

For Use  
in Preparing  
Tax Year 2006  
Returns

*VITA/TCE*  
*Publication 4012*

*Volunteer*

*Resource Guide*



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**Link &  
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**2006**

## **Pending Legislation**

At the time this publication went to print, there was pending legislation on tax topics contained in this publication including the expired tax benefits listed below:

### **Expired Tax Benefits:**

- Deduction from adjusted gross income for educator expenses.
- Tuition and fees deduction.
- Deduction for state and local general sales taxes.
- District of Columbia first time homeowner credit (for homes purchased after 2005).

Tax law changes implemented after this publication may cause various forms, tables, and worksheets to change. Visit [www.irs.gov](http://www.irs.gov) for current information on tax changes. If there are changes, additional guidance will be issued in the form of a supplement.

## *The IRS Mission*

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.



TaxWise® is a copyrighted software program owned by Universal Tax Systems, Inc.® (UTS). All screen shots that appear throughout the official Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) training materials are used with the permission of UTS. The screen shots used in this publication—or any other screen shots from TaxWise or its affiliated programs—may not be extracted, copied, or distributed without written approval from the IRS SPEC Office of Education and Product Development.

### **Confidentiality Statement:**

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

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# How to Use This Guide

This publication is designed to assist you in preparing an accurate paper or software prepared return using TaxWise\*. It is divided into three major sections—Tax Law, TaxWise and TaxWise Online. The white tabs contain tax law in the form of decision trees, charts and interview tips. The yellow tabs contain step-by-step procedures for electronic return preparation using TaxWise software. The blue tabs contain information specific to users of the web-based option for TaxWise.

TaxWise Online users should take advantage of both the yellow and blue tabs as material which is universal for both will be contained in the yellow tab section.

The decision trees and interview tips in the Tax Law Section are from your training materials and Publication 17, Your Federal Income Tax Guide (For Individuals). Use these tools during the dialogue with the taxpayer—“ask the right questions; get the right answers.”

\*TaxWise® is a copyrighted software program owned by Universal Tax Systems, Inc. The screen shots in this publication should not be extracted, copied, or distributed without written approval of the IRS.

Caution:

1. Some of the TaxWise screen shots in this guide may not be updated for 2006 tax law. Generally, the screens depicted mirror the 2006 version. However, there are some instances where there are embedded references to tax years 2004 and 2005.
2. Not all forms are authorized for all volunteer programs. Forms intended specifically for the Military VITA Program will be annotated as such. Volunteers should only provide tax assistance based on their level of certification—basic, intermediate, advanced, military or international.

## Are You Ready to “Get Started?”

Complete this assessment by entering a check mark in the box for “Yes.” Resolve all “NO” (unchecked boxes) responses with your Site Coordinator before assisting taxpayers.

1. Have you signed . . .
  - a. The Volunteer Agreement/Standards of Conduct?
  - b. The Property Loan Agreement (if applicable)?
2. Do you know the following . . .
  - a. Your duties at the site?
  - b. Site contacts (emergency, reporting delays, technical issues, etc.)?
  - c. When you are expected at the Site?
  - d. Your site identification number (SIDN)?
  - e. Your On-site Quality Review process and how it affects you?
3. Do you have your ...
  - a. Volunteer Resource Guide (Publication 4012)?
  - b. Guide to Federal Income Tax (Publication 17)?
  - c. Wallet card (Form 13645) depicting your certification level (if applicable)?
4. Are the following items at the Site . . .
  - a. Intake and Interview Sheets (Form 13614 or equivalent)?
  - b. Overprinted return forms, schedules, worksheets, etc.?
  - c. Quality Review checklists (Form 8158 or equivalent)?

### Volunteer Quality Alerts (VQAs)

For the latest volunteer tax law updates and other helpful tips throughout the filing season you can go to [www.IRS.gov](http://www.IRS.gov)--keyword: Volunteer Quality Alerts. Your site coordinator should share these messages with you.



## The five-step interview process

interview steps

Goal

Suggested Actions

<p>step <b>1</b></p>	<p><b>Cultivate a comfortable environment and put the taxpayer at ease.</b></p>	<ul style="list-style-type: none"> <li>· Introduce yourself; engage in small talk (discuss the weather, difficulty in locating the site, apologize if long wait, etc.).</li> <li>· Explain the tax return preparation process—the interview, how the information they provide will assist you in determining whether they must file a return, their eligibility for tax credits, etc.</li> <li>· Allow the taxpayer to share any expectations, needs, and/or concerns by asking whether they have questions before beginning and encouraging them to ask questions throughout the process.</li> </ul>
<p>step <b>2</b></p>	<p><b>Use active listening skills.</b></p>	<ul style="list-style-type: none"> <li>· Watch for nonverbal listening cues (tone of voice, body language, eye contact, etc.)</li> <li>· Listen, then respond by restating, paraphrasing and/or encouraging further dialogue</li> </ul>
<p>step <b>3</b></p>	<p><b>Review the taxpayer's responses to the intake questions (Form 13614 or equivalent)</b></p>	<ul style="list-style-type: none"> <li>· Confirm all the information completed by the taxpayer on the Intake form (Form 13614 or equivalent)</li> <li>· Review all the information documents presented by the taxpayer including W-2's, 1099's, 1098s, etc.</li> <li>· Scan the information for completeness</li> </ul>
<p>step <b>4</b></p>	<p><b>Working with the taxpayer complete the critical intake questions - page 2 of Form 13614 or equivalent</b></p>	<ul style="list-style-type: none"> <li>· Don't assume—use the interview tips and decision trees in Publication 4012 to confirm: <ul style="list-style-type: none"> <li>· Marital status (filing status)</li> <li>· Number of exemptions</li> <li>· Eligibility for Child Tax Credit</li> <li>· Eligibility for the Earned Income Credit</li> </ul> </li> </ul>
<p>step <b>5</b></p>	<p><b>Advise taxpayer of the next steps</b></p>	<ul style="list-style-type: none"> <li>· Restate the return preparation process, quality review procedures, signature and record keeping requirements, etc.</li> </ul>

### Department of the Treasury – Internal Revenue Service

### Volunteer Agreement

### (Standards of Conduct – Volunteer Return Preparation Program)

- Treat all taxpayers professionally, with courtesy and respect.
- Safeguard the confidentiality of taxpayer information.
- Apply the tax laws equitably and accurately to the best of your ability.
- Only prepare returns within the scope of your training and certification level (Basic, Advanced, etc).
- Exercise reasonable care in the use and protection of equipment and supplies.
- **Do not** solicit business from taxpayers you assist or use the knowledge you gained about them for any direct or indirect personal benefit for yourself or any other specific individual or organization.
- **Do not** accept payment from the taxpayer for any services provided. Compensation as an employee of a program sponsor is acceptable.

**You (and Spouse) will need:**

- Proof of Identity
- Copies of ALL W-2, 1098, 1099 forms
- Social Security (SSN) or Individual Tax Identification Number (ITIN) for all individuals to be listed on the return
- Child care providers' identification number
- Taxpayers' banking information (voided check and/or savings deposit slip) for refund deposits
- Estimated tax payments made, etc.
- Amounts of other income

**Part I: Taxpayer Information**

1. Your First Name		M.I.	Last Name		2. SSN or ITIN	
3. Date of Birth (mm/dd/yyyy)		4. Job Title				
5. Spouse's First Name		M.I.	Last Name		6. SSN or ITIN	
7. Date of Birth (mm/dd/yyyy)		8. Job Title				
9. Address			Apt #	City		State Zip Code
10. Phone Numbers: Daytime		Evening		Cell		
11. Are you a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No			12. Is your Spouse a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No			
13. Can your parents or someone else claim you or your spouse as a dependent on their tax return? <input type="checkbox"/> Yes <input type="checkbox"/> No						
14. Did you pay more than half the cost of keeping up the home? <input type="checkbox"/> Yes <input type="checkbox"/> No						
15. Check if Legally Blind: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse						
16. Check if Permanently and Totally Disabled: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse						
17. On December 31st 2006: Were you: <input type="checkbox"/> Single <input type="checkbox"/> Legally Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced a. If married, were you living apart from your spouse during the last 6 months of the year? <input type="checkbox"/> Yes <input type="checkbox"/> No						
18. Was your spouse deceased? If yes, provide the date of death. _____ (mm/dd/yyyy)						

**Part II. Family and Dependent Information – Do not include you or your spouse.**

*Print the name of everyone who lived in your home and outside your home that you supported during the year.*

Name	Date of Birth mm/dd/yyyy	Social Security Number or ITIN	Relationship (son, daughter, etc.)	Months person lived with you in 2006	US Citizen, Resident of US, Canada or Mexico? (f)	Is the dependent a full time student? (yes or no) (g)
(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Paperwork Reduction Act Notice**

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.

### Part III. Filing Status & Dependency Determination

Volunteers: In order to conduct a thorough interview, please use the decision trees, interview tips and informational charts in Publications 4012 and/or 17 in addition to this intake sheet. This intake sheet does not constitute a complete interview.

#### B Filing Status Determination – Use Publications 4012 and/or 17 to determine filing status.

1. Based on the interview, the filing status of the taxpayer is:  Single  MFJ  MFS\*  HH  Qualifying Widow(er)

\*Spouse Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

#### C Dependency Determination – Use Publications 4012 and/or 17 to determine dependency exemptions.

- Yes  No 2. Did the taxpayer provide more than 50% of the support for the dependents claimed?  
 Yes  No 3. Is there a signed Form 8332 or a divorce decree that allows someone else to claim the dependent(s)?  
 Yes  No 4. Is the dependent permanently and totally disabled?  
5. Based on the interview, how many individuals qualify as dependents for this return? \_\_\_\_\_

### COMMONLY USED INCOME AND EXPENSES

Volunteers: Please use Publication 17, *Your Federal Income Tax for Individuals* and Publication 4012, *Volunteer Resource Guide* while discussing the questions below with the taxpayer.

#### Part IV. Income – In 2006, did you receive: D

- Yes  No 1. Wages or Salary (Include W-2s for all jobs worked during the year)  
 Yes  No 2. Disability income  
 Yes  No 3. Interest from: checking or savings account, bonds, dividends, CD, or brokerage account  
 Yes  No 4. State tax refund (may be taxable if you itemized last year)  
 Yes  No 5. Alimony income  
 Yes  No 6. Tip income  
 Yes  No 7. Pension and/or IRA distribution  
 Yes  No 8. Unemployment  
 Yes  No 9. Social Security or Railroad Retirement  
 Yes  No 10. Self Employment  
 Yes  No 11. Other Income such as gambling winnings, awards, prizes and Jury duty

#### Part V. Adjustment – Did you have 2006 expenses for: E

- Yes  No 1. IRA or other retirement account  
 Yes  No 2. Alimony payments paid (If yes, you must provide the name and SSN of the recipient)  
 Yes  No 3. Education related expenses

#### Part VI. Itemized Deductions – Did you have 2006 expenses for: F

- Yes  No 1. Un-reimbursed medical expenses  
 Yes  No 2. Home mortgage payments (interest and taxes – see Form 1098)  
 Yes  No 3. Charitable contributions

#### Part VII. Credits – In 2006, did you have: G

- Yes  No 1. Child/dependent care expenses that allow you (and your spouse-if MFJ) to work  
 Yes  No 2. Educational expenses for you or your dependents  
 Yes  No 3. Retirement Savings Contribution

#### Part VIII. Earned Income Tax Credit Determination – EITC Eligibility H

- Yes  No 1. Was EITC previously disallowed (if yes taxpayer may not be eligible for EITC)  
 Yes  No 2. Based on the interview, is the taxpayer qualified for EITC?

# Frequent Taxpayer Inquiries

Taxpayers normally ask questions during the interview process about the topics covered in this section. Visit [www.irs.gov-keyword: 1040 Central](http://www.irs.gov-keyword:1040) or see Publication 17 for additional topics and information.

## **Peel-Off Label**

Taxpayers who e-file their return are normally removed from the IRS tax return package mailing list. If the taxpayer did not receive a tax return package and a paper return is filed, print or type their name and address in the space provided.

## **Installment Payment**

Publication 594, The IRS Collection Process, explains taxpayers' rights and responsibilities regarding payment of federal taxes.

## **Copies of Prior-Years' Returns**

Taxpayers should complete Form 4506, Request for Copy or Transcript of Tax Form, and mail it, with the required fee, to the IRS campus where the return was filed.

A transcript of a prior-year return may be obtained, also using Form 4506. There is no charge for the transcript which shows most line items from the original return, including accompanying forms and schedules.

## **Amended Returns**

Form 1040X, Amended U.S. Individual Income Tax Return should be used by taxpayer to amend their return. Many mistakes are corrected in processing by the IRS and a letter of explanation is mailed at the time an error is identified or when a refund is issued. In these cases, taxpayers are not required to file an Amended Return as the corrections have already been made.

Amended returns are not in the scope of this program.

## **Taxpayer Address Changes**

Taxpayers should use Form 8822, Change of Address, to notify the IRS of any change of address. If taxpayers move after filing the return and before a refund is received, they should notify their old post office and the IRS of their new address.

## **Recordkeeping**

Taxpayers should keep their tax documents until the statute of limitations runs out for the return. Usually, this is three years from the date the return was due or filed, or two years from the date the tax was paid, whichever is later. Refer taxpayers to Publication 552, Recordkeeping for Individuals or at [www.irs.gov](http://www.irs.gov) – keyword: Recordkeeping.

## **FREE Tax Preparation Locations**

Consult your site coordinator for information about the location of other VITA/TCE sites in your area. Taxpayers may call 1-800-829-1040 or visit AARP's website at [www.aarp.org/taxaide](http://www.aarp.org/taxaide) or call 1-888-227-7669 for this information.

## **Problems Navigating the IRS**

Taxpayers may contact the Taxpayer Advocate if their attempts to deal with an IRS problem are unsuccessful.

Taxpayers can visit [www.irs.gov/advocate](http://www.irs.gov/advocate) or see Publication 1546, for details on what the Taxpayer Advocate Service provides. Also suggest Publication 910, Guide to Free Tax Services.

## **Refund Information**

Taxpayers should be directed to [www.irs.gov](http://www.irs.gov) to obtain information about their refund. Specific information is available by clicking on "Where's My Refund?"

## **Innocent Spouse Relief**

Taxpayers who file a joint tax return are jointly and individually responsible for the tax and any interest or penalty due on the joint return even if they later divorce. In some cases, a spouse (or former spouse) will be relieved of the tax, interest, and penalties on a joint tax return. Spousal relief is granted in certain situations when a taxpayer can prove he/she is not liable for amounts due in joint filing situations.

Taxpayers should see Publication 971, Innocent Spouse Relief which explains the types of relief, who may qualify for them, and how to get them. Married persons who did not file joint returns, but who live in community property states, may also qualify for relief.

## **Injured Spouse Relief**

An injured spouse claim is different from an innocent spouse relief request. An injured spouse claim requests the division of tax overpayment attributed to each spouse. The injured spouse must file Form 8379, Injured Spouse Claim and Allocation, to request his or her portion of the joint refund. The injured spouse must have made payments such as Federal income tax withheld from wages or estimated tax payments, unless EITC or another refundable credit was claimed on the joint return.

## **Married Filing Separately Advantages**

Unless required to file separately, married taxpayers may want their tax figured on a joint return and on separate returns, to make sure they are receiving the most advantageous filing status. Generally, however married taxpayers pay more combined tax on separate returns than they would on a joint return. See Publication 17, Filing Status for Special Rules.

# Who Must File

## Chart A—For Most People

IF your filing status is . . .	AND at the end of 2006 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65 65 or older	\$8,450 9,700
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$16,900 17,900 18,900
Married filing separately (see page 17)	any age	\$3,300
Head of household (see page 17)	under 65 65 or older	\$10,850 12,100
Qualifying widow(er) with dependent child (see page 17)	under 65 65 or older	\$13,600 14,600

\* If you were born on January 1, 1942, you are considered to be age 65 at the end of 2006.

\*\* **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you can exclude part or all of it). **Do not** include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2006.

\*\*\* If you did not live with your spouse at the end of 2006 (or on the date your spouse died) and your gross income was at least \$3,300, you must file a return regardless of your age.

## Chart B—For Children and Other Dependents (See the instructions for line 6c that begin on page 19 to find out if someone can claim you as a dependent.)

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

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. **Earned income** includes wages, tips, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

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

**No.** You must file a return if **any** of the following apply.

- Your unearned income was over \$850.
- Your earned income was over \$5,150.
- Your gross income was more than the **larger** of—
  - \$850, or
  - Your earned income (up to \$4,850) plus \$300.

**Yes.** You must file a return if **any** of the following apply.

- Your unearned income was over \$2,100 (\$3,350 if 65 or older **and** blind).
- Your earned income was over \$6,400 (\$7,650 if 65 or older **and** blind).
- Your gross income was more than—

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> <li>\$850, or</li> <li>Your earned income (up to \$4,850) plus \$300</li> </ul>	}	\$1,250 (\$2,500 if 65 or older <b>and</b> blind)

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

**No.** You must file a return if **any** of the following apply.

- Your unearned income was over \$850.
- Your earned income was over \$5,150.
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than the **larger** of—
  - \$850, or
  - Your earned income (up to \$4,850) plus \$300.

**Yes.** You must file a return if **any** of the following apply.

- Your unearned income was over \$1,850 (\$2,850 if 65 or older **and** blind).
- Your earned income was over \$6,150 (\$7,150 if 65 or older **and** blind).
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than—

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> <li>\$850, or</li> <li>Your earned income (up to \$4,850) plus \$300</li> </ul>	}	\$1,000 (\$2,000 if 65 or older <b>and</b> blind)

# Who Must File

## Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 2006.
1. You owe any special taxes, including any of the following. a. Alternative minimum tax. b. Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file <b>Form 5329</b> by itself. c. Household employment taxes. But if you are filing a return only because you owe this tax, you can file <b>Schedule H</b> by itself. d. Social security and Medicare tax on tips you did not report to your employer. e. Write-in taxes, including uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional tax on health savings account distributions. See the instructions for line 63 on page 43. f. Recapture taxes. See the instructions for line 44, on page 36, and line 63, on page 43.
2. You received any advance earned income credit (EIC) payments from your employer. These payments are shown in Form W-2, box 9.
3. You had net earnings from self-employment of at least \$400.
4. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

# Who Should File

## Chart D—Other Situations

You should file a return for any of the following conditions which apply for 2006:
■ to claim a refund of withheld taxes,
■ to file for EIC, if eligible,
■ to claim the additional child tax credit,
■ to claim a credit for federal telephone excise tax paid,
■ you qualify for the health coverage tax credit.

## Which Form to File (TaxWise Users Always use Form 1040 Only)

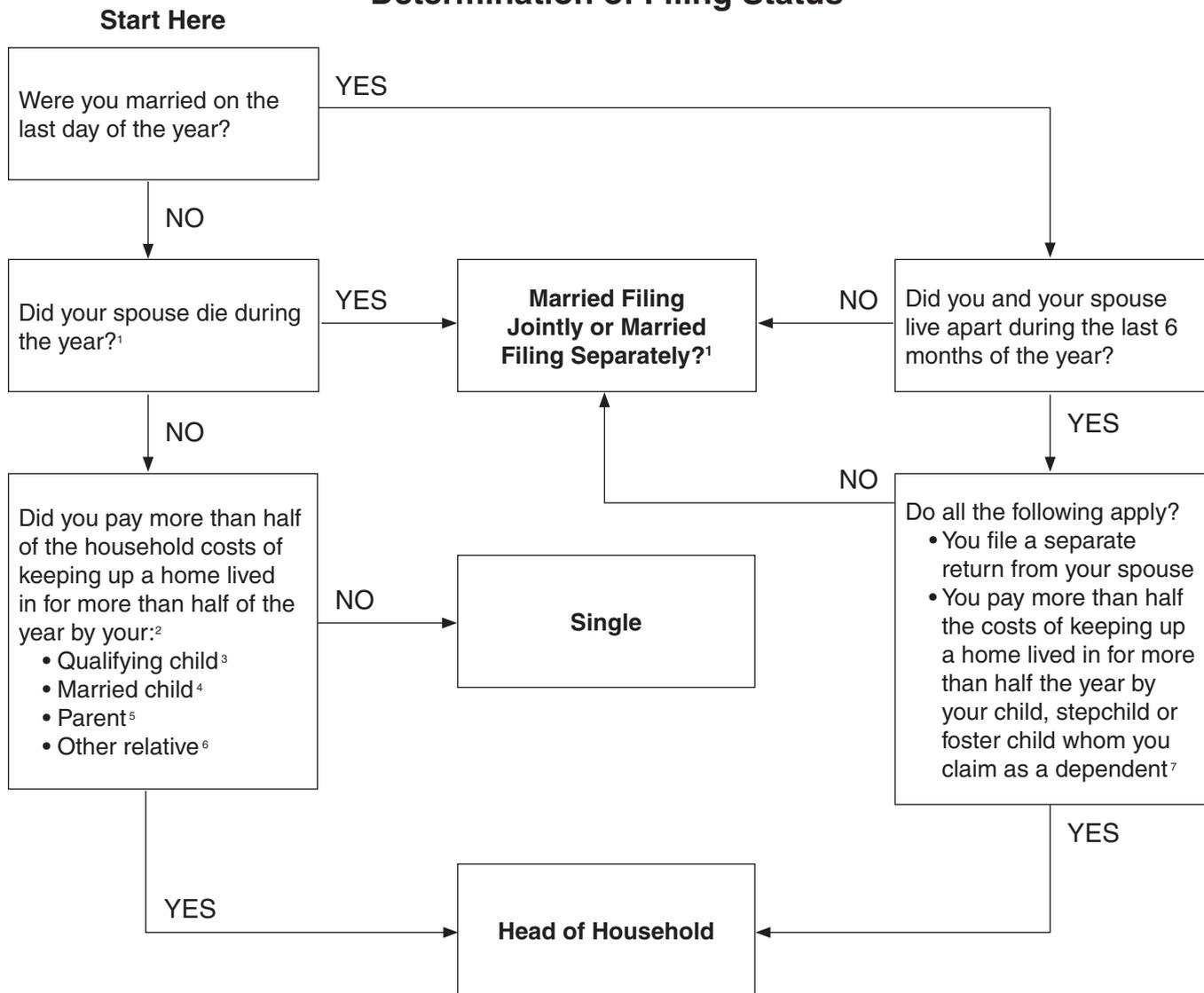
Considerations	Form 1040EZ	Form 1040A	Form 1040	Form 1040EZ-T
<b>Filing Status</b>	Single or Married Filing Jointly	Any	Any	NA
<b>Exemptions</b>	Personal (No dependents)	Personal and Dependent	Personal and Dependents	Personal and Dependents
<b>Income Sources</b>	Wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund Dividends and taxable interest not over \$1500.	Same as 1040EZ plus: Interest, ordinary dividends, capital gain distributions, annuities, IRAs, taxable social security and railroad retirement benefits	Same as 1040A plus: Income from self-employment, certain tips, non-taxable distributions required to be reported as capital gains	Sources of income are less than the filing requirement
<b>Taxable Income</b>	Line 6 is less than \$100,000	Line 27 is less than \$100,000	Line 43 is any amount	Taxable income is less than the filing requirement
<b>Adjustments</b>	None	IRA deductions and student loan interest deduction	Any	NA
<b>Deductions</b>	Standard deduction only. If filing a joint return, taxpayer and spouse, must both be under the age of 65 and not blind at the end of 2006.	Standard deduction only	Standard or Itemized deductions	NA
<b>Tax Credits</b>	None	Child tax credit (CTC), additional CTC credit, education credit, earned income credit, credit for child and dependent care expenses, credit for the elderly or disabled, adoption credit or retirement savings contributions	All	NA

**Note:** Form 1040EZ-T is a new form for Tax Year 2006 only. This form is used by certain individuals who do not have to file a federal individual income tax return and want to get a one-time refund of the federal telephone excise tax they paid on long distance telephone service.

**Caution:** If the taxpayer has a filing requirement, the taxpayer must use Form 1040 EZ, 1040 A, or 1040. The refund of federal telephone excise tax is included on these forms.



## Determination of Filing Status



<sup>1</sup>If you paid over half of household costs for a qualifying child, you can file as Qualifying Widow (er) for 2 years after the death of your spouse.

<sup>2</sup>See Pub. 17, Filing Status, for rules applying to birth, death, or temporary absence during the year. Military deployment/TDY is a temporary absence and he/she is considered to have lived in your home.

<sup>3</sup>See Tab C for definition of a qualifying child.

<sup>4</sup>A married child includes grandchild, stepchild, adopted child, but the child is not a qualifying person unless you can claim an exemption for the child. If you could claim an exemption for the child, except that the child's other parent claims the exemption under the special rules for a noncustodial parent, then the child is a qualifying person.

<sup>5</sup>A parent does not have to live with you if you paid more than half the cost of keeping up his or her main home for the entire year, but you must be able to claim an exemption for the parent.

<sup>6</sup>Other relatives include grandparent, brother, sister, stepbrother, stepsister, half brother, half sister, stepmother, stepfather, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and, if related by blood, uncle, aunt, nephew, or niece. You must be able to claim an exemption for any of these individuals.

<sup>7</sup>Or child's other parent claims him or her under rules for children of divorced or separated parents.



## Filing Status

interview tips

Probe/Action: Ask the taxpayer:

<p>step <b>1</b></p>	<p>Were you considered married in a legal union between a man and a woman as husband and wife on December 31st of the tax year (answer yes if state common law rules met)?</p>	<p>If <b>YES</b>, go to Step 2. If <b>NO</b>, go to Step 5.</p>
<p>step <b>2</b></p>	<p>Do you and your spouse wish to file a joint return?</p>	<p>If <b>YES</b>, STOP. Your filing status is <b>Married Filing Jointly</b>. If <b>NO</b>, go to Step 3.</p>
<p>step <b>3</b></p>	<p>Did you have a qualifying child or any other relative whom you can claim as a dependent living in your home during the tax year?*</p>	<p>If <b>YES</b>, go to Step 4. If <b>NO</b>, STOP. Your filing status is <b>Married Filing Separately</b>.</p>
<p>step <b>4</b></p>	<p>Can you be considered unmarried?</p> <ul style="list-style-type: none"> <li>■ You file a separate return</li> <li>■ Paid more than half the cost of keeping up a main home</li> <li>■ Your spouse did not live in your home during the last 6 months (including temporary absences) of the tax year</li> <li>■ Your home was the main home of your child, stepchild, or foster child for more than half the year</li> <li>■ You must be able to claim an exemption for the child (Exception – non-custodial parent correctly claims exemption)</li> </ul>	<p>If <b>YES</b>, STOP. Your filing status is <b>Head of Household</b>. If <b>NO</b>, STOP. Your filing status is <b>Married Filing Separately</b>.</p>
<p>step <b>5</b></p>	<p>Did your spouse die in 2004 or 2005?</p>	<p>If <b>YES</b>, go to Step 6. If <b>NO</b>, go to Step 7.</p>
<p>step <b>6</b></p>	<p>Can you be considered a qualifying widow(er) with a dependent child?</p> <ul style="list-style-type: none"> <li>■ You were entitled to file a joint return with your spouse for the year your spouse died</li> <li>■ You did not remarry before the end of this tax year</li> <li>■ You have a dependent child who is a son, daughter, stepson, or stepdaughter who you can claim as an exemption</li> <li>■ You paid more than half the cost of keeping up a main home for you and that child for the entire year</li> </ul>	<p>If <b>YES</b>, STOP. Your filing status is <b>Qualifying Widow(er) with Dependent Child</b>. If <b>NO</b>, go to Step 7.</p>
<p>step <b>7</b></p>	<p>Do you have a qualifying person for Head of Household Filing status?</p> <ul style="list-style-type: none"> <li>■ You paid more than half the cost of keeping up a main home</li> <li>■ A qualifying person* lived with you more than half the year (Exception for dependent parent, or kidnapped child)</li> </ul>	<p>If <b>YES</b>, STOP. Your filing status is <b>Head of Household</b>. If <b>NO</b>, STOP. Your filing status is Single.</p>

\*You can not use head of household filing status based on any person who is your dependent only because he or she lived with you for all of 2006.

# Exemptions

## Exemptions (reduces the taxpayer's taxable income)

- Exemption Amount: \$3,300 for 2006
- Two types:
  1. Personal exemptions – one exemption for the taxpayer and, if married one for their spouse; unless they can be claimed as a dependent by another person.
  2. Exemptions for Dependents – one exemption for each qualifying child and/or qualifying relative.
- Apply the rules for exemptions for dependents using the worksheets in the 1040 and 1040A instruction booklets and the decision trees and interview tips in this publication.
- Dependents cannot claim exemptions for dependents. If taxpayer is claimed as a dependent on someone else's return, they cannot claim any exemptions for dependents.

### 2006 Exemption Chart

\$3,300	X	1	=	\$ 3,300
\$3,300	X	2	=	\$ 6,600
\$3,300	X	3	=	\$ 9,900
\$3,300	X	4	=	\$13,200
\$3,300	X	5	=	\$16,500

## Personal Exemptions (Taxpayer and/or Spouse)

- Cannot claim an exemption if they can be claimed as a dependent by another person; even if the other individual does not claim them as a dependent.
- If Married Filing Jointly, the taxpayer cannot be an exemption on another person's return.
- If Married Filing Separately, the taxpayer can take own exemption if another taxpayer is not entitled to claim them as a dependent.
- If Married Filing Separately, the taxpayer can claim their spouse's exemption if spouse had no gross income, is not filing a return and cannot be claimed as a dependent on another person's return.
- To claim an exemption for a spouse, the taxpayer must be married on December 31, 2006.
- If spouse died during the year, the taxpayer can claim their spouse's exemption if the taxpayer did not remarry during the year. See Publication 17 for other considerations.
- Taxpayer cannot claim spouse's exemption if a final decree of divorce or separate maintenance agreement issued during the year.



### Personal Exemptions

interview tips

Probe/Action: Ask the taxpayer:

step <b>1</b>	Were you considered married during any part of the tax year? (answer yes if state common law rules met)	If <b>YES</b> , go to Step 2. If <b>NO</b> , go to Step 7.
step <b>2</b>	Were you still considered married on December 31st of the tax year?	If <b>YES</b> , go to Step 5. If <b>NO</b> , go to Step 3. NOTE: Abandonment does not change marital status—answer yes if the taxpayer's response to Steps 3 and 4 are No.
step <b>3</b>	Did you obtain a final decree of divorce or separate maintenance by December 31st of the tax year?	If <b>YES</b> , you cannot claim a personal exemption for your former spouse. Go to Step 7. If <b>NO</b> , go to Step 4.
step <b>4</b>	Did your spouse die during the tax year?	If <b>YES</b> , go to Step 5. If <b>NO</b> , go back through steps 1–3 and clarify answers.
step <b>5</b>	Are you filing a joint tax return? Answer "yes" if you are filing a joint return to claim a refund and there would be no tax liability for either spouse if separate returns were filed.	If <b>YES</b> , go to Step 7. If <b>NO</b> , go to Step 6.
step <b>6</b>	Did your spouse have income or can anyone else claim your spouse as a dependent?	If <b>YES</b> to either, you cannot claim a personal exemption for your spouse. Go to Step 7 to see about your own personal exemption. If <b>NO</b> to both, you can claim a personal exemption for your spouse.
step <b>7</b>	Can anyone claim you or your spouse (if married) as a dependent on their return?	If <b>YES</b> , you cannot claim a personal exemption for yourself or your spouse. If <b>NO</b> , you can claim a personal exemption for yourself and your spouse.

# Tie-Breaker Rule

## Qualifying Child of More than One Person

If more than one person files a return claiming the same qualifying child for the tax benefits listed below, the IRS will determine which taxpayer will be eligible to claim the benefit using the tie-breaker rule.

- Dependency Exemption
- Child Tax Credit
- Head of Household
- Earned Income Credit
- Credit for the Child and Dependent Care Expenses

IF . . .	THEN the child will be treated as the qualifying child of the . . .
only one of the persons is the child's parent	parent
both persons are the child's parent	parent with whom the child lived for the longer period of time. If the child lived with each parent for the same amount of time, then the child will be treated as the qualifying child of the parent with the highest adjusted gross income (AGI)
none of the persons are the child's parent	person with the highest AGI

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

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

Tests To Be a Qualifying Child	Tests To Be a Qualifying Relative
<ol style="list-style-type: none"> <li>1. The child must be your son, daughter, stepchild, eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them.</li> <li>2. The child must be (a) under age 19 at the end of the year, (b) under age 24 at the end of the year and a full-time student, or (c) any age if permanently and totally disabled.</li> <li>3. The child must have lived with you for more than half of the year.<sup>2</sup></li> <li>4. The child must not have provided more than half of his or her own support for the year.</li> <li>5. If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child.</li> </ol>	<ol style="list-style-type: none"> <li>1. The person cannot be your qualifying child or the qualifying child of anyone else.</li> <li>2. The person either (a) must be related to you in one of the ways listed under Relatives who do not have to live with you, or (b) must live with you all year as a member of your household.<sup>2</sup></li> <li>3. The person's gross income for the year must be less than \$3,300.</li> <li>4. You must provide more than half of the person's total support for the year.<sup>4</sup></li> </ol>

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

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

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

<sup>4</sup>There is an exception for multiple support agreements.



**Table 1: Dependency Exemption for Qualifying Child**

interview tips

Probe/Action: Ask the taxpayer:

step <b>1</b>	Was the person your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (i.e., your grandchild, niece or nephew).	If <b>No</b> , go to Table 2 – Qualifying Relative Interview Tips. If <b>Yes</b> , go to Step 2. Note: An adopted child is treated as your child.
step <b>2</b>	Was the person under age 19 at the end of the year? OR Was the person under age 24 at the end of the year and a full-time student for some part of each of five months during the year? OR Was the person any age and permanently and totally disabled?	If <b>No</b> , go to Table 2. If <b>Yes</b> , Go to Step 3. Note: A permanently and totally disabled person cannot engage in any substantial gainful activity due to a physical or mental condition and a doctor has determined their condition may last for 12 months or more or can lead to death.
step <b>3</b>	Did the person provide over half of his or her own support for the year?	If <b>No</b> , go to Step 4. If <b>Yes</b> , you may not claim an exemption for this person. Note: A worksheet for determining support is included in Publication 17.
step <b>4</b>	Did the person live with you as a member of your household for more than half of the year?	If <b>No</b> , go to Qualifying Relative Interview Tips. If <b>Yes</b> , go to Step 5. Note: There are exceptions for kidnapped children, a child that was born or died in 2006; certain temporary absences – school, vacation, medical care, etc.
step <b>5</b>	Was the person a U.S. citizen, U.S. national, or a resident of the U.S. Canada or Mexico?	If <b>No</b> , you may not claim this person as a dependent. If <b>Yes</b> , go to Step 6. Answer yes if you are a U.S. citizen or U.S. national and your adopted child lived with you as a member of your household in 2006.
step <b>6</b>	Was this person considered married on December 31, 2006?	If <b>No</b> , go to Step 8. If <b>Yes</b> , go to Step 7.
step <b>7</b>	Is the person filing a joint return for this tax year?	If <b>No</b> , go to Step 8. If <b>Yes</b> , you cannot claim this person as a dependent. Answer no, if the person is filing a joint return to claim a refund and no tax liability would exist for either spouse if they had filed separate returns.
step <b>8</b>	Is the person a qualifying child of any other person?	If <b>No</b> , go to Step 9. If <b>Yes</b> , you cannot claim this person as a dependent. <b>(See Exceptions in Footnote – Step 8)</b>
step <b>9</b>	Can you or your spouse (if filing jointly) be claimed as a dependent on someone else's tax return this year?	If <b>No</b> , you can claim an exemption for this person. If <b>Yes</b> , you cannot claim this person as a dependent. <b>(See footnote – Step 9)</b>

**Footnotes:**

**Step 8: A Multiple Support Declaration.** Form 2120 must be filed with the return if, except for the support test, two or more persons may claim the exemption for the person. See Steps 9–13 of Table 2: Dependency Exemption for Qualifying Relative Interview Tips.

**Custodial and Non-Custodial Parents.** Form 8332 or a statement containing information on the form is required when the custodial parent releases the exemption to the non-custodial parent. See Table 3 – Support – Custodial and Non-Custodial Parents

**Qualifying Child of More Than One Person.** The taxpayers must decide who can claim the exemption if the qualifying child can be claimed by more than one person. If the taxpayers cannot decide who will claim the exemption, the IRS will decide using the tie-breaker rule discussed earlier.

**Step 9:** If you can be claimed as a dependent by another person, you may not claim anyone else as your dependent. Even if you have a qualifying child or qualifying relative, you may not claim that person as a dependent.



## Table 2: Dependency Exemption for Qualifying Relative

(Start with Table 1)

interview  
tips

Probe/Action: Ask the taxpayer:

<p>step <b>1</b></p>	<p>Was the person your son, daughter, foster child or a descendant of any of them (i.e., your grandchild) OR Was the person your brother, sister, or a son or daughter or either of them (i.e., your niece or nephew) OR Was the person your father, mother, or an ancestor or sibling of either of them (i.e., your grandmother, grandfather, aunt or uncle) OR Was the person your stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law?</p>	<p>If <b>No</b>, go to Step 2. If <b>Yes</b>, go to Step 3.  Caution: The relatives listed in Step 1 do not have to live with you.</p>
<p>step <b>2</b></p>	<p>Was the person any other person (other than your spouse) who lived with you all year as a member of your household?</p>	<p>If <b>No</b>, you cannot claim this person as a dependent. If <b>Yes</b>, go to Step 3. Note: There are exceptions for kidnapped children, a child that was born or died in 2006; certain temporary absences – school, vacation, medical care, etc.</p>
<p>step <b>3</b></p>	<p>Is the person your qualifying child or the qualifying child of anyone else?</p>	<p>If <b>Yes</b>, the person is not a qualifying relative. (See Qualifying Child Interview Tips) If <b>No</b>, go to Step 4.</p>
<p>step <b>4</b></p>	<p>Was the person a U.S. citizen, U.S. national, or a resident of the U.S. Canada or Mexico for any part of the year?</p>	<p>If <b>No</b>, you cannot claim this person as a dependent. If <b>Yes</b>, go to Step 5. Answer yes if you are a U.S. citizen or U.S. national and you adopted a child who lived with you as a member of your household in 2006.</p>
<p>step <b>5</b></p>	<p>Did the person have gross taxable income of less than \$3,300 in 2006?</p>	<p>If <b>No</b>, you cannot claim this person as a dependent. If <b>Yes</b>, to go Step 6.</p>
<p>step <b>6</b></p>	<p>Did you provide more than half the person's total support for the year?</p>	<p>If <b>Yes</b>, go to Step 11. If <b>No</b>, go to Step 7. Note: A worksheet for determining support is included in Publication 17.</p>
<p>step <b>7</b></p>	<p>Did another person provide more than half the person's total support?</p>	<p>If <b>Yes</b>, you cannot claim an exemption for this person. If <b>No</b>, go to Step 8.</p>
<p>step <b>8</b></p>	<p>Did two or more people together provide more than half the person's total support?</p>	<p>If <b>Yes</b>, go to Step 9. If <b>No</b>, you cannot to claim this person as a dependent.</p>



## Table 2: Dependency Exemption for Qualifying Relative

Continued

interview  
tips

Probe/Action: Ask the taxpayer:

step <b>9</b>	Did you provide more than 10% of the person's total support for the year?	If <b>Yes</b> , go to Step 10. If <b>No</b> , You cannot claim this person as a dependent.
step <b>10</b>	Did the other person(s) providing over 10% of the person's total support for the year provide you with a signed statement (Form 2120) agreeing not to claim the exemption?	If <b>Yes</b> , go to Step 11. If <b>No</b> , you cannot claim this person as a dependent.
step <b>11</b>	Was this person considered married on December 31, 2006?	If <b>Yes</b> , go to Step 12. If <b>No</b> , go to Step 13.
step <b>12</b>	Is the person filing a joint return for this year?	If <b>Yes</b> , you cannot claim this person as a dependent. If <b>No</b> , go to Step 13. Answer no, if the person is filing a joint return to claim a refund and no tax liability would exist for either spouse if they had filed separate returns.
step <b>13</b>	Can you or your spouse, if filing jointly, be claimed as a dependent on someone else's tax return this year?	If <b>Yes</b> , you cannot claim this person as a dependent. If <b>No</b> , you can claim an exemption for this person.



## Table 3: Support Test Only - Custodial/Non-Custodial Parents

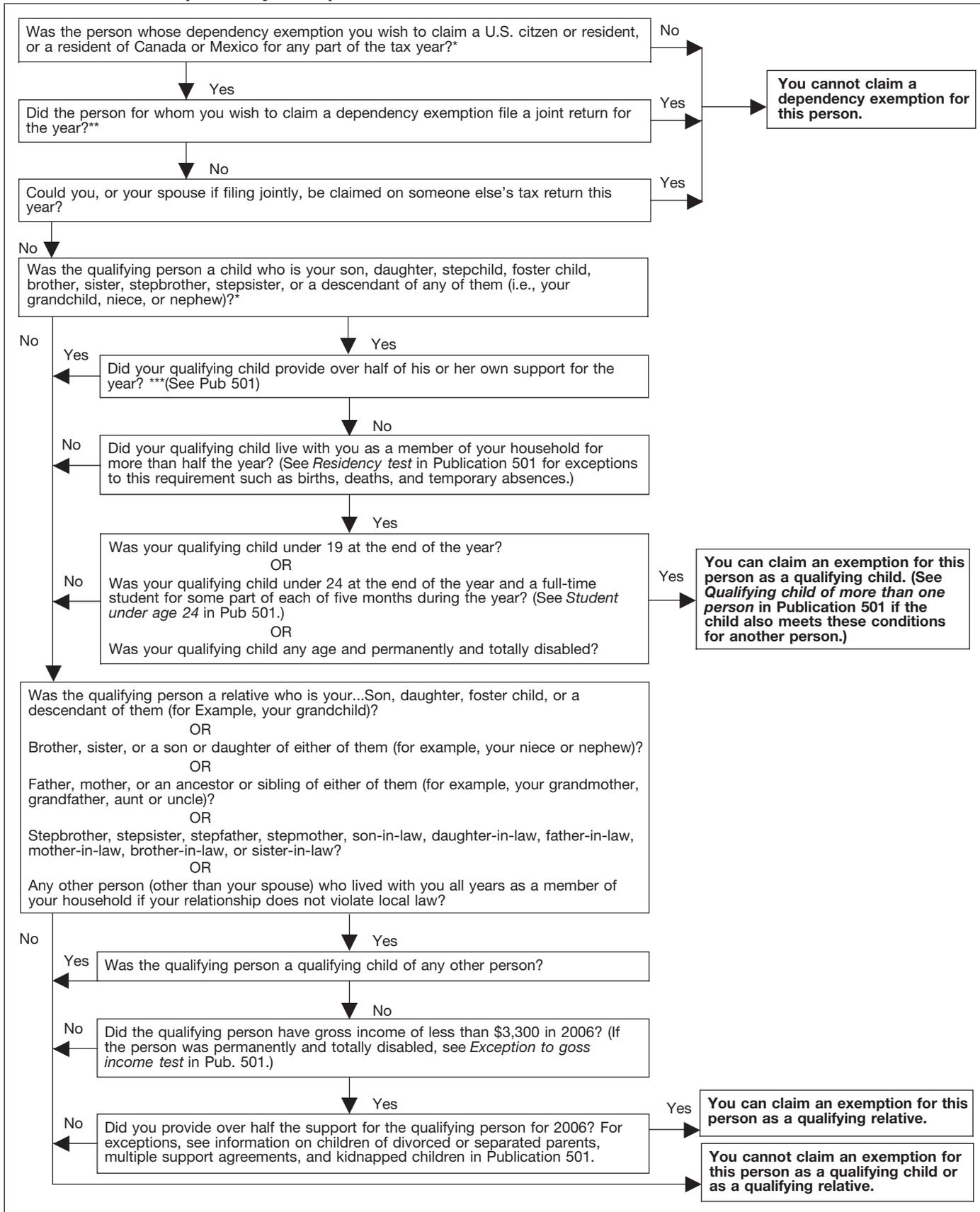
(Start with Table 1)

interview  
tips

Probe/Action: Ask the taxpayer:

step <b>1</b>	Did the qualifying child receive over half of his or her support from their parents who are: Divorced OR Legally separated under a decree of divorce or separate maintenance OR Separated under a written maintenance agreement	If <b>Yes</b> , go to Step 3. If <b>No</b> , go to Step 2.
step <b>2</b>	Did the qualifying child receive over half of his or her support from parents who lived apart at all times during the last 6 months of the year?	If <b>Yes</b> , go to Step 4. If <b>No</b> , you cannot claim an exemption for this person.
step <b>3</b>	Does the decree of divorce OR Separate maintenance OR written separation agreement entitle the noncustodial parent to the dependency exemption for the qualifying child? Note: If the decree or agreement was executed before January 1, 1985, the noncustodial parent must provided at least \$600 of support for the child during 2006.	If <b>Yes</b> , go to Step 5. If <b>No</b> , go to Step 4.
step <b>4</b>	Did the custodial parent provide the taxpayer a signed written declaration (Form 8332 or similar document) releasing their claim to the exemption for the qualifying child?	If <b>Yes</b> , go to Step 5. If <b>No</b> , you cannot claim an exemption for this person.
step <b>5</b>	Can you or your spouse, if filing jointly, be claimed as a dependent on someone else's tax return this year?	If <b>Yes</b> , you cannot claim this person as a dependent. If <b>No</b> , you can claim an exemption for this person.

## Can You Claim a Dependency Exemption?



\* If the person was your legally adopted child, answer "yes" to this question.

\*\* If neither the person nor the person's spouse is required to file a return but they file a joint return to claim a refund of tax withheld, you may answer "no" to this question.

\*\*\* Answer "yes" to this question if you meet the multiple support requirements under *Multiple Support Agreement* in Pub 501.



interview  
tips

## Income

Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

### Table A – Examples of Income

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

<p>Alimony Annuities Awards Back pay Bonuses Breach of Contract Business income Commissions Compensations for personal services Debts forgiven Director's fees Disability benefits (employer-funded) Discounts Dividends Employee awards Employee bonuses Estate and Trust income Farm income Fees Gains from sale of property or securities Gambling winnings Hobby income Interest</p>	<p>Interest on life insurance dividends IRA distributions Jury duty fees Military pay (not exempt from taxation) Military pension Notary fees Partnership income (taxpayer's share) Pensions Prizes Railroad Retirement—Tier II Refund of state taxes* Rents (gross rent) Rewards Royalties Salaries Taxable Scholarships and Grants Severance pay Social security payment (portion may be taxable) Supplemental unemployment benefits Tips and gratuities Unemployment Compensation Wages</p>
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\*If itemized in year paid and taxes were reduced because of deduction

### Table B – Examples of Excludable Income

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

<p>Aid to Families with Dependent Children (AFDC) Child support Death payments Federal Employees' Compensation Act Payments Damages for physical injury (other than punitive) Dividends on life insurance Gifts, bequests and inheritances Insurance proceeds <ul style="list-style-type: none"> <li>• Accident</li> <li>• Casualty</li> <li>• Health</li> <li>• Life</li> </ul> Interest on tax-free securities Interest on EE/I bond redeemed for qualified higher education expenses Meals &amp; lodging for the convenience of employer</p>	<p>Payments to the beneficiary of a deceased employee Relocation payments or payments in lieu of worker's compensation Rental allowance of clergyman Sickness and injury payments Supplemental Security Income (SSI) Temporary Assistance for Needy Families (TANF) Veterans' benefits Welfare payments (including TANF) Worker's compensation and similar payments</p>
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# IRA Deduction Phaseout Chart - Taxpayer is Covered by a Retirement Plan at Work

<b>Table 1.</b> <b>Traditional IRA Deduction Phaseout Chart</b> <b>(If taxpayer is covered by an employer retirement plan)</b>			
	Allowable traditional IRA deduction is...		
	reduced if modified AGI is:  more than	but less than	
<b>Filing Status</b>	<b>more than</b>	<b>but less than</b>	<b>zero when modified AGI is:</b>
Single or Head of household	\$50,000	\$60,000	\$60,000 or more
Married filing jointly or Qualifying widow(er)	\$75,000	\$85,000	\$85,000 or more
Married filing separately <sup>1</sup>	\$0.01	\$10,000	\$10,000 or more
<sup>1</sup> If the taxpayer did not live with his or her spouse at any time during the year, his or her filing status is considered Single for this purpose.			

## IRA Deduction Phaseout Chart - Taxpayer is NOT Covered by a Retirement Plan at Work, but Spouse is Covered

<b>Table 2.</b> <b>Traditional IRA Deduction Phaseout Chart</b> <b>(If taxpayer is not covered, but the spouse is)</b>			
Filing Status	<div style="border: 1px solid black; display: inline-block; padding: 2px 5px; margin-bottom: 5px;">Allowable traditional IRA deduction is...</div>		
	reduced if modified AGI is:		zero when modified AGI is:
	more than	but less than	
Married filing jointly or Qualifying widow(er)	\$150,000	\$160,000	\$160,000 or more
Married filing separately <sup>1</sup>	\$0.01	\$10,000	\$10,000 or more
<sup>1</sup> The taxpayer is entitled to the full deduction if he or she did not live with their spouse at any time during the year.			

### Student Loan Interest Deduction Limits

Limit on Student Loan Interest Deduction		
If your filing status is	AND your modified AGI is	THEN...
Single, head of household, or qualifying widow(er)	\$50,000 or less	You can deduct all your interest, up to \$2,500
	More than \$50,000, but less than \$65,000	Your deduction is limited
	\$65,000 or more	You cannot claim this deduction.
Married filing jointly	\$100,000 or less	You can deduct all your interest up to \$2,500
	More than \$100,000, but less than \$130,000	Your deduction is limited
	\$130,000 or more	You cannot claim this deduction.

# Standard Deduction for Most People

## Exhibit 1 Standard Deduction Chart for Most People\*

If Your Filing Status is...	Your Standard Deduction is...
Single or Married filing separate return	\$5,150
Married filing joint return or Qualifying widow(er) with dependent child	10,300
Head of household	7,550

\*Do not use this chart if you were born before January 2, 1942, you are blind, or if someone else can claim an exemption for you (or your spouse if married filing jointly). Use Exhibit 2 or Exhibit 3 instead.

# Standard Deduction for People Age 65 or Older or Blind

## Exhibit 2 Standard Deduction Chart for People Born Before January 2, 1942 or Who Are Blind\*

Check the correct number of boxes below. Then go to the chart.

You Born before January 2, 1942  Blind

Your spouse, if claiming spouse's exemption Born before January 2, 1942  Blind

Total number of boxes you checked

IF your filing status is...	AND the number in the box above is...	THEN your standard deduction is...
<b>Single</b>	1	\$6,400
	2	7,650
<b>Married filing joint return or Qualifying widow(er) with dependent child</b>	1	11,300
	2	12,300
	3	13,300
	4	14,300
<b>Married filing separate return</b>	1	6,150
	2	7,150
	3	8,150
	4	9,150
<b>Head of household</b>	1	8,800
	2	10,050

\*If someone else can claim an exemption for you (or your spouse if married filing jointly), use Exhibit 3 instead.

# Standard Deduction Worksheet for Dependents

**Exhibit 3** Use this worksheet only if someone else can claim an exemption for you (or your spouse if married filing jointly).

<p>If you were born before January 2, 1942 or you are blind, check the correct number of boxes below. Then complete the worksheet.</p>	
You	Born before January 2, 1942 <input type="checkbox"/> Blind <input type="checkbox"/>
Your spouse, if claiming spouse's exemption	Born before January 2, 1942 <input type="checkbox"/> Blind <input type="checkbox"/>
<b>Total number of boxes you checked</b> <input style="width: 30px; height: 20px;" type="checkbox"/>	
1. Enter your earned income (defined below). If none, enter -0-.	1. _____
2. Additional amount	2. <u>  \$300  </u>
3. Add lines 1 and 2.	3. _____
4. Minimum standard deduction.	4. <u>  \$850  </u>
5. Enter the larger of line 3 or line 4.	5. _____
6. Enter the amount shown below for your filing status. <ul style="list-style-type: none"> <li>• Single or Married filing separately—\$5,150</li> <li>• Married filing jointly or Qualifying widow(er) with dependent child—\$10,300</li> <li>• Head of household—\$7,550</li> </ul>	6. _____
<b>7. Standard deduction.</b> <ul style="list-style-type: none"> <li>a. Enter the smaller of line 5 or line 6. If born after January 1, 1942, and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b.</li> <li>b. If born before January 2, 1942, or blind, multiply \$1,250 (\$1,000 if married or qualifying widow(er) with dependent child) by the number in the box above.</li> <li>c. Add lines 7a and 7b. This is your standard deduction for 2006.</li> </ul>	7a. _____  7b. _____  7c. _____
Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income.	



## Standard Deduction versus Itemized Deduction Interview Tips

interview tips

step  
**1**

Is your filing status married filing separate?

If **YES**, go to Step 2.  
If **NO**, go to Step 3.

step  
**2**

Is your spouse itemizing deductions?

If **YES**, go to Conclusion 2.  
If **NO**, go to Step 3.

step  
**3**

Are you a dual status alien or a nonresident alien?

If **YES**, go to Conclusion 2.  
If **NO**, go to Conclusion 1.

Conclusion 1: Based on the information provided, you may either take the standard or itemized deduction.

Conclusion 2: Based on the information given you do not qualify for the standard deduction.



## Itemized Deductions Interview Tips

interview tips

step  
**1**

Are your expenses in the following categories: medical and dental expenses, taxes you paid, interest you paid, gifts to charity, job expenses, and certain miscellaneous deductions more than your standard deduction?

NOTE: Casualty and Theft Losses and Other Miscellaneous Deductions are beyond the scope of VITA/TCE.

If **YES**, go to Step 2.  
If **NO**, generally speaking, you can take the standard deduction. For further explanation see exceptions in Publication 17, Standard Deduction chapter.

step  
**2**

Were the medical and dental expenses more than 7.5% of your (and your spouse's if MFJ) adjusted gross income?

If **YES**, go to Step 3.  
If **NO**, your medical and dental expenses must be more than 7.5% of your adjusted gross income to claim a medical expense deduction on Form 1040, Schedule A.

step  
**3**

Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in Box 1 of the customer's Form W-2) or were the expenses reimbursed by an insurance company?

If **YES**, you cannot deduct reimbursed expenses.  
If **NO**, you can claim these expenses and go to Step 4.

step  
**4**

Were the taxes you paid imposed on you?

If **YES**, go to Step 5.  
If **NO**, you cannot claim this expense as a deduction because you were not obligated to pay the taxes.

continued on next page



## Itemized Deductions Interview Tips - continued

interview  
tips

step <b>5</b>	Did you pay these taxes during <b>this tax year</b> ?	If <b>YES</b> , you can claim these expenses and go to Step 6. If <b>NO</b> , you cannot deduct taxes in this year that were paid in another year.
step <b>6</b>	Are you legally liable for the mortgage loan?	If <b>YES</b> , go to Step 7. If <b>NO</b> , you cannot take an interest expense for a mortgage that you are not legally liable.
step <b>7</b>	Did your home secure the mortgage loan?	If <b>YES</b> , go to Step 8. If <b>NO</b> , you cannot take an interest expense if your main home does not secure the mortgage.
step <b>8</b>	Did you pay the mortgage interest in this tax year?	If <b>YES</b> , go to Step 9. If <b>NO</b> , you cannot take the mortgage interest deduction.
step <b>9</b>	Did you take out your mortgage <b>on or before</b> October 13, 1987?	If <b>YES</b> , your mortgage interest is fully deductible. If <b>NO</b> , follow the flowchart in Pub. 17.
step <b>10</b>	Did you pay points to obtain a home mortgage (main home or second home or home improvement loan or refinance your home)?	If <b>YES</b> , follow the flowchart in Pub. 17 and go to Step 11. If <b>NO</b> , go to Step 11.
step <b>11</b>	Did you make a cash contribution to a qualified organization?	If <b>YES</b> , go to Step 12. If <b>NO</b> , go to Step 12.
step <b>12</b>	Was any one single donation in the amount of \$250 or more paid to a qualified organization?	If <b>YES</b> , you can claim these expenses and advise the taxpayer that they must have a written receipt from that particular organization, go to Step 13. If <b>NO</b> , the donation is not deductible.
step <b>13</b>	Did you make a noncash donation to a qualified organization?  NOTE: Generally FMV is used to determine the value of a donation.	If <b>YES</b> , advise the taxpayer that <b>generally</b> they must have a written receipt from that particular organization, go to Step 14. If <b>NO</b> , the donation is not deductible.
step <b>14</b>	Is the non cash donation less than \$500? NOTE: If more than \$500 see Pub. 17.	If <b>YES</b> , see Pub. 17 for more details. If <b>NO</b> , beyond the scope of VITA/TCE.
step <b>15</b>	Do you have any employee or investment expenses more than 2% of your (and your spouse if MFJ) adjusted gross income?	If <b>YES</b> , report the expenses on Schedule A, Job Expenses and Certain Miscellaneous Deductions. If <b>NO</b> , your employee and investment expenses are not deductible.

**If the total itemized deduction is more than the standard deduction, carry the total to line 40 of Form 1040.**



interview  
tips

## Child and Dependent Care Credit

Probe/Action: To determine if a taxpayer qualifies for the Credit for Child and Dependent Care Expenses review the information and ask the taxpayer the information from the chart on the next page.

### Credit for Child and Dependent Care Expenses

- A credit for qualifying expenses paid to care for a qualifying child or qualifying relative.
- For details, see Form 2441

#### Qualifying Person

- A child that is under the age of 13 when the expenses were incurred and for whom a dependency exemption can be claimed,
- A dependent (or a person who could be claimed as a dependent if his or her gross income had been less than the personal exemption amount) who is physically or mentally incapable of self-care,
- A spouse who is physically or mentally incapable of self-care.  
Note: See the decision tree for additional requirements.

**Special rules apply if the parents are divorced or separated. (see Pub 17)  
Even if a divorced/separated parent cannot claim child as a dependent, child is treated as taxpayer's qualifying person if:**

- Taxpayer was the custodial parent, and
- Noncustodial parent entitled to claim the child under the Separate Rules for Child of Divorced or Separated Parents.

#### Qualified Expenses

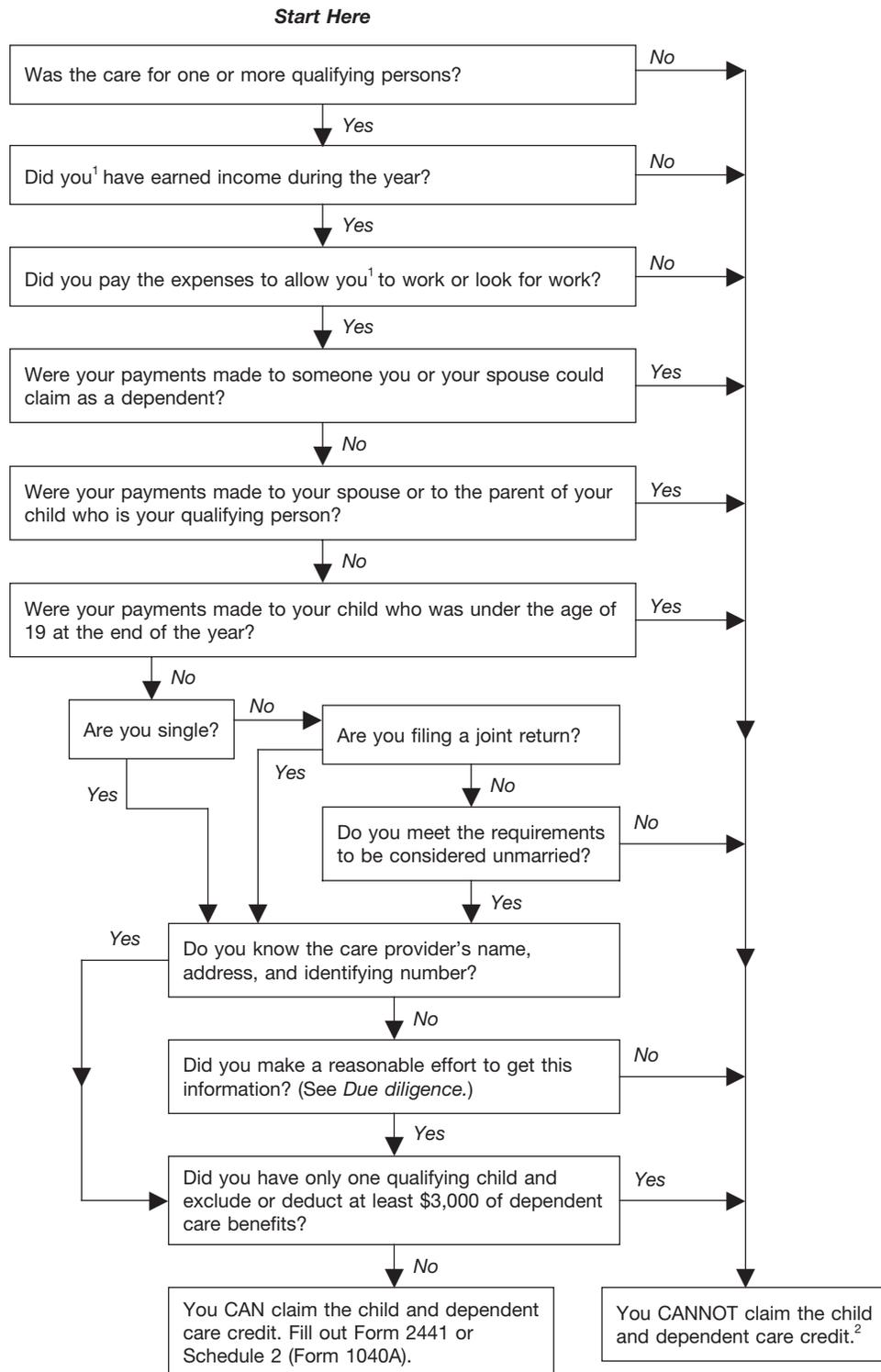
- Expenses must be paid, for the care of a qualifying person, to allow the taxpayer to work or look for work.
- Cannot include expenses paid while the taxpayer is off work because of illness.
- Main purpose of expenses must be for the qualifying person's well being and protection.
- Cost of sending child to school included if under first grade and can't separate out schooling; before/after school care included; day camp expenses count (not overnight camp).

#### Provider Identification

- Must identify all persons or organizations that provide care on Form 2441
- Provider's name, address and taxpayer identification number (TIN) required

# Credit for Child and Dependent Care Expenses—Chart

## Can You Claim the Child and Dependent Care Credit?



<sup>1</sup>This also applies to your spouse, unless your spouse was disabled or a full-time student.

<sup>2</sup>If you had expenses that met the requirements for 2005, except that you did not pay them until 2006, you may be able to claim those expenses in 2006. See *Expenses not paid until the following year* under *How To Figure the Credit*.

# Credit for Elderly or Disabled



Probe/Action: Use the following chart to determine if the taxpayer is eligible for the Credit for the Elderly or the Disabled:

— Form 1040, attach Schedule R

— Form 1040A, attach Schedule 3

**A person may be eligible if:**

1. 65 or older or;
2. Under 65 and retired on permanent and total disability and receives taxable disability income.

**A person is not eligible if:**

Filing status is	AND	Non-taxable income (Social Security, Tier 1 railroad retirement, and other nontaxable pensions) is equal to or more than...	OR	AGI is equal to or more than...
Single, Qualifying Widow/er Head of Household		\$5,000*		\$17,500**
Married, filing separate***		\$3,750		\$12,500
Married, filing joint				
— one spouse qualifies		\$5,000		\$20,000
— both spouses qualify		\$7,500		\$25,000

\* Qualified taxpayers under 65 — This amount is limited to taxable disability income for year, if less.

\*\* If the base amount (column two) is limited to disability income, the amount of adjusted gross income which will keep the taxpayer from taking the credit will be less than the amount listed in column three. Check Publication 17 for more information.

\*\*\* Must **not live with spouse** at any time during the tax year.

TaxWise® calculates the credit automatically if birthdate is provided. Regardless of taxability social security benefits must be entered on Form 1040, line 20a, to preclude erroneous calculation of credit.



interview tips

## Education Credits

Probe/Action: Use the chart to determine which credit should be claimed on the return.

Hope Credit	Lifetime Learning Credit
Up to \$1,650, (\$3,300 for GOZ Student) credit per <b>eligible student</b>	Up to \$2,000, (Up to \$4,000 for GOZ Student) credit per <b>return</b>
Available <b>only</b> until the first 2 years of postsecondary education are completed	Available for all years of postsecondary education and for courses to acquire or improve job skills
Available <b>only</b> for 2 tax years per eligible student	Available for an unlimited number of years
Student must be pursuing an undergraduate degree or other recognized education credential	Student does not need to be pursuing a degree or other recognized education credential
Student must be enrolled at least half time for at least one academic period beginning during the year	Available for one or more courses
No felony drug conviction on student's record	Felony drug conviction rule does not apply

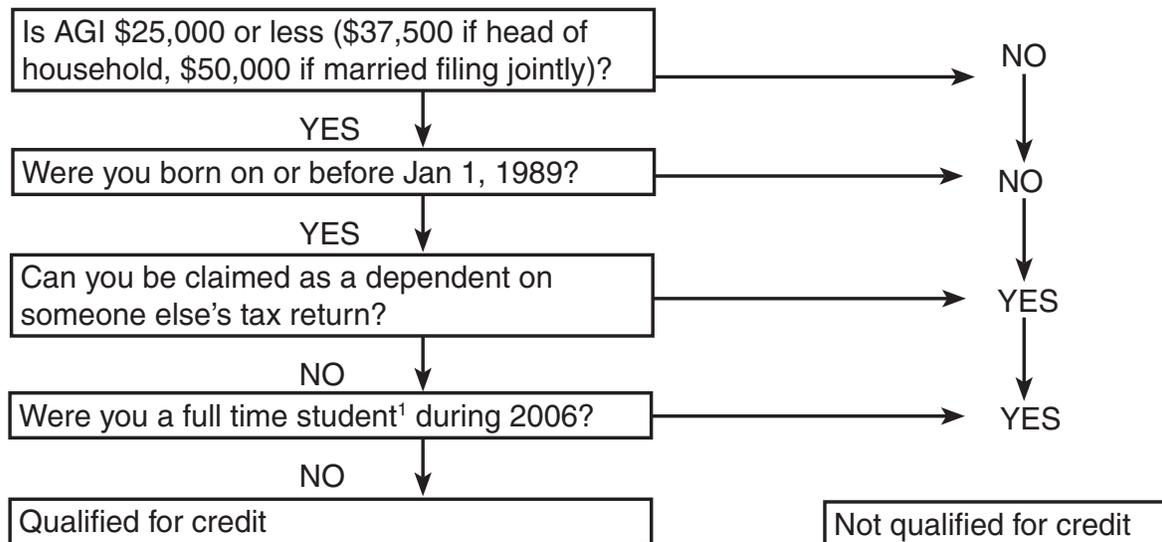
Note: Cannot be MFS or nonresident alien (unless MFJ with resident); Only taxpayer eligible if claims student as dependent and only student eligible if not claimed as dependent (even if can be claimed) no matter who pays; Tuition and fee must be paid to the institution as a condition of enrollment or attendance to qualify. Not qualified: room and board, insurance, medical, transportation or personal expense, cost of course for athletics/hobby unless part of degree (Hope) or job skills. Also, for further information regarding the Gulf Opportunity Zone (GOZ) Act of 2005 please refer to Publication 4492, "Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma".



interview tips

## Retirement Savings Contribution Credit

Probe/Action: To determine if a taxpayer qualifies for the Credit for Qualified Retirement Savings Contributions review the return information and ask the taxpayer the following:



Footnote 1 - See Pub 17 for definition of full time student.

Note: The credit for qualified retirement savings contributions is figured by multiplying the credit rate by the lesser of the maximum allowable contribution or the eligible contributions. Distributions from a Military Retirement Plan are not used to reduce the taxpayer's qualified retirement savings contribution. The Military Retirement Plan is a non-contributory plan that does not allow any contributions by the military employee. See the Form 8880 Instructions for more information.

# Child Tax Credit



## Child Tax Credit

interview  
tips

Use the worksheet in 1040 or 1040A Instruction booklet.

This is a credit intended to reduce the tax. The credit may be refundable. The credit is up to \$1,000 per qualified child.

### Qualified Child:

1. Under age 17 at the end of 2006.
2. A citizen or resident of the United States.
3. Claimed as your dependent.
4. Your:
  - a. Son or daughter, adopted child, stepchild, or a descendant of any of them
  - b. Brother, sister, stepbrother, stepsister, or a descendant of any of them if you care for the individual as your own child
  - c. Eligible foster child.
5. Did not provide over half of his/her own support.
6. Lived with taxpayer for more than half of 2006.

# Additional Child Tax Credit



## Additional Child Tax Credit

interview  
tips

The child tax credit is generally a non-refundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit.

- Taxpayers with more than \$11,300 of taxable earned income, may be eligible for the additional child tax credit regardless of the number of qualifying children.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.

Use Form 8812 to calculate the allowable additional child tax credit.

See Tab A, Exemption, and the worksheet in the instruction booklets for additional information (including definitions and special rules relating to an adopted child, foster child, qualifying child of more than one person).

# Interview Tips for Child Tax Credit



interview  
tips

**Child Tax Credit**  
(Remember to apply the steps for each child)  
Probe/Action: Ask the taxpayer:

<b>step 1</b>	Is this child your son, daughter, adopted child, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)? A descendent is of any generation.	If <b>YES</b> , go to Step 2. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
<b>step 2</b>	Is this child under age 17 at end of the tax year?	If <b>YES</b> , go to Step 3. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
<b>step 3</b>	Did the child provide over half of his or her own support for 2006?	If <b>NO</b> , go to Step 4. If <b>YES</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
<b>step 4</b>	Did the child live with you for more than half of 2006? If the child did not live with you for the required time, see <ul style="list-style-type: none"> <li>• Exception to Time-Lived-with-You</li> <li>• Kidnapped Child</li> <li>• Children of Divorced or Separated Parents below the chart.</li> </ul>	If <b>YES</b> , go to Step 5. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.
<b>step 5</b>	Is this child a citizen or resident of the United States?	If <b>YES</b> , go to Step 6. If <b>NO</b> , you cannot claim the child tax credit for this child. STOP if the taxpayer has no other children.

## Questions: Who Must Use Publication 972

<b>step 6</b>	Are you excluding income from Puerto Rico or are you filing Form 2555 or 2555-EZ (relating to foreign earned income) or Form 4563, Exclusion of Income for Bona Fide Residents of American Samoa?	If <b>NO</b> , go to Step 7. If <b>YES</b> , you must use Publication 972 to figure the credit.
<b>step 7</b>	Is the amount of AGI on line 37 of your Form 1040, or line 21 of Form 1040A more than: <ul style="list-style-type: none"> <li>• \$110,000 if you are married filing jointly,</li> <li>• \$75,000 if you are filing as single, head of household, or as a qualifying widow(er), or</li> <li>• \$55,000 if you are married filing separately?</li> </ul>	If <b>NO</b> , go to Step 8. If <b>YES</b> , you must use Publication 972 to figure the credit.
<b>step 8</b>	Are you claiming any of the following credits? <ul style="list-style-type: none"> <li>• Adoption credit, Form 8839</li> <li>• Mortgage interest credit, Form 8396</li> <li>• District of Columbia first-time homebuyer credit, Form 8859</li> </ul>	If <b>NO</b> , use the Child Tax Credit Worksheet to figure the credit. If <b>YES</b> , you must use Publication 972 to figure the credit.

**Exception to Time-Lived-with-You**

A child is considered to have lived with you for all of 2006 if the child was born or died in 2006 and your home was this child's home for the entire time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home.

**Kidnapped Child**

A kidnapped child is considered to have lived with you for all of 2006 if:

- In the year the kidnapping occurred, the kidnapped child is presumed by law enforcement to have been taken by someone who is not a family member; and
- The kidnapped child lived with the taxpayer for more than half of the portion of the year prior to the kidnapping.

**Children of Divorced or Separated Parents**

See Divorced or Separated Parent Interview Tips in the EIC section of this publication (Tab H, Page 39).

# Earned Income Table

Earned Income	
Includes	Does not include
<ul style="list-style-type: none"> <li>■ Taxable wages, salaries, and tips</li> <li>■ Union strike benefits</li> <li>■ Taxable long-term disability benefits received prior to minimum retirement age</li> <li>■ Net earnings from self-employment</li> <li>■ Gross income of a statutory employee</li> <li>■ Household employee income</li> <li>■ Nontaxable combat pay election</li> </ul>	<ul style="list-style-type: none"> <li>■ Interest and dividends</li> <li>■ Social Security and railroad retirement benefits</li> <li>■ Welfare benefits</li> <li>■ Workfare payments</li> <li>■ Pensions and annuities</li> <li>■ Veteran's benefits (including VA rehabilitation payments)</li> <li>■ Workers' compensation benefits</li> <li>■ Alimony</li> <li>■ Child Support</li> <li>■ Nontaxable foster care payments</li> <li>■ Unemployment compensation</li> <li>■ Taxable scholarship or fellowship grants that are not reported on Form W-2</li> <li>■ Earnings for work performed while an inmate at a penal institution</li> <li>■ Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan)</li> <li>■ The value of meals or lodging provided by an employer for the convenience of the employer</li> <li>■ Housing allowance or rental value of a parsonage for the clergy</li> <li>■ Excludable dependent care benefits (line 18 of either Form 2441, Form 1040, or Schedule 2, Form 1040A)</li> <li>■ Salary reductions such as under a cafeteria plan</li> <li>■ Excludable employer provided educational assistance benefits (may be shown in box 13 of Form W-2)</li> <li>■ Anything else of value received from someone for services performed, if it is not currently taxable</li> </ul>

## Common EIC Filing Errors



### Common EIC Filing Errors:

interview  
tips

- Claiming a child who's not a qualifying child
- Married taxpayers who incorrectly file as a single or head of household
- Incorrectly reporting income
- Incorrect Social Security Numbers

# Summary of EIC Eligibility Requirements

<b>Part A Rules for Everyone</b>	<b>Part B Rules If You Have a Qualifying Child</b>	<b>Part C Rules If You Do Not Have a Qualifying Child</b>
Must have a valid social security number.	Child must meet the relationship, age, and residency tests.	Must be at least age 25 but under age 65.
Filing status cannot be "Married filing separately."	Qualifying child cannot be used by more than one person to claim the EIC.	Cannot be the dependent of another person.
Must be a U.S. citizen or resident alien all year.	Child cannot be a qualifying child of another person.	Must have lived in the United States more than half the year.
Cannot file Form 2555 or Form 2555-EZ (relating to foreign earned income).		Cannot be a qualifying child of another person.
Investment income must be \$2,800 or less.		
Cannot be a qualifying child of another person.		
<p style="text-align: center;"><b>Part D Earned Income and AGI Limitations</b></p> <p>Must be less than:</p> <ul style="list-style-type: none"> <li>■ \$36,348 (\$38,348 for married filing jointly) if you have more than one qualifying child,</li> <li>■ \$32,001 (\$34,001 for married filing jointly) if you have one qualifying child, or</li> <li>■ \$12,120 (\$14,120 for married filing jointly) if you do not have a qualifying child</li> </ul>		

## Disallowance of the Earned Income Credit



interview  
tips

### Disallowance of the Earned Income Credit

Form 8862, Information To Claim Earned Income Credit After Disallowance, must be attached to the return of any taxpayer whose EIC claim was denied or reduced for any reason other than a math or clerical error. If the taxpayer's EIC was denied or reduced as a result of a math or other clerical error Form 8862 is not required.

A taxpayer who is determined to have claimed the EIC due to reckless or intentional disregard of the EIC rules cannot claim the EIC for 2 tax years. If the error was due to fraud, then the taxpayer cannot claim the EIC for 10 tax years. See Publication 596, EIC for specific guidance.

# Interview Tips—EIC General Eligibility



## EIC General Eligibility Rules

interview  
tips

Probe/Action: Ask the taxpayer:

step <b>1</b>	<p>Calculate the taxpayer's earned income and Adjusted Gross Income (AGI) for the tax year. Are both less than:</p> <ul style="list-style-type: none"> <li>• \$36,348 (\$38,348 married filing jointly) with two or more qualifying children;</li> <li>• \$32,001 (\$34,001 married filing jointly) with one qualifying child; or</li> <li>• \$12,120 (\$14,120 married filing jointly) with no qualifying children?</li> </ul>	<p>If <b>YES</b>, go to Step 2. If <b>NO</b>, STOP. You cannot claim the EIC.</p>
step <b>2</b>	<p>Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?</p> <p>Caution: Answer "no" if the taxpayer's social security card has "NOT VALID FOR EMPLOYMENT" imprint. If the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid, the SSN is not valid for EIC purposes.</p>	<p>If <b>YES</b>, go to Step 3. If <b>NO</b>, STOP. You cannot claim the EIC.</p>
step <b>3</b>	<p>Is your filing status married filing separately?</p>	<p>If <b>YES</b>, STOP. You cannot claim the EIC. If <b>NO</b>, go to Step 4.</p>
step <b>4</b>	<p>Are you (or your spouse, if married) a nonresident alien?</p> <p>Caution: Answer "no" if the taxpayer is married filing a joint return, and one spouse is a citizen or resident alien and the other is a nonresident alien.</p>	<p>If <b>YES</b> and you are either unmarried or married but not filing a joint return, STOP. You cannot claim the EIC. If <b>NO</b>, go to Step 5.</p>
step <b>5</b>	<p>Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555EZ (Foreign Earned Income)?</p>	<p>If <b>YES</b>, STOP. You cannot claim the EIC. If <b>NO</b>, go to Step 6.</p>
step <b>6</b>	<p>Is your investment income more than \$2,800?</p>	<p>If <b>YES</b>, STOP. You cannot claim the EIC. If <b>NO</b>, go to Step 7.</p>
step <b>7</b>	<p>Are you (or your spouse, if filing jointly) an EIC qualifying child of another person?</p>	<p>If <b>YES</b>, STOP. You cannot claim the EIC. If <b>NO</b>, go to the interview tips for EIC-With A Qualifying Child (Exhibit 2) or EIC-Without A Qualifying Child (Exhibit 3).</p>

# Interview Tips—EIC with a Qualifying Child



interview  
tips

## EIC With a Qualifying Child

(Remember to apply the steps for each qualifying child)

Probe/Action: Ask the taxpayer:

step <b>1</b>	Does your qualifying child have an SSN that allows him or her to work? Caution: Does the child have an SSN that allows him or her to work? Answer “no” only if the child’s social security card says “NOT VALID FOR EMPLOYMENT” and his or her SSN was obtained to get a federally funded benefit.	If <b>YES</b> , go to Step 2. If <b>NO</b> , STOP. You cannot claim the EIC on the basis of this qualifying child.
step <b>2</b>	Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them.	If <b>YES</b> , go to Step 3. If <b>NO</b> , STOP. This child is not your qualifying child. Go to interview tips for EIC—Without A Qualifying Child (Exhibit 3).
step <b>3</b>	Was the child any of the following at the end of the tax year: <ul style="list-style-type: none"> <li>• Under age 19,</li> <li>• Under age 24 and a full-time student, or</li> <li>• Any age and permanently and totally disabled?</li> </ul>	If <b>YES</b> , go to Step 4. If <b>NO</b> , STOP. This child is not your qualifying child. Go to interview tips for EIC-Without A Qualifying Child (Exhibit 3).
step <b>4</b>	Was the child married at the end of the year?* Caution: Answer “no” if the child was married at the end of the year and either (1) you can claim the child’s exemption, or (2) you cannot claim the child’s exemption solely because you gave that right to the child’s other parent.	If <b>NO</b> , go to Step 5. If <b>YES</b> , STOP. This child is not your qualifying child (failed the relationship test). Go to interview tips for EIC-Without A Qualifying Child (Exhibit 3).
step <b>5</b>	Did the child live with you in the United States for more than half (183 days for 2006) of the tax year?	If <b>YES</b> , go to Step 6. If <b>NO</b> , STOP. This child is not your qualifying child. Go to interview tips for EIC-Without A Qualifying Child (Exhibit 3).
step <b>6</b>	Is the child a qualifying child of another person?	If <b>YES</b> , explain to the taxpayer what happens when more than one person claims the EIC using the same child (The Tie-Breaker Rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC Worksheets. If <b>NO</b> , compute the EIC using the appropriate EIC worksheet.

\*If your child was married at the end of the year, he or she does not meet the relationship test unless: You can claim the child’s exemption or you cannot claim the child’s exemption because you gave that right to the child’s other parent.

## Interview Tips—EIC without a Qualifying Child



### EIC Without a Qualifying Child

interview  
tips

Probe/Action: Ask the taxpayer:

step  
**1**

Can you (or your spouse, if filing jointly) be claimed as a dependent by another person?

If **YES**, STOP. You cannot claim the EIC.  
If **NO**, go to Step 2.

step  
**2**

Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year?

If **YES**, go to Step 3.  
If **NO**, STOP. You cannot claim the EIC.

step  
**3**

Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183 days for 2006) of the tax year?

If **YES**, compute EIC using the appropriate EIC Worksheet.  
If **NO**, STOP. You cannot claim the EIC

## Interview Tips—EIC Tie-Breaker Rule



### Qualifying Child of More than One Person

interview  
tips

If more than one person files a return claiming the same qualifying child for the EIC, the IRS will determine which taxpayer will be eligible to claim the benefit using the tie-breaker rule.

**IF . . .**

**THEN the child will be treated as the qualifying child of the . . .**

only one of the persons is the child's parent

parent

both persons are the child's parent

parent with whom the child lived for the longer period of time. If the child lived with each parent for the same amount of time, then the child will be treated as the qualifying child of the parent with the highest adjusted gross income (AGI)

none of the persons are the child's parent

person with the highest AGI



interview tips

### Divorced or Separated Parents

These special rules for divorced or separated parents also applies to parents who never married.

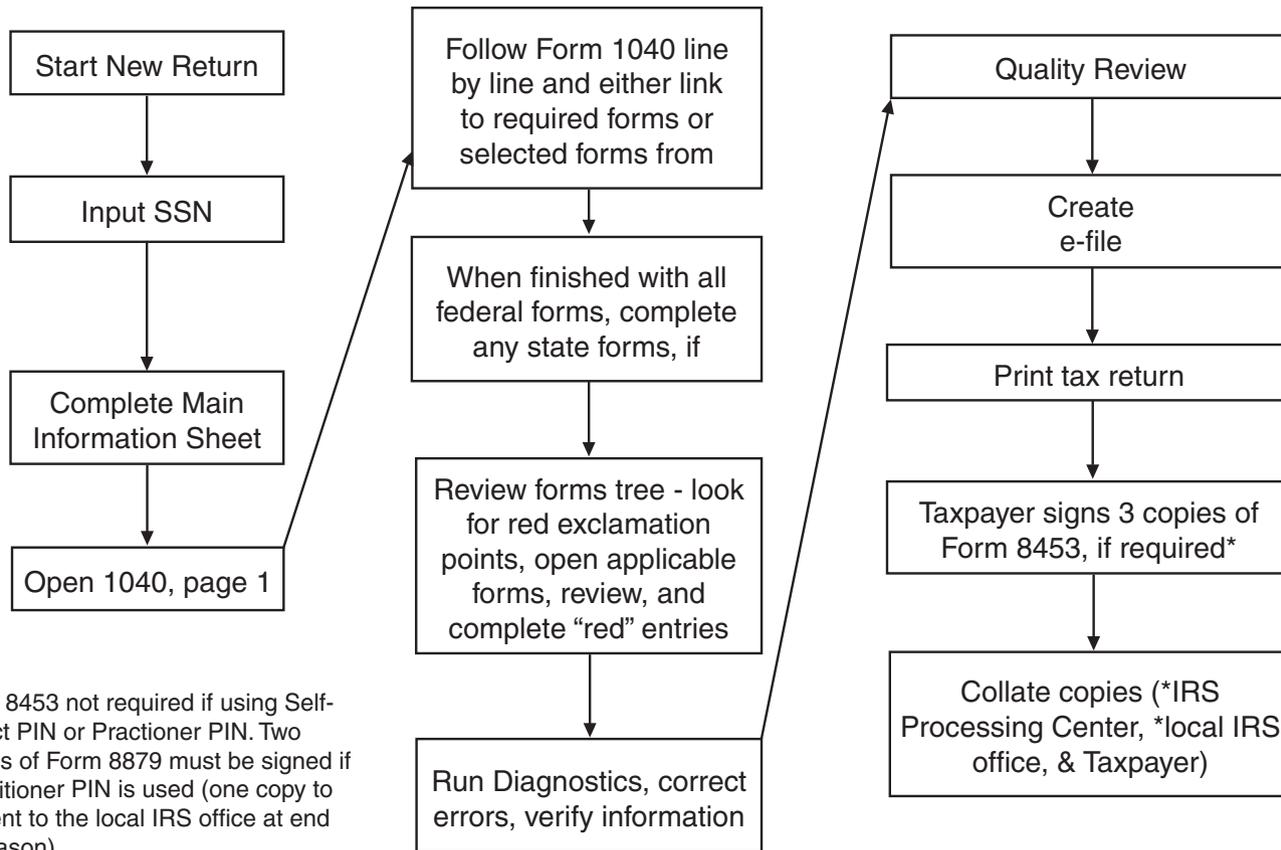
Probe/Action: Ask the taxpayer:

step <b>1</b>	Did the qualifying child receive over half of his or her support from their parents who are: Divorced OR Legally separated under a decree of divorce or separate maintenance OR Separated under a written maintenance agreement	If <b>Yes</b> , go to Step 3. If <b>No</b> , go to Step 2.
step <b>2</b>	Did the qualifying child receive over half of his or her support from parents who lived apart at all times during the last 6 months of the year?	If <b>Yes</b> , go to Step 4. If <b>No</b> , you cannot claim an exemption for this person.
step <b>3</b>	Does the decree of divorce OR Separate maintenance OR written separation agreement entitle the noncustodial parent to the dependency exemption for the qualifying child? Note: If the decree or agreement was executed before January 1, 1985, the noncustodial parent must provided at least \$600 of support for the child during 2006.	If <b>Yes</b> , go to Step 5. If <b>No</b> , go to Step 4.
step <b>4</b>	Did the custodial parent provide the taxpayer a signed written declaration (Form 8332 or similar document) releasing their claim to the exemption for the qualifying child?	If <b>Yes</b> , go to Step 5. If <b>No</b> , you cannot claim an exemption for this person.
step <b>5</b>	Can you or your spouse, if filing jointly, be claimed as a dependent on someone else's tax return this year?	If <b>Yes</b> , you cannot claim this person as a dependent. If <b>No</b> , you can claim an exemption for this person.

**NOTE:** If the rules above apply and this child would otherwise be the qualifying child of more than one person:

- Only the noncustodial parent can claim the child for purposes of the Dependency Exemption (line 6c, Forms 1040 and 1040A) and the Child Tax Credits (lines 53 and 68, Form 1040).
- For Head of Household Filing Status (line 4, Forms 1040 and 1040A), the Credit for Child and Dependent Care Expenses (line 48, Form 1040), and the Earned Income Credit (EIC) (lines 66a and 66b, Form 1040), only one person can claim these three benefits.

## TaxWise Flow Chart



## Creating a Temporary TIN for Returns with No ITIN

(These returns cannot be electronically transmitted.)

The ITIN application requires a federal tax return be associated with all Form W-7 applications (with some exceptions as noted in the instructions for Form W-7). Federal tax returns cannot be filed using electronic return preparation software without a TIN (taxpayer identification number). Therefore, guidance is being provided to allow the use of electronic return preparation software when completing paper returns for these taxpayers. If the taxpayer is working under an erroneous social security number, that social security number should not be used on the return.

1. In the TIN field, enter the number "99" followed by six zeros and a numerical sequence with the number "1". A return requiring three temporary TIN will be entered as follows:

The taxpayer's	990-00-0001
The spouse's	990-00-0002
The dependent's	990-00-0003

Change the last digits of the TIN each time a new taxpayer, spouse, or dependent applying for an ITIN needs a return prepared.

2. Print the return package, completely cross-out in **INK** the TIN on each form reflecting the temporary number; and provide the return package to the taxpayer to mail with Forms W-7 to the address shown on the Form.
3. If the taxpayer has a family pack that includes multiple Form W-7's with one return, or multiple returns with one Form W-7, these forms should be staggered and stapled together to show the entire package as a family pack. This will prevent separation of the forms/returns that could delay the processing time.

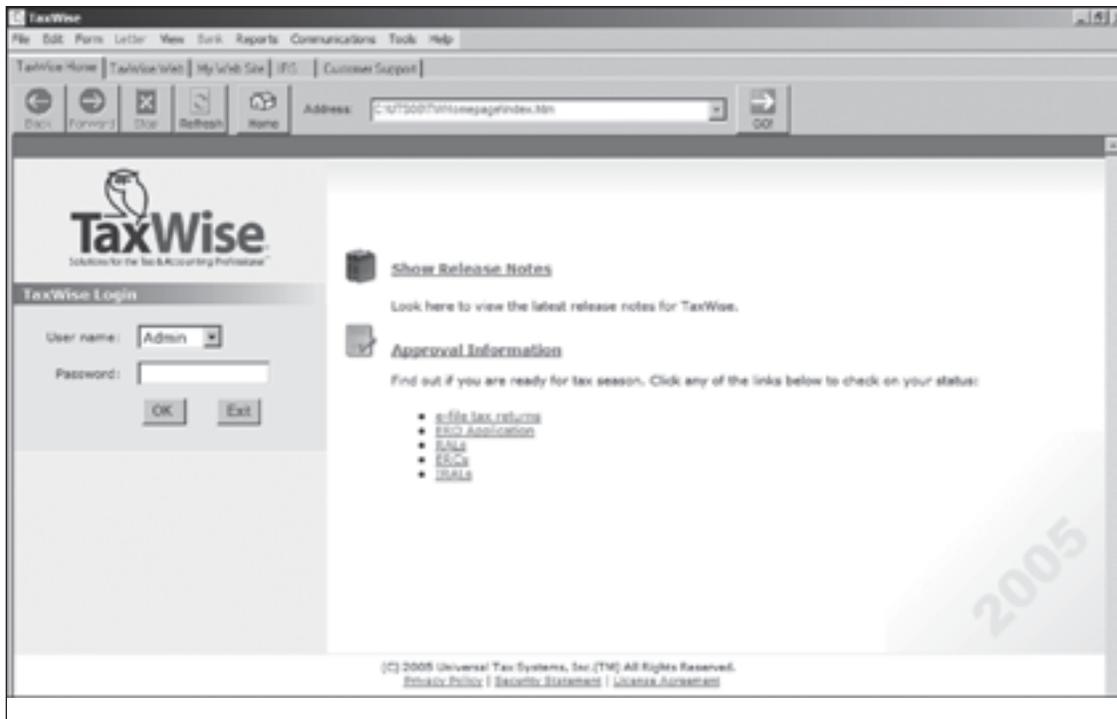
**Note:** See Reference Tab for additional information on SSNs and ITINs.

## Social Security Cards and Determining the Last Name of Taxpayer to Use in Tax Preparation Software

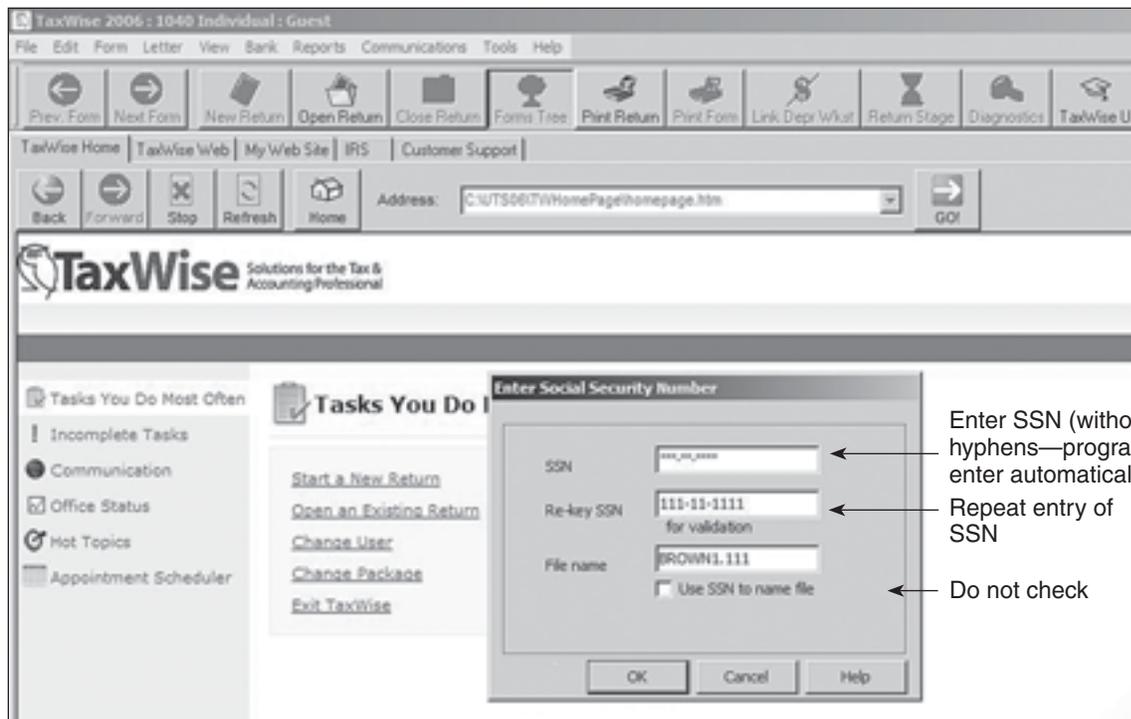
	FIRST NAME	M.I.	LAST NAME
Ralph John Teak	RALPH	J	TEAK
Dorothy A. Willow	DOROTHY	A	WILLOW
Joe McCedar	JOE		MCCEDAR
Thomas Alexander MacDouglas	THOMAS	A	MACDOUGLAS
John David O'Willow	JOHN	D	OWILLOW
James P. Al	JAMES	P	AI
Bihn To La	BIHN	T	LA
Nam Quoc Tran	NAM	Q	TRAN
John Ao Sr.	JOHN		AO
			(Sr., Jr., III, IV, etc. would go in the Suffix Field or at end of last name.)
<b>“Van”, “Von”, “Vander”, “Al”, “El”, “Abu”, “Di”, “del”, “de”, “de la” are considered part of the last name.</b>			
Mary J. Van Elm	MARY	J	VAN ELM
Amr El Bayoumi	AMR		EL BAYOUMI
Eduardo de la Rosa	EDUARDO		DE LA ROSA
<b>A hyphen is sometimes used in a last name or when there are two last names.</b>			
Joan Alice Hickory-Hawthorne	JOAN	A	HICKORY-HAWTHORNE
Thomas A. El-Oak	THOMAS	A	EL-OAK
<b>When two Hispanic last names are shown, use the first last name, or “father’s family name.” In some instances there are three names shown on a social security card and the taxpayer has no middle name. Ask if the second name is the “father’s family name.”</b>			
Ana Maria Gonzalez Torres	ANA	M	GONZALEZ TORRES
Juan Garza Morales	JUAN		GARZA MORALES
Maria Lopez y Moreno	MARIA		LOPEZ Y MORENO
<b>Asian-Pacific names that include “Van” and “Thi” are not used as part of the last name. First names may be hyphenated.</b>			
Kim Van Nguyen	KIM	V	NGUYEN
Nhat Thi Pham	NHAT	T	PHAM
Yen-Yin Chiu	YEN-YIN		CHIU
Jin-Jaing La	JIN-JAING		LA
<b>Native American last names usually begin with the first word of the surname.</b>			
Mary Her Many Horses	MARY		HER MANY HORSES
Earline Old Person	EARLINE		OLD PERSON
			If unsure, verify with taxpayer.

# TaxWise Log in Screen

Open TaxWise, select “User Name,” enter “Password,” and click “OK.”



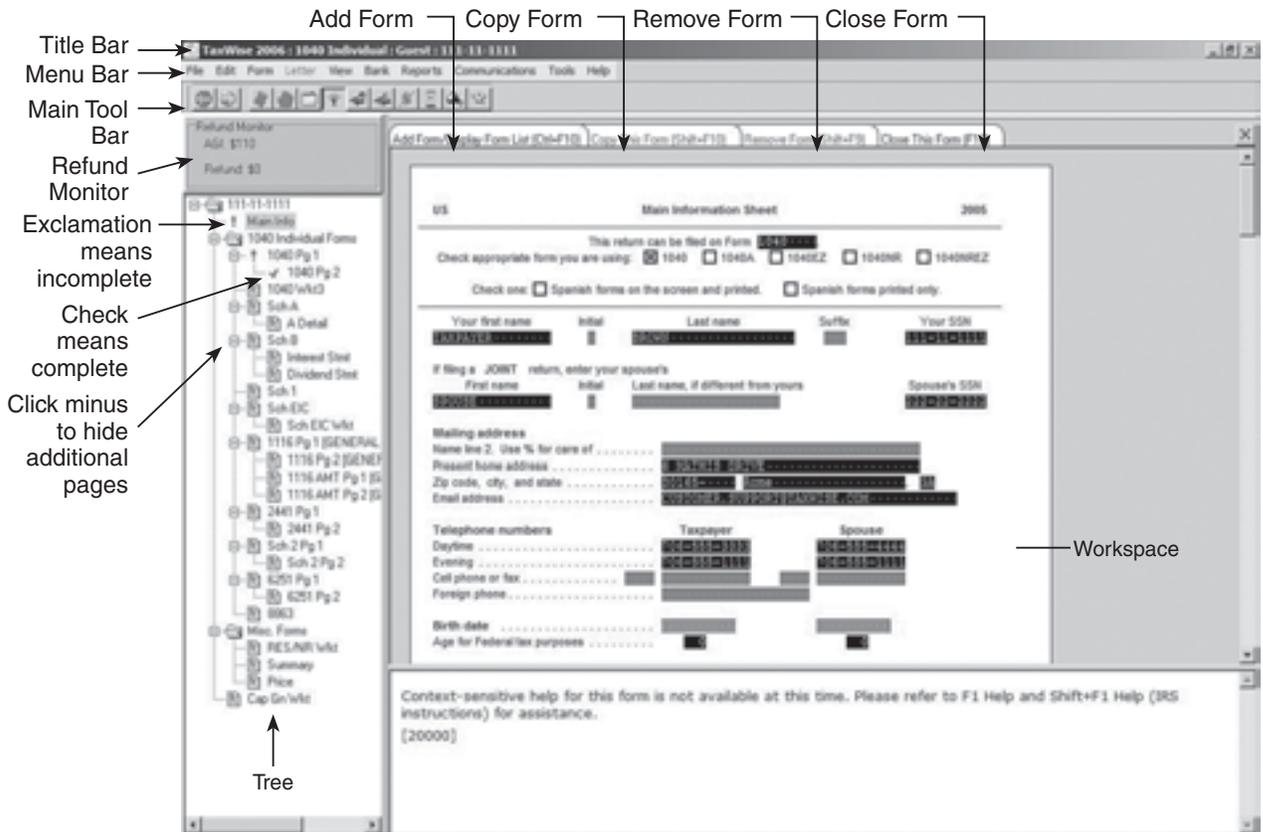
# Start A New Return



As an extra security precaution to protect customer information, use the first 5-digits of the taxpayer’s last name and the last 4-digits of the taxpayer’s SSN when naming files in TaxWise. When the taxpayer’s last name is less than 5-digits, the letter “X” should be used to ensure the file name contains 9-digits. For example, last name Day—the file name would be dayXX1234. You will still have the ability to locate returns using either the file name or SSN. TaxWise software will no longer default to use the SSN for file name.

# TaxWise Quick Reference

## The TaxWise Window



## Browser Tool Bar



## The Main Tool Bar



<b>Shift</b>	IRS Help		Un-Estimate		<b>Shift</b>					Un-Override	<b>Shift</b>	Remove Form	Pause Timer
	F1	F2	F3	F4		F5	F6	F7	F8		F9	F10	F11
<b>No Shift</b>	TW Help	Save Return	Estimate		<b>No Shift</b>	Calculator	Second Form	Return Status	Override	No Shift	Link	Close Form	Insert Variable

### COLOR SCREEN

Yellow ..... Calculated Entries  
 Green..... Non-calculated Entries  
 Red Block .....Required Entries  
 Red on Gray ..... Overridden Entries  
 White on Red..... Estimated Entries  
 Yellow Block..... Scratch Pad Attached

# Main Information Screen

US Main Information Sheet 2005

This return can be filed on Form **1040**

Check appropriate form you are using:  1040  1040A  1040EZ  1040NR  1040NREZ

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

Your first name: TAXPAYER Initial: [ ] Last name: BROWN Suffix: [ ] Your SSN: 111-11-1111

If filing a JOINT return, enter your spouse's  
 First name: SPOUSE Initial: [ ] Last name, if different from yours: [ ] Spouse's SSN: 222-22-2222

Mailing address  
 Name line 2. Use % for care of: [ ]  
 Present home address: 6 MATHIS DRIVE  
 Zip code, city, and state: 90165- Rome, CA  
 Email address: CUSTOMER.SUPPORT@TAXWISE.COM

Telephone numbers  
 Daytime: Taxpayer 706-555-3333 Spouse 706-555-4444  
 Evening: Taxpayer 706-555-1111 Spouse 706-555-1111  
 Cell phone or fax: [ ]  
 Foreign phone: [ ]

Birth date: [ ] Age for Federal tax purposes: 0

Taxpayer's occupation: [ ] Spouse's occupation: [ ]

Foreign Address  
 Foreign street address: [ ]  
 Foreign city, state, province, Zip code: [ ]  
 Foreign country. Do not abbreviate: [ ]

Do not use punctuation marks (period, comma or hyphens)

Always use Form 1040

Verify names and SSNs\*

Enter spouse SSN

Verify spouse last name with SS card. If different than TP, enter last name here.

Note 1: see below  
Enter zip code first

Always ask for at least one telephone number  
Enter area code first

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

Do not use foreign address field for APO/FPO addresses  
Note 2

\* If the primary SSN has been entered incorrectly, correct first on Main Information Sheet, then go to Tools, Utilities/Setup Options, File, and TaxWise Explorer. Select User and highlight applicable return. Select Rename under Action. In the bottom box (Rename to . . . ), type in correct SSN and click Rename.

**Note 1:** Use only if additional name needed for in care of; 2 line street address or name of surviving spouse if spouse died during the last two years.

**Note 2:** If return is for Canadian resident, the address should be put entirely on the foreign address line. Leave city, state and zip fields blank.

# Main Information Screen (Cont)

**Taxpayer Information**

Disaster designation - IRS e-filing field 98 ..... [Redacted]  
 Special military processing ..... [Redacted]

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

Check if blind .....  Yes  No  
 Check if totally and permanently disabled .....  Yes  No  
 Date of death, ONLY if in 2005 or 2006 (e-filing allowed for both) ..... [Redacted]  
 This tax return is being filed by  the surviving spouse or  someone else.

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

**Filing Status**

1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately  
 Spouse's first name: [Redacted] Last name: [Redacted] SSN: [Redacted]  
 Did your spouse ever live with you in 2005? .....  Yes  No  
 If "Yes", did you and your spouse live together at anytime after June 30, 2005? .....  Yes  No  
 Married filing separately, only. If the state in the address above is a community property state, AZ, CA, ID, LA, NV, NM, TX, WA, or WI, answer the following questions.  
 Military. Is this your home of record? .....  Yes  No  
 If "Yes", fill in the Community Property Allocation Worksheet.  
 Others. Are you a resident of this community property state? .....  Yes  No  
 If "Yes", fill in the Community Property Allocation Worksheet and use Form 1040. If "No", you CANNOT e-file this return.  
 4  Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter the child's name [Redacted] and social security number [Redacted]. **New for 2005** A self-supporting child who lives with you IS NOT a qualifying person.  
 5  Qualifying widow(er) with dependent child. Year spouse died (2003 or 2004 only): [Redacted]

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

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

If applicable, use only one combat zone.

Usually check no.

Important for calculation of standard deduction

Complete for deceased taxpayer

Ask taxpayer. Answer does not effect refund balance due.

Verify exemptions. College/high school students or young military personnel who entered the military this tax year, may be eligible to be claimed on someone else's tax return.

# Main Information Screen (Cont)

c Dependents/Nondependents										
First name	Last name	Date of birth	Age	Social security number	Relationship to YOU	Mo in Him	Code	EIC	CTC	DC
			0					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			0					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			0					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			0					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals from ..... Above Statement

Number of your children who lived with you .....  .....  ..... Box 6c1 ..

Number of your children who didn't live with you due to divorce or separation .....  .....  ..... Box 6c2 ..

Number of other dependents .....  .....  ..... Box 6c3 ..

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

A copy of a pre-1985 divorce or separation agreement .....  or

A copy of a post-1984 divorce or separation agreement without conditions .....  or

Form 8332 - Release of Claim of Exemption .....  or

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

DC is Credit for Child and Dependent Care expenses

EIC is Earned Income Credit\*

CTC is Child Tax Credit— TaxWise automatically determines if child is a qualifying child based upon your input.

Verify names, SSN and dates of birth with Social Security card to prevent rejected returns.

Last Name – enter last name only if different from primary taxpayer

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

Check applicable box if noncustodial parent.

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

Use the CODE box to indicate relationship as follows:

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

## If There Are More Than Four Dependents

If there are more than four dependents to list, enter the first four on the Main Information Sheet. To enter the rest of the dependents, open Form 1040, page 1, and press **F9** on any field in the dependents section. Link to **NEW Addl Deps - Form 1040 Line 6c**, the Additional Dependents Statement.

TaxWise carries the first four dependents from Main Info to the statement. List the remaining dependents below the first four.

**Caution.** Do not list nondependents on the Additional Dependents statement. List nondependents **only** on the Main Information Sheet. Also, children who are qualifying children for EIC or dependent care credit must be entered on the Main Information Sheet.

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

If the taxpayer qualifies (or may qualify) for earned income credit (EIC), you MUST enter the birth date and select the EIC check box for qualifying children. This information carries to Schedule EIC. TaxWise calculates the amount of earned income credit if the client qualifies based on income and other requirements.

For Tax Year 2006, there is special consideration for individuals displaced by Hurricane Katrina who have lived with the taxpayer at least 60 days. Fill out Form 8914

# Main Information Screen (Cont)

State Information If you are not preparing a state return, check here  or fill in state information below

Full year resident:  and  Part-year:  and  Nonresident:

---

Type of return  Bank products  E-file ONLY  Paper

---

Select your bank  Chase  HSBC  Liberty  Republic  Santa Barbara  River City  Other

---

The following refund-related products are available only to tax preparers registered to offer them.

**CashWise Stored Value Card**  
Does the taxpayer want a CashWise Card? .....  Yes  No  
If "Yes", do not complete the direct deposit information below.

**Fee Collect**  
Does the taxpayer want to have your tax preparation fees deducted from his or her refund? .....  Yes  No

**Audit Shield Warranty Program**  
Are you authorized to offer Audit Shield? .....  Yes  No  
Does the taxpayer want Audit Shield? .....  Yes  No

---

Bank account information for: Direct deposit: E-filing, paper returns, RAL/ERC direct deposit refund; or Electronic Funds Transfer (ACH Debit) available for E-filing only.

Routing transit number (RTN) of financial institution .....

Account number (DAN) including hyphens .....

Check box if not preparing state returns

Paper or e-file are only choices.

Do **Not** make entries in this section.

Do Not use this section unless your agency is participating in the program.

RTN must be 9 characters.

Type account number exactly as shown on check.

## State Information

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

Consult instructions for each state to determine which status applies to the taxpayer. To view instructions for the state individual package, select F1 from the State Information of the Main Information Sheet and scroll to State Information. Select [\[click here\]](#) and then select the applicable state of interest.

# Main Information Screen (Cont)

**Self-Select and Practitioner PIN(s)**

ERO PIN for both the Self-Select and Practitioner PIN programs .....

Check if using the Practitioner PIN method for e-filing this income tax return or Form 4868 with direct debit .....

---

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

The income tax return .....

Form 4868 without direct debit. No PINs required .....

Form 4868 with direct debit .....

\* Form 2350 without direct debit .....

\* Form 2350 with direct debit .....

\* Requires date(s) of birth above and 2004 original AGI. F8 to change spouse AGI, if incorrect.

Taxpayer's original 2004 AGI:  Spouse's original 2004 AGI:

Does this income tax return qualify to use a PIN?  Yes  No

the taxpayer (or spouse) is under 16 years of age. Does not apply to Practitioner PIN Program. the following forms are required to be attached to Form 8453.

<input type="checkbox"/> Form(s) 8332	<input type="checkbox"/> Copy of divorce or separation agreement
<input type="checkbox"/> Forms(s) 8283, page 2 and appraisal	<input type="checkbox"/> Other documents you selected to attach.
<input type="checkbox"/> Form 8885 attachments	<input type="checkbox"/> Form 3468 attachment required.
<input type="checkbox"/> Form(s) 1098C	<input type="checkbox"/> Form 4136

The information below, as well as the ERO PIN above, must be filled in for both PIN programs.

---

The date must be entered below. This is today's date:  Do NOT use @Today.

Taxpayer's PIN .  Enter 5 numbers, other than all zeroes. Date:

I  authorize  do not authorize

ERO firm name ..... to enter this PIN as my signature on my tax year 2005 electronically filed income tax return.

Spouse's PIN .  Enter 5 numbers, other than all zeroes. Date:

I  authorize  do not authorize

ERO firm name ..... to enter this PIN as my signature on my tax year 2005 electronically filed income tax return.

Enter 98765

Check for Practitioner PIN

Only first box should be checked

To use Self-Select PIN taxpayers must bring their prior year tax return or know their prior year PIN

Last year's AGI or prior year PIN required for SSP

Review this line when return is complete to ensure taxpayer is eligible for Self-Select PIN or Practitioner PIN.

For Self-Select PIN signature, Taxpayer(s) must enter a five digit number (not starting with zero. If MFJ, spouse must also enter PIN.

Check "do not authorize" for Self-Select PIN

Check "authorize" for Practitioner PIN\*

\* Preparer can enter PIN for Practitioner PIN, but taxpayer will need to sign Form 8879.

# Main Information Screen (Cont)

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

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

---

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

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

---

**Preparer's Use Fields**

1  2  3   
 4  5  6  7

---

Time in this return:  minutes Tax bracket:  Price:

---

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

\_\_\_\_\_

← Usually check no.

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

**The following is for military only**

Field 1: Enter one of the following Grade (E4, O3, etc)

- RET
- DEP
- DOD

Field 2: Enter one of the following

- USAF
- USA
- USN
- USMC
- USCG
- DOD

Field 3: Taxpayer's organization (i.e., 12FW/JA)

Check information on the Main Information sheet for accuracy and complete any required fields. When complete, close form (F-10).

# Income

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

Form	Type	Go to 1040 Line	TaxWise Entries (See Note 1)
W-2	Wages & Salaries	7	Link (F9) and complete Form W-2
1099-INT	Interest	8a	Link (F9) to Schedule B, Interest and Ordinary Dividends, and then link (F9) to the Interest Stmt
1099-DIV	Dividends	9	Link (F9) to Schedule B, Interest and Ordinary Dividend, and then link (F9) to the Dividend Stmt
1099-MISC	Miscellaneous Income (See Note 2)	12	Link (F9) to Schedule C-EZ, then link (F9) from Income to 1099-MISC and then complete Schedule C-EZ
1099-B	Sale of Stock	13	Link (F9) to Schedule D, and then link (F9) Cap Gn Wkt
1099-R	Distributions from Retirement Plans	16	Link (F9) and complete Form 1099-R
RRB-1099-R	Railroad Retirement Benefits (Tier 2)	16	Link (F9) and complete Form 1099-R
1099-G	Certain Government Payments	19	Link (F9) and complete Form 1099-G
SSA-1099R	Social Security Benefits	20	Link (F9) and complete 1040 Wkt 1
RRB-1099	Railroad Retirement Benefits (Tier 1)	20	Link (F9) and complete 1040 Wkt 1
W-2G	Gambling Winnings	21	Link (F9) from "Amount" box to Complete line 21, Other Income

## Other Income

Once the main info and income statements are entered, TaxWise automatically makes available all forms and schedules for credits except Hope and lifetime learning credits and retirement savings contribution credit if there is only a Roth IRA contribution. These credit forms and schedules will be annotated with a red exclamation point.

Note 1: If the applicable form is in the left hand tree it may be selected directly rather than linking from Form 1040.

Note 2: For miscellaneous non-employee compensation it is important to link to Form C-EZ and then to Form 1099-MISC to assure that the self-employment tax is properly computed.

# How/Where To Enter Income

Select "1040 Pg 1" from the tree and press {page down} twice.

Note: Do not override to enter information where the type is yellow (calculated entry). Link (F9) instead to access the appropriate entry form.

Income		
7	Wages, salaries, tips, etc. . . . . AB <input type="checkbox"/> FB <input type="checkbox"/> DCB <input type="checkbox"/> SNE <input type="checkbox"/> SSHP <input type="checkbox"/>	0.
	Taxable scholarship not on Form W2 . . . . .	0.
	Household employee income not on Form W2 . . . . .	0.
8a	Taxable interest . . . . .	0.
b	Tax-exempt interest . . . . .	0.
9a	Ordinary dividends including qualified dividends from Forms 8814, listed on Schedule B . . . . .	0.
b	Qualified dividends including qualified dividends from Form 8814, listed on Schedule B . . . . .	0.
	Qualified dividends from Schedules K-1 are included on line 9b. Do NOT list these amounts on Schedule B . . . . .	0.
<div style="border: 1px solid black; padding: 5px;">                     Did you itemize deductions last year and receive state or local tax refunds, credits, or offsets? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No                 </div>		
10	Taxable refunds, credits, or offsets of state and local income taxes. F9 for worksheet . . . . .	0.
11	Alimony received . . . . .	0.
12	Business income or (loss) . . . . .	0.
13	Capital gain or (loss) . . . . . Schedule D not required: <input type="checkbox"/>	0.
14	Other gains or (losses) . . . . . Form 4684 only: <input type="checkbox"/>	0.
15a	IRA distributions . . . . . Total	0.
b	Taxable amount . . . . . Check if rollover: <input type="checkbox"/> and F9 to explain: <input type="checkbox"/>	0.
16a	Pensions and annuities . . . . . Total	0.
b	Taxable amount . . . . . Check if any amounts were rolled over: <input type="checkbox"/>	0.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc . . . . .	0.
18	Farm income or (loss) . . . . .	0.
19	Unemployment compensation . . . . .	0.
	Repayment of 2005 unemployment compensation . . . . .	0.
20a	Social security benefits . . . . .	0.
b	Taxable amount . . . . . D <input type="checkbox"/> LSE <input type="checkbox"/>	0.
21	Other income. Type: . . . . . Amount	0.
	†Amounts from Forms W2G, 6478, 8814, and 1099M; HSA, MSA, MEDMSA, LTC, Schedules K-1, ESAs, QTPs, and NOL carryovers transfer here. If you are using the statement, check <input type="checkbox"/> AND manually enter: . . . . . on the statement.	
	exclusion and amount: . . . . .	0.
22	<b>Total income</b> . . . . . (Earned: . . . . .)	0.

- Link (F9) for form W-2
- Link (F9) to Sch B Interest and Ordinary Dividend Income
- Link (F9) to state tax refund worksheet\*  
Enter directly
- Link (F9) to Sch C or Sch C-EZ\*\*
- Link (F9) to Sch D, page 1
- Link (F9) to new Form 1099R
- Link (F9) to new 1099-R
- Link (F9) to Sch E, page 1
- Link (F9) to new 1099-G
- Link (F9) to new 1040 wkt 1
- Link (F9) for appropriate form, worksheet, or scratchpad. Use "Add Form" feature to complete Form 2555 for Form 2555EZ, if applicable.

\*Only list state refund if taxpayer itemized deductions (on Schedule A) last year and taxes reduced because of deductions.

\*\* For taxpayers with Form 1099 MISC with non-employee income, link from line 12 to Sch C-EZ and then link to Form 1099 MISC from line 1. Entering the information this way will automatically calculate self-employment tax.

# Form W-2 Instructions

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

This W2 statement is for the  Employer  Spouse

Check if this W2 is handwritten, altered, or appears not to be a true W2.  
 Check if this is the taxpayer's address shown on the W2 or  
 Check and make changes

6 MATHIS DRIVE  
 30165- Rome GA

Check if employer was contacted to verify W2 (Bank product only) Employer phone:  
 Check to take calculations off of lines 3, 4, 5, and 6.  
 Check to take calculations off of line 16, state wages.

a Control number: Corrected W2 (W-2C):  Void:

b Employer ID: Name code:	1 Wages, tips, etc. 0.	2 Federal tax withheld 0.
c Employer's name Employer's care of name. Use % for care of. Employer's address Employer's Zip code, city, and state	3 Social security wages 0.	4 Social security tax withheld 0.
	5 Medicare wages 0.	6 Medicare tax withheld 0.
	7 Social security tips 0.	8 Allocated tips 0.
d Employee's social security number: 331-99-1146	9 Advance EIC payment 0.	10 Dependent care benefits 0.
e Employee's name and address TAXPAYER SAMPLE	11 Nonqualified plans 0.	
f Employee's address and Zip code 6 MATHIS DRIVE Rome GA 30165		

12 Code Amount YY -->Year for prior year USERRA contribution	14 Other Type Amount Qualifies for Form 8880
13 Statutory employee Retirement plan Third party sick pay	RR = Railroad; T = Tier RRT1: RRT2: RRTM:

See instructions below for statutory employee box and line 15.

15 State	State ID number	16 St wages	17 State tax	18 Loc wages	19 Local tax	20 Local name
		0.	0.	0.	0.	
		0.	0.	0.	0.	
		0.	0.	0.	0.	

**Tax Tip:** If there is more than one Form W-2, select the "Copy W-2" tab.

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

If boxes 3,4, 5, and 6 DO NOT match taxpayer's copy of Form W-2, check fifth box and enter data exactly as it appears on Form W-2.

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

## Form W-2 and Form 1099 ALERT!

IRS requires that information on electronically filed Forms W-2 and 1099-R match the printed Forms W-2 and 1099-R exactly.

A taxpayer with multiple W-2s or 1099-Rs could possibly have a different address on several, if not all, of the W-2s or 1099-Rs.

Check them carefully; the change must be done on each and every W-2 or 1099-R differing from the current address.

### IMPORTANT!

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

# Schedule B - Interest

US Schedule B	Interest and Ordinary Dividends	2005
Name: <b>TAXPAYER BROWN</b> .....		SSN: <b>111-11-1111</b>
<b>Part I: Interest</b>		
<b>1a Seller-financed mortgages</b> Interest income from seller-financed mortgages and the buyer used the property as a personal residence. Show the buyer's name, address, and social security number.		
Name: [REDACTED]	ID number: [REDACTED]	
Address: [REDACTED]	Amount: [REDACTED] 0.	[REDACTED] 0.
State information for seller-financed mortgage interest		
Joint amount: [REDACTED] 0.	Spouse amount: [REDACTED] 0.	
<b>Other interest</b> Payer. If the payer is a brokerage firm, list the firm's name as the payer.		Amount
<b>b</b> <b>CREDIT UNION</b> .....		15.
<b>c</b> .....		0.
<b>d</b> .....		0.
<b>e</b> .....		0.
<b>f</b> .....		0.
<b>g</b> .....		0.
* The interest from Schedules K-1 transfers to line g. If you are using the interest statement, check here <input type="checkbox"/> AND manually enter: [REDACTED] 0. for the taxpayer and [REDACTED] 0. for the spouse on the statement as K-1 interest.		
<b>Subtotal</b> .....		15.

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

Link (F9) to Interest — Stmt-Schedule B, Line 1b interest income.

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

US Schedule B		Interest Received						2005	
Payer	Amount	TSJ	State adjust +/-	Amount	NAE OB	NAEOB amount	AMT PAB	Early penalty	Federal withheld
CREDIT UNION . . . . .	15.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.
	0.			0.		0.	0.	0.	0.

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

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

Enter amount from Form 1099-INT, box 2

Enter amount from Form 1099-INT, box 4

Note: Use only 1 interest statement to record all interest/dividend income

## Additional Interest, NAEOB and State Adjustments

TSJ: Annotating who received interest is important for state tax purposes

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

Example 1: Interest from US Government HH Bond is fully taxable on the Federal return. If this interest is not taxable on the state return, an adjustment has to be made by entering a “-” in the State Adj +/- column followed by the amount in the State Adj column. This action will adjust the entry in the state return.

NAEOB column enter:

- N – Nominee interest—Interest transferred to another person
- A – Accrued interest—Interest paid to seller at time of purchase
- E – Federal tax exempt interest
- O – OID – Generally not used since most interest reported on Form 1099 OID is fully taxable and should be entered as ordinary interest.
- B – Amortized bond premium—See IRS Pub 1212 for more detail

Example 2: Municipal bond interest from the taxpayer’s state is tax exempt for both the Federal and state return. An “E” entered in the NAEOB column will result in the interest showing as tax exempt in both the Federal and state return. **No entry is needed in the State Adj column.**

Example 3: Municipal bond interest from a state other than the taxpayer’s state is tax exempt for the Federal return but is taxable on the state return. Entering an “E” in the NAEOB column will show the entry as tax exempt for both the Federal and state returns; therefore, an adjustment has to be made in the State Adj column. Enter a “+” in the State Adj +/- column followed by the amount in the State Adj column. This action will adjust the entry in the state return

**TAX TIP:** Always fill in the additional interest form like there is only a Federal return. Recognize that this entry is transferred directly to the state return. Then, ask the question, is the interest treated differently on the state return. If the interest is treated differently, adjust by entering the appropriate +/- and amount in the State Adj column.

# Schedule B, Ordinary Dividends

Part II: Ordinary Dividends		
	5 Payer. If the payer is a brokerage firm, list the firm's name as the payer.	Amount
a	MUTUAL FUND .....	50.
b	STOCK .....	45.
c	.....	0.
d	.....	0.
e	.....	0.
f	.....	0.
g	.....	0.
h	.....	0.
* i	.....	0.
** j	.....	0.
* The qualified dividends from Forms 8814 transfer to line i. If you are using the dividend statement, check here <input type="checkbox"/> AND manually enter in BOTH the ordinary dividends column AND the qualified dividends column: <span style="background-color: black; color: white; padding: 0 20px;">0.</span> for the taxpayer and <span style="background-color: black; color: white; padding: 0 20px;">0.</span> for the spouse on the statement. List the payer as Form 8814.		
** The dividends from Schedules K-1 transfer to line j. If you are using the dividend statement, check here <input type="checkbox"/> AND manually enter: <span style="background-color: black; color: white; padding: 0 20px;">0.</span> for the taxpayer and <span style="background-color: black; color: white; padding: 0 20px;">0.</span> for the spouse on the statement as K-1 dividends.		
<b>Subtotal</b> .....		95.
Nominee distributions (N) .....		0.
<b>6</b>	Add the amounts on line 5 .....	95.

Link (F9) to  
Dividend Stmt-  
Schedule B,  
Line 5 Dividend  
Income







# 1099-R Pension and Annuity Income

US 1099-R Distributions from Profit-Sharing, Retirement Plans, IRA's, etc.				
This 1099-R is for the: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse				
<input type="checkbox"/> Check if this 1099-R is handwritten, altered, or appears not to be a true 1099-R.		<input type="checkbox"/> Corrected		
Payer's ID: [REDACTED] <- F9 for Sub 1099-R Name code: [REDACTED]	1 Gross (RRB line 7) [REDACTED] 0.	Taxable amount not determined . . . . . <input type="checkbox"/>		
Payer's name [REDACTED] Payer's care of name. Use % for care of. [REDACTED] Payer's address [REDACTED] Payer's Zip code, city, and state [REDACTED]	2 Taxable amount [REDACTED] 0.	Total distribution . . . <input type="checkbox"/> Elect 10 averaging . . . <input type="checkbox"/>		
	3 Capital gain in line 2 [REDACTED] 0.	4 Federal tax withheld [REDACTED] 0.		
Recipient's social security number: 331-99-1146	5 Employee contribution or insurance premiums [REDACTED] 0.	6 Net unrealized appreciation in employer's securities [REDACTED] 0.		
	7 Codes IRA / SEP / Simple . <input type="checkbox"/>	8 Other [REDACTED] 0.0 % [REDACTED] 0.		
Recipient's name TAXPAYER SAMPLE . . . . . Recipient's address 6 HATHIS DRIVE . . . . . [REDACTED] Rome . . . . . GA 30165- . . . . .	Check if disability and the taxpayer is disabled . . . <input type="checkbox"/> Check to force Form 5329 - See F1 Help . . . . . <input type="checkbox"/>			
Account number (optional) [REDACTED]	9a Percentage of total distribution [REDACTED] 0.0 %	9b Total employee contributions [REDACTED] 0.		
See F1 Help on the state return for use of these boxes. Instructions vary by state. Check if applies. Box 1 . . . . . <input type="checkbox"/> Box 2 . . . . . <input type="checkbox"/> Box 3 . . . . . <input type="checkbox"/> Railroad retirement . . . . . <input type="checkbox"/>	10 State tax [REDACTED] 0.	11 State and state ID no. [REDACTED]	12 State distribution [REDACTED] 0.	
	[REDACTED] 0.	[REDACTED]	[REDACTED] 0.	
	13 Local tax [REDACTED] 0.	14 Locality name [REDACTED]	15 Local distribution [REDACTED] 0.	
	[REDACTED] 0.	[REDACTED]	[REDACTED] 0.	

Complete TaxWise version of 1099-R using information from TP's Form 1099-R or Form RRB-1099-R. Make sure the paper and electronic version match.

No amount is entered if Simplified General Rule is used.

Check if Code 3 is in Box 7 person on disability, but under retirement age. This makes the amount go wages, line 7 on the Form 1040 rather than the pension line.

With Form 1099 R selected, press "F1" to bring up 1099R instructions. Scroll to and select applicable state for state instructions on use of Boxes 1, 2, & 3 and Railroad Retirement.

## 1099R entry variations:

**A. Example 1 (Most Common)** – An amount is entered in Box 1, Box 2a is blank or the same amount as Box 1, the distribution code in Box 7 is [7] and nothing is entered in boxes 5 or 9b.

- The amount in Box 1 is fully taxable. TaxWise will transfer the amount in Box 1 to 1040 page 1, line 16b. Nothing has to be entered in Box 2, F3 to remove red.

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

- The Simplified General Rule will have to be completed to determine the amount in Box 9b that will tax free. TaxWise will automatically deduct this amount from amount in Box 1 and enter the result on 1040 page 1, line 16b.

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

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

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

- Generally, the amount in box 5 should be non taxable and therefore should be subtracted from Line 1 and the result entered on 1040 page 1, line 16b. This is an area that the tax preparer has to ascertain from the taxpayer that amount should be non taxable. In the TaxWise 1099R form enter the tax exempt amount on Line 2 of the Exclusion Worksheet. (The Exclusion Worksheet is located just below the primary 1099R form). This will subtract the amount from Line 1 and enter the result on 1040 page 1, line 16b.

**Note: If zero is entered in box 2 of TaxWise 1099R, the box will become red and Lines 1 and 2 of the Exclusion Worksheet will become red.** This indicates that there is a required entry in the exclusion worksheet. Enter the tax exempt amount on Line 2 of the Exclusion Worksheet. TaxWise will subtract this amount from Line 1 and enter the amount on 1040 page 1, line 16b. AND the red on Line 2 and in the Exclusion Worksheet will disappear.

# 1099-R Exclusion Worksheet

Exclusion Worksheet	
1 Amount rolled over .....	0.
2 Excludable amount due to a tax-free exchange; as calculated in a previous year; or by law, is specifically tax-exempt .....	0.
* If the distribution is from a traditional, SEP, or SIMPLE IRA and you ever made nondeductible IRA contributions, check .....	<input type="checkbox"/>
* If this is a conversion from a traditional IRA to a Roth IRA, check .....	<input type="checkbox"/>
If PART of this distribution was converted to a Roth IRA, enter the amount converted .....	0.
Simplified General Rule	
1 Cost in the plan at the annuity starting date (RRB line 3) .....	0.
2 Check age of primary annuitant at annuity starting date	
<input type="checkbox"/> 55 and under <input type="checkbox"/> 56-60 <input type="checkbox"/> 61-65	
<input type="checkbox"/> 66-70 <input type="checkbox"/> 71 and older	
<input type="checkbox"/> Check if the annuity starting date is after 11/18/1996.	
<input type="checkbox"/> Check if the annuity starting date is after 12/31/1997 <b>and</b>	
this is a joint and survivor annuity. Use table below.	
Check combined age of annuitants at annuity starting date	
<input type="checkbox"/> 110 and under <input type="checkbox"/> 111-120 <input type="checkbox"/> 121-130	
<input type="checkbox"/> 131-140 <input type="checkbox"/> 141 or more	
3 Exclusion per month .....	0.00
4 Number of months for which payments were received this year .....	0
5 If the annuity started after 1906, enter the amount recovered tax free in prior years .....	0.
6 Exclusion .....	0.
7 Remaining cost in the pension or annuity .....	0.

This worksheet is used to recover taxpayer's original contributions. The employee contributions are shown in Box 5 or 9b on Form 1099-R or Form 1099-RRB-1099-R. For CSA Form 1099-R use the original contribution box.

Taxpayer must have the recovered tax free amount or last year's tax return.

# Railroad Retirement, Civil Service, and Social Security Benefits

**Form RRB-1099-R—Tier 2 (Green Form) Non-Social Security Equivalent Benefits (NSSEB)**—NSSEB includes all Tier 1 and Tier 2 Railroad Benefits not included on Form RRB-1099. It should be treated the same as any other qualified employee retirement plan.

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

Box	From RRB-1099-R	To TaxWise
3	Employee Contributions	1099-R Box 9b and Line 1 of Simplified General Rule Section
7	Gross Distribution	1099-R Box 1
9	Federal Income Tax Withheld	1099-R Box 4
12	Medicare Premium Total	Sch A—Detail—If itemizing deductions

Complete TaxWise Form 1099-R as follows:

- Click in box to the right of Box 1—“Taxable amount not determined”
- A distribution Code (box 7) is not required for NSSEB (F3 to take red out of Box 7)
- Complete “Simplified General Rule” section if applicable
- “X” the **Railroad retirement** Box to the left of block 13 for Railroad pensions that qualify for subtraction on state returns.

**CSA Form 1099-R—Civil Service Retirement Benefits**—The Office of Personnel Management issues CSA Form 1099-R for annuities paid or CSF Form 1099-R for survivor annuities paid. These forms do not have box numbers like other Forms 1099-R. Refer to the table below for proper treatment of the amounts reported on CSA or CSF Form 1099-R.

CSA Form 1099-R	TaxWise Entries
Original Contributions	1099-R box 9b and line 1 of Simplified General Rule section
Gross Annuity Amount	1099-R box 1
Federal Income Tax Withheld	1099-R box 4
Health Insurance Premium	Sch A—Detail—if itemizing deductions
State Tax Withheld	1099-R box 10

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

**Note: If any amount in Boxes 7, 8, or 9 (benefits for previous year), refer to paid preparer**

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

- From Form 1040, Line 20, link (F9) to 1040 Wkt 1
- Scroll to Social Security and Railroad Tier 1 Benefits section
- “Social Security Received This Year”—Enter SSA Form 1099 Box 5 amount or RRB Form 1099 Box 5 amount
- “Medicare to Schedule A”—Enter SSA Form 1099 Medical Premium amount or RRB Form 1099 Box 11 amount
- “Federal Tax Withheld”—Enter SSA Form 1099 Box 6 amount or RRB Form 1099 Box 10 amount

# Schedule E-Rental Income and Loss FOR MILITARY ONLY

US Schedule E Supplemental Income and Loss 2005

Name: **TAXPAYER BROWN** SSN: **111-11-1111**

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

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

\* K-1 royalty information transfers to column C of lines 1 and 4. In the State column, enter the state in which the property is located, if different from the state of . . . **IL**

**1** List the kind and location of each rental real estate property.

Kind	Location	Check if		
		royalty	TSJ	State
A		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*C		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**2** For each rental real estate property listed, did you or your family use it during the tax year for personal purposes for more than the greater of

- 14 days or
- 10% of the total days rented at fair rental value? If "Yes", see instructions.

	Properties			Yes No	
	A	B	C	A	B
Income				<input type="checkbox"/>	<input type="checkbox"/>
Rents received	0.	0.	0.	<input type="checkbox"/>	<input type="checkbox"/>
Royalties received	0.	0.	0.	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b> Rents	0.	0.	0.		
<b>+4</b> Royalties	0.	0.	0.		

Enter rent received

If 1099-MISC received for rental income, link (F9) to New Miscellaneous Income from 1099-MISC.

Use Sch E to report rental income only when taxpayer is NOT in the business of renting property.

Use separate columns for each rental property.

**Expenses**

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

Can deduct hazard insurance (not home owners) as reported on 1098.

Most common entries:  
• home owners association fee  
• telephone bills

Link (F9) to Form 4562

**3. TaxWise Adjustments to Income**

# Form 1040 – Adjustments To Income

Adjustments to Income		
23	Educator expenses .....	0.
24	Certain business expenses of reservists, qualified performing artists, and fee-based government officials. Form 2106 or 2106-EZ .....	0.
25	Health savings account deduction. Form 8889 .....	0.
26	Moving expense. Form 3903 .....	0.
27	One-half of self-employment tax .....	0.
28	Self-employed SEP, SIMPLE, and qualified plans .....	0.
29	Self-employed health insurance deduction .....	0.
30	Penalty on early withdrawal of savings .....	0.
31	Alimony paid. Recipient's SSN: [REDACTED] and amount .....	0.
32	IRA deduction .....	0.
33	Student loan interest deduction .....	0.
34	Tuition and fees deduction .....	0.
35	Domestic production activities deduction. Form 8903 .....	0.
	Other: Reforestation .....	0.
	Sub-pay (Trade Act) .....	0.
	Jury duty pay turned in to your employer .....	0.
	501(c)18 pension plan .....	0.
	Clean-fuel vehicles .....	0.
	PPR .....	0.
	Form 2555, line 48 .....	0.
	Archer MSA deduction. Form 8853 .....	0.
	[REDACTED] .....	0.
36	<b>Total adjustments</b> .....	0.
37	<b>Adjusted gross income</b> .....	110.

To complete this section:

Link (F9) to Form 3903

Link (F9) to Alimony paid

Link (F9) to 1040 wkt2

Link (F9) to 1040 wkt2 (See Note 1)

**Note 1:** Must be less than 70 ½; if MFS cannot have lived together anytime during the year.



# Form 1040, Page 2-Deductions

US 1040 (2005)

Page 2

Name: **TAXPAYER BROWN**

SSN: **111-11-1111**

**Taxable Income and Tax**

<b>38</b>	Amount from line 37 (adjusted gross income) .....	<b>110.</b>
<b>39 a</b>	Taxpayer: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind;            Spouse: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Total boxes checked .....	<b>0</b>
<b>b</b>	If you are married filing separately and your spouse itemizes deductions, or you are a dual-status alien, check here    or F3 .....	<input type="checkbox"/>
<b>40</b>	<b>Itemized deductions or standard deduction.</b> If you elect to itemize deductions even though the standard deduction is larger, check here .....	<input type="checkbox"/>
	If you were or are a resident of Puerto Rico and are excluding Puerto Rico income, or you are excluding income on Form 4563, check here (section 933) ....	<input type="checkbox"/> <b>10,000.</b>
<b>41</b>	Subtract line 40 from line 38 .....	<b>-9,890.</b>
<b>42</b>	If line 38 is over \$109,475, married filing separately; \$145,950, single; \$182,450, head of household; \$218,950, married filing jointly or qualifying widow(er), the exemption amount is reduced. If housing to a person displaced by hurricane Katrina was provided, see instructions. Otherwise, multiply \$3,200 by the total number of exemptions on line 6d .....	<b>3,200.</b>
<b>43</b>	<b>Taxable income</b> .....	<b>0.</b>
<b>44</b>	<b>Tax.</b> Calculated from <input checked="" type="checkbox"/> the tax table or schedule <input type="checkbox"/> Form 8615 <input type="checkbox"/> Schedule D Tax Worksheet <input type="checkbox"/> Schedule J .....	<b>0.</b>
	Check if any tax is from: <input type="checkbox"/> Form(s) 8814 <input type="checkbox"/> Form 4972 .....	<b>0.</b>
	Education credit recapture amount .....	<b>0.</b>
<b>45</b>	<b>Alternative minimum tax.</b> Attach Form 6251 .....	<b>0.</b>
<b>46</b>	Add lines 44 and 45 .....	<b>0.</b>

If itemizing deductions, link (F9) to Sch A Itemized Deductions

# Schedule A-Itemized Deductions

US Schedule A		Itemized Deductions		2005	
Name: TAXPAYER BROWN		SSN: 111-11-1111			
<b>Medical and Dental Expenses</b>					
1	Unreimbursed medical and dental expenses		0.		
2	Amount from Form 1040, line 38	0.			
3	Multiply line 2 by 7.5%		0.		
4	Subtract line 3 from line 1				0.
<b>Taxes You Paid</b>					
5	State and local taxes. Only one box can be checked.				
a	<input type="checkbox"/> Income taxes		0.		
b	<input type="checkbox"/> General sales tax				
The default is the larger of income tax or sales tax. If you prefer to use the smaller of the two taxes, check here <input type="checkbox"/>					
By using sales tax, a state tax refund will not be taxable on the 2006 Federal tax return.					
6	Real estate tax remainder from Form 8829		0.		
	Real estate tax remainder from part rental worksheets		0.		
	Real estate taxes on your principal residence, not listed above		0.		
	Other real estate taxes you paid, not listed elsewhere in this tax return		0.	0.	
7	Personal property tax remainder from business vehicle worksheet		0.		
	Personal property taxes, not listed above		0.	0.	
8	Other taxes.				
	Type		0.	0.	
	Amount		0.	0.	
9	Add lines 5 through 8				0.

Link (F9) to Itemized Detail sheet from any Sch A Line 1 for breakout of medical expenses and contributions to charity.

Reduce by rebate of current tax year property taxes (for rebate on earlier year, add to 1040, Line 21 if deduction originally reduced tax.

<b>Interest You Paid</b>					
10	Home mortgage interest remainder from Form 8829		0.		
	Home mortgage interest remainder from part rental worksheets		0.		
	Form 8396 credit, if applicable		0.		
	Home mortgage interest and points from Form 1098, not listed above		0.	0.	
11	Home mortgage interest not reported on Form 1098. If paid to an individual, show the person's name, ID number, and address.				
	Individual's name				
	ID number				
	Address				
	Amount		0.	0.	
12	Points not reported on Form 1098			0.	
13	Investment interest. Attach Form 4952, if required			0.	
14	Add lines 10 through 13				0.
<b>Gifts to Charity</b>					
15a	Total gifts by cash or check			0.	
b	Gifts by cash or check after August 27, 2005, that you elect to treat as qualified contributions			0.	
16	Other than by cash or check			0.	
17	Carryover from prior year			0.	
18	Add lines 15a through 17				0.

Enter amount from Form 1098, box 1 (and box 2, if applicable)

Points from refinanced mortgage must be spread over life of mortgage unless used some to remodel (see Publication 17, Points)

Loan origination fee from closing statement can be entered here if not included as points in Line 10.

# Schedule A-Itemized Deductions (cont)

Casualty and Theft Losses		
19	Casualty or theft loss(es). Attach Form 4684 .....	0.
Job Expenses and Most Other Miscellaneous Deductions		
20	Unreimbursed employee expenses - job travel, union dues, job education, etc. Type [redacted] + Amount [redacted] 0.	0.
*Forms 2106 and 2106EZ transfer to this line. If you are using a statement, check here <input type="checkbox"/> AND manually enter [redacted] 0. on the statement.		
Line 20 amount for state returns ..... [redacted] 0.		
21	Tax preparation fees .....	0.
22	Other expenses - investment expense, safe deposit box, etc. Type [redacted] Amount [redacted] 0.	0.
** Schedules K-1 and Forms 4684 and 4797 amounts transfer here. If you are using a statement, check here .. <input type="checkbox"/> AND manually enter: [redacted] 0. on the statement.		
23	Add lines 20 through 22 .....	0.
24	Amount from Form 1040, line 38 .....	0.
25	Multiply line 24 by 2% .....	0.
26	Subtract line 25 from line 23 .....	0.
Line 26 amount for state returns ..... [redacted] 0.		
Other Miscellaneous Deductions		
27	Type [redacted] *** Amount [redacted] 0.	0.
*** Schedules K-1, Forms 4684, 4797, 2106, 2106EZ, and W2G losses add in here. If you are using a statement, check here <input type="checkbox"/> AND manually enter: [redacted] 0. on the statement.		
Line 27 amount for state returns ..... [redacted] 0.		

**MILITARY ONLY**  
Link (F9) to 2106 or 2106EZ

Link (F9) to misc deductions Sch A Line 22  
Link (F9) to misc deductions Sch A Line 22

Not subject to 2% of AGI  
• Work related expenses for disabled  
• Gambling loss to extent of winnings

## Nondeductable items:

**Medical:** cosmetic surgery; funeral/burial; LTC (Shift F-1 help for limits); nonprescription drugs; weight loss program not prescribed; diet food

**Taxes:** fees/licenses (drivers, marriage, dog); sales tax; assessments for improvements that increase property value

**Contributions:** political; country club/fraternal lodge; raffle, bingo or lottery tickets; tuition; value of time/services; gifts to lobby groups; civic leagues, social clubs labor unions.

**Miscellaneous:** commuting; home repair; rent; insurance (except medical); loss from sale of home; personal legal expenses; lost/misplaced cash or property; drugs (after prescription); fines/penalties.

# Itemized Deductions Detail Worksheet

US Schedule A	Itemized Deduction Detail Worksheet	2005
Name: <b>TAXPAYER BROWN</b> .....		SSN: <b>111-11-1111</b>
If you need more worksheets, F9 on the additional worksheet entry in each category below.		
<p><b>Medical Expenses</b> Prescription medicines, legally obtained drugs, insulin, doctors, dentists, nurses, eyeglasses, health insurance premiums, transportation for medical treatment, and nonprescription medical supplies, such as crutches. Do not list any amounts paid with pre-tax dollars or reimbursed by insurance, HSA, MSA.</p> <p>Medical miles 01/01/2005 through 08/31/2005 ... <input type="text" value="0"/> x .15 = <input type="text" value="0"/></p> <p>Medical miles 09/01/2005 through 12/31/2005 ... <input type="text" value="0"/> x .22 = <input type="text" value="0"/></p>		
Insurance premiums paid (not pre-tax) health, dental, cancer. Omit amounts used on Form 8885. Taxpayer ..... <input type="text" value="0"/> Spouse ..... <input type="text" value="0"/>		Medicare from 1040 worksheet .... <input type="text" value="0"/> Remainder from worksheets Self-employed health insurance Taxpayer ..... <input type="text" value="0"/> Spouse ..... <input type="text" value="0"/>
Qualified long term care contracts See Shift F1 Help for limits. Taxpayer ..... <input type="text" value="0"/> Spouse ..... <input type="text" value="0"/>		Self-employed long term care Taxpayer ..... <input type="text" value="0"/> Spouse ..... <input type="text" value="0"/>
Other medical expenses <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>		F9 for additional worksheets .... <input type="text" value="0"/> <b>Total</b> ..... <input type="text" value="0"/>
<p><b>Contributions to Charity</b> If contributions exceed 20% of the AGI <input type="text" value="22"/> , list each contribution in the proper category below (50%, 30%, etc). Otherwise, the only sort required is cash and other than cash contributions. Gifts of \$250 or more must be receipted.</p>		
<p><b>Cash Contributions</b></p> <p>50% Limit Organizations</p> <p>Charitable miles not related to hurricane Katrina and not reimbursed .... <input type="text" value="0"/> x .14 = <input type="text" value="0"/></p> <p>Charitable miles related to hurricane Katrina and not reimbursed.</p> <p>08/25/2005 through 08/31/2005 ..... <input type="text" value="0"/> x .29 = <input type="text" value="0"/></p> <p>08/01/2005 through 12/31/2005 ..... <input type="text" value="0"/> x .34 = <input type="text" value="0"/></p>		
<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>		From Schedules K-1 ..... <input type="text" value="0"/> F9 for additional worksheets .... <input type="text" value="0"/> <b>Total</b> ..... <input type="text" value="0"/>
<p><b>2005</b> If the 50% limit organization cash contribution total exceeds 50% of the AGI or the itemized deductions are limited because AGI exceeds \$145,950 (\$72,975 if married filing separately), this entry will highlight. If highlighted and the taxpayer elects, enter the amount of cash contributions made to qualified organizations for the period beginning on 08/28/2005 and ending on 12/31/2005. These amounts should have already been listed above. By entering an amount here, the taxpayer is making the election to treat these contributions as qualified contributions under the Katrina Emergency Tax Relief Act of 2005, section 301. F3 if highlighted and the correct amount is -0- or the taxpayer prefers not to make the election. If the taxpayer prefers not to make the election, F8 to -0- the K-1 amount.</p> <p>Enter your amount here: <input type="text" value="0"/> + Schedules K-1: <input type="text" value="0"/> = <input type="text" value="0"/></p> <p>Amount allowed this year: <input type="text" value="0"/> Carryover to 2006: <input type="text" value="0"/></p>		
<p>30% Limit Organizations</p> <p>Charitable miles: <input type="text" value="0"/> x .14 = <input type="text" value="0"/></p>		
<input type="text" value="0"/> <input type="text" value="0"/>		From Schedules K-1 ..... <input type="text" value="0"/> F9 for additional worksheets .... <input type="text" value="0"/> <b>Total</b> ..... <input type="text" value="0"/>
<p><b>Other Than Cash Contributions</b> Use Form 8283 if this total is more than \$500. <input type="text" value="0"/></p>		

# Nonrefundable Credits

Nonrefundable Credits		
47	Foreign tax credit. Form 1116, if required .....	0.
48	Child and dependent care credit. Form 2441 .....	0.
49	Elderly or disabled credit. Schedule R .....	0.
50	Education credits. Form 8863 .....	0.
51	Retirement savings contributions credit. Form 8880 .....	0.
52	Child tax credit. Attach Form 8901 if required .....	0.
53	Adoption credit. Form 8839 .....	0.
54	Credits from: <input type="checkbox"/> Form 8396 <input type="checkbox"/> Form 8859 .....	0.
55	Other credits. Check applicable box(es) ..... <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 8801 <input type="checkbox"/> Specify .....	0.
56	<b>Total credits.</b> Add lines 47 through 55 .....	0.
57	Subtract line 56 from line 46 .....	0.

- Link (F9) to New 1116, pg 1 Foreign Tax Credit pg 1
- Link (F9) to 2441, pg 1
- Link (F9) to New Sch R
- Link (F9) to New 8863
- Link (F9) to 8880

# Form 2441 – Credit For Child And Dependent Care Expenses

US 2441 Credit for Child and Dependent Care Expenses 2005

Name: TAXPAYER BROWN SSN: 111-11-1111

Part I: Persons or Organizations Who Provided the Care

1 (a) Care provider's name	(b) Street address City, state, and Zip code	(c) ID number SSN or EIN	(d) Amount paid
Code: [REDACTED]	[REDACTED]	EIN? <input type="checkbox"/> Type: [REDACTED]	[REDACTED] 0.
Code: [REDACTED]	[REDACTED]	EIN? <input type="checkbox"/> Type: [REDACTED]	[REDACTED] 0.
Total of the line 1 amounts			[REDACTED] 0.

Part II: Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s).  
 To qualify the persons must have shared the same home with you in 2005. If you received dependent care benefits from your employer, fill in page 2 of this form.  
 Only list below those expenses not excluded on page 2. Total not excluded on page 2 . . . [REDACTED] 0.

(a) Qualifying person's name	(b) Social security number	(c) Qualified expenses - See below.
First name Last name		
[REDACTED] .. [REDACTED]	[REDACTED]	[REDACTED] 0.
[REDACTED] .. [REDACTED]	[REDACTED]	[REDACTED] 0.
* Qualified expenses are those you incurred and PAID in 2005.		
Total of the line 2 amounts		[REDACTED] 0.

3 Smaller of line 2, \$3,000 for 1 qualifying person, or \$6,000 for 2 or more persons. If you completed Part II, the amount from line 32 is entered . . . [REDACTED] 0.

4 Your earned income . . . [REDACTED] 0.

5 If married filing jointly, your spouse's earned income is entered. If your spouse was a student or disabled, see the worksheet below. All others, the amount from line 4 is entered . . . [REDACTED] 0.

6 Smallest of lines 3, 4, or 5 . . . [REDACTED] 0.

7 Amount from Form 1040, line 38 . . . [REDACTED] 0.

8 Amount applicable to the amount on line 7 . . . 0.33

If you paid, in 2005, dependent care expenses incurred in a prior year, enter the amount of credit based on the rate that applied for that year . . . [REDACTED] 0.  
 F9 here to explain the calculation of the credit for prior year expenses . . .   
 Also enter qualifying person's name . . . [REDACTED]  
 and social security number . . . [REDACTED]

9 Multiply line 6 by the decimal amount on line 8, plus prior year amounts shown above . . . [REDACTED] 0.

10 Amount from Form 1040, line 46, minus any amount from Form 1040, line 47 . . . [REDACTED] 0.

11 Credit for child and dependent expenses. Smaller of line 9 or line 10 . . . [REDACTED] 0.

Worksheet for Income Considered Earned by Disabled or Student Spouse

If you have 1 qualifying person	If you have two or more qualifying persons
\$250	\$500
x [REDACTED] months spouse was a student or disabled	x [REDACTED] months spouse was a student or disabled
\$ [REDACTED] 0.	\$ [REDACTED] 0.

Check if the care listed above was for a disabled spouse . . .

**Important:** Make sure the "DC" column is checked for the applicable dependent(s) on the Main Information Sheet

Follow the onscreen TaxWise instructions when the taxpayer has more than two care providers.

Line 1 should be total paid for child care.

Line 2 should be total paid minus any dependent care benefits.

If more than 2 children with dependent care expenses, Link to New Qualifying Form 2441, Line 2 and complete all fields for each qualifying child.

Line 3 should be total up to maximum allowable minus any dependent care benefit.

If spouse is disabled or full time student, enter the number of months.

# Form 2441 – Credit For Child And Dependent Care Expenses (Cont)

US 2441 (2005)

Page 2

Name: **TAXPAYER BROWN**

SSN: **111-11-1111**

**Part III: Dependent Care Benefits**

<p><b>12</b> Total amount of dependent care benefits you received in 2005. This amount should be separately shown in box 10 of your W2 form(s). Do not include amounts that were reported to you as wages in box 1 of Form(s) W2. If self-employed or a partner, include amounts received under a dependent care assistance from the sole proprietorship or partnership. Enter sole proprietorship amount here .....</p>	0.	
<p><b>13</b> Enter the amount forfeited or carried forward to 2006. See the instructions .....</p>	0.	
<p><b>14</b> Subtract line 13 from line 12 .....</p>	0.	
<p><b>15</b> Qualified expenses incurred in 2005 for the care of the qualifying person(s) .....</p>	0.	
<p><b>16</b> Smaller of line 14 or 15 .....</p>	0.	
<p><b>17</b> Your earned income .....</p>	0.	
<p><b>18</b> If married jointly or married filing separately, you must enter your's spouse's earned income. Married filing separate spouse's earned income .....</p>	0.	
<p>All others, the amount from line 17 .....</p>	0.	
<p><b>19</b> Smallest of lines 16, 17, or 18 .....</p>	0.	
<p><b>20</b> Amount from line 12 received from sole proprietorship or partnership .....</p>	0.	
<p><b>21</b> Subtract line 20 from line 14 .....</p>	0.	
<p><b>22</b> \$5,000 (\$2,500 if married filing separately and required to enter spouse's earned income on line 18) .....</p>	5,000.	
<p><b>23</b> <b>Deductible benefits.</b> The smallest of line 19, 20, or 22. Also, manually enter this amount on Schedule C, line 14; Schedule F, line 17; Schedule E, line 18; or Schedule K-1 worksheet, whichever applies. ....</p>	0.	
<p><b>24</b> Smaller of line 19 or line 22 .....</p>	0.	
<p><b>25</b> Amount from line 23 .....</p>	0.	
<p><b>26</b> <b>Excluded benefits.</b> Subtract line 25 from line 24 .....</p>	0.	
<p><b>27</b> <b>Taxable benefits.</b> Subtract line 26 from line 21. Also include this amount on Form 1040, line 7. On the dotted line next to line 7, write "DCB" .....</p>	0.	

# Form 8863 – Education Credits

US 8863	Education Credits	2005					
Name: <b>TAXPAYER BROWN</b>		SSN: <b>111-11-1111</b>					
<p><b>Note:</b> These credits are NOT available if you are a dependent of another or married filing separately. You cannot take the Hope credit and the Lifetime Learning credit for the same student. You cannot take the tuition and fees deduction on page 1 of Forms 1040 or 1040A and these credits for the same student. Both the credit and the AGI deduction should be checked for Federal and state tax purposes.</p>							
<b>Part I: Hope Credit</b>							
<p>The Hope Credit is available for two taxable years only. Those two years must be the first two years of postsecondary education, generally the freshman and sophomore years of college.</p> <p>* For each student who attended an eligible institution in the Gulf Opportunity Zone, check the box in the GO ZONE column. You can enter up to \$4,000 in column c.</p>							
1	(a) Student's name as shown on page 1 of this tax return. First name and last name	(b) Student's social security number	(c) * Qualified expenses but not more than \$2,000, \$4,000 GOZ per student	G O Z O N E	(d) Smaller of column c or \$1,000, \$2,000 GOZ	(e) Add column c and column d	(f) One-half of the amount in column e
	██████████	██████████	0.	<input type="checkbox"/>	0.	0.	0.
	██████████	██████████	0.	<input type="checkbox"/>	0.	0.	0.
	██████████	██████████	0.	<input type="checkbox"/>	0.	0.	0.
	██████████	██████████	0.	<input type="checkbox"/>	0.	0.	0.
2	Add amounts in column (f) .....						0.
<b>Part II: Lifetime Learning Credit</b>							
3	<p><b>Caution:</b> You cannot take the Hope credit and the Lifetime learning credit for the same student.</p>			G O Z O N E	(b) Student's social security number	(c) Qualified expenses	
	(a)	Student's name as shown on page 1 of your tax return First name      Last name Statement available. F9 below.					
	██████████	██████████	.....	<input type="checkbox"/>	██████████	0.	
	██████████	██████████	.....	<input type="checkbox"/>	██████████	0.	
	██████████	██████████	.....	<input type="checkbox"/>	██████████	0.	
4	Add amounts in column (c) .....						0.
5a	Smaller of line 4 or \$10,000 .....						0.
b	Students who attended an eligible education institution in the Gulf Opportunity Zone, smaller of \$10,000 or qualified expenses included on line 4 .....						0.
c	Subtract line 5b from line 5a .....						0.
6a	Multiply line 5b by 40% .....						0.
b	Multiply line 5c by 20% .....						0.
c	Add lines 6a and 6b .....						0.



For both Hope and Lifetime Learning Credit, enter qualified student's name, SSN, and qualified expenses software will calculate the credit.

To claim this credit, taxpayers:

- Cannot file MFS or non resident alien (unless MFJ with resident)
- Only taxpayer eligible if claims student as dependent and only student eligible if NOT claimed as dependent (even if can be claimed) — no matter who pays.
- Tuition and fee must be paid to the institution as a condition of enrollment or attendance to qualify.
- Not qualified: room and board, insurance, medical, transportation or personal expenses, cost of course or athletics/hobby unless part of degree (Hope) or job skills.

# Form 1116 – Foreign Tax Credit

**US 1116 Foreign Tax Credit**

Name: **TAXPAYER SAMPLE** SSN: **331-99-1146**

**Simplified Limitation Election**  
 The simplified method cannot be used if you file Form 4563 or exclude income from Puerto Rico. If ALL of your foreign source income is from dividends and interest and all of that income is reported to you on Forms 1099-DIV or 1099-INT and your qualified foreign taxes are not more than \$300 (\$600 if married filing jointly), you do not need to fill out this form. You can enter the foreign tax amount here: **0.** or directly on Forms 1040 or 1040NR. By making this election, you forego any carryover of excess foreign taxes to or from a taxable year to which this election applies and this election applies to all later tax years and can only be revoked with IRS consent. Enter the amount of foreign income on Schedules B, as applicable and also on line 16 of Form 1116AMT.

Check only one box. Use a separate Form 1116 for each category of income.

a Passive income       e Dividends from a DISC or former DISC       g Lump sum distributions  
 b High withholding tax interest       f Certain distributions from a foreign sales corporation (FSC) or former FSC       h Section 901(j) income  
 c Financial services income F9 to explain        i Income re-sourced by treaty  
 d Shipping income       j General limitation income

k Resident of (name of country): **0000000000**

**Part I: Taxable Income or Loss from Sources Outside United States for Category Above**

l Name of country or possession. Limit to 10 characters for printing.  
 A **0000000000** B **0000000000** C **0000000000**

1	A	B	C	Total
Gross income from sources within country shown above. Type: <b>0000000000</b> Income other than capital gains . . . . .	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
Foreign source qualified dividends . . <b>0.</b> multiplied by 0.4286. Include . <b>0.</b> above. Foreign capital gain. F9 on column A amount below for foreign Schedule D worksheet. The result of the calculation based on the foreign Schedule D will appear in the total and A columns. Enter amounts, if any, in columns B and C.				
Access foreign Schedule D here . . . . .	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
Gross income . . . . .	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>

If qualified foreign taxes are \$300 (\$600 if MFJ) or less and the income is from interest, dividends, royalties, etc, enter the amount here only. Do not complete the rest of the form.

**FOR MILITARY ONLY**  
 If the foreign tax is not passive and greater than \$300 (\$600 if MFJ) complete Form 1116. Read each line carefully and enter all applicable information.

# Retirement Savings Contributions Credit

TaxWise will automatically insert Form 8880, Credit for Qualified Retirement Savings Contributions, if the taxpayer meets eligibility criteria and any of the following are true:

1. A traditional IRA contribution is entered on Form 1040, Line 32.
2. The taxpayer or spouse Form W-2 includes Box 12 entries of D, E, F, G, H, or S.
3. Retirement Plan checked on Form W-2.

The Form 8880 will have a red exclamation point and will need to be completed prior to return completion.

Verify total contribution amounts with the taxpayer.

If the taxpayer contributed to a Roth IRA only:

1. Link to IRA worksheet from Form 1040, Line 25.
2. Enter Roth contributions on worksheet, line 20.
3. Close form.
4. Open Form 8880 and complete any red entries.

## Form 8880 - Credit for Qualified Retirement Savings Contributions

		My Employer	My Spouse
1 Traditional and Roth IRA contributions for 2005. Transfers from the IRA worksheet. ....		4,500.	2,500.
2 Elective deferrals to qualified plans Forms W2 and W200, box 12, using codes D, E, F, G, H, S, and box 14 amounts you marked .....		0.	1,200.
Self-employed retirement contributions ...		0.	0.
Other elective deferrals not included above .....		0.	0.
Elective deferrals to a 401(k) or other qualified employer plan and voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2005. See instructions .....		0.	1,200.
3 Add lines 1 and 2. If you do not qualify, this line will not total .....		0.	0.
4 Total of all Roth IRA distributions, plus all taxable distributions from other qualified retirement plans, that were made after 2002 and before the due date (including extensions) of your 2005 tax return. Forms 1099R with the IRA box marked or has a code of 1, S, J, Q, or T included in this tax return .....		0.	1,000.
Other distributions received			
2003 distributions .....		0.	0.
Did the taxpayer and spouse file married filing jointly in 2003? .. <input type="checkbox"/> Yes <input type="checkbox"/> No			
2004 distributions .....		0.	0.
Did the taxpayer and spouse file married filing jointly in 2004? .. <input type="checkbox"/> Yes <input type="checkbox"/> No			
2005 distributions before the due date			

**Note:** Certain distributions received after 2003 and before the due date (including extensions) of your 2006 tax return from any of the following types of plans must be entered on Line 4 of Form 8880

- Traditional or Roth IRAs
- 401(k), 403(b), governmental 457, 501(c)(18)(D), SEP, or SIMPLE plans

**Do not include any:**

- Military Pensions
- Distributions not taxable as the result of a rollover or a trustee-to-trustee transfer
- Distributions from your IRA (other than a Roth IRA) rolled over to your Roth IRA
- Loans from a qualified employer plan treated as a distribution
- Distributions of excess contributions or deferrals (and income allocable to such contributions or deferrals)
- Distributions of contributions made during a tax year and returned (with any income allocable to such contributions) on or before the due date (including extensions) for that tax year
- Distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k)

If you are filing a joint return, include both spouses' amounts in both columns.

# Form 1040, Page 2-Other Taxes and Payments

Other Taxes		
58	Self-employment tax . . . . . Form 4029 <input type="checkbox"/> Form 4361 <input type="checkbox"/> Exempt Notary <input type="checkbox"/>	0.
59	Social security and Medicare tax on tip income not reported to employer . . . . RRTA <input type="checkbox"/>	0.
60	Additional tax on IRAs, other qualified retirement plans, etc . . . . .	0.
61	Advance earned income credit payments from Forms(s) W2 . . . . .	0.
62	Household employment taxes. Schedule H . . . . .	0.
	Other taxes . . . UT: 0. MSA: 0. 72M5: 0.	
	EPP: 0. S453A: 0. S72P: 0.	
	ADT: 0. 4255: 0. 8828: 0.	
	IECR: 0. QEVCR: 0. 8866: 0.	
	MEDMSA: 0. 8697: 0. 8611: 0.	
	ECCFR: 0. HSA: 0. NQDC: 0.	
	Form 8693 attached for Form 8611. Enter date approved: . . . . .	
	Write-in: . . . . . 0.	
63	<b>Total tax.</b> Add lines 57 through 62 . . . . .	0.

Payments		
64	Federal income tax withheld . . . . . Form 1099 <input type="checkbox"/>	0.
65	2005 estimated tax paid and amount applied from 2004 return . . . . .	0.
	If estimated tax was paid in joint names and you are now divorced, enter ex-spouse's SSN: . . . . . and check here . . . . . <input type="checkbox"/>	
66 a	Earned income credit . . . . . No <input type="checkbox"/>	0.
b	Nontaxable combat pay election . . . . . 0.	
	<input type="checkbox"/> Electing to use 2004 earned income under the provisions of KETRA, section 406 . . . . . 0.	
67	Excess social security and tier 1 RRTA tax withheld . . . . .	0.
68	Additional child tax credit. Form 8812 . . . . .	0.
69	Amount paid with request for extension of time to file . . . . .	0.
70	Payments from . . . . . <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136	
	<input type="checkbox"/> Form 8885 . . . . .	0.
	From Form 8689 . . . . .	0.

Entered automatically from Sch SE

Entered automatically from Form W-2

Volunteers do not prepare returns with these taxes

Entered automatically from Form W-2 or Form 1099-R

Link (F9) to F/S TaxPaid 2005 Federal Estimate/ State Payment

Calculated automatically

Sch EIC will be completed automatically. Amount will calculate based on previous entries. Sch EIC wkt will appear in forms tree with red exclamation mark.



## TaxWise On-Line (TWO)

A pilot program was run last year using internet based TaxWise On-Line (TWO). This program was successful and TWO is available as an option for sites that have full time broad band internet capability (with at least 800 kilobytes per second) for all return preparers. Table I shows the differences between TWO and desktop TaxWise.

**Table 1 - Comparison of TaxWise Products**

<b>TaxWise On-line</b>	<b>TaxWise</b>
2 <sup>nd</sup> Year Product	Standard computer based product used in the past
High Speed Internet required	Internet recommended. Internet or dial-up connectivity only required to transmit returns and receive acknowledgements and updates
EFIN, Registration Code and web address are provided for access to the UTS server. Nothing is stored on site computers	Program CD along with EFIN and Registration Code provided for installation on site computer(s)
No longer need to backup and restore returns. Data is stored at UTS and can be retrieved	Ability to backup and restore returns and files
Each site computer serves as its own transmitter	Only one computer per EFIN can be used to transmit returns. Transmission can be done using dial-up modem or broadband internet
There is high data security since no data is stored on the computers	Data security is a concern since taxpayer information is stored on the computer
Both interview based and form based data entry is available	Form based data entry
TaxWise Online uses dynamic icons in place of function keys	TaxWise Function Keys
Icons appear on toolbar and entries when applicable	Icons appear on toolbar
Does not automatically calculate, click the Refresh icon or use Ctrl+R as you enter data. You must save forms	Automatically calculates as you enter data
Server response times could increase input time	Software is loaded on the user's computer, input time should be faster
If the internet is down, the site is down and no returns can be prepared or transmitted	If the internet is down, returns can be prepared, but not transmitted until the internet is back up
All printing is in PDF format	Options for printing
Federal and State updates automatically apply	Download Federal and State updates from the Electronic Filing Center or the internet
Prior year carryforward, if prior year returns prepared using TWO	Ability to perform prior year carryforward if TaxWise used to prepare prior year return

**Table 1 - Comparison of TaxWise Products (continued)**

<b>TaxWise On-line</b>	<b>TaxWise Desktop</b>
No Client Letter, reports on the Report Server will allow mail merge into a standard letter	Client Letter included
No Client Diary	Client Diary included
No Calculator	Calculator included
No customization of print packets	Customize print packets included
No non-returning client information	Non-returning client information, included if Prior Year Carryforward was performed
No Client organizer	Client organizer included in last version of prior year software
No Spanish forms	Spanish forms available
No non-1040 package (Puerto Rico, Miscellaneous)	All packages available

Following are guidelines for preparing returns using TWO. Only those things that are unique to TWO are covered.

## Setting up TWO

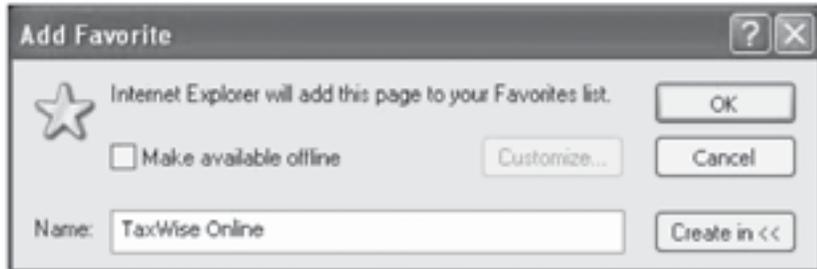
To setup TaxWise Online as a Favorite in Internet Explorer, use the following steps:

1. Open Internet Explorer.
2. Type <https://twonline.taxwise.com> in the address line.



A screenshot of the Internet Explorer address bar. The text "Address" is on the left, and the URL "https://twonline.taxwise.com" is entered in the text box.

3. Click on the **Favorites** icon.
4. Click **Add to Favorites**.
5. Enter the name you want the favorite to display.



A screenshot of the "Add Favorite" dialog box in Internet Explorer. It features a star icon, the text "Internet Explorer will add this page to your Favorites list.", a "Make available offline" checkbox, a "Customize..." button, and buttons for "OK", "Cancel", and "Create in <<". The "Name:" field contains the text "TaxWise Online".

6. Click **OK**.

## Logging on to TWO the first time

- Select TWO from your Favorites.

The user name is case sensitive.

To logon to TaxWise Online, do the following:

- Enter your **EFIN**, **User Name**, and **Password**.

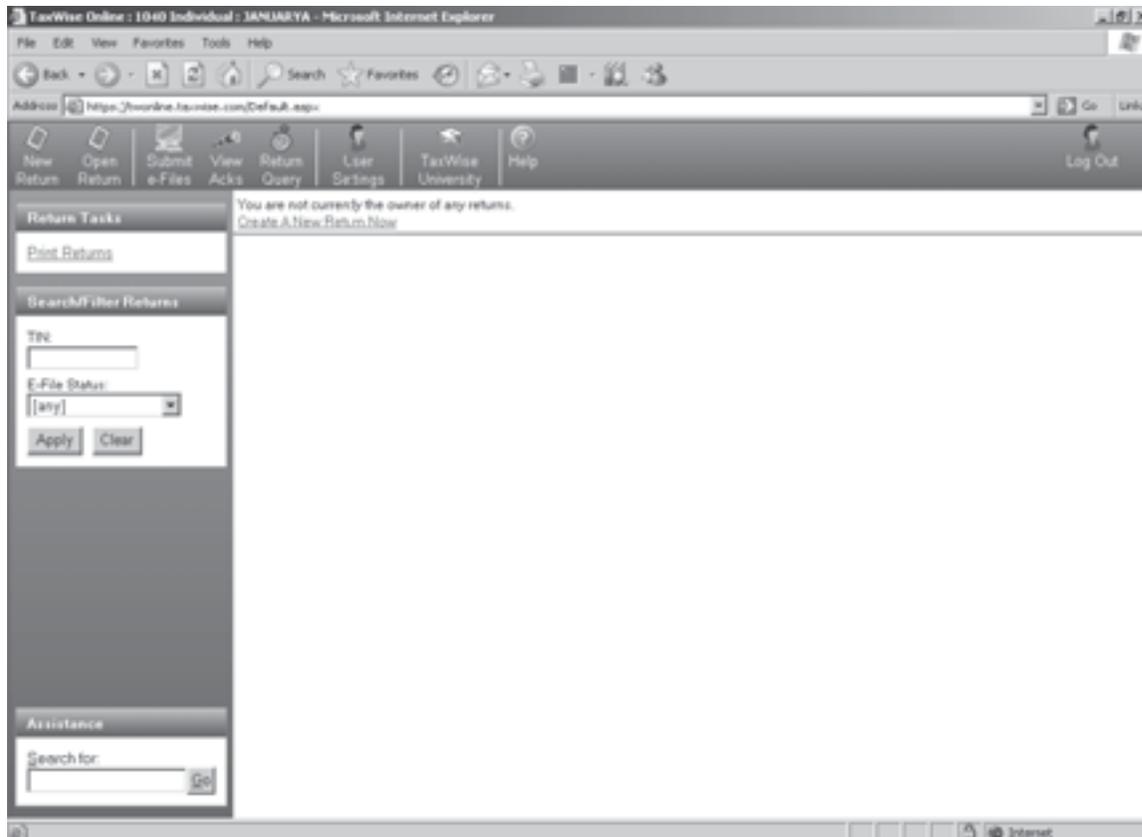


A screenshot of the TaxWise login page. At the top is the TaxWise logo with the tagline "Solutions for the Tax & Accounting Professional". Below the logo is a login form with three input fields labeled "EFIN:", "User Name:", and "Password:". A "Log In" button is located at the bottom right of the form.

## The TWO Homepage logged in as a created user

The following illustration depicts the TaxWise Online **Homepage** while logged in as a created user:

! The user will have access to all returns created by the user.



**New Return** – Select to start a new return

**Open Return** – Select to open existing return

**Return Query** – Select to check the status of any tax return

**User Settings** – Select to view user information

**TaxWise University** – Select to log into TaxWise University

**Help** – Select to open TaxWise Online Help

## Short-Cuts available in TWO

Short-cut	Function
Ctrl-Enter	(un) Override
Ctrl-Space	(un) Estimate
Ctrl-R	Refreshes the return
Ctrl-F	Search for an entry on the page
F11	Minimizes the Internet Explorer Toolbar

## Create a New Return

To start a new return, use the following steps:

1. Click the **New Return** icon.

TWO displays the dialog box to enter the SSN:



The screenshot shows a dialog box titled "Create New Return -- Web Page Dialog". It has a standard Windows-style title bar with a question mark icon and a close button (X). The dialog contains two text input fields. The first is labeled "Social Security Number:" and contains a series of dots representing a masked input. The second is labeled "Confirm Social Security Number:" and also contains a series of dots. At the bottom of the dialog, there are three buttons: "Go to Interview", "Go to Tax Forms", and "Close".

2. Enter the taxpayer's SSN in the **Social Security Number** box.
3. Re-key the taxpayer's SSN in the **Confirm Social Security Number** box.

**There are two choices to begin the return.**

- 1) Click the **Go to Interview** button to complete the appropriate interview questions, which will pre-load forms in the TWO tree.
- 2) Click the **Go to Tax Forms** button which will allow the preparer to complete the tax return using the forms based method. This option is very similar to TaxWise Desktop. The preparer will complete the Main Information Sheet, open 1040 page 1 and add the appropriate forms as they go down the 1040.

Click the **Cancel** button to cancel the process and return to the TWO **Homepage**.

## Completing the Interview

The following table describes the icons used during the interview process:

Option	Description
Save Return	 To save return.
Close Return	 Close return.
Switch to Tax Forms	 Switch to the tax form mode. This will display the forms as TaxWise Desktop.

- After starting the return and selecting **Go to Interview**.

TWO displays the following:

### The TaxWise Online Interview

---

The TaxWise Online Interview allows you to gather information that determines which tax forms must be included in each return.

Based on the answers to the questions on the following screens, we'll direct you to those forms and automatically fill in the taxpayers information wherever possible. Then we'll help you complete each form.

Next

## The TaxWise Online Interview

The TaxWise Online Interview allows you to gather information that determines which tax forms must be included in each return.

Based on the answers to the questions on the following screens, we'll direct you to those forms and automatically fill in the taxpayers information wherever possible. Then we'll help you to complete each form.

Read the introduction and click **Next**.

- Go directly to the tax forms by clicking the **Switch to Tax Forms** icon at any point during the interview process.

**Step 1:** Filing status

The TaxWise Online Interview

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 complete

Please choose your client's filing status:

Single

Married Filing Separately

Married Filing Jointly

Head of Household

Qualifying Widow(er) with Dependent Child

Help Me

Select the filing status for your client and click **Next** to continue, or **Previous** to go back one page.

- On each page you have the options of **Next** to continue, or **Previous** to go back one page.
- The Help Me button displays a PDF of the Publication 17 Filing Status Decision Tree.
- TaxWise Online displays pages that correspond with the chosen answer.

Continue the interview process through Final Step 15.

**Final Step:** Wrapping up the interview process:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 complete

Now you're ready to complete the tax forms. The following screens are similar to actual IRS forms. We'll present the forms you need based on the information provided so far. As you enter more information, we'll add any additional forms that may be required.

When you've completed all the forms, be sure to Run Diagnostics. That way we can check to be sure you've included all the required information.

Thank you for using TaxWise Online Interview.

- TWO informs you that you are ready to complete the return.
- Click **Finish** to continue.
- Fill out the forms in the tree just like TaxWise Desktop.

## Create a New Return – Go to Tax Forms

**Go to Tax Forms** allows the preparer to complete the tax return using the forms based method.

This option is very similar to TaxWise Desktop. The preparer will complete the Main Information Sheet, open 1040 page 1 and add the appropriate forms as they go down the 1040.

The following table describes the icons used when completing a return from the tax forms:

Option	
Previous Form	Opens the previous form
Next Form	 Opens the next form in the Forms Tree
Refresh Return	 Submits the active page for calculation purposes
Close Return	 Closes the active return
Print Return	 Prints the active return
Switch to Interview	 Changes to the Interview process
Run Diagnostics	 Checks the return prior to creating an electronic file
Return Status	 Check the electronic status of the active return
Return Query	 Check the status of any tax return
Forms List	 Displays the list of available forms to be added to the active tax return



The following illustration displays the **Refund Monitor**:



- Displays the Current AGI
- Displays the Current Refund/Balance Due

**Check Return Status** displays the current e-file status of the active return.

The following illustration displays the Default forms loaded with each return:



The following table describes the symbols used in the Forms Loaded Tree:

Symbol	Description
	Complete Form
	Form loaded, but not used
	Incomplete form
	Multi-page form
 +	Copy this form
 ×	Remove form

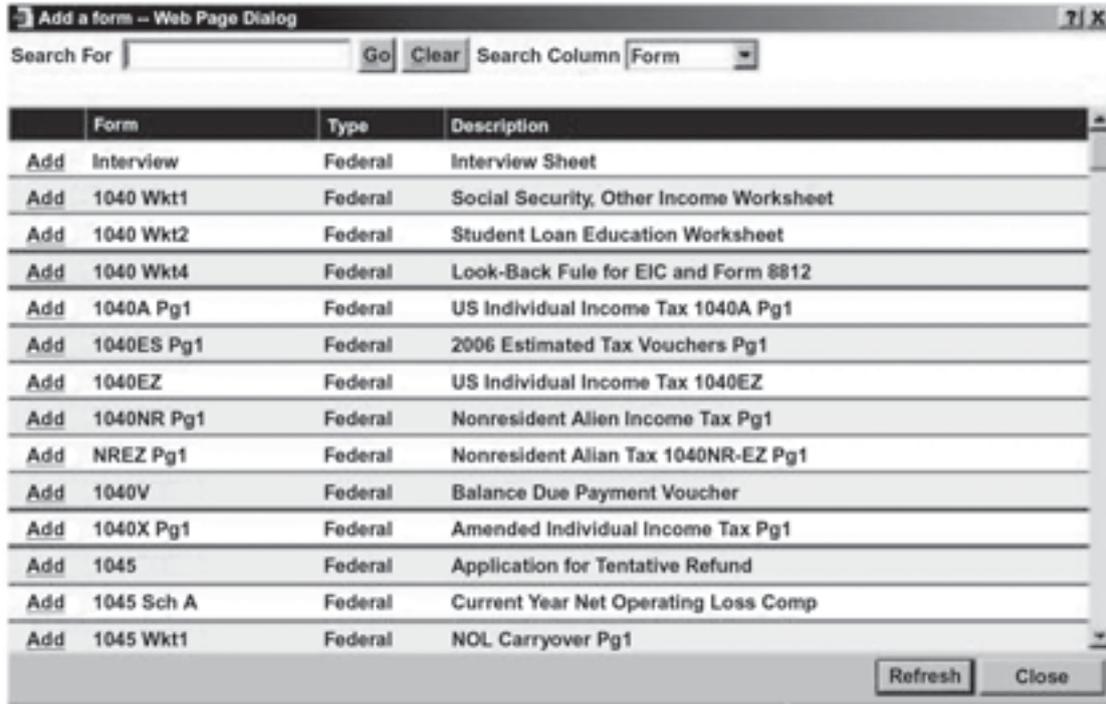


# Adding Forms to a Return

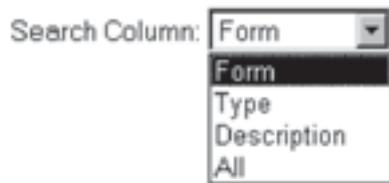
Two ways to **Add a Form** to the active tax return:

1. Click the **Add a Form** icon from the Loaded Forms tree.
2. Select the **Forms List** icon.

The following illustration displays the Add a Form window:



- Restrict your form search criteria.



- Enter the Form Name, Form Number or part of the form description in the **Search for** box:



- Select **Go** to search the forms list.
- Select **Clear** to remove your search criteria.
- Click the **Add** link next to the appropriate form.
- Complete applicable forms and run diagnostic.

## Additional Dependent Worksheet

If there are more than four dependents to list, enter the first four dependents on the Main Information Sheet and the remaining dependents on the Additional Dependent Statement by linking from the first dependent on Page 1 of Form 1040.

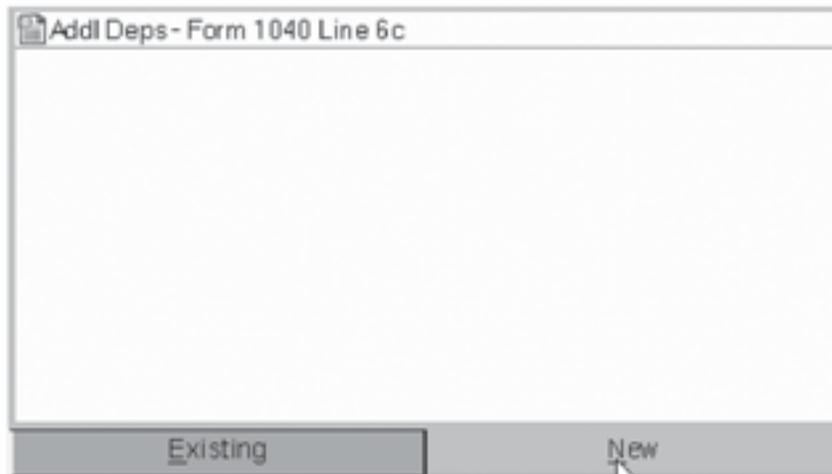
- Non-dependents MUST be listed on the Main Information Sheet -- they cannot be listed on the statement.
- Children who are qualifying children for EIC or Dependent Care must be listed on the Main Information Sheet.

The following illustration displays the link icon on 1040 page 1:

6 c Dependents	
Firstname	Lastname
FIRST	CHILD
SECOND	CHILD
THIRD	CHILD
FOURTH	CHILD

- Click on the First Name
- Click on the Link icon

The following illustration displays the Entry Links window:



- Click on the New Tab.
- ! The Entry Links window defaults to Existing forms.
- Click on the Add icon next to “Addl Deps – Form 1040 Line 6c”.

The following illustration displays the Additional Dependent Worksheet:

US 1040		Line 6 c: Additional Dependents				2005			
Do not skip lines. Delete blank lines by using the ALT and DELETE keys.									
Code = Dependent code. Enter 1, 2, or 3.									
Dependent Information		Name code	Date of birth	Age	Social security number	Relationship to you	Mo in Hm	C o d e	C T C
Firstname	Lastname								
FIRST	CHILD	CHIL	02/20/1999	6		SON	12	1	<input checked="" type="checkbox"/>
SECOND	CHILD	CHIL	04/18/2002	3		DAUGHTER	12	1	<input checked="" type="checkbox"/>
THIRD	CHILD	CHIL	04/18/1999	6		DAUGHTER	12	1	<input checked="" type="checkbox"/>
FOURTH	CHILD	CHIL	04/18/2002	3		DAUGHTER	12	1	<input checked="" type="checkbox"/>
FIFTH	CHILD	CHIL	04/18/2002	3		SON	12	1	<input checked="" type="checkbox"/>
SIXTH	CHILD	CHIL	04/18/2002	3		DAUGHTER	12	1	<input checked="" type="checkbox"/>
				0				0	<input type="checkbox"/>
				0				0	<input type="checkbox"/>

Social Security numbers were removed for this resource guide.

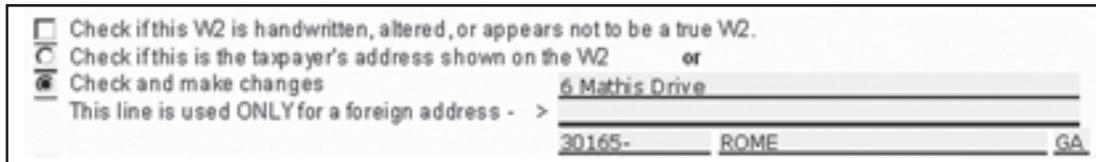
## Making changes to the W-2

- Open the W-2.
- Select Taxpayer or Spouse

### ***Address on W-2 is different than the Address on the Main Information Sheet.***

- Select Check and Make Changes.
- **Select the Refresh Return icon.**

The following illustration displays the W-2 when Check and Make changes has been selected:



The screenshot shows a section of a W-2 form with the following options and text:

- Check if this W2 is handwritten, altered, or appears not to be a true W2.
- Check if this is the taxpayer's address shown on the W2 or
- Check and make changes

Below the radio buttons, there is a text input field containing "6 Mathis Drive". Below that is a line for a foreign address: "This line is used ONLY for a foreign address - >". Underneath this line, the address "30165- ROME GA" is displayed, with "30165-" on the first line, "ROME" on the second line, and "GA" on the third line.

- Type the information as it appears on the W-2 in the address section. DO NOT enter punctuation in the address line.

### **Select the Refresh Return icon to save the changes and to update the city and state that corresponds with the new zip code.**

- The second address line is for foreign addresses ONLY.

### ***Turning the calculations off:***

- Select Check to take calculations off of lines 3, 4, 5, and 6.
- Select Check to take calculations off of line 16, state wages.

### **Select the Refresh Return icon.**

The following illustration displays the W-2 when calculations have been turned off.

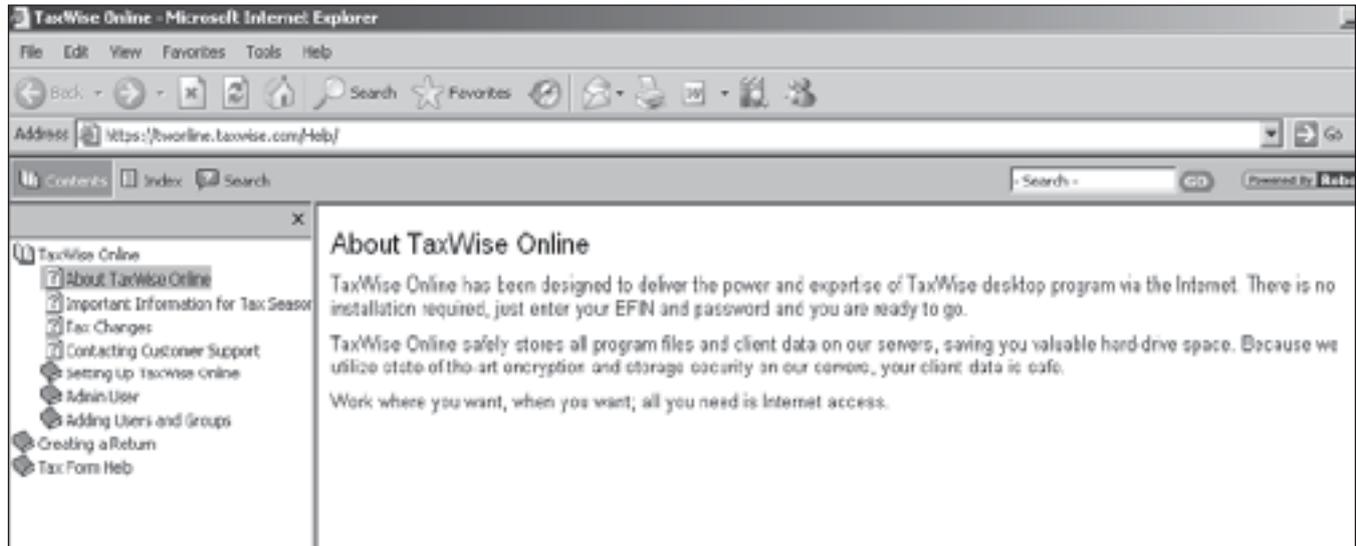




# TaxWise Online Help

- Select the Help icon from the homepage or from inside a tax return.
- TaxWise Online help opens in a separate browser window.

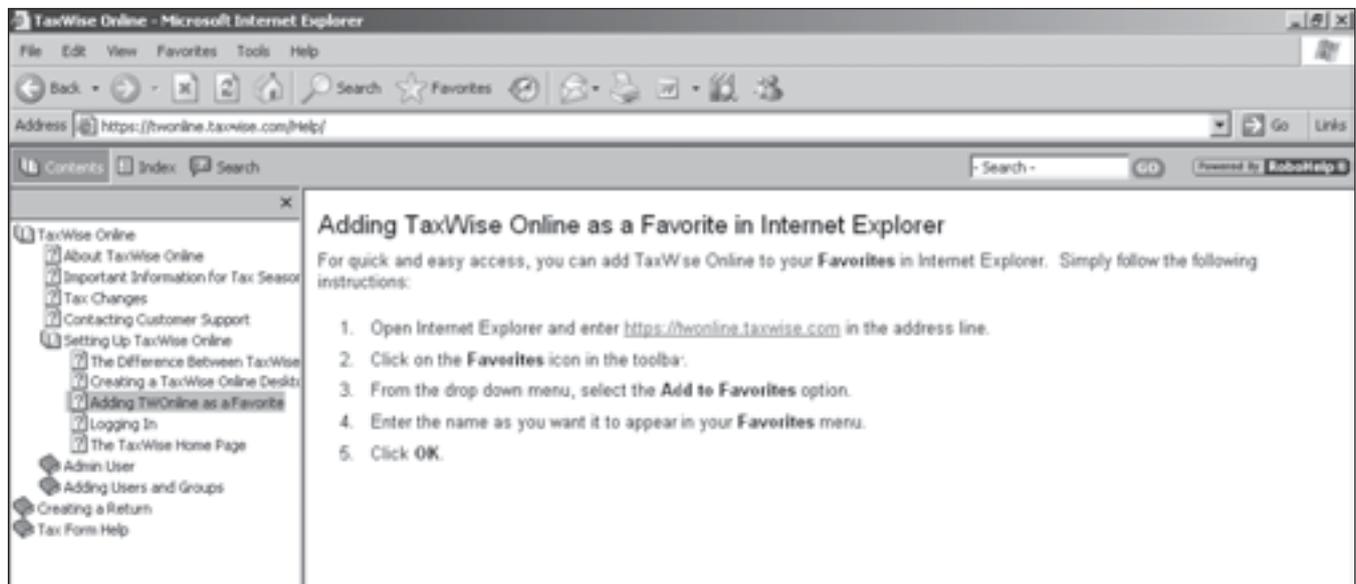
The following illustration displays the TaxWise Online help window:



- Select the closed book icon to expand the contents of TaxWise Online Help.

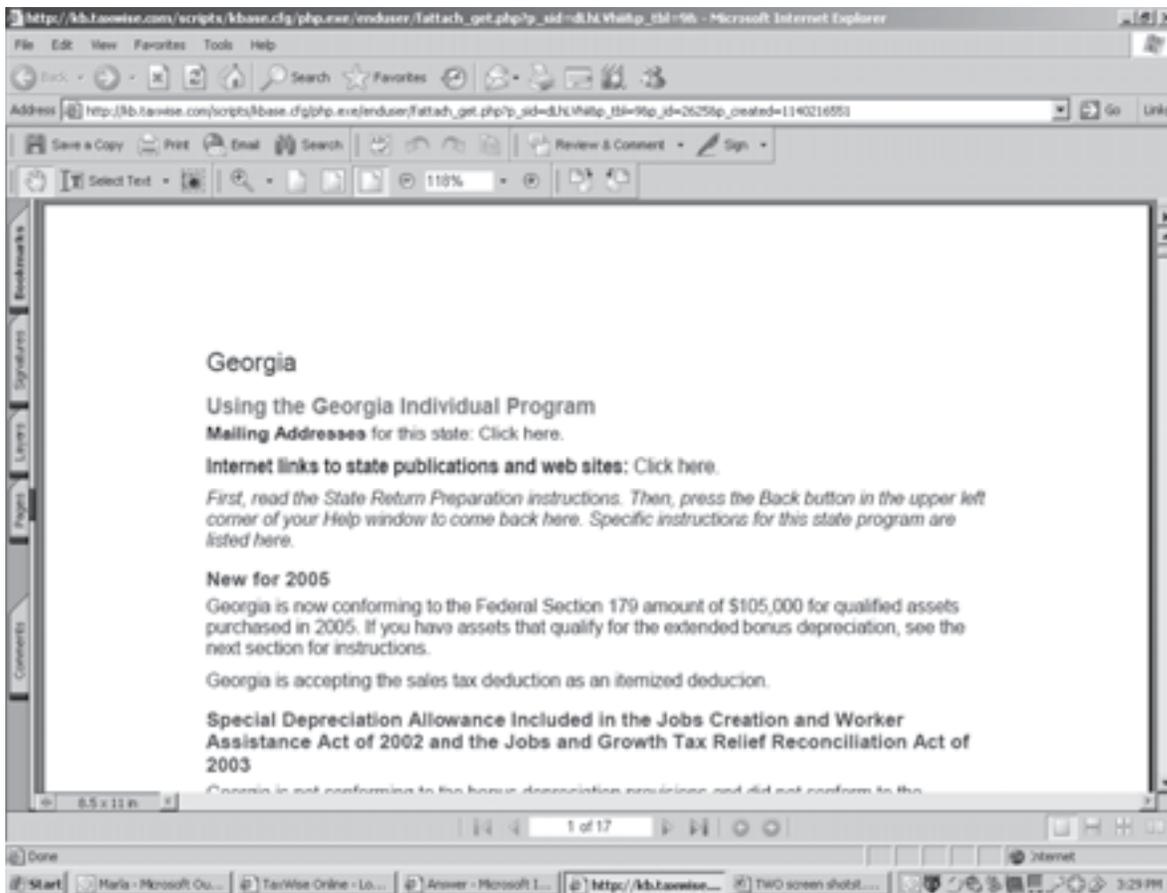


- Select the topic line to display detailed help information.





- Select State Help.
- Select the PDF attachment.
- The following illustration displays the State Help PDF



- Search the PDF for form specific help and county codes.
- ! Save the PDF to your computer for future reference.



## Setting the Return Stage

Return stage helps you manage your returns. The return stage is visible in the return list.

TaxWise Online comes with the following pre-defined return stages:

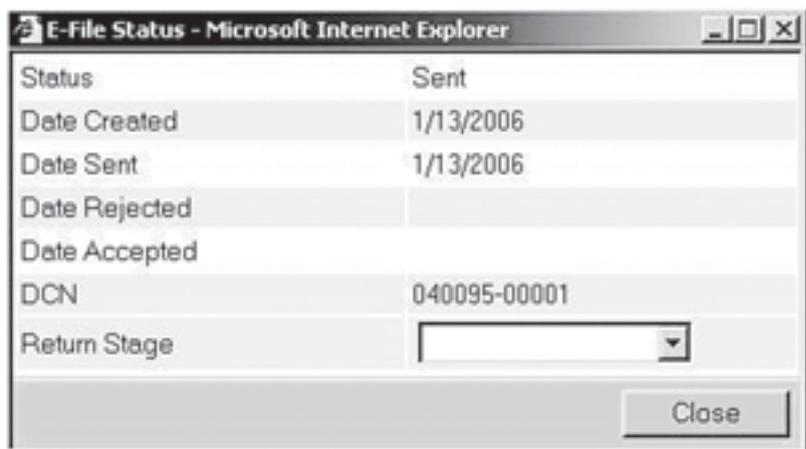
- Ready to Review
- Ready to Transmit
- Waiting on Signature
- Waiting on Tax Info
- Rejected
- Complete
- Paper

### *Setting the return stage from inside the tax return:*

- Open the return.
- Select the **Return Status** icon.

### *Setting the return stage from the TWO homepage:*

The following illustration displays the Return Status dialog window:



- Click the return stage arrow.
- Select the appropriate return stage.
- Click the **Close** button.
- Close the return.
- PDF created with pdfFactory Pro trial version [www.pdffactory.com](http://www.pdffactory.com)

# Running Diagnostics and Creating an Electronic File

- Select the **Run Diagnostics** icon for the active return.

The following illustration displays the diagnostics details:

Diagnostics Results				
<b>Electronic Filing Errors:</b>				
<u>This entry should not be filed.</u>				
Electronic filing errors detected.				
<b>SSN Diagnostics:</b>				
Name	SSN	Year Born	Year Issued	State Issued
Sample Return	111-11-1112	1960	2005	New York
Test dependent	111-11-1113	2003	2005	New York
No SSN warnings.				
<b>Warnings:</b>				
There is a refund on the tax return and no direct deposit information has been filed in. Is this correct? (WE7)				
<b>Overridden entries:</b>				
<u>overridden entry</u>				
<b>Estimated entries:</b>				
<u>estimated entry</u>				
No notifications.				

- Correct all e-file errors.
- Select the Run Diagnostics icon again.
- The following illustration displays the diagnostics details after all e-file errors have been corrected:

Diagnostics Results				
<b>SSN Diagnostics:</b>				
Name	SSN	Year Born	Year Issued	State Issued
Sample Return	111-11-1112	1960	2005	New York
Test dependent	991-21-2121	2003	Unassigned	UNKNOWN STATE!
<b>SSN Warnings:</b>				
<b>Warnings:</b>				
<b>Overridden entries:</b>				
<b>Estimated entries:</b>				
<b>Notifications:</b>				
No electronic filing errors detected.				

- Select the **Mark as Ready to E-file** checkbox.
- Close the return.
- Complete this step prior to printing the return. This will print the DCN on Forms 8453/8879.

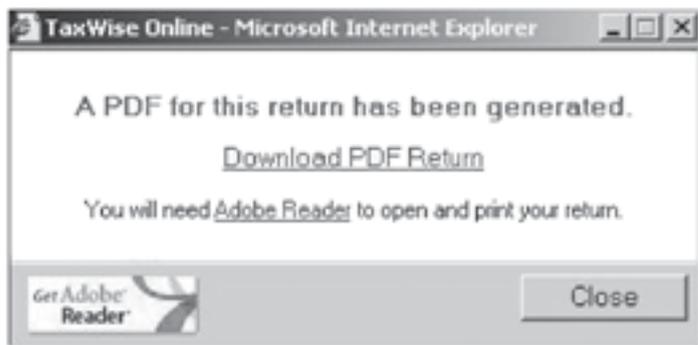
## Printing the Active Tax Return

- Select the Print Return icon.
- Must disable pop-up blockers.

The following illustration displays the generating PDF dialog box:



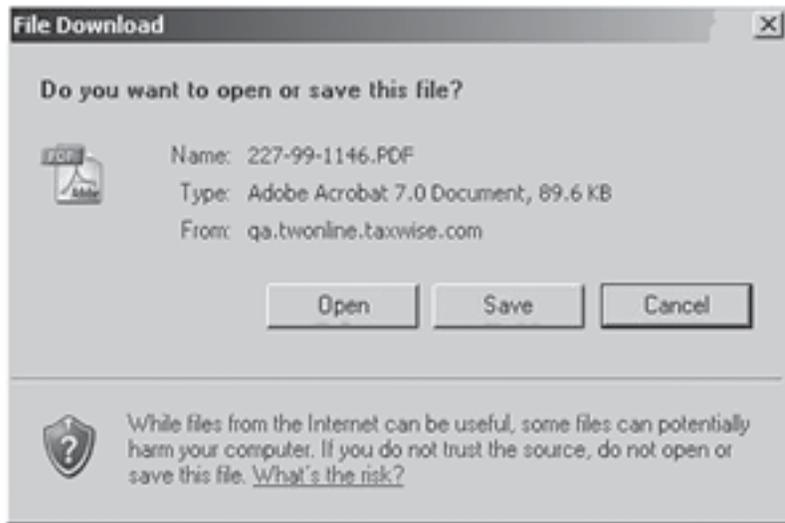
The following illustration displays the printing return dialog box:



Adobe 6.0 or higher is required to print returns.

- ! Click the **Adobe Reader** link to download the latest version of Adobe Reader.
- Select **Close** to close the PDF dialog window.
- Click the **Download PDF Return** link.

The following illustration displays the File download box:

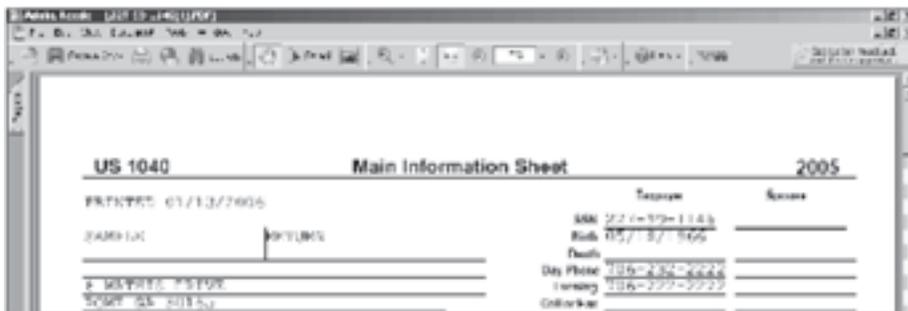


- Select **Open** to display a PDF of the return.

Select "**Open**" and not "**Save**". Selecting "**Save**" will install the PDF onto the computer. The PDF contains sensitive information that is difficult to remove.

- Select **Cancel** to cancel the printing process.

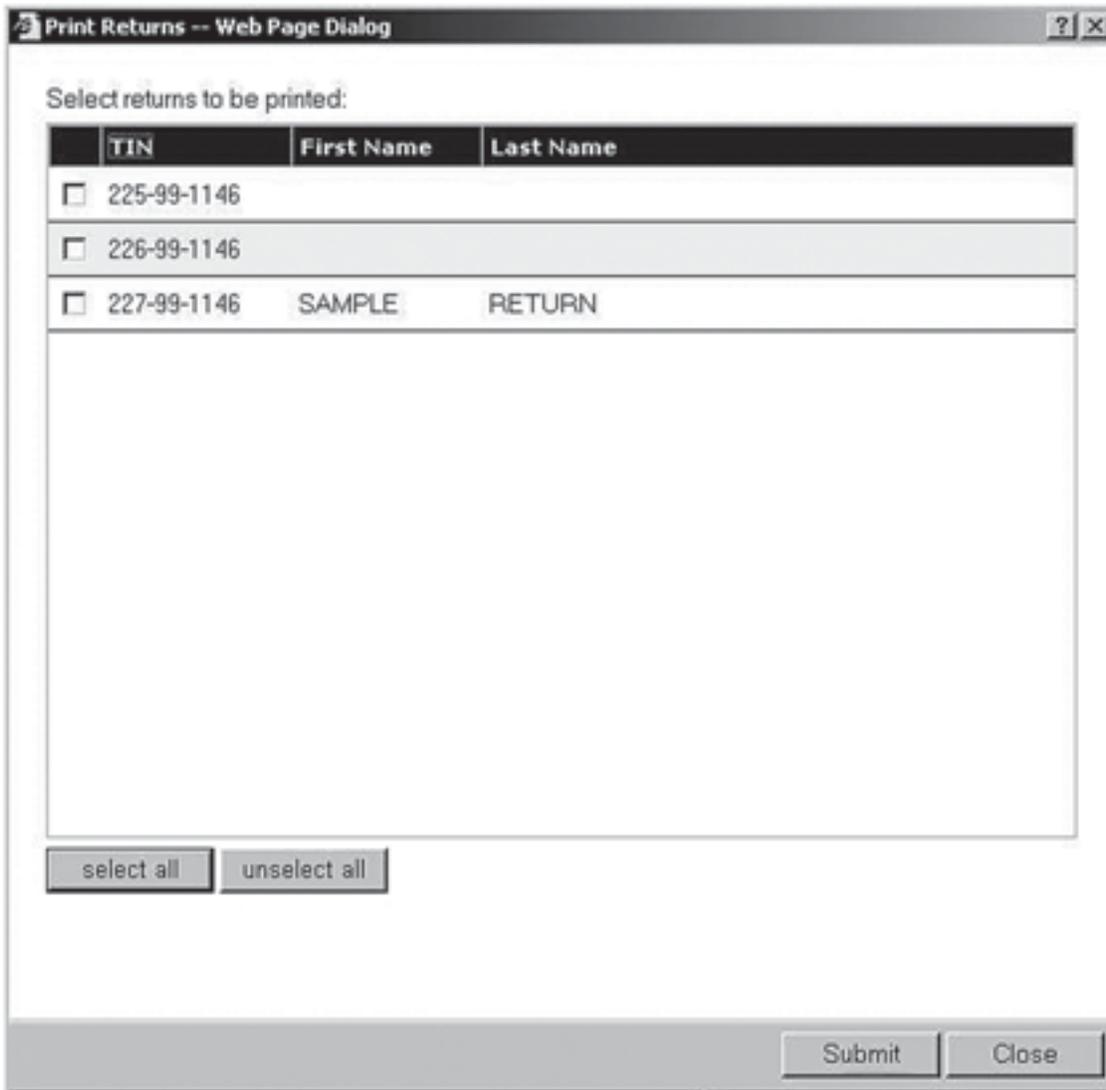
The following illustration displays the PDF of the tax return:



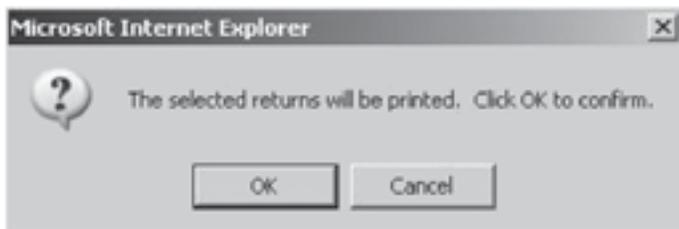
## Printing from the User Homepage

- Select the Print Return link.

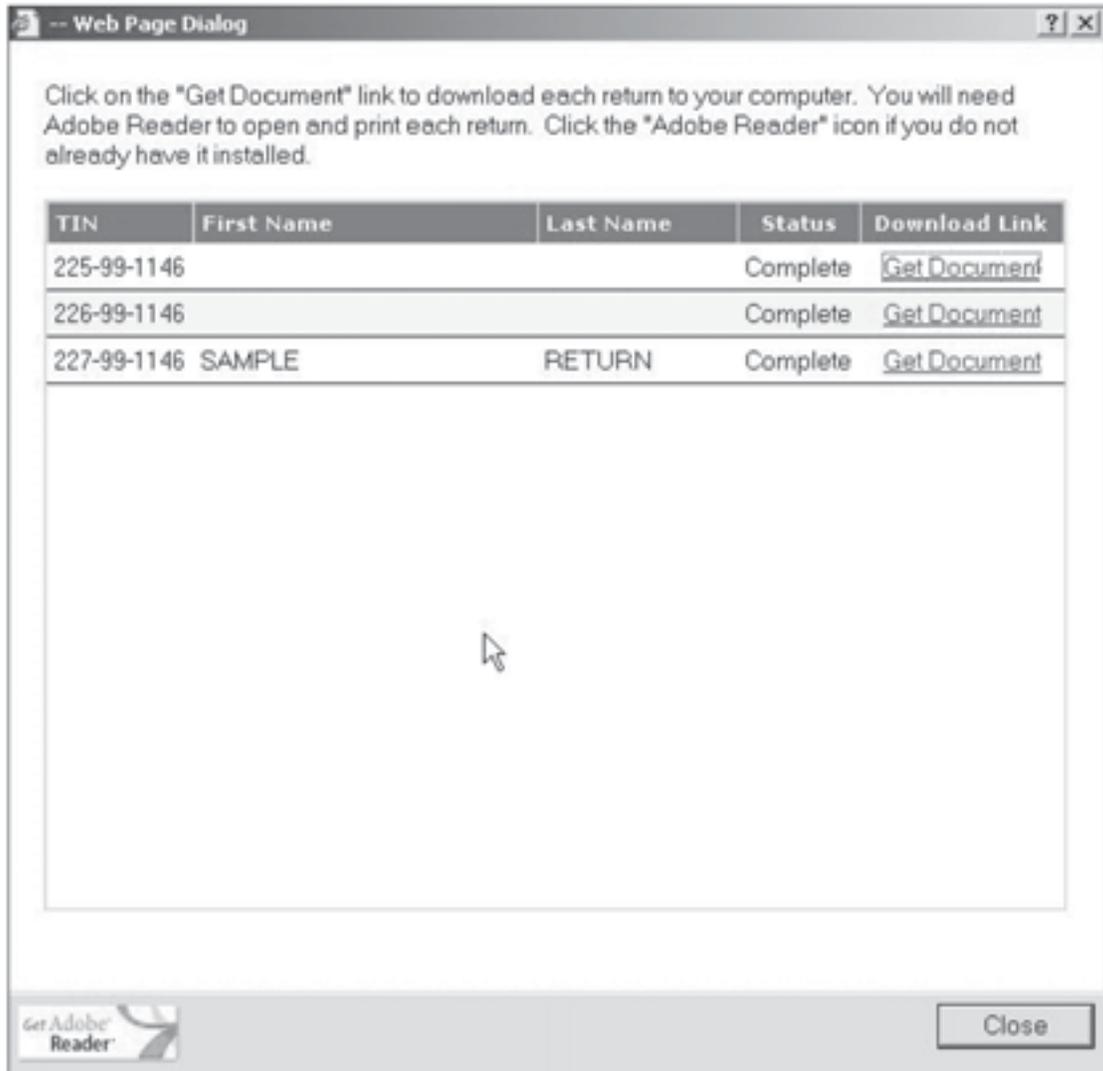
The following illustration displays the **Print Return** dialog box:



- Select the appropriate returns to print.
- Select the **Submit** button.
- Click **OK** to confirm the selected returns to print.



The following illustration displays the **Get Document** dialog box:

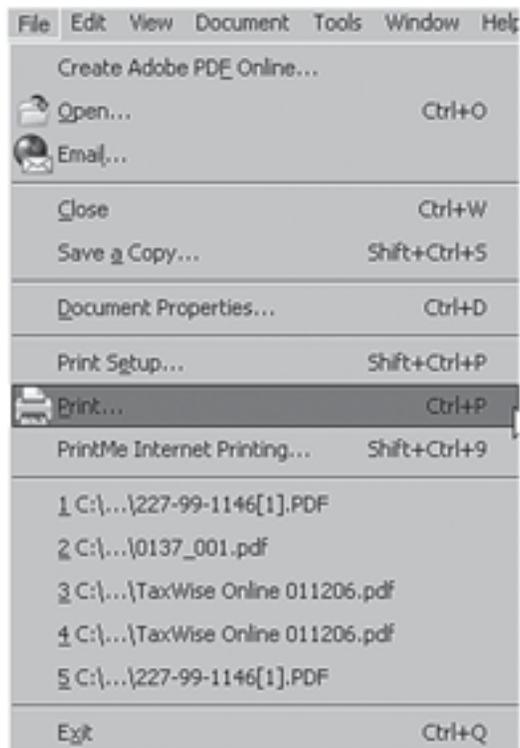


- Select the appropriate **Get Document** link to display the PDF.
- Click the **Close** button after printing the appropriate returns.

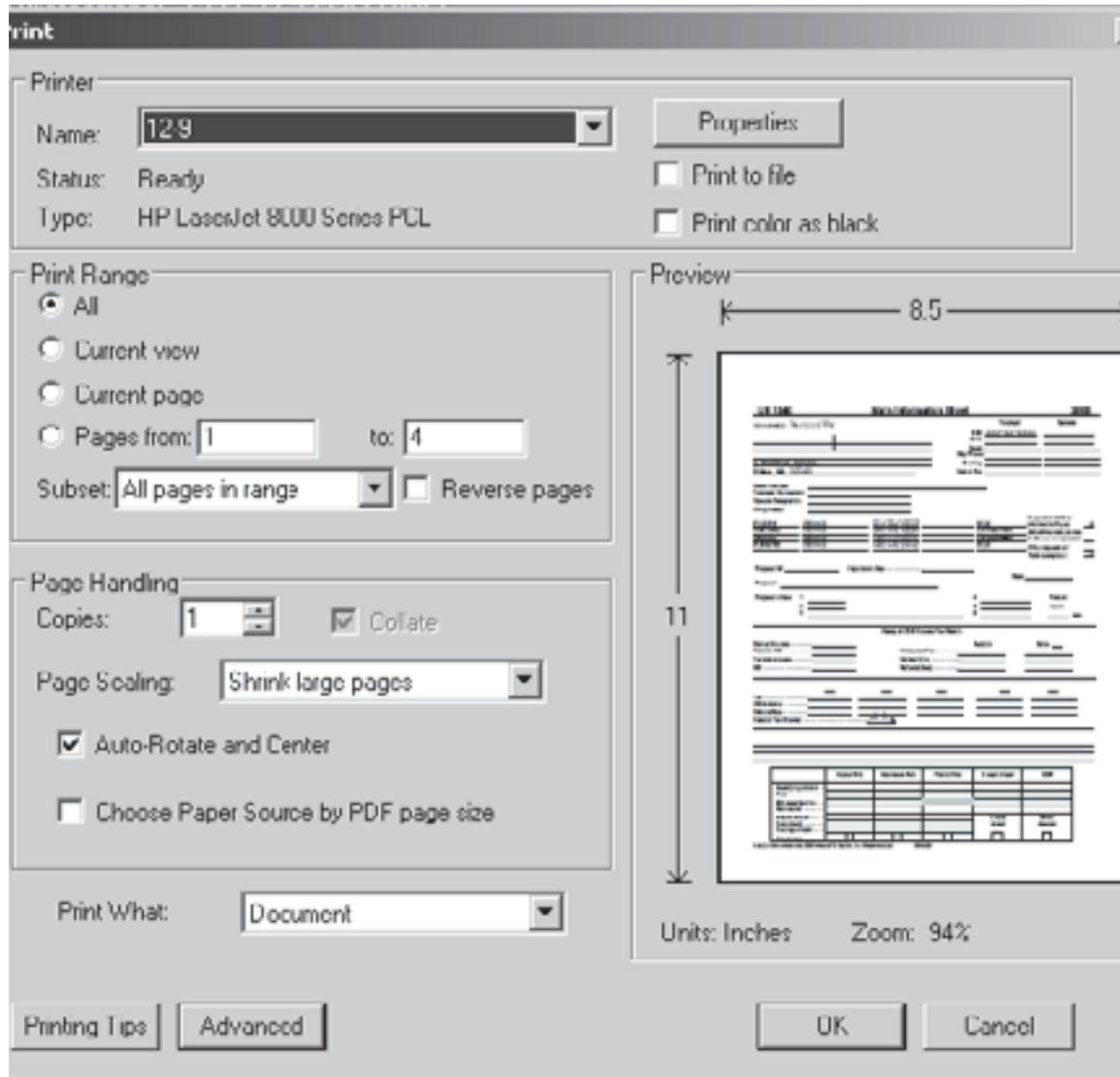
# Printing from PDF

The PDF will contain one completed copy of each completed form inside the tax return.

- Open the **File** menu.
- Select **Print...**



The following illustration displays the Adobe print dialog box:



Defaults to your Windows default printer.

**Scenario:** Print 2 copies of the return and 3 copies of the Form 8453.

- Increase the number of copies to 2 to print the first 2 copies of the return.
- Print the 3rd copy of the 8453 by printing the specific page.

# Completing a Return in TaxWise®

1. Complete applicable state forms.
2. Look in tree for forms with red exclamation marks.
  - Open form and look for red entries, then correct or complete.
  - A red block with a zero in it does not necessarily prevent a return being e-filed. If the diagnostic does not indicate error, then it will not be a problem.
3. Check return. Press F7 to see Tax Return Summary.
  - Review with taxpayer. Click OK to close the summary.
  - See balance due issues and payments.
4. If e-filing and taxpayer agrees to Self-Select PIN, return to the Main Information Screen to complete the Self-Select PIN information.
5. If return is a paper filing, check that Main Info Screen has Paper selected for Type of Return. Check that state form reflects the taxpayer choice as well.
6. Run Diagnostics.
  - Review warnings to see if any changes are needed.
  - If there are any filing errors, click “Next Entry” button in mid-screen (form to correct will be in lower screen and cursor will be on error) and make necessary correction. Continue until all errors are corrected. Rerun diagnostics.
  - When there are no electronic errors, if you want to e-file the return, click e-file button (mid-screen), click OK (e-file created). Click close to go back to tax return.
  - Quality Review. (The quality review can be done either here or after printing) If errors are found, correct, rerun diagnostic and recreate e-file.
7. On tool bar, click on blue check mark, Ready to File? and select appropriate response.
8. Print return, for e-file returns:
  - If Form 8453 is used, 3 copies required
  - For Self-Select PIN, no additional form
  - For Practitioner PIN, 2 copies of Form 8879 required
9. Collate return and review with taxpayer.
10. For e-file return, use applicable approach:
  - Form 8453, obtain original signature prior to transmission
  - Self-Select PIN, taxpayer must enter PIN in TaxWise before transmission
  - Practitioner PIN, obtain original signature on Form 8879 before transmission

If the return is a joint return, advise the taxpayer that it will not be electronically transmitted until both signatures or PINs, as applicable, are entered. If you create an e-file and then taxpayer chooses not to e-file, erase the e-file (Tools, Utilities/Setup Options, File, Erase e-file).
11. For a paper return, advise the taxpayer to;
  - Sign and date the return (Federal and state, if applicable)
  - Also have the spouse sign the return, if a joint return.
  - Attach copies of Forms W-2 and any Forms 1099 with withholding.
  - Attach a copy of the Federal return to the state return.
12. If a child cannot sign his or her name, the parent or guardian can sign the child’s name in the space provided followed by the words: By (parent or guardian signature) parent or guardian for minor child.
13. Follow “Distributing Copies of Return” shown later in this section.
14. At end of session, transfer e-files to transmitting computer (unless computers are networked).
15. Complete site log, if applicable.

# PIN Guidelines

**SELF-SELECT PIN** - SPEC partners should actively promote the use of the self-select PIN, which eliminates all paper signature documents. Consult your site e-file Administrator for more information on PIN signature options.

**Why?** It eliminates the requirement for Form 8453, U.S. Individual Income Tax Declaration for an IRS *e-file* Return, and Form 8879, IRS *e-file* Signature Authorization.

**Who?** Individuals who filed Forms 1040, 1040A, and 1040EZ the previous year are eligible, along with individuals who did not file a tax return in the previous year and are at least 16 years of age by December 31, 2006.

**What?** The Self-Select PIN option allows taxpayers to electronically sign their **e-filed** return by entering a **five-digit PIN**. The PIN can be any five numbers except all zeros. If filing a joint return, a PIN is needed for the taxpayer and their spouse. The taxpayer does not need to: register the PIN with the IRS before filing; or contact the IRS to get a PIN. If this confuses the taxpayer suggest that they consider entering their zip code.

**When/where?** After the return is completed and quality reviewed, return to the Main Information Sheet and see if the return qualifies for Self-Select PIN. Exceptions are provided under “Who cannot use the Self-Select PIN” shown below. For sites using TaxWise software, the software provides an indicator to identify the return as eligible for the Self-Select PIN.

If the return qualifies and the taxpayer(s) chooses to use the Self-Select PIN, complete the required information. For users of TaxWise software, the required information is on the Main Information Sheet. The IRS uses the taxpayer(s) date of birth and last tax year’s original Adjusted Gross Income (AGI) or Prior Year PIN (new this year) to verify identity.

Note: If taxpayer filed an amended return, use AGI from the first return filed.

## **Who cannot use Self-Select PIN?**

Some forms need to be attached to a Form 8453 (U.S Individual Income Tax Declaration for an IRS *e-file* Return) in order to be *e-filed*. Taxpayers filing the following forms would not be eligible to use the Self-Select PIN option:

- Primary Taxpayers under age 16 who have never filed a tax return.
- Secondary Taxpayers (spouse) under age 16 who did not file in the prior year.
- Taxpayers who filed Forms 1040-NR or 1040-SS in the prior tax year.
- Taxpayers whose return requires attachments other than Forms W-2, W-2G, or 1099-R.
- Taxpayers required to file the following forms, which must be attached to Form 8453, U.S. Individual Income Tax Declaration for an IRS *e-file* Return:
  - Form 3115, Application for Change in Accounting Method
  - Form 3468, Investment Credit (if Historic Structure Certificate is required)
  - Form 5713, International Boycott Report
  - Form 8283, Non-Cash Charitable Contributions (if using Part B)
  - Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents
  - Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities
  - Form 8885, Health Coverage Tax Credit
  - Schedule D-1, Continuation Sheet for Schedule D
  - Form 1098-C, Contributions to Motor Vehicles, Boats, and Airplanes
  - Form 4136, Credit for Federal Tax Paid on Fuels
  - Form 8864, Biodiesel and Renewable Diesel Fuels Credit (if Certificate and/or reseller statement is required)

## How to use the Self-Select PIN option in TaxWise?

- Go to the “Main Information Sheet.”
- Scroll to “Practitioners PIN” for both the Self-Select and Practitioner PIN programs. Enter “98765.” (This is the designated ERO PIN for volunteer sites and can be set as a default.) DO NOT check the box below it.
- Tab to “The income tax return” and place an “X” in the box. (This can be set as a default.)
- Enter the taxpayer’s Prior Year PIN or original AGI from last tax year’s federal tax return. If married filing a joint return, the AGI for the spouse will be the same as the taxpayer. If the taxpayers filed separate returns in the prior year, the Spouse’s AGI will need to be overridden before it can be entered. If the AGI is negative, enter the negative amount. (For Taxpayers who didn’t file last tax year, filed after December 9 of the current tax year, or the taxpayer “did not need to file a prior year tax return” enter zero (“0”) for the adjusted gross income. **Do not leave this field blank.**)
- Ask the taxpayer (and spouse if married filing a joint return) to enter any 5 numbers for a PIN (not all zeros).
- Enter the date.
- Put an “X” in the “I do not authorize” box. (This can be set as a default.)
- Close form.
- Copies of any Forms W-2, W-2G, and 1099 that have withholding must be retained until December 31st of the processing year. Suggestion: Since you should remove the Form 8879 from your “Print Packet” for the Self-Select PIN process, these forms may be attached to the printed copy of the Main Information sheet that prints from TaxWise.

**Removal of Form 8879 from the “Print Packets:”** The following procedures should be taken only when Self-Select PIN option is used. TaxWise® software is programmed to print Form 8879 each time the Self-Select PIN or Practitioner PIN option is used. Per instructions for Form 8879: **If the Practitioner PIN option is not used**, and the taxpayer enters his/her own PIN, Form 8879 does not need to be printed and retained. To eliminate the automatic print of Form 8879 when the Self-Select PIN is used, change to edit this, you would Edit your “Print Packets” by taking the following these steps:

- Go to “Tools.”
- Select “Utilities/Setup Options.”
- Select “Setup.”
- Select “View/Edit Print Packets.”
- Highlight the “8879 - 1040 e-file signature Authorization” form on the right side under “Selected Forms to Use.”
- Right click and choose “Remove.”

**Caution: TaxWise software users - Do not delete Form 8879 from your “TaxWise Tree”. The information contained in this form must be included in the e-file.**

## Practitioner PIN Guidelines

The Practitioner PIN option is an additional electronic signature option for taxpayers.

### **Why?**

- Neither the taxpayer's date of birth nor the prior year AGI is needed to use the Practitioner PIN.
- Unlike Form 8453, Form 8879 is not mailed to IRS processing centers for association with the electronic return.
- Reduction of year-end administrative duties associated with the burden of Forms 8453 and the IRS' ability to match these forms with the electronic return.

### **Who is eligible to Use the Practitioner PIN?**

- Taxpayers who are eligible to file Forms 1040, 1040A, or 1040EZ.
- Military personnel residing overseas with APO/FPO addresses
- U.S. Citizens and resident aliens residing in the American possessions of the Virgin Island, Puerto Rico, American Samoa, Guam and Northern Marianas, or with foreign country addresses
- Taxpayers filing a Form 4868, Extension of Time to File
- There is no age limit

**What?** The Practitioner PIN option authorizes the return preparer to enter the taxpayer's PIN on their behalf. To use the Practitioner PIN, the return preparer must be able to verify the identity of the taxpayer(s) and the taxpayer(s) must sign Form 8879, IRS *e-file* Signature Authorization, granting permission to the preparer to enter their PIN. Signed Form 8879 and copies of Forms W-2, W-2G, and 1099-R must be retained for three years from the return's due date or the IRS received date, whichever is later.

### **Who cannot use the Practitioner PIN?**

Some forms need to be attached to a Form 8453 (U.S Individual Income Tax Declaration for an IRS *e-file* Return) in order to be *e-filed*. Taxpayers filing the following forms would not be eligible to use the Practitioner PIN option:

- Form 3115, Application for Change in Accounting Method
- Form 3468, Computation of Investment Credit (if Historic Structure Certificate is required)
- Form 5713, International Boycott Report
- Form 8283, Non-cash Charitable Contributions (if using section B)
- Form 8332, Release of Claim to Exemption for Children of Divorced or Separated Parents
- Form 8858, Information Return of U. S. Persons with Respect to Foreign Disregarded Entities, and
- Form 8885, Health Coverage Tax Credit
- Schedule D-1, Continuation Sheet for Schedule D
- Form 1098-C, Contributions to Motor Vehicles, Boats, and Airplanes
- Form 4136, Credit for Federal Tax Paid on Fuels
- Form 8864, Biodiesel and Renewable Diesel Fuels Credit (if Certificate and/or reseller statement is required)

## How to use the Practitioner PIN option in TaxWise?

- Go to “Main Information Sheet.”
- Scroll to the Self-Select and Practitioner PIN(s) section.
- **Enter the ERO PIN.** All *e-file* sites use ERO PIN “98765.” (This can be set as a default.)
- Check the box below the PIN field to select the Practitioner PIN option.
- The volunteer may enter the taxpayer(s) PIN in the electronic return record on the Main Information Sheet before the taxpayer(s) signs Form 8879, but the taxpayer(s) must sign and date the form **BEFORE THE e-file ADMINISTRATOR** transmits the electronic submission of the return.
- Tab to “The income tax return” and place an “X” in the box. (This can be set as a default.)
- Tab to the Taxpayer/Spouse PIN section and enter a pin for the taxpayer(s), check “I Authorize” and enter the date.
- Print the return and two copies of Form 8879 (Form 8878, if filing Form 4868, Application for Automatic Extension of Time to File). Provide one copy to the taxpayer for their record and have the taxpayer(s) sign the second copy. Attach a copy of any Forms W-2, W-2G and 1099 that have withholding to the signed copy. If the spouse is not available for signature, the taxpayer may take the 8879 home for signature and then return the completed document. The 8879 must be signed before the e-file Administrator transmits the return.
- In Part III, the volunteer must enter the EROs (volunteer’s) signature, which consists of the site name, SIDN, and current date..
- Form 8879 and Forms W-2, W-2G, and 1099-R must be retained by the IRS SPEC Territorial Office for three years from the return’s due date or the IRS received date, whichever is later. Volunteer sites should use the same process in retaining the Form 8879, as is used in retaining Forms 8453.

# Return Signature

A return is not considered a valid return unless it is signed. Both spouses must sign if the return is filed jointly. The return should be dated and the occupation lines should be completed.

## **Child's Return**

If a child cannot sign his or her name, the parent or guardian can sign the child's name in the space provided followed by the words "By (parent or guardian signature), parent or guardian for minor child."

## **Deceased Taxpayer**

If a taxpayer died before filing the return, the taxpayer's spouse or personal representative may have to file and sign a return for the person who died. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent's property.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

## **Filing Returns of Deceased Taxpayers**

If filing a paper return, write "Deceased," the decedent's name, and the date of death across the top of the tax return.

If the spouse died during the year and the surviving spouse did not remarry, a joint return can be filed. Write "Filing as surviving spouse" in the area where the taxpayer would have signed. If someone else is the personal representative, he or she must also sign.

## **Filing Returns for Deceased Taxpayers - Using TaxWise**

If the taxpayer or spouse died in 2006 or 2007, the "Name line 2" must be completed on the Main Info Sheet. Type the name of the person filing the return for the deceased person. Do not (underline not) type the percent (%) sign; type only the name. This may be the surviving spouse if the filing status is MFJ, or a personal representative such as an executor, administrator, or anyone who is in charge of the deceased taxpayer's property.

In the "Taxpayer Information" section of the Main Info Screen, the "Date of death" for the taxpayer must be entered.

## **Claiming a Refund for a Deceased Person**

If a surviving spouse is filing a joint return with the decedent, file the tax return to claim the refund. Court appointed representatives should file the return and attach a copy of the certificate that shows their appointment. All other filers requesting the decedent's refund should file the return and attach Form 1310.

# Pointers for Direct Deposit of Refunds

- Using a voided check as proof of account, verify:
  - Routing Transit Number (RTN). The RTN must contain 9 digits and begin with 01 through 12 or 21 through 32.
  - Depositor Account Number (DAN). The DAN can be up to 17 characters. Omit spaces, the actual check number, special symbols, and the dollar amounts on canceled checks.
- Double check the RTN of the financial institution before the return is transmitted if:
  - You are unfamiliar with the financial institution. (Some types of accounts that exist through brokerage firms cannot accept Direct Deposits.)
  - The RTN is for a credit union, which is payable through another financial institution. The taxpayer should contact their credit union for the correct RTN.
- Entering the incorrect RTN and/or DAN will result in a 4-6 week delay of the refund! If the Direct Deposit is voided, a paper check will automatically be mailed to the address on the electronic tax form.



**Caution:** Financial institutions generally do not allow a joint refund to be deposited into an individual account. The IRS is not responsible if a financial institution refuses a Direct Deposit.

*Note:* The routing and account numbers may be in different places on the check.

**Paul Maple  
Deborah Maple**  
1234 Windy Oaks Drive  
Anytown, MD 20000

19 \_\_\_\_\_

1234  
15-0000-0000

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_

ANYTOWN BANK  
Anytown, MD 20000

Routing Number: 250250025  
Account Number: 20202086

Do Not include the check number

For \_\_\_\_\_ 1234

DOLLARS

TaxWise®:

Direct deposit information needs to be entered on both the Main Information Sheet and 1040 or 1040A, page 2. Also enter the information on the applicable on state forms.

Note: Do not use a checking account deposit slip as proof of account because the routing numbers may be different.

# Distributing Copies of Returns

## Taxpayer

- Form 1040 with all forms/schedules including Form 8453, if Self-Select PIN is not used or Form 8879 if Practitioner is used.
- Form 8332, if applicable
- Original Power of Attorney, if applicable
- State forms/schedules, as applicable
- All other taxpayer documents including Forms W-2 and Forms 1099
- If Self-Select PIN is used, no other distribution of forms is needed. Otherwise complete the following:

## IRS Processing Center (for e-filed return—after acknowledgement received)

- Form 8453 with original signature
- Copy of Form 8332, if applicable
- Copy of Power of Attorney, if applicable
- Any other required attachments

## IRS SPEC Territory Office (As directed; generally at the end of the season)

- Form 8453 or Form 8879 with original signature
- Form 8332, if applicable
- Copy of Power of Attorney, if applicable
- Copy Forms 1099, if required, and Forms W-2.
- Any other required attachments

# Balance Due Returns

(See Form 1040, 1040A or 1040EZ Instructions for additional information)

- Do not have to pay if balance due is \$1
- Payment in full due by April 16, 2007 to save interest and penalties
- Taxpayer should file their return by April 16, 2007 to avoid a failure to file penalty.
- Taxpayer may ask to make monthly installment payments
- No cash payments



**Caution:** Do not attach payment or Form 1040-V to the taxpayer's Form 8453.

## Payment Options

### 1. Check, money order, or credit card payments

- Do not attach the payment to the return
- Make check or money order **payable to “United States Treasury”**
- In remarks write “2005 Form 1040, 1040A or 1040EZ”
- Write name, address, daytime phone number and SSN/ITIN on the payment
- If filing a joint return, enter the SSN/ITIN shown first on the return
- Submit the payment with a properly completed Form 1040V, Payment Voucher

### 2. Credit Card payments

- American Express®, Discover®, Mastercard® or Visa® Cards accepted
- A convenience fee will be charged by the service providers:

Link2Gov Corporation	Official Payment Corporation
1-888-PAY-1040 <sup>SM</sup> (1-888-729-1040)	1-800-2PAY-TAX <sup>SM</sup> (1-800-272-9829)
1-888-658-5465 (Customer Service)	1-877-754-4413 (Customer Service)
www.Pay1040.com	www.officialpayments.com
- See instruction booklet or call service provider for details

### 3. Electronic Funds Withdrawal

e-filing allows taxpayer to file their return early and schedule their payment for withdrawal from their checking or savings account on a future date up to April 16, 2007.

If this option is chosen for an electronic return prepared using TaxWise:

- First, enter the bank account information on the Main Information Screen.
- Make the selection for direct debit on the bottom of Form 1040/1040A, page 2 or Form 1040EZ, page 1. Check the “Yes” box below “Amount You Owe.”
- Complete Form “ACH 1040/ES”, Direct Debit for Balance Due or One Estimated Tax Payment.
  - Click “2006 income tax balance due:”
  - Re-enter bank account information.
  - Enter “Requested payment date.”



## Calendar Year 2007 IRS e-file Refund Cycle Chart

Transmitted and accepted (by 11:00 am) between...	Direct Deposit Sent*	Paper Check Mailed*
Jan 12 and Jan 18 2007	Jan 26, 2007	Feb 2, 2007
Jan 18 and Jan 25 2007	Feb 2, 2007	Feb 9, 2007
Jan 25 and Feb 1 2007	Feb 9, 2007	Feb 16, 2007
Feb 1 and Feb 8 2007	Feb 16, 2007	Feb 23, 2007
Feb 8 and Feb 15 2007	Feb 23, 2007	Mar 2, 2007
Feb 15 and Feb 22 2007	Mar 2, 2007	Mar 9, 2007
Feb 22 and Mar 1 2007	Mar 9, 2007	Mar 16, 2007
Mar 1 and Mar 8 2007	Mar 16, 2007	Mar 23, 2007
Mar 8 and Mar 15 2007	Mar 23, 2007	Mar 30, 2007
Mar 15 and Mar 22 2007	Mar 30, 2007	Apr 6, 2007
Mar 22 and Mar 29 2007	Apr 6, 2007	Apr 13, 2007
Mar 29 and Apr 5 2007	Apr 13, 2007	Apr 20, 2007
Apr 5 and Apr 12 2007	Apr 20, 2007	Apr 27, 2007
Apr 12 and Apr 19 2007	Apr 27, 2007	May 4, 2007
Apr 19 and Apr 26 2007	May 4, 2007	May 11, 2007
Apr 26 and May 3 2007	May 11, 2007	May 18, 2007
May 3 and May 10 2007	May 18, 2007	May 25, 2007
May 10 and May 17 2007	May 25, 2007	Jun 1, 2007
May 17 and May 24 2007	Jun 1, 2007	Jun 8, 2007
May 24 and May 31 2007	Jun 8, 2007	Jun 15, 2007

Transmitted and accepted (by 11:00 am) between...	Direct Deposit Sent*	Paper Check Mailed*
May 31 and Jun 7 2007	Jun 15, 2007	Jun 22, 2007
Jun 7 and Jun 14 2007	Jun 22, 2007	Jun 29, 2007
Jun 14 and Jun 21 2007	Jun 29, 2007	Jul 6, 2007
Jun 21 and Jun 28 2007	Jul 6, 2007	Jul 13, 2007
Jun 28 and Jul 5 2007	Jul 13, 2007	Jul 20, 2007
Jul 5 and Jul 12 2007	Jul 20, 2007	Jul 27, 2007
Jul 12 and Jul 19 2007	Jul 27, 2007	Aug 3, 2007
Jul 19 and Jul 26 2007	Aug 3, 2007	Aug 10, 2007
Jul 26 and Aug 2 2007	Aug 10, 2007	Aug 17, 2007
Aug 2 and Aug 9 2007	Aug 17, 2007	Aug 24, 2007
Aug 9 and Aug 16 2007	Aug 24, 2007	Aug 31, 2007
Aug 16 and Aug 23 2007	Aug 31, 2007	Sep 7, 2007
Aug 23 and Aug 30 2007	Sep 7, 2007	Sep 14, 2007
Aug 30 and Sep 6 2007	Sep 14, 2007	Sep 21, 2007
Sep 6 and Sep 13 2007	Sep 21, 2007	Sep 28, 2007
Sep 13 and Sep 20 2007	Sep 28, 2007	Oct 5, 2007
Sep 20 and Sep 27 2007	Oct 5, 2007	Oct 12, 2007
Sep 27 and Oct 4 2007	Oct 12, 2007	Oct 19, 2007
Oct 4 and Oct 11 2007	Oct 19, 2007	Oct 26, 2007
Oct 11 and Oct 18 2007	Oct 26, 2007	Nov 2, 2007
Oct 18 and Oct 25 2007	Nov 2, 2007	Nov 9, 2007

\*The IRS does not guarantee a specific date that a refund will be deposited into a taxpayer's financial institution account or mailed.

**Refund Inquiries:** Taxpayers should wait at least **three weeks** from the time the electronic return data is acknowledged as accepted by the IRS before checking the status of a refund. To check the status of a refund, call TeleTax at 1-800-829-4477 (toll free) or go to [www.irs.gov](http://www.irs.gov) and click on "Where's My Refund."

## **ALERT**

### **AVOID PROCESSING DELAYS - INCORRECT SSN/ITIN USAGE**

The incorrect use of SSNs/ITINs can lead to delays in a taxpayer receiving a refund. There are two types of incorrect usage:

- Using a SSN/ITIN that was not assigned to the taxpayer (i.e., using some other person's SSN/ITIN).
- Usage of a correct SSN/ITIN by more than one taxpayer (i.e., two taxpayers filing separately and claiming the same dependents).

## **ALERT**

### **THERE'S A PLACE FOR YOU ON THE IRS INTERNET SITE**

Visit the Partner Products and Volunteer Resource Center for information on the latest hot topics

#### **For example:**

- Information on new tax law - Split Refunds, Telephone Excise Tax Refund and the Heroes Earned Retirement Opportunities (HERO) Act
- Disaster Relief

#### **and, Information you can use to prepare a quality return:**

- Volunteer Return Preparation Program (VRPP) Quality Improvement Process for tax year 2006
- Volunteer Quality Alerts contain the latest volunteer tax law updates and other helpful tips throughout the filing season
- Site Identification Number should be used on all returns you prepare

**Log-on at [www.irs.gov](http://www.irs.gov) – Keyword: **Volunteer Network****

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# Contact Information for Volunteers

## TaxWise

TaxWise Volunteer Support	1-800-411-6391 (do not give to the public)
TaxWise Toll-Free Transmission	1-800-829-5945
TaxWise via E-Mail	customer.support@taxwise.com
TaxWise Website	www.taxwise.com

## Internal Revenue Service

VITA/TCE Hotline (for volunteer use only)	1-800-829-8482 (800-TAX-VITA)
IRS e-file Help Desk	1-866-255-0654
Foreign Student/Scholar Issues or to e-mail a question	1-215-516-2000 (not toll-free) www.irs.gov/taxlaw- select Alien issues
IRS SPEC Territory Office	_____
Enterprise Service Desk (Help Desk)	1-866-7HELP4U (1-866-743-5748)

## State Department of Revenue

State Volunteer Hotline	_____
State e-file Help Desk	_____
State General Information	_____
State Tax Forms Distribution Center	_____
State Website	_____
Partner Point of Contact	_____

## Contact Information for Taxpayers

IRS Tax-Help	1-800-829-1040
IRS Refund Hotline	1-800-829-1954
Where's My Refund Website	www.irs.gov
IRS Forms and Publications	1-800-829-3676
IRS Taxpayer Advocate	1-877-777-4778
IRS Tax-Help for Deaf (TDD)	1-800-829-4059
Social Security Administration	1-800-772-1213

## Quality Review Checklist

**Instructions:** This form is to be used by certified volunteers responsible for reviewing the accuracy of the taxpayers' return prior to obtaining the taxpayers' signature. The reviewer should compare the return with the Intake and Interview Sheet (IRS or partner developed) and all available supporting documents.

**Supporting documents include** Forms W-2 and 1099, taxpayers' checking or savings bank account routing numbers (for refund deposits), taxpayer proof of identity, prior year return, etc.

**Certified Quality Reviewer: Check each box as you verify that the review step is complete.**

### Verify that the:

- Intake sheet** was fully completed and used to prepare each tax return.  
**Note: If an intake & interview sheet was not used or was not fully completed, ask the volunteer to fully complete the intake sheet with the taxpayer prior to the quality review process.**
- Names and social security numbers (SSN) or individual taxpayer identification numbers (ITIN)** on the return match the intake sheet and supporting documents.
- Taxpayers' **address** on the return matches the intake sheet.
- Filing status** on the return was determined by using the available information and/or Publication 4012, *Volunteer Resource Guide*. It should also match the intake sheet.
- Dependency exemptions** on the return were determined by using the available information and/or Publication 4012, *Volunteer Resource Guide*. They should also match the intake sheet.
- All **income** indicated on the intake sheet and supporting documents is included on the return.
- All **adjustments, deductions and credits** indicated on the intake sheet and supporting documents are included on the return.
- All **withholding** and/or estimated tax payments shown on the supporting documents have been included on the return.
- Direct deposit or Debit** information on the return matches the customer's checking/saving account information.
- Site Identification Number (SIDN)** is correct and entered on the return.

### No Errors Identified

- Return is ready for the **taxpayer's signature(s)** based on the completed review.

### Required Changes

If errors were identified, request the volunteer/site coordinator to make the necessary changes on the tax return and the intake/interview sheet. If necessary, conduct a follow-up quality review.