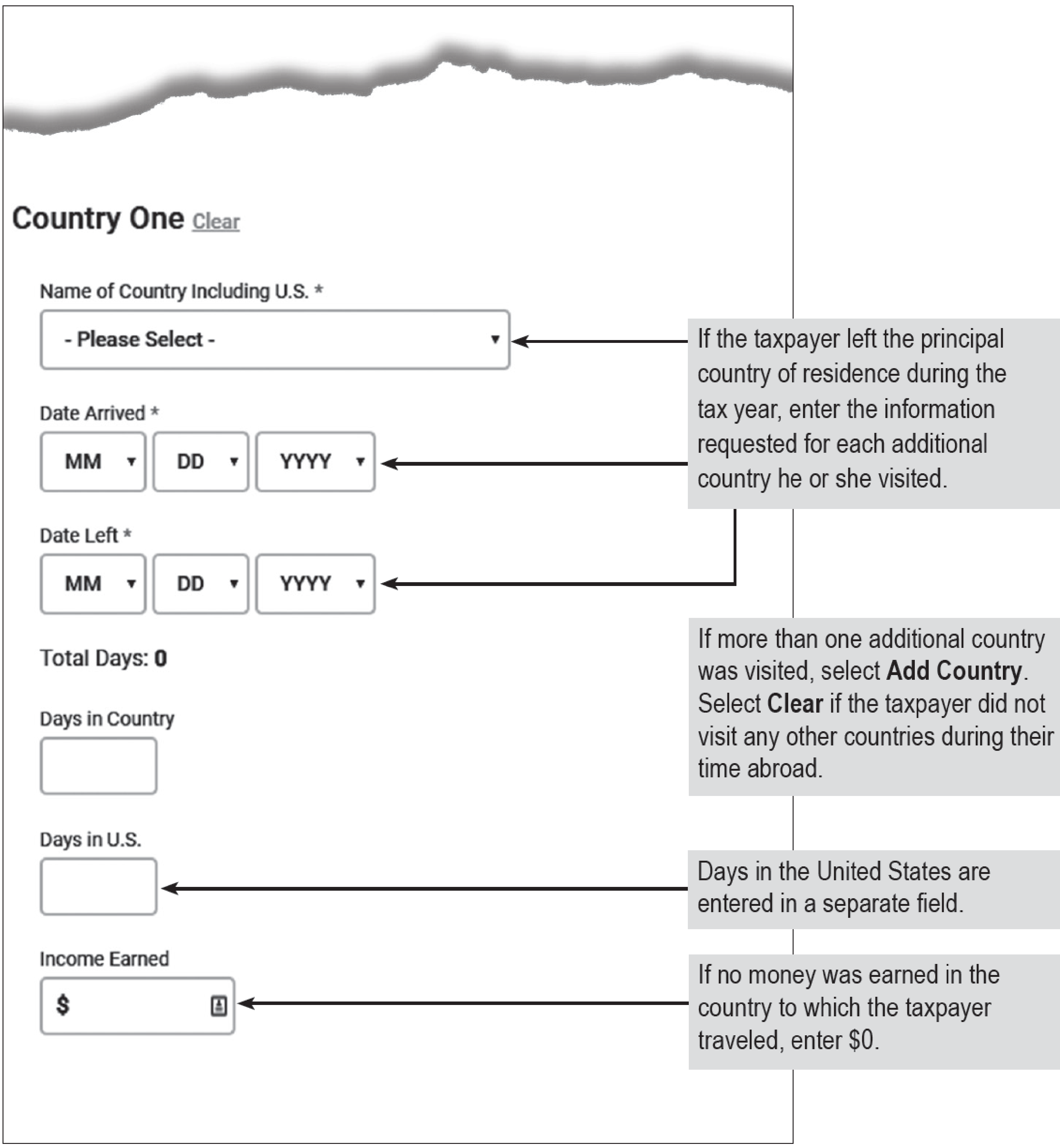
Foreign Postal Code *

To meet the period of stay requirement, the taxpayer must be either:

- A U.S. citizen or U.S. resident alien who is physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months, or
- A U.S. citizen or U.S. resident alien from a tax treaty country who is a bona fide resident of a foreign country (or countries) for an uninterrupted period that includes an entire tax year
- A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is bona fide.



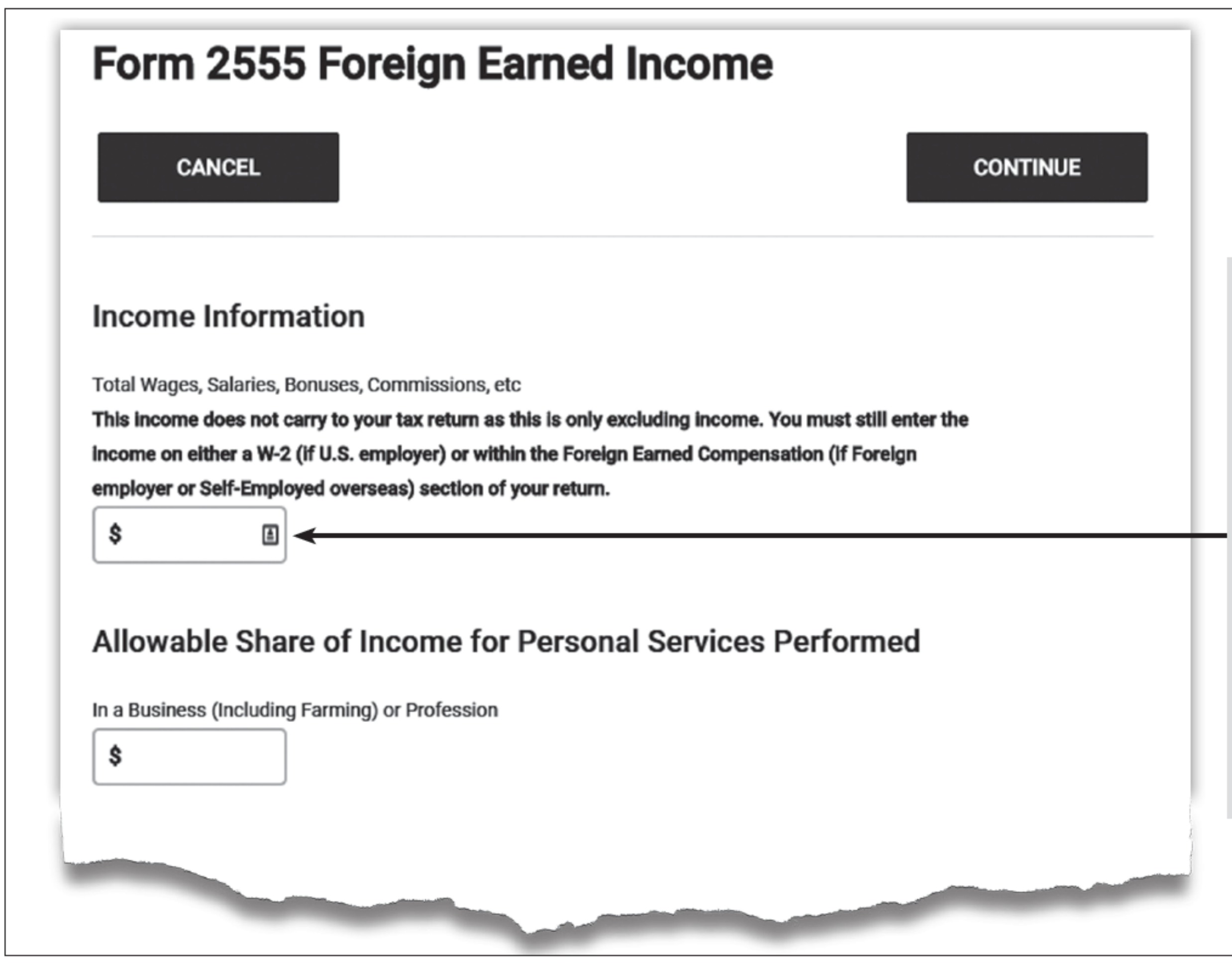
Waiver of minimum time requirements (for physical presence and bona fide residence tests): The taxpayer must leave the country because of war, civil unrest, or similar adverse conditions.


Country One Clear
Name of Country Including U.S. *
- Please Select -
Date Arrived *
MM
DD
YYYY
Date Left *
MM
DD
YYYY
Total Days: 0
Days in Country
Days in U.S.
Income Earned
$
If the taxpayer left the principal country of residence during the tax year, enter the information requested for each additional country he or she visited.
If more than one additional country was visited, select **Add Country**. Select **Clear** if the taxpayer did not visit any other countries during their time abroad.
Days in the United States are entered in a separate field.
If no money was earned in the country to which the taxpayer traveled, enter $0.

Bona Fide Residence Test

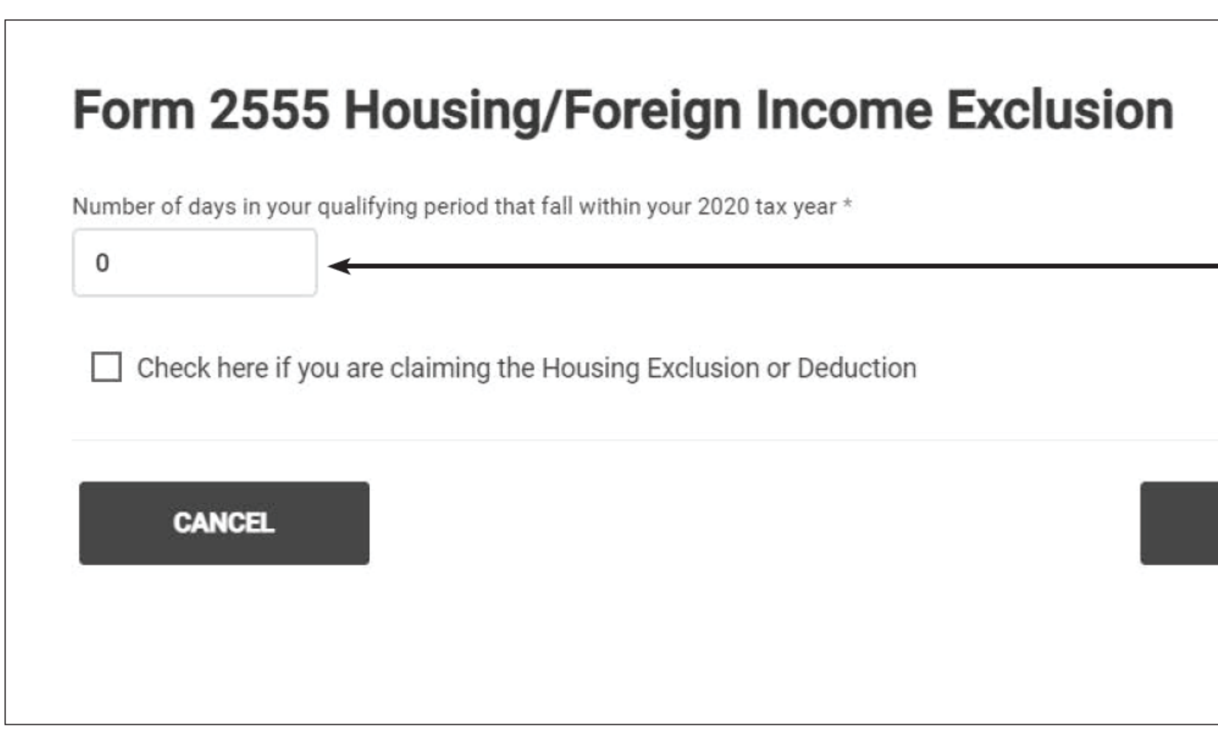
- To meet the bona fide residence test, taxpayers must show that they have set up permanent quarters in a foreign country for an entire, uninterrupted tax year. Simply going to another country to work for a year or more isn't enough to meet the bona fide residence test. A taxpayer must establish a residence in the foreign country.
- If the taxpayer was present in the United States or its possessions during the tax year, enter the information for each trip.
    - To add another trip, Select Add New
    - If the taxpayer did not visit the U.S. or its possessions during the year, select Clear to remove this item

- Don’t include income earned while in the United States in the amount of foreign earned income to be excluded (next page).
- A brief trip to the U.S. will not prevent the taxpayer from being a bona fide resident, as long as the intention to return to the foreign country is clear.



Enter the income the taxpayer earned during the 2022 tax year for services performed in a foreign country. This income should already have been entered on the tax return as wages, foreign compensation, or net self-employment income.

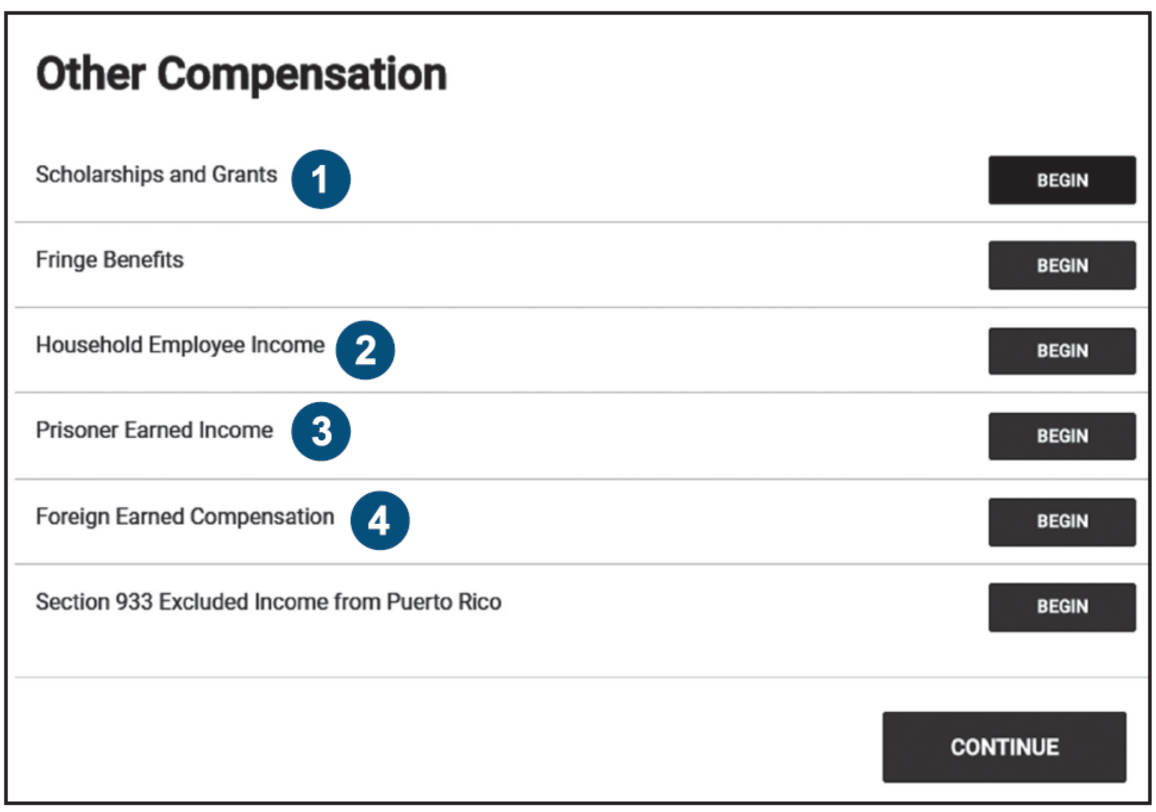
Amounts paid by the United States or its agencies to its employees don't qualify for the exclusion.



Enter the number of days in your qualifying period that fall within your 2022 tax year. Your qualifying period is the period during which you meet the tax home test and either the Bona Fide Residence or the Physical Presence Test.

Entering Other Compensation in TaxSlayer

Income>Less Common Income>Other Compensation



1 Scholarships and grants used to pay for tuition, fees and course-related expenses are not taxable. Use this link to report only amounts that were used for nonqualifying expenses. “SCH” will appear on the dotted line next to the wages line on Form 1040. Taxable scholarship is considered unearned income for most purposes but is considered earned income for determining filing requirement.

2 Enter wages received as a household employee for which the taxpayer did not receive a Form W-2 because the employer paid less than $2,400 in 2022. “HSH” will appear on the dotted line next to wages on Form 1040.

3 Enter the amount received for work while an inmate in a penal institution. For purposes of the Earned Income Credit, this isn’t considered earned income. This includes amounts received for work performed while in a work release program or while in a halfway house. “PRI” will appear on the dotted line next to the line for wages on Form 1040. This entry is made in addition to entering the Form W-2 from the penal institution.

4 Enter foreign earned income (wages, salaries, etc.) paid by a foreign employer for work performed while the taxpayer lived in a foreign country.

If Rebate/Patronage Dividends issued by co-ops on Form 1099-PATR Box 1 are for personal use only, the amount is nontaxable and is not entered into TaxSlayer. Enter note on intake sheet and tax return noting it is for personal use only. No other box or use is in scope.

Publication 4731
Screening Sheet for Nonbusiness Credit Card Debt Cancellation

If the taxpayer is in bankruptcy, the tax return is out of scope for the VITA/TCE Programs.

Instructions: Use this Screening Sheet for taxpayers with Form 1099-C or other documentation resulting from cancellation of nonbusiness credit card debt and to assist in identifying taxpayers with cancellation of credit card debt issues.

Credit Card Debt

1. Did the taxpayer receive Form 1099-C, Cancellation of Debt, or other documentation (if less than $600) from a creditor and is the information shown on the form or document correct?

☐ **Yes** – Go to Step 2
☐ **No** – Go to Step 6

Note: The creditor is not required to issue a Form 1099-C if the canceled debt is under $600. However, the taxpayer may be required to report the canceled debt as income regardless of the amount.

2. Was the credit card debt related to a business?

☐ **Yes** – Go to Step 6
☐ **No** – Go to Step 3

3. Does box 6 of the Form 1099-C indicate Code A for bankruptcy?

☐ **Yes** – Go to Step 6
☐ **No** – Go to Step 4

Note: If box 6 is not marked with a Code A, but the taxpayer has subsequently filed bankruptcy, answer "yes."

4. Was the taxpayer insolvent* immediately before the cancellation of debt?

☐ **Yes** – Go to Step 6
☐ **No** – Go to Step 5

Use the Insolvency Determination Worksheet in Publication 4012 and interview the taxpayer to determine if the taxpayer was insolvent immediately before the cancellation of debt.

5. The cancellation of nonbusiness indebtedness or cancellation of debt (the amount in box 2 of Form 1099-C or an amount less than $600 provided in other documentation) must be reported as ordinary income on Form 1040, Schedule 1 (Other Income). No additional supporting forms or schedules are required for reporting income from canceled credit card debt.

6. This tax issue is outside the scope of the volunteer programs. The taxpayer may qualify to exclude all or some of the discharged debt. However, the rules involved are complex.

Refer the taxpayer to:
- www.irs.gov for the most up-to-date information.
- A professional tax preparer.
- The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.
- Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments (For Individuals)

*If the taxpayer is not in bankruptcy or unable to determine if they are insolvent the credit card debt forgiveness is presumed fully taxable.

Publication 4731 (Rev. 10-2022) Catalog Number 52643X Department of the Treasury **Internal Revenue Service** www.irs.gov

Insolvency Determination Worksheet

Determining insolvency is Out of Scope for the volunteer. This sample worksheet is for reference only.

Insolvency Determination Worksheet

Assets (FMV)		Liabilities	
Homes	$	Mortgages	$
Cars		Home equity loans	
Recreational vehicles, etc.		Vehicle loans	
Bank accounts		Personal signature loans	
IRAs, 401Ks, etc.		Credit card debts	
Jewelry		Past-due mortgage interest, real estate taxes, utilities, and child care costs	
Furniture			
Clothes			
Misc.		Student loans	
Other assets		Other liabilities	
Total Assets:	$	Total Liabilities:	$

Total Assets minus Total Liabilities = $
(Negative amount equals insolvency)

Positive amount equals solvency

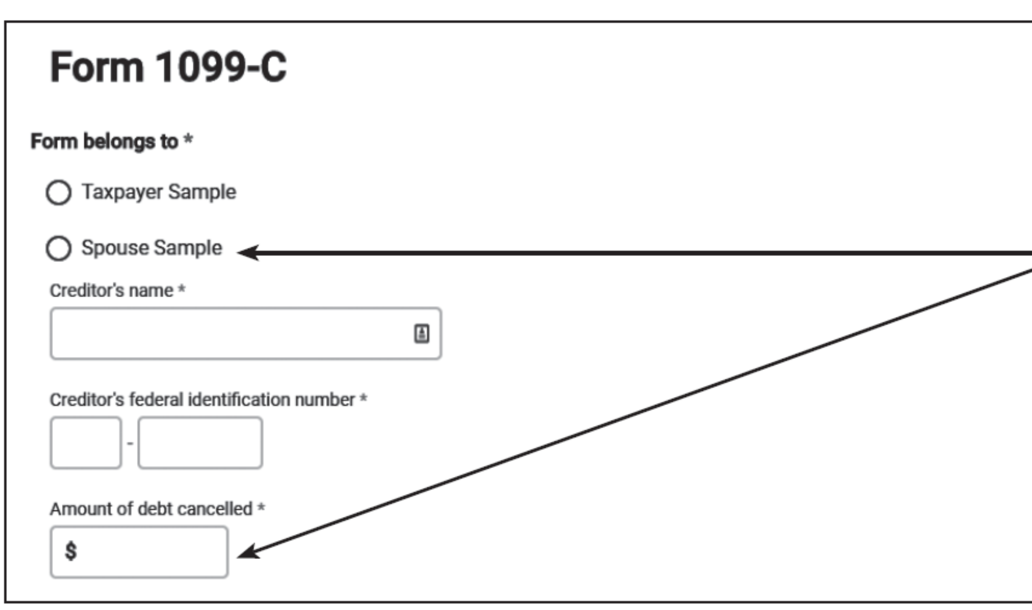
Entering Cancellation of Credit Card Debt and Student Loan Debt Forgiveness in TaxSlayer

Income>Less Common Income>Cancellation of Debt Form 1099-C, Form 982; or Keyword: C or CANC

Generally, if a debt for which a taxpayer is personally liable is canceled or forgiven, the taxpayer must include the canceled amount in income.

Be sure to ask if the taxpayer was insolvent or in bankruptcy – these situations make the return Out of Scope.

Cancellation of Credit Card Debt and Forgiveness of Qualified Principal Residence Indebtedness is within the scope of the Advanced certification of the volunteer program.



Enter the information from the Form 1099-C. Be sure to indicate whether the canceled debt was for the taxpayer or the spouse.

If the Form 1099-C was for mortgage forgiveness on the taxpayer's main home, see Discharge of Qualified Principal Residence Indebtedness in Tab EXT, Legislative Extenders.

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The American Rescue Plan Act of 2021 excludes from gross income amounts related to the discharge of certain student loan debt in 2021 through 2025, applicable to discharges of loans after December 31, 2020. If the taxpayer qualifies to exclude discharged student loan debt, the return is in scope. If the taxpayer has any other type of debt forgiven, or may have been insolvent at the time of the debt forgiveness, the taxpayer should be referred to a professional tax preparer. If discharge of student debt qualifies for exclusion, then no Form 1099-C should be issued. If issued, and taxpayer meets the requirements noted above, the taxpayer should try to obtain a corrected document. If unable, input as Income>Less Common Income> Cancellation of Debt (Form 1099-C) and again as a negative amount in Other Income with the description Student Loan Debt Forgiveness.

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Tab E: Adjustments to Income

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Federal Section >Deductions >Adjustments

Adjustments

1 Medical Savings Account Form 8853 BEGIN

2 Educator Expenses BEGIN

3 Expenses for Reservists, Performing Artists, and Qualifying Government Employees BEGIN

4 Health Savings Account Form 8889 BEGIN

5 Moving Expenses Form 3903 BEGIN

6 Contributions to SEP, Simple, and Qualified Plans BEGIN

7 Self-Employed Health Insurance BEGIN

8 Penalty on Early Withdrawal of Savings or CD BEGIN

9 Alimony Paid BEGIN

10 IRA Deduction BEGIN

11 Nondeductible IRAs Form 8606 BEGIN

12 Student Loan Interest Deduction BEGIN

13 Tuition and Fees Deduction BEGIN

14 Other Adjustments BEGIN

1 MSA Out of Scope.

2 In tax year 2022, eligible educators can deduct up to $300 for materials and supplies used in the classroom.

3 For military reservist, see notes on the next page in the Other Expenses section.

4 Health Savings Account – select to open Form 8889, Health Savings Accounts.

5 Moving expenses apply to active duty military only. Must be Certified for Military. Check the box near the top of the form to indicate an Armed Forces PCS move.

6 Contributions to SEP, Simple and Qualified Plans - Out of Scope.

7 Self-employed health insurance deduction is in scope (Advanced certification required).

8 Early withdrawal penalty auto-populates from Form 1099-INT.

9 If the taxpayer paid alimony to more than one person, add a second payee after entering the first. See Alimony Requirements, later in this tab, for post-2018 divorces.

10 Taxpayers have until the tax filing deadline to make TY2022 traditional IRA deductions.

11 Form 8606 Nondeductible IRAs is Out of Scope.

12 Taxpayers may deduct up to $2,500 in student loan interest they paid. See Student Loan Interest Deduction at a Glance later in this tab.

13 Tuition and Fees Deduction is not deductible on the federal return after 2020.

14 Select **Other Adjustments** for jury duty pay turned over to employer.

Employee Business Expenses

Form 2106 , Employee Business Expenses, is in scope for Military certification only.

Form 2106 Information

CANCEL

CONTINUE

Personal Information

Form belongs to *

◉ Taxpayer Sample

○ Spouse Sample

Occupation *

☑ Check here if you are a member of a Reserve Component of the United States, including National Guard and reserves, a performing artist, or qualifying government employee. **1**

☐ Check here to Prorate Expenses for Minister/Clergy.

Other Expenses

Entry of auto expenses will be available once you "Continue"

Parking fees, tolls, and transportation, including train, bus, etc., that **did not** involve overnight travel or commuting to and from work

$ **2**

Travel expense while away from home overnight, including lodging, airplane, car rental, etc. **Do not** include meals

$ **3**

Business expenses not included above or in vehicle expenses. **Do not** include meals

$

Amount paid by employer (not on W-2 Box 1)

$

Meal Expenses

Enter your meal expenses. The program will automatically take 50%

$ **4**

Amount Employer paid for meals

$

If you are an employee subject to the Department of Transportation (DOT), enter your expenses here and the program will automatically take 80% of your expenses

$

Amount Employer paid for meals subject to DOT

$

CANCEL

CONTINUE

Military reservists who must travel more than 100 miles away from home to attend a drill or reserve meeting may deduct their travel expenses as an adjustment to income. Entertainment expenses are not allowed.

Select **Continue** and enter vehicle information and mileage from the menu on the next screen.

1 Check the box to indicate that the taxpayer is a member of a Reserve Component.

2 Enter parking or ferry fees and tolls.

3 Enter lodging expense

The amount of expenses that can be deducted is limited to the:

1. actual lodging costs, limited to the federal per diem rate.
2. federal per diem rate for meals and incidental expenses

and

3. standard mileage rate (for car expenses) plus any parking fees, ferry fees and/or tolls.

Enter this information on Form 2106.

4 Enter meal expenses at the federal per diem rate. For 2022, reservists can deduct 100% of business meals provided by a restaurant.

Moving Expenses

Moving expenses apply to active duty military only. Must be certified for Military.

Beginning in 2018, only moving expenses while a member of the Armed Forces on active duty and, due to a military order, you move because of a permanent change of station can be deducted. If you do not qualify for moving expenses on your federal return, you may be able to deduct the moving expenses on your state return.

Enter number of miles from your OLD home to your NEW work place

0

Enter number of miles from your OLD home to your OLD work place

☐ If an EMPLOYEE, check here if you did work full time in the ...he 12 months right after your move

☐ If SELF-EMPLOYED, check here if you did work full time in t...ıs AND a total of AT LEAST 78 weeks during the 24 months right a...

☐ Ch... 1 ...e if this move qualifies as a military permanent c...

Enter the amount you paid for transportation and storage of househol...

$

Enter the total amount the government paid you for the expenses listed on lines 1 and 2 that is not included in the wages box (box 1) of your W-2 form. This amount should be shown in box 12 of your Form W-2 with code **P**

$ 2

Reminder: Your **moving** trip is the one-way trip you took **from your old home directly to your new home**. It does not include househunting trips or sightseeing trips you took along the way. Include expenses paid for both you and your household.

How much was spent on lodging? 3

$

How much was spent on parking fees and tolls?

$

Did you use your own vehicle for your moving trip? *

◯ Yes 4

◯ No

Additional travel expenses (airfare, train tickets, etc) for you and your household

$

☐ Check here if the reimbursements are for the SPOUSE.

You can deduct the expenses that are more than your reimbursements in the year you paid or incurred the expenses.

18 cents per mile driven for medical or moving purposes from January 1 through June 30 and 22 cents per mile from July 1 through December 31

1. Check the box to indicate a Permanent Change of Station (PCS) move.
2. Enter amount from Form W-2, Box 12, code P
3. Enter lodging costs. You can't deduct the cost of unnecessary side trips or lavish and extravagant lodging.
4. If yes, enter number of miles or the taxpayer's actual amounts for gas and oil if they maintained receipts. Don't enter both.

You can deduct the expenses of moving your household goods and personal effects, including expenses for hauling a trailer, packing, crating, in-transit storage, and insurance.
You can't deduct expenses for moving furniture or other goods you bought on the way from your old home to your new home.
You can include only the cost of storing and insuring your household goods and personal effects within any period of 30 consecutive days after the day these goods and effects are moved from your former home and before they are delivered to your new home.

You can't deduct the following items as moving expenses.

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You can't deduct the following items as moving expenses.

- *Any part of the purchase price of your new home.*
- *Car tags.*
- *Driver's license.*
- *Expenses of buying or selling a home (including closing costs, mortgage fees, and points).*
- *Expenses of entering into or breaking a lease.*
- *Home improvements to help sell your home.*
- *Loss on the sale of your home.*
- *Losses from disposing of memberships in clubs.*
- *Mortgage penalties.*
- *Real estate taxes.*

- *Refitting of carpet and draperies.*
- *Return trips to your former residence.*
- *Security deposits (including any given up due to the move).*
- *Storage charges except those incurred in transit and for foreign moves.*

Educator Expenses

Federal section >Deductions >Adjustments>Educator Expenses

Don't rely on this table alone. Refer to Publication 529, Miscellaneous Deductions, for more details.

Question	Answer
What is the maximum benefit?	$300 (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).
Who can claim the expense?	Eligible Educators — an eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide who worked in a school

	for at least 900 hours during a school year.
What are qualifying expenses?	Qualifying expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. Qualified expenses include amounts paid or incurred for personal protective equipment, disinfectant, and other supplies used for the prevention of the spread of coronavirus. Additionally, professional development expenses are allowed unless reimbursement is offered by the school but not accepted.

What are nonqualifying expenses?	Expenses for home schooling or nonathletic supplies for courses in health or physical education.
What other issues apply?	Taxpayer must reduce qualified expenses by • Excludable U.S series EE and I savings bond interest from Form 8815 • Nontaxable qualified tuition program earnings or distributions • Nontaxable distribution of earnings from a Coverdell education savings account • Any reimbursements received for expenses that weren’t reported on the Form W-2

Professional development expenses include courses related to the curriculum in which the educator provides instruction.

The deduction amount is indexed for inflation and may change in future years.

Self-Employed Health Insurance Deduction

Federal Section >Deductions> Adjustments>Self-Employment Health Insurance

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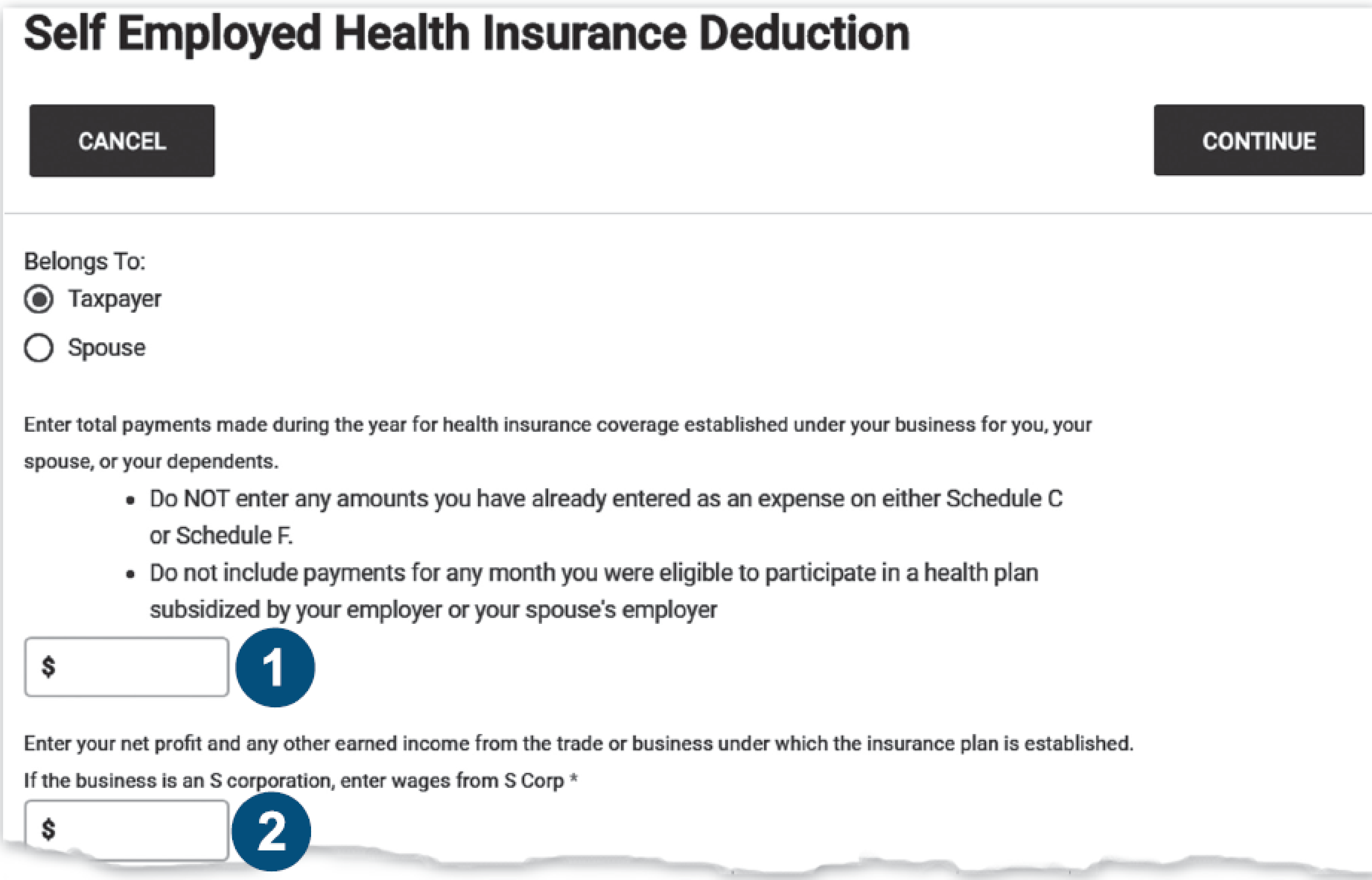

Self Employed Health Insurance Deduction

CANCEL CONTINUE

Belongs To:
- Taxpayer
- Spouse

Enter total payments made during the year for health insurance coverage established under your business for you, your spouse, or your dependents.

- Do NOT enter any amounts you have already entered as an expense on either Schedule C or Schedule F.
- Do not include payments for any month you were eligible to participate in a health plan subsidized by your employer or your spouse's employer

$ 1

Enter your net profit and any other earned income from the trade or business under which the insurance plan is established. If the business is an S corporation, enter wages from S Corp *

$ 2

1 Enter total amount of premiums paid here for health insurance

2 Enter the net profit from Schedule C in the field below the insurance payment amounts (the adjustment amount cannot be greater than the net profit from the business). TaxSlayer will automatically subtract the adjustment for ½ of SE tax.

For most returns (just one Schedule C) enter the qualifying health insurance and LTC insurance premiums (limit based on age) on the Schedule C - Expenses screen, under health insurance in the software (see Tab D, Income, Schedule C - General Expenses). TaxSlayer will automatically take any excess to Schedule A.

Federal Section >Deductions>Adjustments>Self-Employment Health Insurance

Complete the remainder of this form if any of the following apply to you:

- You have more than one source of income subject to SE tax
- You are filing form 2555
- You are using amount paid for qualified long-term care insurance to figure your deduction.

Enter the amount of qualified long-term care premiums

$

3

Enter the total of all net profits from: Schedule C, Schedule C-EZ, Schedule F, Schedule K-1 (Form 1065) and any other income allocable to the profitable businesses. Do not include any net losses.

$

Enter the amount, if any, from Schedule 1 (Form 1040), Line 28, self employed attributed to SEP plan, the same trade or business in which the insurance plan is established.

$

Enter your wages from an S corporation in which you are more than 2% shareholder and in which the insurance plan is established.

$

Enter the amount from Form 2555 attributable to profits from business income with a plan established or wages from and S corporation.

$

3 LTC premiums limited by age for 2022:

- Age 40 or under: $450
- Age 41 to 50: $850
- Age 51 to 60: $1,690
- Age 61 to 70: $4,510
- Age 71 and over: $5,640

Calculations with Premium Tax Credit are Out of Scope with respect to the self-employed health insurance deduction.

For taxpayers who are itemizing deductions, test to see if claiming the health insurance on Schedule A yields a better result.

Publication 4885
Screening Sheet for Health Savings Accounts (HSA)

Instructions: This Screening Sheet will help you identify HSA issues that are within the scope of the VITA/TCE program. Use the Determine HSA Eligibility section to determine if taxpayer is eligible for an HSA; use Part I for contributions/ deduction; use Part II for distributions. **References:** Publication 969, Form 8889 and Instructions

Determine HSA Eligibility (To set up an HSA or make contributions to an HSA)

TO QUALIFY: An individual must meet **ALL** the following requirements:

- Be covered under a high deductible health plan (HDHP) on the first day of any month of the year.
- Have no other health coverage except for allowable "other health coverage." (Publication 969, "Other health coverage")
- Not be claimed as a dependent on someone else's tax return. (Publication 969, "Qualifying for an HSA")
- Not be covered by Medicare (but the individual can be HSA eligible for the months before being covered by Medicare)

NOTE: If the taxpayer doesn't qualify, but contributions have been made to an HSA, the taxpayer should be referred to a professional tax preparer.

PART I – HSA Contributions and Deduction

STEP 1	If eligible, were contributions made to an HSA? (Does not include employer contributions.)	**YES** – Complete Form 8889, Part I, lines 1 and 2. Go to Step 2. **NO** – Go to Part II, below.
STEP 2	Was the taxpayer enrolled in the same HDHP coverage for the **entire** year? (Answer Yes, if last-month rule applies, and see Form 8889 Instructions) **Caution:** If line 2 is more than line 13, the taxpayer must withdraw the excess contribution to avoid an additional tax. If the excess is not timely withdrawn, refer the taxpayer to a professional tax preparer. (Refer to Form 8889 Instructions, line 13).	**YES** – Complete Form 8889, Part I, lines 3-13. **FOR YES AND NO: Lines 4 and 10 are Out of Scope.** **NO** – Refer to Form 8889 Instructions for additional information on completing line 3.

PART II – HSA Distributions

STEP 1	Did the taxpayer receive distributions from the HSA trustee (whether or not Form 1099-SA received)?	**YES** – Complete Form 8889 Part II, Line 14a, 14b, if applicable, and 14c. Go to Step 2. **NO** – STOP, do not complete Part II.
STEP 2	Did the taxpayer use all or part of the distribution to pay or get reimbursed for qualified medical expenses during the year that were incurred after the HSA was established **and** were for qualified persons?	**YES** – Enter the amount on line 15 and complete line 16. Go to Step 3. **NO** – Enter zero on line 15 and complete line 16. Go to Step 3.
STEP 3	If any part of the distribution is taxable, was the distribution made after the taxpayer died, became disabled or turned 65?	**YES** – Check box on line 17a and complete 17b. **NO** – Taxpayer will be subject to an additional 20% tax.

Publication 4885 (Rev. 10-2020) Catalog Number 55732V Department of the Treasury **Internal Revenue Service** www.irs.gov

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Don't rely on this document alone. Refer to HSA references to provide assistance.

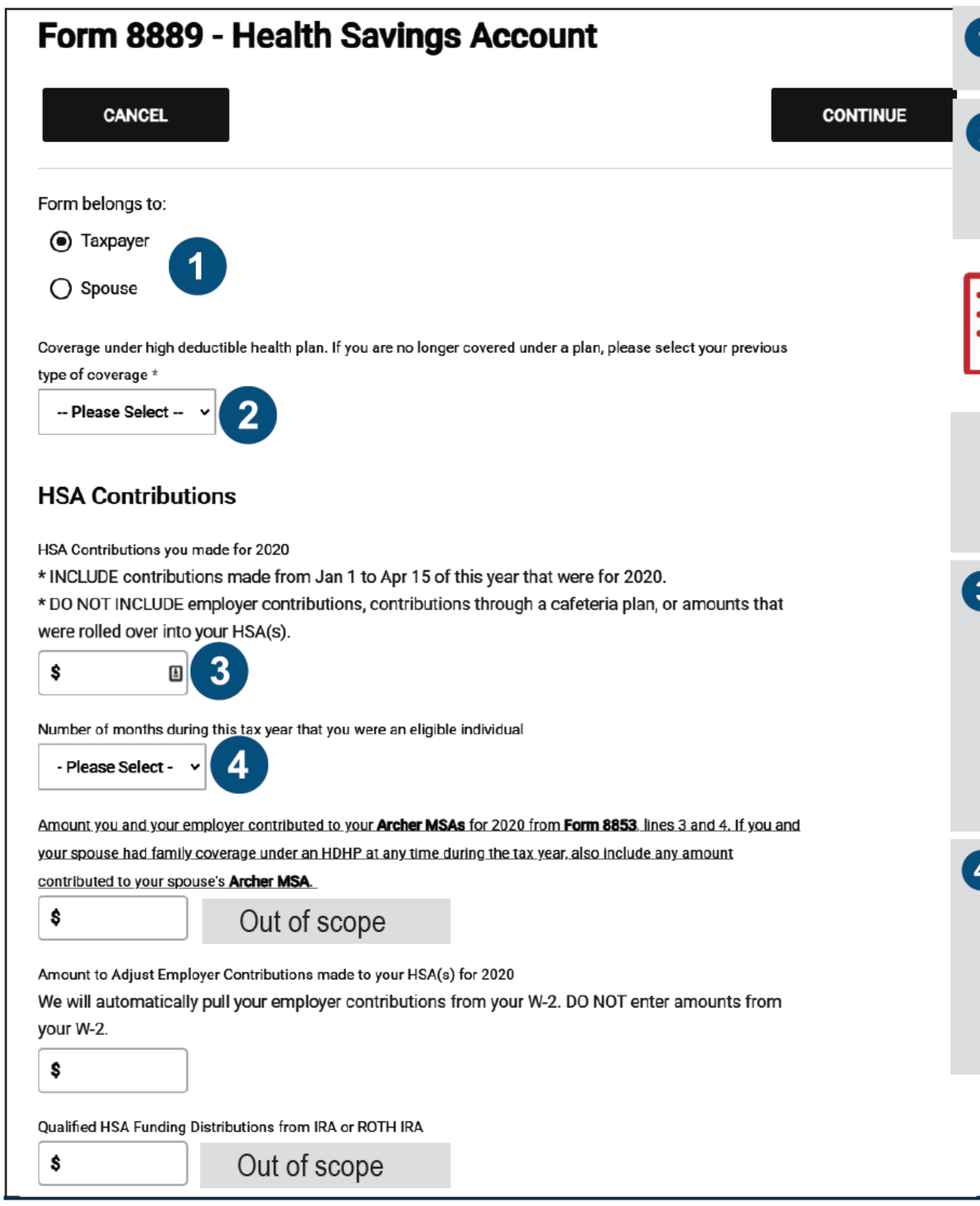
How will you know if the taxpayer has an HSA issue?

- The Interview/Intake & Quality Review Sheet has the Yes or Unsure HSA box checked.
- The taxpayer's (or spouse's) Form W-2 will contain code W in box 12 for employer contributions.
- The taxpayer (or spouse) has a Form 1099-SA with an X in the box showing distributions from an HSA.
- The taxpayer (or spouse) may receive Form 5498-SA for their HSA contributions. If taxpayers don't
- have this form they can provide the information regarding HSA contributions based on their records.

Contributions to an employee’s account through a Section 125 (cafeteria) plan are treated as employer contributions and aren’t deductible.

2022 Contribution Limits

- Family Plan: $7,300
- Self only Plan: $3,650
- Add $1,000 if the owner is age 55 or over at end of year



Form 8889 - Health Savings Account

CANCEL

CONTINUE

Form belongs to:

- Taxpayer
- Spouse

Coverage under high deductible health plan. If you are no longer covered under a plan, please select your previous type of coverage *

-- Please Select --

HSA Contributions

HSA Contributions you made for 2020

* INCLUDE contributions made from Jan 1 to Apr 15 of this year that were for 2020.
* DO NOT INCLUDE employer contributions, contributions through a cafeteria plan, or amounts that were rolled over into your HSA(s).

$

Number of months during this tax year that you were an eligible individual

- Please Select -

Amount you and your employer contributed to your **Archer MSAs** for 2020 from **Form 8853**, lines 3 and 4. If you and your spouse had family coverage under an HDHP at any time during the tax year, also include any amount contributed to your spouse's **Archer MSA**.

$ Out of scope

Amount to Adjust Employer Contributions made to your HSA(s) for 2020

We will automatically pull your employer contributions from your W-2. DO NOT enter amounts from your W-2.

$

Qualified HSA Funding Distributions from IRA or ROTH IRA

$ Out of scope

1. Add a second Form 8889 if taxpayer and spouse have separate HSAs.

2. Select the appropriate HDHP coverage for the taxpayer: Self-only or family. This determines the maximum HSA contribution limits.

Use family coverage amount if taxpayer or spouse had an HDHP with family coverage.

The Check here if you and your spouse have separate HSAs box will appear when family coverage is selected. Check the box if BOTH spouses have a separate HSA.

3. Employee contributions are entered here. Contributions by relatives and friends are considered to be made by taxpayer. Don't include employer contributions on this line. The account holder needs to tell you how much was put in the HSA, because the Form 5498-SA may not have been received prior to preparing the return.

4. Enter number of months you had a Health Savings Account, a high deductible policy and no other major medical policy (including Medicare) and could not be claimed as dependent. Enter "12" if "12 month rule" applies (you were eligible on December 1st).

HSA Distributions

Total distributions received during 2020 from all HSAs.

(Usually shown in Box 1 of Form(s) 1099-SA)

$ 1

Distributions used for qualified medical expenses

* If you do not enter an amount here your entire distribution will be considered taxable.

$ 2

Distributions you received in 2020 that you rolled over into another HSA. Also include any excess contributions (and the earnings on those excess contributions) included above that were withdrawn by the due date of your return.

$ 3

Exceptions - The additional 20% tax does not apply to distributions made after the account beneficiary dies, becomes disabled, or turns age 65.

☐ Check here if you meet any of the exceptions to the 20% tax. 4

HSA Adjustments 5

Limitation - Adjust amount of limitation from worksheet (entries here carry to Line 3 of 8889)

Note: This amount will adjust a calculated amount.

$ 6

Adjust your share of high-deductible health plan. If you and your spouse had separate HSAs AND had family coverage under an HDHP, see Page 4 of the Instructions for the amount to enter.

Note: This amount will adjust a calculated amount.

$ 7

If you were age 55 or older at the end of the tax year, married, AND you or your spouse had family coverage under an HDHP at any time during the year, enter your Additional Contribution Amount. (entries here carry to Line 7 of 8889)

Note: This amount will adjust a calculated amount.

$ 8

1. Enter HSA distributions here. Ask the taxpayer for Form 1099-SA, with the HSA box checked. If not an HSA distribution, refer the taxpayer to a professional tax preparer.

2. Enter amount spent on qualifying expenses not reimbursed by insurance. See list below.

3. Form 8889 will calculate the amount of excess contributions, if any.

If the excess contributions and earnings are not withdrawn by the due date of the return, including extensions, then the return is out of scope.

4. If the taxpayer meets one of exceptions to the 20% additional tax, check this box. The exceptions are that the account beneficiary dies, becomes disabled, or turns age 65.

5. If no adjustments to calculated amounts are needed, stop here.

6. If both taxpayer and spouse had an HSA for the whole year, enter $7,300 in 1st adjustment box. If account owner had changes in coverage or eligibility during the year, use the worksheet in the Instructions for Form 8889 to calculate the adjustment.

7. If both taxpayer and spouse had an HSA and taxpayers wish to split the limitation amount, enter the limitation amount for this account.

8. An entry is not needed in the age 55 or older box. This is a calculated amount.

Qualifying Medical Expenses

Except for health insurance premiums, qualifying expenses include all medical and dental expenses deductions allowed on Schedule A. Additional items are considered "qualified medical expenses" and may be reimbursed by HSAs, Archer MSAs, Health FSAs, and HRAs. Specifically, the cost of menstrual care products is now reimbursable. These products are defined as tampons, pads, liners, cups, sponges or other similar products. In addition, over-the-counter products and medications are now reimbursable without a prescription. The purchase of personal protective equipment (PPE), such as masks, hand sanitizer and sanitizing wipes, for the primary purpose of preventing the spread of coronavirus are also eligible to be paid or reimbursed. The cost of home testing for COVID-19 is also an eligible medical expense.

Only these insurance premiums can be included:

- Long-term care insurance premiums subject to limits see Tab F, Deductions.
- Health care continuation coverage such as coverage under COBRA,
- Health care coverage while receiving unemployment compensation, and
- Medicare and other health care coverage if the taxpayer was 65 or older (other than premiums for a Medicare supplemental policy, often called Medigap coverage).
- The cost of home testing for COVID-19 is also an eligible medical expense.

Alimony Requirements

(Instruments Executed After 1984 and Before 2019)

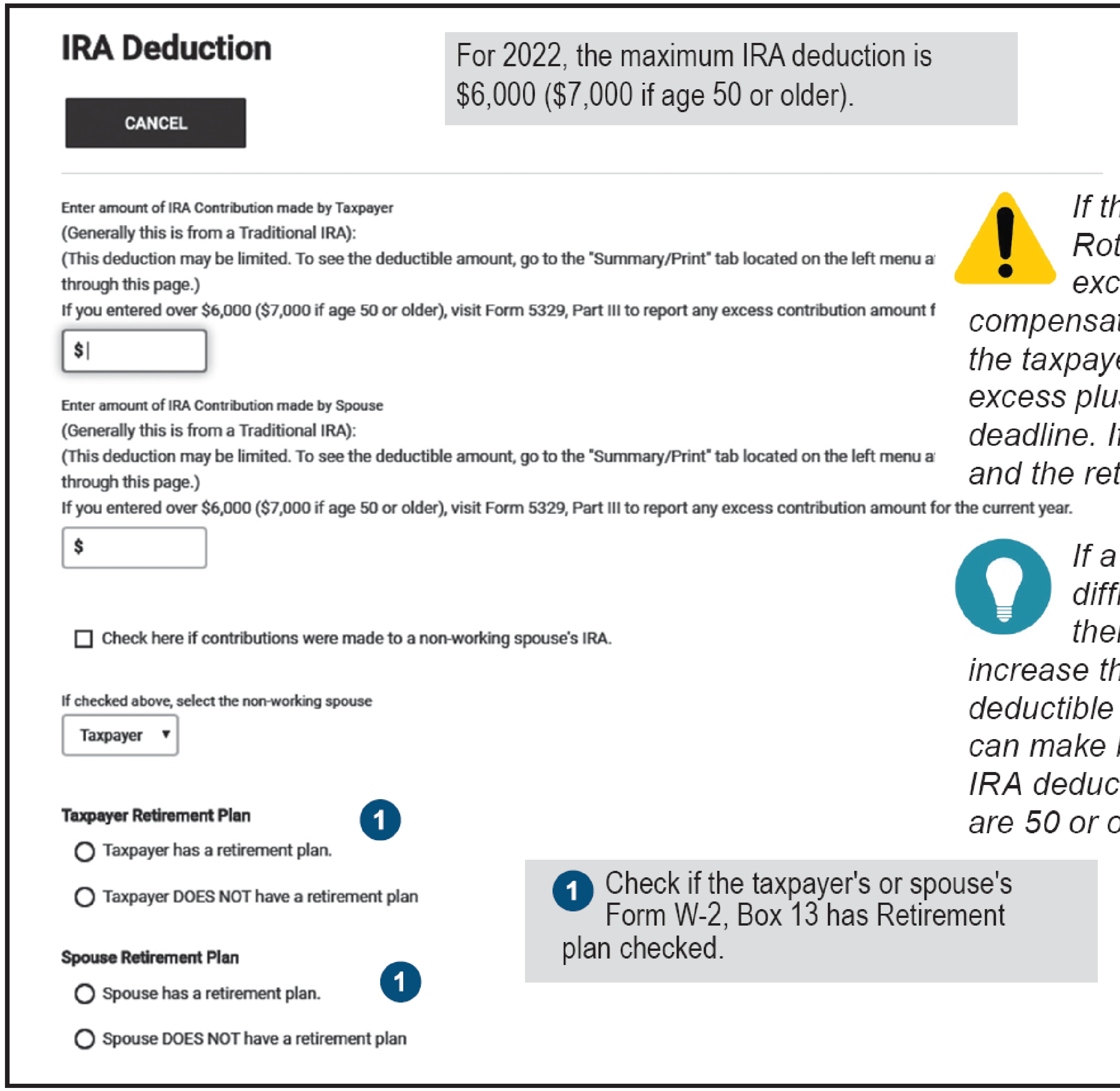
Payments ARE defined as alimony if all of the following are true:	Payments aren't alimony if any of the following are true:
Payments are required by a divorce or separation instrument.	Payments aren't required by a divorce or separation instrument.
Payer and recipient spouse don't file a joint return with each other.	Payer and recipient spouse file a joint return with each other.

Payment is in cash or cash equivalents (including checks or money orders).	Payment is: • Not in cash, • A noncash property settlement, • Spouse’s part of community income, or • To keep up the payer’s property.
Payment isn’t designated in the instrument as not alimony.	Payment is designated in the instrument as not alimony.
Spouses legally separated under a decree of divorce or separate maintenance	Spouses legally separated under a decree of divorce or separate maintenance

aren’t members of the same household.	are members of the same household.
Payments aren’t required after death of the recipient spouse.	Payments are required after death of the recipient spouse.
Payment isn’t treated as child support.	Payment is treated as child support.
These payments are deductible by the payer and includible in income by the recipient.	These payments are neither deductible by the payer nor includible in income by the recipient.

Alimony paid pursuant to a divorce or separation instrument executed on or before December 31, 2018, is deductible. Divorce or separation agreements executed after Dec 31, 2018, or executed before 2019 but later modified if the modification expressly states the repeal of the deduction for alimony payments applies to the modification, are not deductible for the spouse who makes the payments and will not be included in income for the spouse that receives the payment.

Federal Section >Deductions >Adjustments>IRA deductions


IRA Deduction

CANCEL

Enter amount of IRA Contribution made by Taxpayer
(Generally this is from a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary/Print" tab located on the left menu a
through this page.)
If you entered over $6,000 ($7,000 if age 50 or older), visit Form 5329, Part III to report any excess contribution amount f

$

Enter amount of IRA Contribution made by Spouse
(Generally this is from a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary/Print" tab located on the left menu a
through this page.)
If you entered over $6,000 ($7,000 if age 50 or older), visit Form 5329, Part III to report any excess contribution amount for the current year.

$

☐ Check here if contributions were made to a non-working spouse's IRA.

If checked above, select the non-working spouse

Taxpayer ▼

Taxpayer Retirement Plan 1

◯ Taxpayer has a retirement plan.

◯ Taxpayer DOES NOT have a retirement plan

Spouse Retirement Plan 1

◯ Spouse has a retirement plan.

◯ Spouse DOES NOT have a retirement plan

For 2022, the maximum IRA deduction is $6,000 ($7,000 if age 50 or older).

1 Check if the taxpayer's or spouse's Form W-2, Box 13 has Retirement plan checked.

If the total of traditional and Roth IRA contributions exceed the lesser of total compensation or the allowable limit, the taxpayer must withdraw the excess plus earnings before the filing deadline. If not, a penalty will apply and the return will be Out of Scope.

If a taxpayer receives difficulty of care payments, then those amounts may increase the amount of non-deductible IRA contributions he/she can make but not above the $6,000 IRA deductible amount ($7,000 if you are 50 or older).

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Starting in 2020, the long-standing 70½ age limit for making contributions to traditional IRAs is eliminated. Contributions for the current tax year can be made until the filing deadline, generally April 15 of the year following the tax year. Your filing status has no effect on the amount of allowable contributions to your traditional IRA. However, if during the year either you or your spouse was covered by a retirement plan at work, your deduction may be reduced or eliminated, depending on your filing status and income. See Publication 590-A, Contributions to Individual Retirement Arrangements, for details.

Compensation for purposes of an IRA contribution includes wages, salaries, commissions, net profit from self-employment, taxable alimony and separate maintenance, certain taxable non-tuition fellowship and stipend payments and nontaxable combat pay.

Contributions to a Roth IRA can be made after taxpayer reaches 70½, but no deduction can be taken.

If the taxpayer made a Traditional IRA contribution, select **Adjustments** *from the Deductions menu, then select* **IRA Deduction**. *Don't enter a Roth IRA contribution on this screen. Enter it in the Credits section. If eligible, the software will calculate a Retirement Savings Contributions Credit. Be sure to enter any applicable retirement plan distributions. See Tab G, Nonrefundable Credits for more information on this credit.*

Student Loan Interest Deduction at a Glance

Federal section >Deductions >Adjustments>Student Loan Interest Deduction

This table is only an overview of the rules. For details see Publication 970, Tax Benefits for Education.

Feature	Description
Maximum benefit	You can reduce your income subject to tax by up to $2,500.
Loan qualifications	Your student loan: Taxpayer must be legally liable for the loan. • must have been taken out solely to pay education expenses, and

	• can’t be from a related person or made under a qualified employer plan.
Student qualifications	The student must be: • you, your spouse, or a person who was your dependent when you took out the loan, or would’ve been your dependent except you were a dependent, or had gross income over the exemption amount, or filed MFJ. • enrolled at least half-time in a program leading to a degree, certificate or other recognized educational credential.

Time limit on deduction	You can deduct interest paid during the remaining period of your student loan.
Phaseout	The amount of your deduction depends on your modified adjusted gross income and filing status.

If student loan interest is paid by someone who isn’t legally liable for it, the payment is treated as made by the person who’s legally liable, and the person legally liable is allowed to take the adjustment. Student loan interest is generally reported to the taxpayer on Form 1098-E. For payments made after March 27, 2020, and before January 1, 2026, do not deduct as interest on a student loan any interest paid by your employer under an educational assistance program.

Taxpayer cannot claim the deduction if filing status is Married Filing Separately or if the taxpayer or spouse (if MFJ) is claimed as a dependent.

Student Loan Interest and Secure Act of 2019

The SECURE Act of 2019 allows a distribution from a Section 529 education savings account of up to $10,000 total (not annually) to be applied to the principal or interest for any qualified student loan for the designated beneficiary or sibling of the designated beneficiary effective for distributions made after December 31, 2018.

Any interest paid with a Section 529 plan distribution cannot also be taken as a student loan adjustment to income on Form 1040.

Notes

Tab F: Deductions

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Standard Deduction

This chart provides the standard deduction amounts for tax year 2022.

Standard Deduction Chart for Most People*

If the taxpayer's filing status is...	Your standard deduction is ...
Single or married filing separate return	$12,950
Married filing joint return or qualifying surviving spouse with dependent child	$25,900
Head of household	$19,400

*Don't use this chart if the taxpayer was born before January 2, 1958, or is blind, or if someone can claim the taxpayer as a dependent (or their spouse if married filing jointly). (See the chart on the following page.)

Persons Not Eligible for the Standard Deduction

Your standard deduction is zero and you should itemize any deductions you have if:

- Your filing status is married filing separately, and your spouse itemizes deductions on his or her return. It doesn't matter who files first.
- You are filing a tax return for a short tax year because of a change in your annual accounting period (Out of Scope)
- You are a nonresident or dual-status alien during the year. You are considered a dual-status alien if you were both a nonresident and resident alien during the year (Out of Scope).

- If you are a nonresident alien who is married to a U.S. citizen or resident alien at the end of the year, you can choose to be treated as a U.S. resident. (See Publication 519, U.S. Tax Guide for Aliens.) If you make this choice, you can take the standard deduction.

If you can be claimed as a dependent on another taxpayer's return (such as your parents' return), your standard deduction may be limited.

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Standard Deduction Chart for People Born Before January 2, 1958 or Who are Blind

Don’t use this chart if someone can claim you (or your spouse if filing jointly) as a dependent.
Use the second worksheet below.

Standard Deduction Chart for People Who Were Born Before January 2, 1958, or Were Blind

Don’t use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet above.

☐ You were born before January 2, 1958
☐ You are blind
☐ Spouse was born before January 2, 1958
☐ Spouse is blind

Blind is defined in Tab R, Glossary and Index

Enter the total number of boxes checked . . . . ▶ ☐

IF your filing status is . . .	AND the number in the box above is . . .	THEN your standard deduction is . . .
Single	1 2	$14,700 16,450
Married filing jointly	1 2 3 4	$27,300 28,700 30,100 31,500
Qualifying widow(er)	1 2	$27,300 28,700
Married filing separately	1 2 3 4	$14,350 15,750 17,150 18,550
Head of household	1 2	$21,150 22,900

Standard Deduction Worksheet for Dependents

Use this worksheet only if someone else can claim you (or your spouse if filing jointly) as a dependent.

1. Check if:

- ☐ You were born before January 2, 1958
- ☐ You are blind
- ☐ Spouse was born before January 2, 1958
- ☐ Spouse is blind

Total number of boxes checked . . . . **1.** ________

2. Is your **earned income*** more than $750?

- ☐ **Yes.** Add $400 to your earned income, Enter the total
- ☐ **No.** Enter $1,150

. . . . **2.** ________

3. Enter the amount shown below for your filing status.

- Single or married filing separately**— $12,950
- Married filing jointly— $25,900
- Head of household— $19,400

. . . . **3.** ________

4. **Standard deduction.**

a. Enter the **smaller** of line 2 or line 3. If born after January 1, 1958, and not blind, **stop here** and enter this amount on Form 1040 or Form 1040-SR, line 12. Otherwise go to line 4b. . . . . **4a.** ________

b. If born before January 2, 1958, or blind, multiply the number on line 1 by $1,400 ($1,750 if single or head of household) . . . . **4b.** ________

c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12. . . . . **4c.** ________

** **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040, line 1z, an[d]*
Sch 1 - line 3 business income or (loss); line 6 farm income or (loss); minus the amount, if any, on Schedule 1, lines 8r and 15.

*** **Married Filing Separately** – You can check the boxes for "Your spouse" if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.*

Interview Tips – Itemized Deductions

These interview tips will assist you in determining whether a taxpayer's itemized deductions are more than their standard deduction amount. It may be more advantageous for a taxpayer to itemize their deductions if the amount is larger than the allowable standard deduction amount.

Step	Probe/Ask the taxpayer:	Action
1	Do you have expenses in the following categories: medical and dental expenses, taxes you paid, home mortgage interest you paid, gifts to charity, gambling losses and expenses incurred in gambling activities (to the extent of gambling winnings) and work related expenses for disabled individuals that enables them to work. **Note:** Casualty and theft losses are beyond the scope of VITA/TCE.	If **YES**, go to Step 2. If **NO**, generally speaking, you should take the standard deduction if eligible. For further explanation see exceptions in Publication 502, Medical and Dental Expenses.
2	Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in Box 1 of the taxpayer's Form W-2) or were the expenses reimbursed by an insurance company?	If **YES**, you can't deduct reimbursed expenses. Go to Step 4. If **NO**, you can claim these expenses. Go to Step 3.
3	Were the medical and dental expenses more than 7.5% of your adjusted gross income? **Note:** You can include medical and dental bills you paid for: • Yourself and your spouse • All dependents you claim on your return • Your child whom you don't claim as a dependent because of the rules for children of divorced or separated parents • Any person you could have claimed as a dependent on your return except that person received $4,400 or more of gross income or filed a joint return • Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2022 return	If **YES**, you can claim qualified expenses. Go to Step 4. If **NO**, you can't deduct these expenses. Go to Step 4.
4	Were the following taxes you paid imposed on you: state and local general sales tax, state or local income tax, real or personal property taxes? **Note:** The total amount of these taxes is limited to $10,000 ($5,000 MFS) per return.	If **YES**, go to Step 5. If **NO**, you can't claim this expense as a deduction because you weren't obligated to pay the taxes. Go to Step 6.
5	Did you pay these taxes during this tax year?	If **YES**, you can claim these expenses and go to Step 6. If **NO**, you can't deduct taxes for this year that were paid in another year. Go to Step 6.
6	Are you legally liable for a home mortgage loan?	If **YES**, go to Step 7. If **NO**, you can't take an interest expense for a mortgage for which you aren't legally liable. Go to Step 13.
7	Was the mortgage a secured debt on a main or second home?	If **YES**, go to Step 8. If **NO**, you can't take an interest expense. Go to Step 13.

Step	Probe/Ask the taxpayer:	Action
8	Did you pay the mortgage interest in this tax year?	If **YES**, go to Step 9. If **NO**, you can't take the mortgage interest deduction. Go to Step 13.
9	Did you take out the mortgage on or before October 13, 1987?	If **YES**, your mortgage interest is fully deductible. Go to Step 10. If **NO**, follow the flowchart, "Is My Home Mortgage Interest Fully Deductible" in Publication 936, Home Mortgage Interest Deduction, to determine what is deductible. Go to Step 13. See **Note 4**
10	Did you pay premiums in 2022 for qualified mortgage insurance for a home acquisition debt that was issued afer 2006?	If **YES**, you can take a deduction for qualified mortgage insurance as home mortgage interest with AGI limitations if the provision is extended for 2022. See Publication 4491-X. If **NO**, you can't take a deduction for qualified mortgage insurance as home mortgage interest. Go to Step 11.
11	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?	If YES, follow the "Are My Points Fully Deductible This Year" flowchart in Publication 936 and then go to Step 12. See **Note 1**. If NO, go to Step 12.
12	Did you have home equity interest that was used to buy, build, or improve your home?	If **YES**, your home equity interest is deductible. If **NO**, go to Step 13.
13	Did you make a cash contribution to a qualified organization?	If **YES**, you must have a written record from that particular organization, and then go to Step 14. If **NO**, go to Step 14.
14	Did you make a noncash donation to a qualified organization? **Note:** Generally the value of a donation is the lesser of your cost or fair market value.	If **YES**, advise the taxpayer that generally he or she must have a written receipt from that particular organization. Go to Step 15. See **Note 2**. If **NO**, Go to Step 15.
15	Is the total of all noncash donations $500 or less?	If **YES**, see **Note 3** for more details. If **NO**, this is beyond the scope of VITA/TCE unless certified in Military. Refer taxpayer to a professional tax preparer.

1. If you refinanced in an earlier year, and weren't eligible to take all the points in that year, you can add in this year's portion of those prior year points.

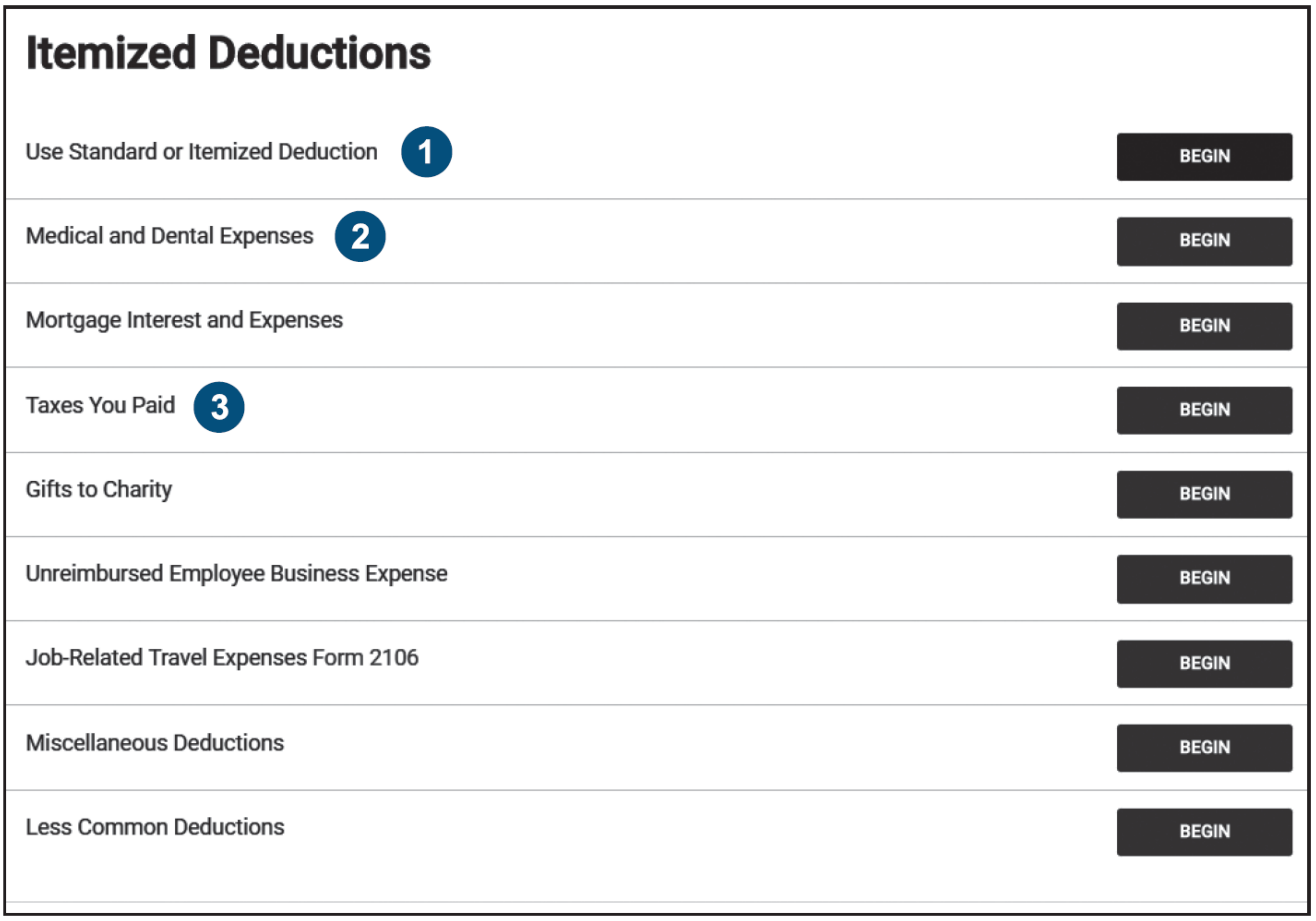
2. For noncash donations less than $250, you are not required to have a receipt where it is impractical to get one (for example if you leave property at a charity's unattended drop site).

3. For more details on charitable contributions, see Publication 526, Charitable Contributions. To search for qualified organizations see **IRS.gov/TEOS***.*

4. A Homeowner Assistance Fund (HAF) payment is a qualified disaster relief payment and is not included in the homeowner's gross income. Eligible homeowners who received a Homeowner Assistance Fund (HAF) payment may use a safe harbor to calculate the homeowner's itemized deduction for qualified mortgage interest expenses and/or qualified real property tax expenses, as applicable. See **Revenue Procedure 2021-47** *details.*

Schedule A – Itemized Deductions

Federal Section>Deductions>Itemized Deductions>Medical and Dental Expenses



1. If MFS and spouse itemizes, taxpayer must also itemize. Standard deduction can't be used. It doesn't matter which spouse files first. Select **Use Standard or Itemized Deduction** then select the option **Must itemize because spouse itemized.**

2. Select to enter medical expenses. Do not include any medical insurance included in the Self-Employed Health Insurance Deduction.

3. Select to enter taxes not entered elsewhere in the software.

Personal protective equipment, such as masks, hand sanitizer and sanitizing wipes, for the primary purpose of preventing the spread of coronavirus are deductible medical expenses. The cost of home testing for COVID-19 is also an eligible medical expense.

Schedule A Deductible and Nondeductible Medical Expenses

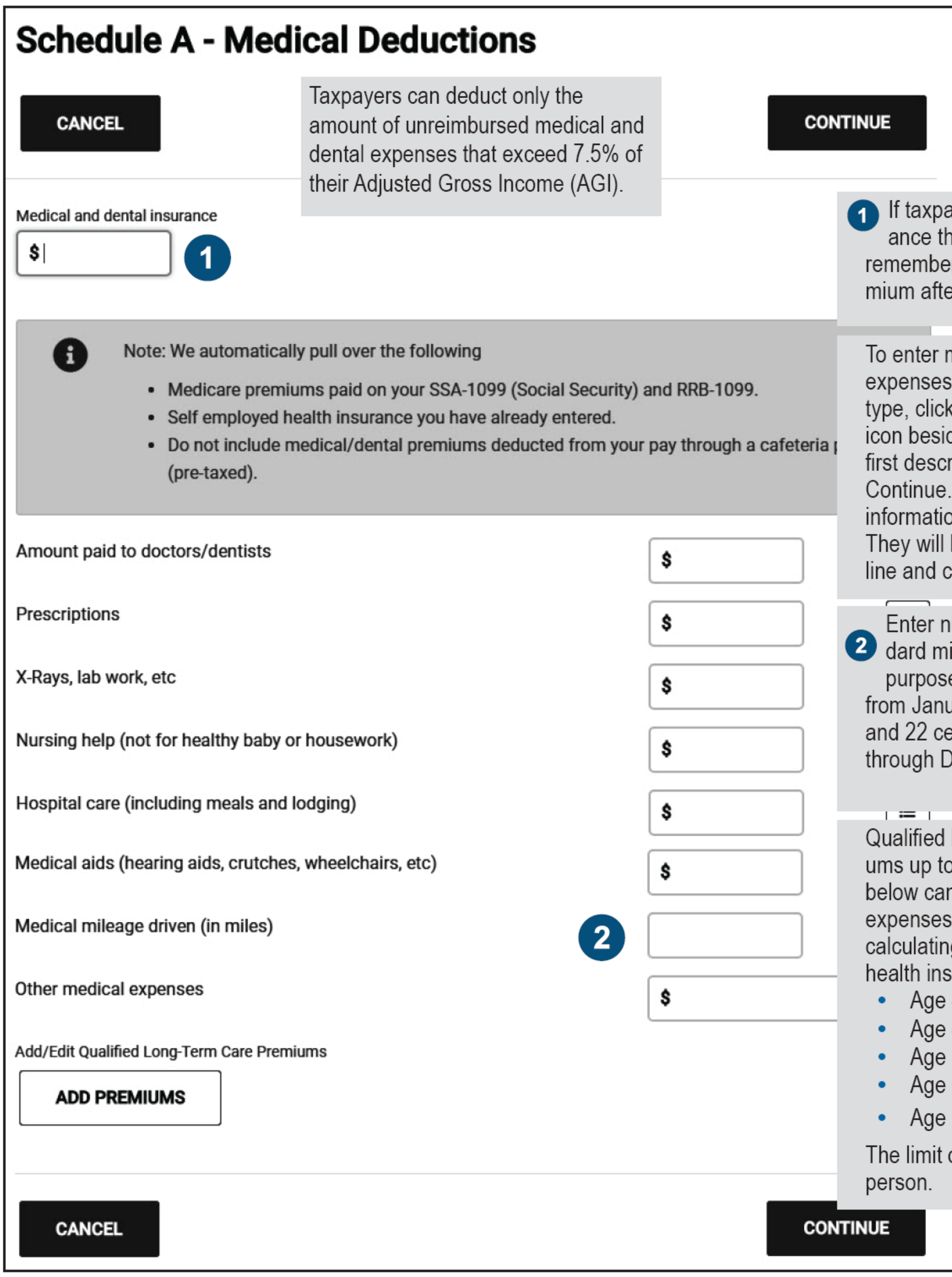
You can include:

- Bandages
- Birth control pills prescribed by your doctor
- Body scan
- Braille books
- Breast pump and supplies
- Capital expenses for equipment or improvements to your home needed for medical care (see Worksheet A, Capital Expense Worksheet, in Pub. 502)
- Diagnostic devices
- Expenses of an organ donor
- Eye surgery (to promote the correct function of the eye)
- Fertility enhancement, certain procedures
- Guide dogs or other animals aiding the blind, deaf, and disabled
- Hospital services fees (lab work, therapy, nursing services, surgery, etc.)
- Lead-based paint removal
- Legal abortion
- Legal operation to prevent having children such as a vasectomy or tubal ligation
- Long-term care contracts, qualified
- Meals and lodging provided by a hospital during medical treatment
- Medical services fees (from doctors, dentists, surgeons, specialists, and other medical practitioners)
- Medicare Part D premiums
- Medical and hospital insurance premiums
- Nursing services
- Oxygen equipment and oxygen
- Part of life-care fee paid to retirement home designated for medical care
- Physical examination
- Pregnancy test kit
- Prescription medicines (prescribed by a doctor) and insulin
- Psychiatric and psychological treatment
- Social security tax, Medicare tax, FUTA, and state employment tax for worker providing medical care (see Wages for nursing services below)
- Special items (artificial limbs, false teeth, eyeglasses, contact lenses, hearing aids, crutches, wheelchair, etc.)
- Special education for mentally or physically disabled persons
- Stop-smoking programs
- Transportation for needed medical care
- Treatment at a drug or alcohol center (includes meals and lodging provided by the center)
- Wages for nursing services
- Weight loss, certain expenses for obesity

You can't include:

- Baby sitting and childcare
- Bottled water
- Contributions to Archer MSAs (see Pub. 969)
- Diaper service
- Expenses for your general health (even if following your doctor's advice) such as——Health club dues—Household help (even if recommended by a doctor)—Social activities, such as dancing or swimming lessons—Trip for general health improvement
- Flexible spending account reimbursements for medical expenses (if contributions were on a pre-tax basis)
- Funeral, burial, or cremation expenses
- Health savings account payments for medical expenses
- Operation, treatment, or medicine that is illegal under federal or state law
- Life insurance or income protection policies, or policies providing payment for loss of life, limb, sight, etc.
- Maternity clothes
- Medical insurance included in a car insurance policy covering all persons injured in or by your car
- Medicine you buy without a prescription
- Nursing care for a healthy baby
- Prescription drugs you brought in (or ordered shipped) from another country, in most cases
- Nutritional supplements, vitamins, herbal supplements, "natural medicines," etc., unless recommended by a medical practitioner as a treatment for a specific medical condition diagnosed by a physician
- Surgery for purely cosmetic reasons
- Toothpaste, toiletries, cosmetics, etc.
- Teeth whitening
- Weight-loss expenses not for the treatment of the treatment of obesity or other disease

You can't include in medical expenses amounts you pay for controlled substances that aren't legal under federal law, even if such substances are legalized by state law.



Schedule A - Medical Deductions

CANCEL CONTINUE

Medical and dental insurance

$

Note: We automatically pull over the following

- Medicare premiums paid on your SSA-1099 (Social Security) and RRB-1099.
- Self employed health insurance you have already entered.
- Do not include medical/dental premiums deducted from your pay through a cafeteria p (pre-taxed).

Amount paid to doctors/dentists $

Prescriptions $

X-Rays, lab work, etc $

Nursing help (not for healthy baby or housework) $

Hospital care (including meals and lodging) $

Medical aids (hearing aids, crutches, wheelchairs, etc) $

Medical mileage driven (in miles)

Other medical expenses $

Add/Edit Qualified Long-Term Care Premiums

ADD PREMIUMS

CANCEL CONTINUE

Taxpayers can deduct only the amount of unreimbursed medical and dental expenses that exceed 7.5% of their Adjusted Gross Income (AGI).

1 If taxpayer has medical insurance through the Marketplace, remember to adjust the total premium after the PTC is calculated.

To enter multiple expenses of a single type, click on the small calculator icon beside the line. Enter the first description, the amount, and Continue. Enter the information for the next item. They will be totaled on the input line and carried to Schedule A.

2 Enter number of miles. Standard mileage rate for medical purposes is 18 cents per mile from January 1 through June 30 and 22 cents per mile from July 1 through December 31.

Qualified long-term care premiums up to the amounts shown below can be included as medical expenses on Schedule A, or in calculating the self-employed health insurance deduction.

- Age 40 or under: $450
- Age 41 to 50: $850
- Age 51 to 60: $1,690
- Age 61 to 70: $4,510
- Age 71 and over: $5,640

The limit on premiums is for each person.

Medical and dental floor percentage is 7.5%. Some senior residences (nursing homes) have an amount in the monthly cost which is a medical expense. Taxpayers can include in medical expenses the cost of medical care in a nursing home, home for the aged or similar institution. This includes the cost of meals and lodging if the principal reason for being there is to get medical care.

You can include parking fees and tolls even when you use the standard mileage rate.

Schedule A - Taxes You Paid

The itemized deduction for state and local taxes and sales and property taxes is limited to a combined total deduction of $10,000 ($5,000 if Married Filing Separately).

State and Local Tax amounts are automatically pulled from W-2, 1099, W-2G, and Estimates.
PLEASE DO NOT include any of these amounts in any of the boxes below or your calculations will NOT be correct.

Taxes Paid

Additional State and Local Income Tax
(DO NOT INCLUDE AMOUNTS FROM W-2, 1099, W-2G or Estimates.)
$ 1

State and Local Sales Tax Paid
ADD SALES TAX WORKSHEET 2

Prior Year 4th Quarter State Estimates paid after 12/31/2018
$

Real Estate Taxes (Non-Business Property)
Real Estate Taxes entered here will overwrite any real estate taxes paid already entered. 3
$

Personal Property (ex: Car Registration)
Enter in your Ad Valorem tax, exclude amount paid for actual car tags. 4
$

Other Taxes 5

Description

Amount
$

Modified Adjusted Gross Income

Calculated Modified Adjusted Gross Income (MAGI)
$ 74400

Amount to Adjust the Calculated MAGI by
$

1 Enter amount paid with last year's state return and any other state and local income tax payments not entered elsewhere. Mandatory contributions to state disability, paid family leave programs, and certain other state programs qualify as state income taxes and should be included in the additional state and local income tax box if not automatically carried there by TaxSlayer. Sometimes these amounts are reported on Form W-2, Box 14. See Instructions for Schedule A for details.

2 Click here to open the sales tax worksheet. See the next page for details.

3 If real estate taxes are only reported on Form 1098, enter them on the Mortgage Interest Reported on the 1098 screen.

Otherwise, calculate the total real estate taxes and enter in the Real Estate Taxes box.

4 Enter vehicle license registration fee if based on value (ad valorem) under Personal Property taxes.

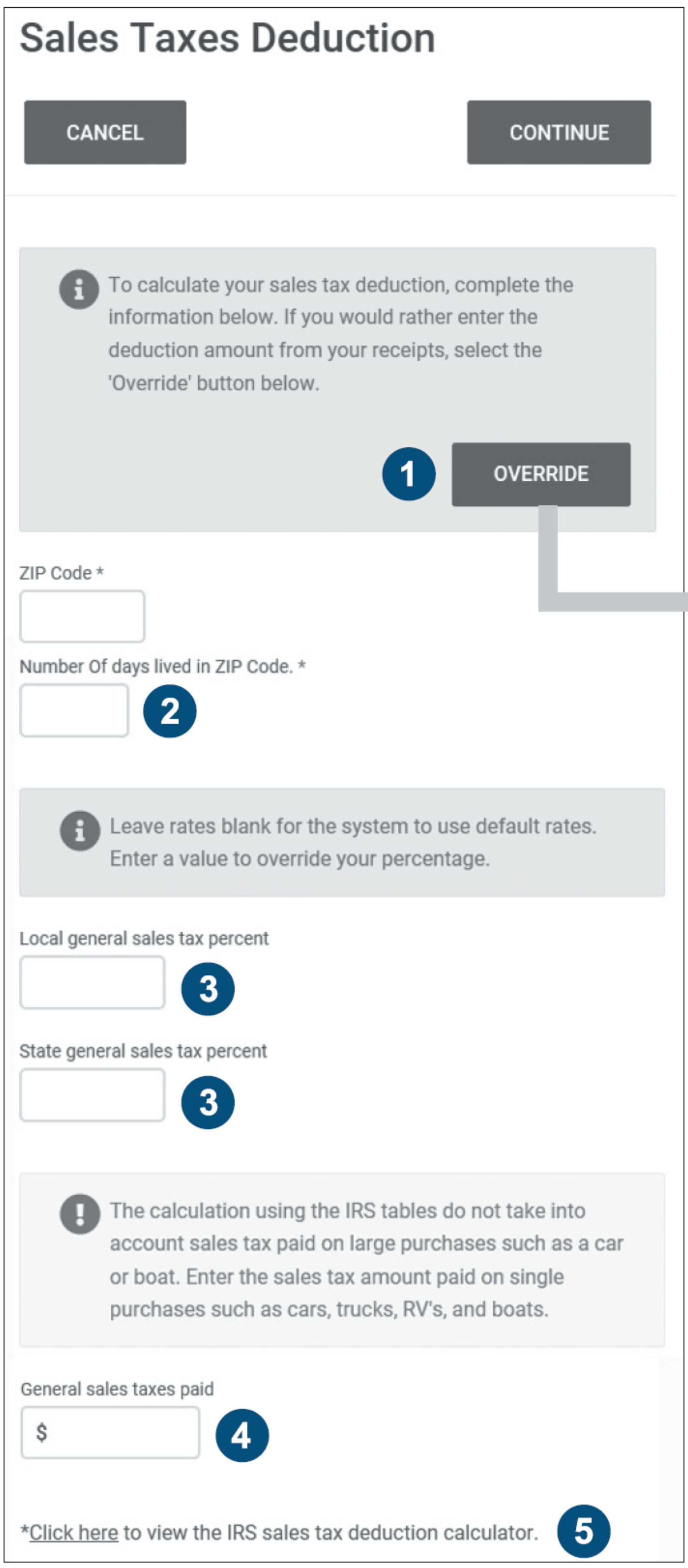
5 If taxpayers wish to deduct their foreign income taxes (instead of claiming a credit) enter in Other Taxes and describe as "Foreign Income."

If taxpayers purchased or sold a home in the tax year, they may not be able to deduct all Real Estate Taxes. See Publication 17, "Real Estate Taxes" section, for more information.

Taxes you cannot deduct: utilities, fees/licenses (drivers, marriage, dog); assessments for improvements that increase property value; assessments for services to the property (sewer, trash collection, etc.).

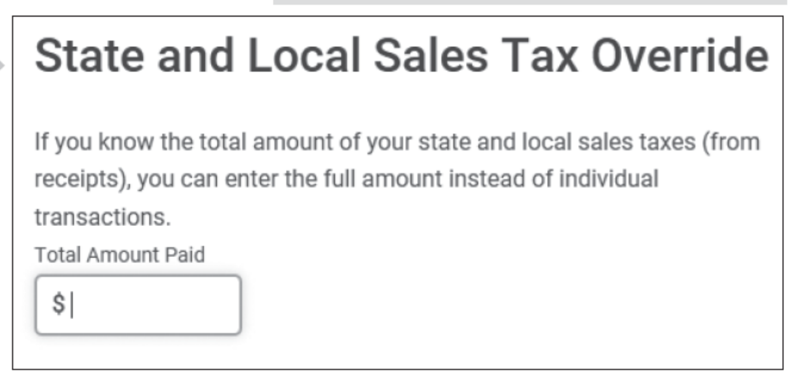
The following items aren't deductible on Schedule A: Federal income and excise taxes, Social Security or Medicare taxes, federal unemployment (FUTA), railroad retirement taxes (RRTA), customs duties, federal gift taxes, per capita taxes, or foreign real property taxes.

Schedule A - Sales Tax Deduction



1. If the taxpayer has a large amount of nontaxable income, calculate their sales tax deduction using the IRS sales tax deduction calculator. See the link to the IRS sales tax deduction calculator at the bottom of the page. The calculator adds nontaxable income to AGI to give the taxpayer a larger sales tax deduction. Use the override button to enter the amount calculated.

2. If not using the override feature, enter the ZIP code and number of days for TaxSlayer to calculate the deduction.

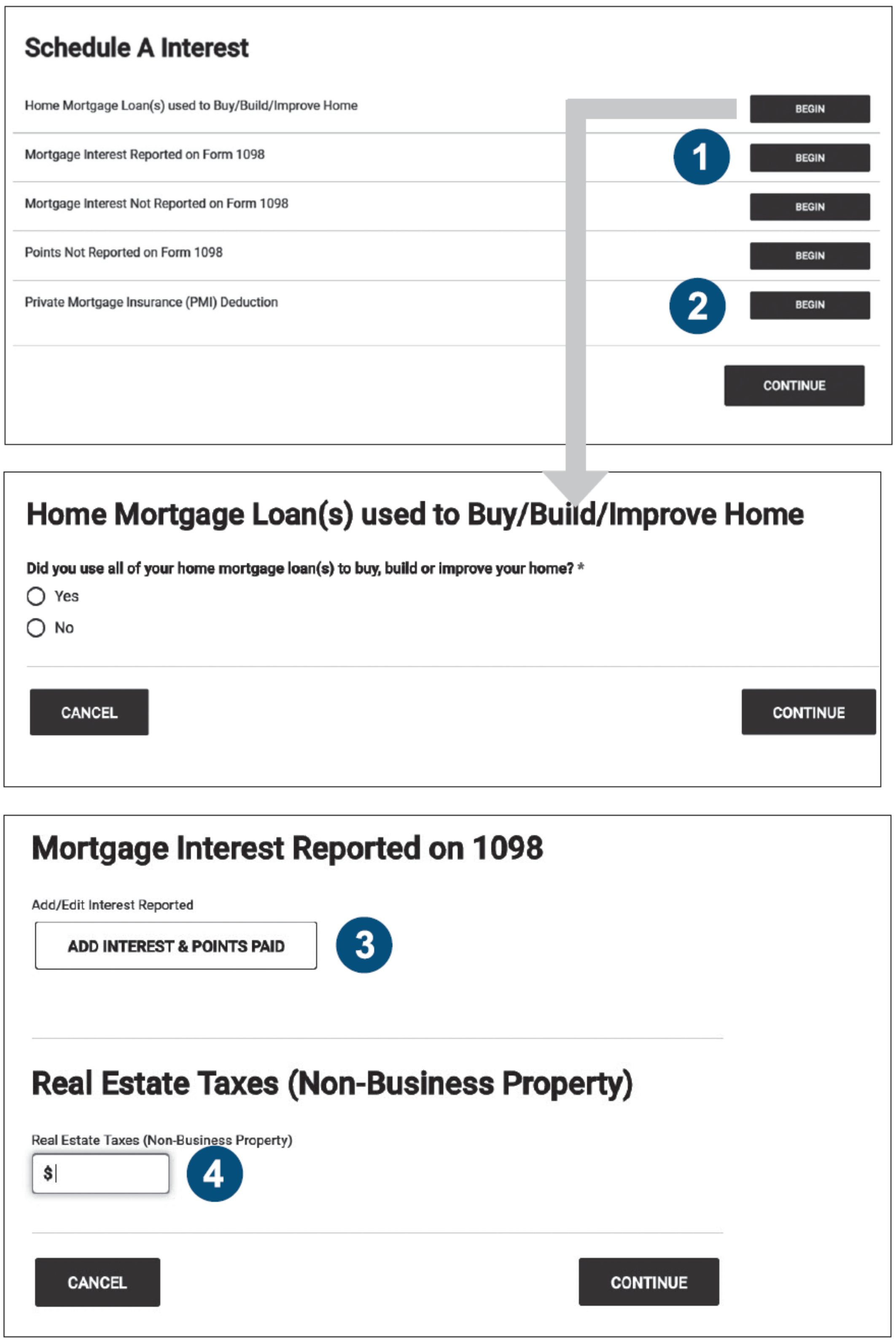


If using the override feature, leave all other fields on the Sales Tax Deduction screen blank.

3. Leave these blank if you want the software to use the default rates.

4. If not using the override feature, enter sales tax here for large items (such as a car) if the taxpayer purchased any during the year.

5. Link to the IRS sales tax deduction calculator.



For mortgage acquisition debt secured after December 15, 2017, the amount of interest you can deduct is on no more than $750,000 of debt used to buy, build, or substantially improve your principal home and a second home ($375,000 in the case of married taxpayers filing separate tax returns) for tax years 2018 through 2025. If the taxpayer secured a mortgage for acquisition debt on or before December 15, 2017, the new tax law doesn't change the amount of the deductible mortgage interest. Deductible interest remains limited to mortgage interest on up to $1 million ($500,000 MFS).

Points from refinancing must be spread over the life of the mortgage unless used to remodel (see section in Publication 936, Home Mortgage Interest Deduction, labeled "Points"). Enter loan origination fee from closing statement as points not reported on Form 1098 if not included as points on Form 1098.

1 Select for mortgage interest reported on Form 1098. Enter amount from Form 1098, Box 1 (and Box 2, if applicable).

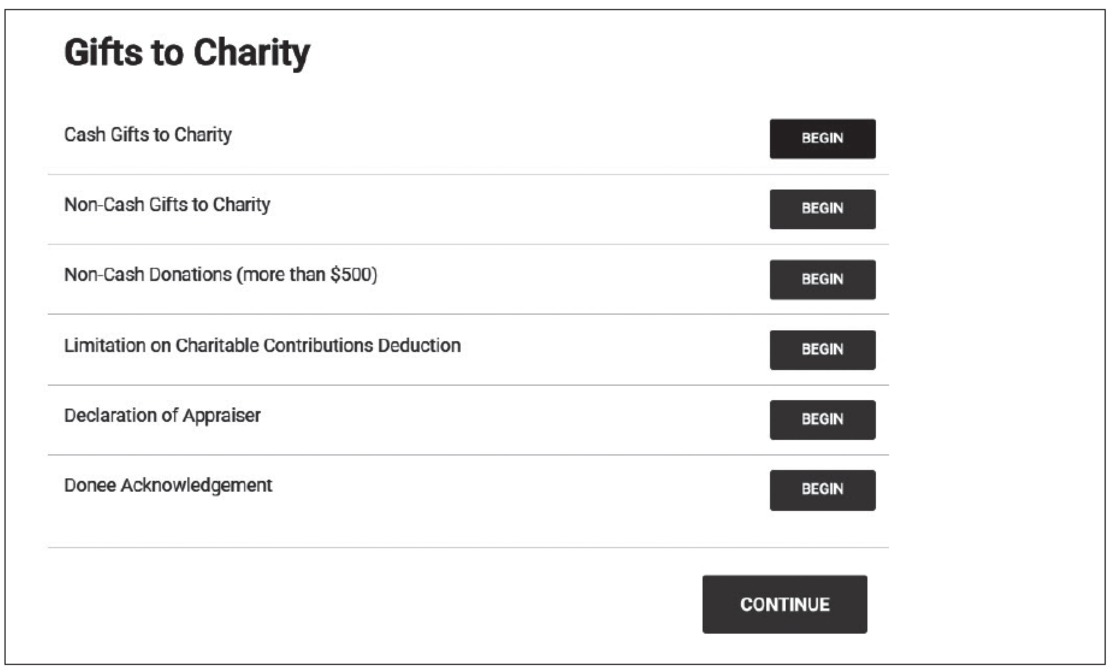
2 Private mortgage insurance premiums are not deductible for 2022 at the time this publication was printed. Congress may enact additional legislation. Any changes will be reflected in Publication 4491-X, VITA/TCE Training Supplement, available in mid-January.

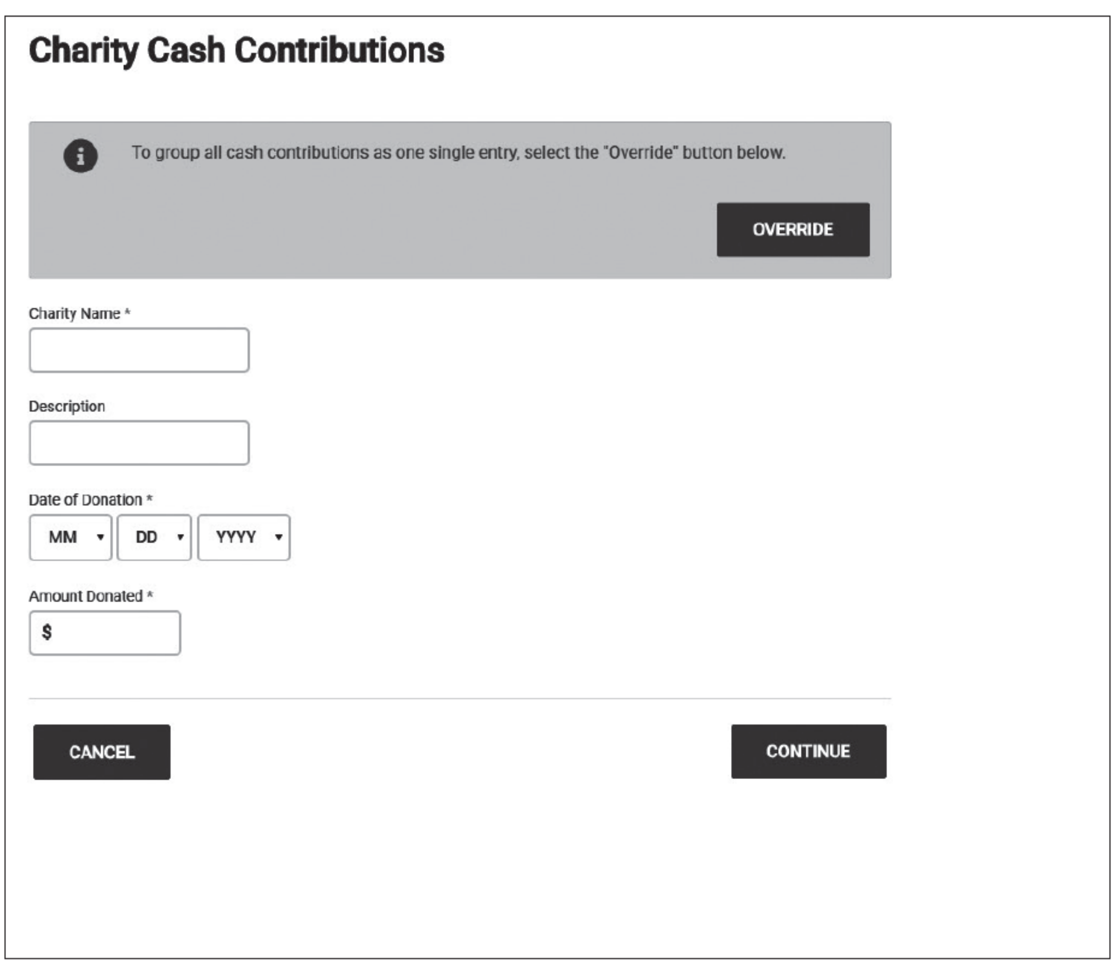
The deduction for home equity debt is disallowed as a mortgage interest deduction unless the home equity debt was used to build, buy, or substantially improve the taxpayer's qualified residence.

A reverse mortgage is a loan where the lender pays you (in a lump sum, a monthly advance, a line of credit, or a combination of all three) while you continue to live in your home. With a reverse mortgage, you retain title to your home. Depending on the plan, your reverse mortgage becomes due with interest when you move, sell your home, reach the end of a preselected loan period, or die. Because reverse mortgages are considered loan advances and not income, the amount you receive isn't taxable. Any interest (including original issue discount) accrued on a reverse mortgage is considered interest on home equity debt and isn't deductible.

3 If there are multiple mortgages, make additional Schedule A Interest entries.

4 Enter real estate taxes on the 1098 screen if all real estate tax paid was reported on the Form 1098. Otherwise, enter on the Other Taxes Paid screen.





Enter amounts given by cash or check under Cash Gifts to Charity. See Publication 526 for definitions. Enter the value of noncash items (including miles (14 cents per mile) driven in service to a charity) donated under Noncash Gifts to Charity. Be careful to list them separately.
If noncash contributions are greater than $500, Form 8283, Noncash Charitable Contributions must be completed and this form is Out of Scope (In Scope for Military certification). Certain qualified contributions made for relief efforts in disaster areas are not subject to the AGI limitation. See Publication 976, Disaster Relief.

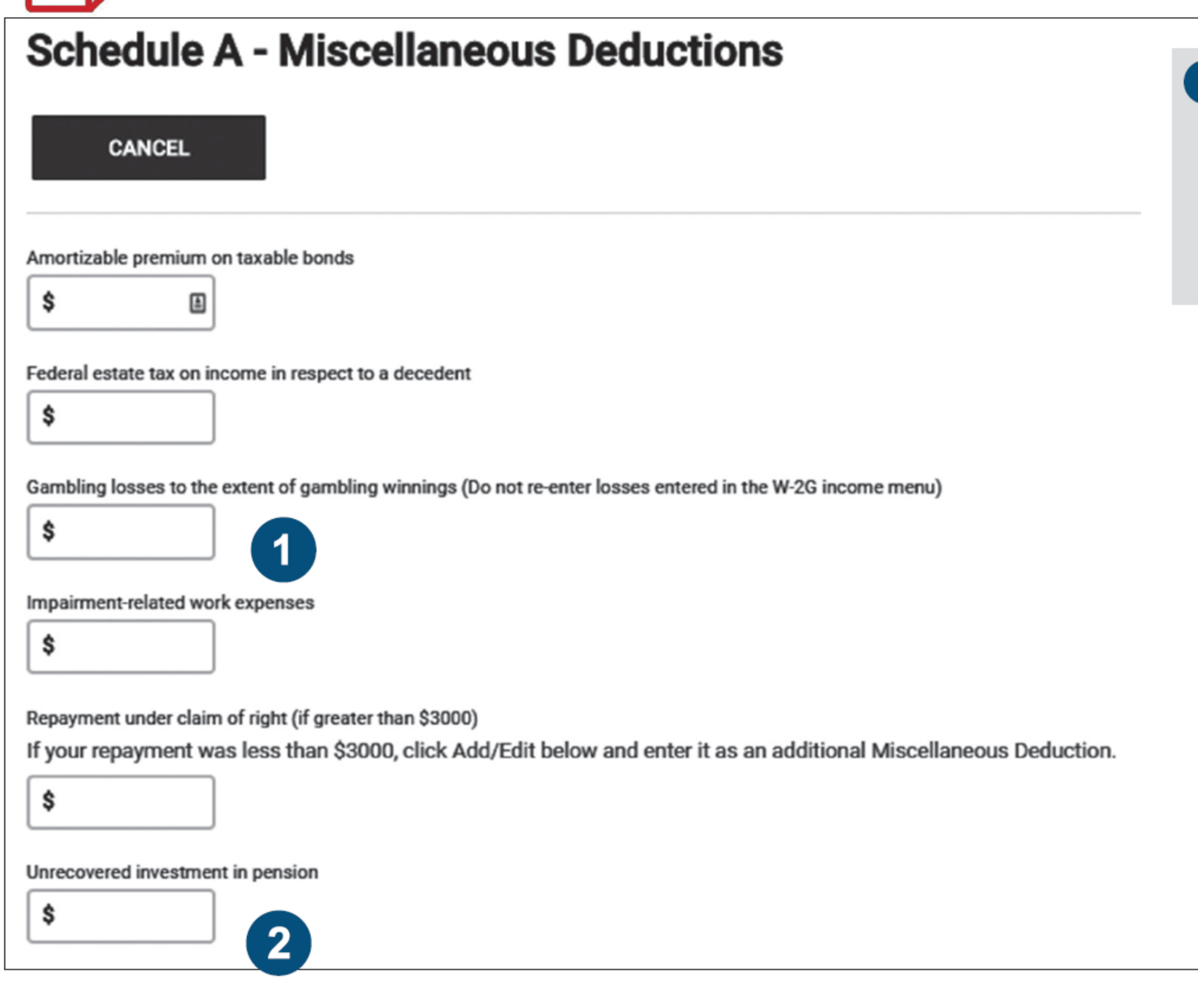
Although you can't deduct the value of your services given to a qualified organization, you may be able to deduct some volunteer expenses you pay in giving services to a qualified organization. The amounts must be:

- *Unreimbursed;*
- *Directly connected with the services;*
- *Expenses you had only because of the services you gave; and*
- *Not personal, living, or family expenses.*

These types of donations are not deductible: political; country club/fraternal lodge; chambers of commerce; raffle, bingo, or lottery tickets; tuition; value of time/services; gifts to lobby groups; civic leagues, social clubs; labor unions, homeowners association dues.

Schedule A - Miscellaneous Deductions

No miscellaneous itemized deductions will be allowed for job expenses and certain miscellaneous deductions subject to the 2% limitation. These expenses may be deductible on state returns.



Schedule A - Miscellaneous Deductions

CANCEL

Amortizable premium on taxable bonds

$

Federal estate tax on income in respect to a decedent

$

Gambling losses to the extent of gambling winnings (Do not re-enter losses entered in the W-2G income menu)

$

1

Impairment-related work expenses

$

Repayment under claim of right (if greater than $3000)

If your repayment was less than $3000, click Add/Edit below and enter it as an additional Miscellaneous Deduction.

$

Unrecovered investment in pension

$

2

1 Gambling losses and expenses incurred in gambling activities up to the amount of winnings are deducted here. You can't deduct gambling losses that are more than the taxpayer's winnings.

2 A retired taxpayer who contributed to the cost of an annuity can exclude from income a part of each payment received as a tax-free return of the investment. If the retired taxpayer dies before the entire investment is recovered tax free, any unrecovered investment can be deducted on the retired taxpayer's final income tax return in the unrecovered investment pension box.

Unrecovered Investment in pension = Total Employee Contribution less amount recovered using Simplified Method prior to death.

Nondeductible expenses: commuting; home repair; rent; loss from sale of home; personal legal expenses; lost/misplaced cash or property; fines/penalties; safe deposit box rental; tax return preparation; investment fees and expenses.

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