



4491X

VITA/TCE Training Supplement

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

2016 RETURNS



Take your VITA/TCE training online at www.irs.gov (keyword: Link & Learn Taxes). Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.





Publication 4491X – 2016 Supplement

Table of Contents

| | |
|-----------------------------------------------------------------------------------|-----|
| Introduction | 2 |
| Changes to the Training and Site Publications | 2 |
| 2016 Publication 4012, VITA/TCE Volunteer Resource Guide | 2 |
| 2016 Publication 4491, Link & Learn Taxes | 116 |
| 2016 Publication 4011, Foreign Student and Scholar Volunteer Resource Guide | 126 |
| 2016 Form 6744 VITA/TCE Volunteer Assistor’s Test/Retest | 126 |
| 2016 Publication 4189, VITA/TCE Volunteer Test/Retest Answers | 131 |

Introduction

This supplement contains changes, revisions, and additions to the October 2016 versions of the VITA/TCE training publications.

These changes impact all of the VITA/TCE courses. VITA/TCE tax preparers must review this supplement before assisting taxpayers with tax law questions or preparing their returns. Quality reviewers must also review this document before performing quality reviews.

TIP

The answers to the comprehensive problems and exercises in Publication 4491W can be accessed under Other Technical Resources and Training Products on the Volunteer Training Resources page on www.irs.gov.

Changes to the Training and Site Publications

The following changes have been made to the listed publications. You may:

1. Use this list to make pen-and-ink changes to your printed training publications, or
2. Print out the corrected pages that follow this list and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.



2016 Publication 4012, VITA/TCE Volunteer Resource Guide

| | |
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| NEW-3 | No change. |
| NEW-4 | Add the following at the bottom of the page: <ul style="list-style-type: none">• ITINs will be renewed using the original issuance date, and taxpayer will be allowed to claim CTC and AOTC credits for any gap years that returns were not filed. |
| ACA-11 | No change. |
| ACA-12 | 2015 Poverty Lines for the 48 Contiguous States and the District of Columbia, amounts in 138% Poverty Line column changed to: 1 person = \$16,243 2 persons = \$21,983 5 persons = \$39,206 2015 Poverty Lines for Alaska, amounts in 138% column changed to: 1 person = \$20,314 3 persons = \$34,666 5 persons = \$49,018 2015 Poverty Lines for Hawaii, amounts in 138% column changed to: 1 person = \$18,699 |
| ACA-13 | 1. Correct typographical error: maximum 2. In each column, add the following words after household income: above the filing threshold |
| ACA-14 | No change. |
| ACA-15 | No change. |
| ACA-16 | Replace page. |
| ACA-21 | Add page. |
| A-1 | No change. |

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| A-2 | Change the next to last sentence to: If the child's unearned income is more than \$2,100, and the child is required to file a tax return, |
| A-3 | Add the following: 11. You qualify for the Premium Tax Credit. |
| A-4 | No change. |
| B-1 | First box, middle column changed to: Married Filing Jointly or Married Filing Separately ⁷ |
| B-2 | No change. |
| C-3 | No change. |
| C-4 | Next to last line, correct two typos: qualifying and child |
| D-1 | Add the following to Table B: Olympic and Paralympic Games medals and prizes ⁴ Add the following as footnote 4: The exclusion does not apply to a taxpayer for any year in which the taxpayer's AGI exceeds \$1 million (or \$500,000 for an individual filing a MFS return). |
| D-2 | No change. |
| D-3 | Add a new line: Item: 1099-INT, Box 9, Private Activity Bond Interest 1040 Line: 45 Navigation: Click Line 45 from 1040 View>Interest from specified private activity bonds exempt from the regular tax or click Other Taxes from Federal Section>Alternative Minimum Taxes>Interest from specified private activity bonds exempt from the regular tax Replace the navigation for 1099-MISC Line 2 Royalties with the following: See Royalties, later in this section. |
| D-4 | Add a line: Item: Credit for the Elderly or Disabled 1040 Line: 54 Navigation: Click on line 54 from 1040 View>Credit for the Elderly or Disabled or click on Deductions from Federal Section>Credits Menu>Credit for the Elderly or Disabled |
| D-5 | Add a new line: Item: Medicaid Waiver Payments 1040 Line: 7 & 21 Navigation: See page D-45 |
| D-6 | Add a new line: Item: Scholarships and Grants; 1040 Line: 7 Navigation: Click on Line 21 from 1040 View>Other Compensation>Scholarships and Grants or click Income from the Federal section>Other Income>Other compensation>Scholarships and Grants |
| D-7 | No change |
| D-8 | Add an arrow pointing to the taxpayer's name with the following text: Select Quick File from this pull-down menu to create a list of entry screens for this return |
| D-9 | Change the last sentence of the Caution box to: "...select Form 4137 and also enter the amount there." |
| D-10 | No change. |

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| D-13 | <p>1. Add the following to the OID adjustment box: OID interest is treated the same as regular interest.</p> <p>2. Add the following text: Private activity bond interest (PAB) is entered in Other Taxes>> Alternative Minimum Tax>>Interest from specified private activity bonds exempt from the regular tax.</p> |
| D-14 | No change. |
| D-17 | No change. |
| D-18 | In 2nd box on right side, delete the following: and mark "Taxable amount not determined." |
| D-19 | <p>1. In the right-side column, change public service officer to public safety officer.</p> <p>2. Add the following footnote: *For annuitants who retired between July 2, 1986 and Dec. 31, 1986, enter zero.</p> <p>3. Add the following to the third note on the right: For the beneficiary of an employee who died, see Publication 575, Pensions and Annuities.</p> |
| D-20 | <p>Add the following text to the page: If taxpayer inadvertently missed the 60-day rollover deadline for one of several reasons, he can submit a certification to the trustee, and the amount can be considered a rollover on his tax return. See Revenue Procedure 2016-47 for details.</p> |
| D-23 | Replace page. |
| D-24 | Replace page. |
| D-27 | No change. |
| D-28 | <p>Add an arrow pointing to the Modified Adjusted Gross Income for Earlier Year line and add the following text: Add to AGI any tax-exempt interest and any adjustments from Lines 33 to 35.</p> |
| D-31 | No change. |
| D-32 | <p>1. Add the following to the 2nd box: , such as income from a Form 1099-K.</p> <p>2. Add the following text to the page: Self-employed taxpayers who accepted payment cards for payments or who received payments through a third party network may receive Form 1099-K reporting those transactions.</p> |
| D-33 | No change. |
| D-34 | <p>Add the following text: To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your industry. A necessary expense is one that is helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary.</p> |

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| D-35 | <p>1. Add a CAUTION: Refer to Tab F, Deductible Transportation Expenses, for help determining deductible business mileage and non-deductible commuting mileage. For additional information and examples, see Publication 463, Travel, Entertainment, Gift, and Car Expenses.</p> <p>2. Add: Note: If you are self-employed and use your car in your business, you can deduct the business part of state and local personal property taxes on motor vehicles on Schedule C or C-EZ. Enter this on the Taxes line on the Schedule C Expenses screen.</p> <p>3. Add: Note: If you are an employee, you cannot deduct any interest paid on a car loan. This applies even if you use the car 100% for business as an employee. However, if you are self-employed and use your car in your business, you can deduct that part of the interest expense that represents your business use of the car. You cannot deduct the part of the interest expense that represents your personal use of the car. Enter the deductible amount on the Other Interest line on the Schedule C Expenses screen.</p> |
| D-36 | No change. |
| D-37 | <p>1. Delete the 2nd sentence in the first box on the right side.</p> <p>2. Add a TIP box at the bottom of the page: If summarizing transactions, enter zero for the adjustment amount and select "Reporting Multiple Transactions on a Single Row."</p> |
| D-38 | Delete the following from #2: with Code M after broker's name. |
| D-39 | Replace page. |
| D-40 | Replace page. |
| D-41 | <p>Add the following text: Death of spouse. If you sell your home after your spouse dies (within 2 years after your spouse dies), and you have not remarried as of the sale date, you can count any time when your spouse owned the home as time you owned it, and any time when the home was your spouse's residence as time when it was your residence.</p> |
| D-42 | No change. |
| D-43 | No change. |
| D-44 | <p>Add an arrow pointing to the 4th line with the following text: Taxable distributions from Coverdell Education Savings Accounts (ESAs), Qualified Tuition Programs (QTPs) or Achieving a Better Life Experience (ABLE) accounts are out of scope.</p> |

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| D-45 | <p>Add a new section: Entering Medicaid Waiver Payments Scenario A: If income is reported on Form W-2 (and payer will not change), enter the Form W-2 as provided. Then, go to line 21>Other income not reported elsewhere>enter Notice 2014-7 in the description field and the amount as a negative number. Then, go to Other Income>Other Compensation and enter the income as Medicaid Waiver wages. This will remove the income from EIC and other credit calculations as necessary. (Note: At the time this publication was finalized, this line was not available in the Practice Lab. To prepare a return with this scenario in the Practice Lab, enter the amount as Prisoner Earned Income, which will have the same effect.)</p> <p>Scenario B: If income is reported on a Form 1099-MISC, go to line 21>Other income not reported elsewhere>enter Notice 2014-7 in the description field and \$0 in the amount field.</p> <p>Scenario C: If income is reported on a Form 1099-MISC and you are in the business of providing home care services, enter the full amount of payments under Gross Receipts in the Schedule C Income section. In Other Expenses, enter Notice 2014-7 as the description and the amount as a positive number.</p> |
| D-46 | No change. |
| D-49 | No change. |
| D-50 | Change the reference to Tab-EXT in Step 5 to: (Tab D), Entering Forgiveness of Qualified Principal Residence Indebtedness |
| D-51 | Add the following to Step 5: The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) extended the exclusion through 2016. |
| D-52 | No change. |
| D-55 | Add new page for rental income. |
| D-56 | Add new page for rental income. |
| D-57 | Add new page for rental income. |
| D-58 | Renumbered page. Manually renumber following pages. |
| E-1 | No change. |
| E-2 | Replace the parenthetical text in the first answer with the following: (If the taxpayer and spouse are both eligible educators, they can deduct up to \$500, but neither can deduct more than their own expenses up to \$250). |
| E-3 | Replace page. |
| E-4 | No change. |
| E-5 | <p>1. Add the following to the first Note under IRA Deduction: Contributions can be made until the filing deadline (generally April 15) of the year following the tax year.</p> <p>2. Add an arrow pointing to the contribution limits on the screen graphic with the following text: If the total of traditional and Roth IRA contributions exceed the allowable limit, the taxpayer must withdraw the excess before the filing deadline or a penalty will apply and the return will be out of scope.</p> |
| E-6 | No change. |
| G-1 | No change. |
| G-2 | Replace page G-2 with three pages of updated directions. |

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| G-7 | <p>1. Change the first sentence to: Open the Retirement Savings Contributions Credits screen...</p> <p>2. Change #1 to: The taxpayer(s) make a traditional IRA or a ROTH IRA contribution before the filing deadline.</p> |
| G-8 | No change. |
| G-11 | <p>Delete the first sentence from the tax software hint at the bottom of the page.</p> <p>In the same hint, replace the last sentence with: If the taxpayer appears to qualify for the credit, Click on line 54 from 1040 View>Credit for the Elderly or Disabled or click on Deductions from Federal Section>Credits Menu>Credit for the Elderly or Disabled and answer the questions.</p> |
| G-12 | No change. |
| H-1 | No change. |
| H-2 | <p>Add the following to the end of the sentence at the top of the page: (Do not rely on this list alone. See Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), for rules and details pertaining to each exception.)</p> |
| H-3 | Second paragraph, change 2017 Estimated Tax Payments to 2016 Estimated Tax Payments. |
| H-4 | No change. |
| I-1 | <p>Change the Note at the bottom of this page to: “This particular income is entered both as normal income and again as other income>>other compensation>>prisoner income. It is not counted as earned income for EITC, ACTC or CDCC.”</p> |
| I-2 | No change. |
| I-3 | No change. |
| I-4 | Step 1 Note, delete the word “only.” Should read: Answer NO if.... |
| I-5 | No change. |
| I-6 | Additional hints added to the Schedule EIC Checksheet. Replace page. |
| K-5 | No change. |
| K-6 | Change the name control for Alvarado Nogales to ALVA. |
| K-7 | No change. |
| K-8 | <p>In the arrow pointing to the spouse’s SSN, add the following: If the taxpayer is filing MFS and does not know the SSN of the spouse, enter the spouse’s SSN as 000-11-0000. You may leave the spouse’s DOB blank. Without the spouse’s SSN, the return must be paper-filed.</p> |
| K-13 | Under the heading Payments and Estimates, change the words “print payment vouchers” to: “print vouchers for next year’s estimated payments.” |
| K-14 | No change. |
| L-3 | Replace page |
| L-4 | No change. |
| M-1 | <p>Add a CAUTION box: Please see the Amended Returns Guide posted on 12/6/2016 to the VITA/TCE Blog at https://vitablog.taxslayerpro.com</p> |
| M-2 | No change. |
| M-5 | <p>Change last sentence of 3c to: The form will print with your draft tax return. Mail the form with your payment by check or money order.</p> |
| M-6 | No change. |

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| N-9 | No change. |
| N-10 | Add two new pages after N-9. Renumber the remaining pages in Tab N. |
| Q-9-11 | Replace Index with new pages. |

Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.



Deduction Amount and Modified AGI Limit for Traditional IRA Contributions Increased

For 2016, the maximum IRA deduction will remain at \$5,500 (\$6,500 if age 50 or older). For taxpayers who are covered by a retirement plan at work, the deduction for contributions to a traditional IRA is reduced (phased out) if the modified AGI is:

- More than \$98,000 but less than \$118,000 for a married couple filing a joint return or a qualifying widow(er) if both spouses are covered by a retirement plan,
- More than \$61,000 but less than \$71,000 for a single individual or head of household, or
- Less than \$10,000 for a married individual filing a separate return

For an IRA contributor who **isn't** covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$184,000 and \$194,000.

New IRA self-certification procedure

Revenue Procedure 2016-47 explains a self-certification procedure designed to help recipients of retirement plan distributions who inadvertently miss the 60-day time limit for properly rolling these amounts into another retirement plan or individual retirement arrangement (IRA). Eligible taxpayers can qualify for a waiver of the 60-day time limit and avoid possible taxes and penalties on early distributions, if they meet certain circumstances. Taxpayers who missed the time limit will now ordinarily qualify for a waiver if one or more of 11 circumstances, listed in the revenue procedure, apply:

- An error was committed by the financial institution making the distribution or receiving the contribution.
- The distribution was in the form of a check and the check was misplaced and never cashed.
- The distribution was deposited into and remained in an account that I mistakenly thought was a retirement plan or IRA.
- My principal residence was severely damaged.
- One of my family members died.
- I or one of my family members was seriously ill.
- I was incarcerated.
- Restrictions were imposed by a foreign country.
- A postal error occurred.
- The distribution was made on account of an IRS levy and the proceeds of the levy have been returned to me.
- The party making the distribution delayed providing information that the receiving plan or IRA required to complete the rollover despite my reasonable efforts to obtain the information.

For more information, visit the "[Can You Move Retirement Plan Assets?](#)" section in [Publication 590-A](#) or the [Rollovers of Retirement Plan and IRA Distributions](#) page on IRS.gov.



Affordable Care Act

Exercises to illustrate scenarios involving the Affordable Care Act (ACA) are contained in Publication 5157-A.

The flat dollar amounts used in calculating the shared responsibility payment increased for 2016. See the ACA lesson for details.

Payments in Cash

Cash is a new in-person payment option for individuals to pay taxes owed. This service is provided through retail partners with a maximum of \$1,000 per day per transaction. To make a cash payment, taxpayers must first be registered online at www.officialpayments.com/fed. This cash option is only available at participating 7-Eleven locations in 34 states.

New Legislation

The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) made the following tax provisions permanent:

- Adjustments for up to \$250 for educator classroom expenses. This provision was modified to include certain expenses related to professional development courses the taxpayer takes related to the curriculum they teach or to their students. The deduction amount will be indexed for inflation for future years.
- Qualified Charitable Distribution (QCD)
- State and local general sales tax deduction

The PATH Act extended the following provisions through 2016:

- Exclusion from gross income of qualified principal residence indebtedness
- Mortgage insurance premiums deductible as qualified residence interest
- Deduction for qualified tuition & fees
- Credit for nonbusiness energy property (residential energy credit)

Other provisions of the PATH Act include:

- American opportunity tax credit made permanent, replacing the Hope credit.
- Reduced earned income threshold for additional child tax credit made permanent at \$3,000.
- Earned income tax credit made permanent for 3 or more qualifying children.
- Refundable Credits Refund date – no credit or refund for an overpayment for a taxable year shall be made to a taxpayer before the 15th day of the second month (February 15) following the close of the taxable year if the taxpayer claimed the EITC or additional child tax credit (ACTC) on the tax return. The IRS will hold the entire refund. Under the new law, the IRS cannot release the part of the refund that is not associated with the EITC and ACTC. This provision does not meet TAS hardship criteria and no refunds with EITC/ACTC will be released prior to Feb 15.
- **Taxpayers can no longer make retroactive claims of the EITC after issuance of a social security number.** A taxpayer must have an SSN by the due date of the return (including extensions) in order to claim the EITC. Likewise, any qualifying child claimed for the EITC must have an SSN by the due date of the return (including extensions).
- Taxpayers claiming the American opportunity credit must now have an SSN or an ITIN by the due date of the tax return (including extensions). Further, the student claimed for the credit must have an SSN, an ITIN, or an Adoption Taxpayer Identification Number (ATIN) by the due date (including extensions). **Taxpayers can't make retroactive claims for the credit for a period that the taxpayer and student didn't have a required identification number.**
- Taxpayers claiming the **child tax credit** must now have an SSN or an ITIN by the due date of the tax return (including extensions). Further, the child claimed for the credit must have an SSN, an ITIN, or an ATIN by the due date (including extensions). **Taxpayers can't make retroactive claims for the credit for a period that the taxpayer didn't have a required identification number.**
- Employer Identification number required for taxpayers claiming the American opportunity tax credit.
- Under the PATH Act, any ITIN that isn't used on a federal tax return for three consecutive tax years, either as the ITIN of an individual who files the return or as the ITIN of a dependent included on a return, will expire on December 31 of the third consecutive tax year of nonuse. For example, an individual applied for and received an ITIN in 2015 that is used in 2015 on the individual's 2014 federal income tax return. If the individual doesn't file or isn't claimed as a dependent on a tax return in 2016, 2017, and 2018, the ITIN will expire on December 31, 2018. This rule applies to all ITINs regardless of when the ITIN was issued.
- ITINs issued prior to January 1, 2013 that have been used on a tax return in the last three consecutive years are set to expire based on a multi-year schedule. Under the PATH Act, this schedule is based on the date that an ITIN was issued. However, many ITIN holders may not know when their ITIN was issued and previously had no reason to keep a record of the date an ITIN was issued. To simplify the renewal process and allow for the effective administration of the program, the IRS will administer the renewal of ITINs on a schedule that is different from the schedule in the PATH Act. The IRS will renew ITINs based upon the fourth and fifth digits (middle digits) in the ITIN. ITINs that contain the middle digits of 78 or 79 will no longer be in effect beginning January 1, 2017. The expiration and renewal schedules for ITINs with middle digits other than 78 or 79 will be announced in future guidance. See Notice 2016-48 for more information.
- ITINs will be renewed using the original issuance date, and taxpayer will be allowed to claim CTC and AOTC credits for any gap years that returns were not filed.

Marketplace Coverage Affordability Worksheet

This worksheet is used only if there is no offer of employee coverage

TIP

If the **lowest cost bronze plan (LCBP)** costs less than 8.13% of income (above), there is an affordable offer of coverage. No Code A exemption is available. (The Marketplace presented affordable coverage and the marketplace affordability exemption does not apply)

LCBP: Go to the taxpayer's Marketplace, such as www.healthcare.gov.

NOTE: The look up tool asks about tobacco use. **Tobacco use** is the use of a tobacco product 4 or more times per week within no longer than the past 6 months by legal users of tobacco products (generally those 18 and older).

The LCBP quote will be for all individuals on the return that did not have an offer of employer coverage and who did not qualify for another exemption. That means that the LCBP would include, for example, the taxpayer and spouse who are on Medicare or Medicaid.



Do not complete this worksheet unless you were instructed to do so in the Affordability Worksheet.

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| 1. | Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who isn't eligible for employer coverage, and who doesn't qualify for another coverage exemption for the month. To find the lowest cost bronze plan go to www.HealthCare.gov/tax-tool or the Marketplace for your area. If you are married and file a separate return, enter the monthly premium here and on line 12. Don't complete lines 2-11. | |
| 2. | Enter your household income (see <i>Household income</i>) | |
| 3. | Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return* | |
| 4. | Add lines 2 and 3 | |
| 5. | Enter the federal poverty line for the number of individuals in your tax household less any dependents not claimed. See the instructions for Form 8962, line 4 | |
| 6. | Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 through 10 and enter -0- on line 11 | |
| 7. | Multiply line 6 by 100 and round to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7 | |
| 8. | Multiply line 4 by line 7 | |
| 9. | Divide line 8 by 12.0 | |
| 10. | Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who isn't eligible for minimum essential coverage (other than coverage in the individual market), and who doesn't qualify for another coverage exemption for the month. To find the second lowest cost silver plan go to www.HealthCare.gov/tax-tool or the Marketplace for your area | |
| 11. | Subtract line 9 from line 10. If zero or less, enter -0- | |
| 12. | Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month | |
| 13. | Is the individual eligible for this coverage for every month of the year? | |
| | <input type="checkbox"/> Yes. Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space for every month on the <i>Affordability Worksheet</i> | |
| | <input type="checkbox"/> No. Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space on the <i>Affordability Worksheet</i> for each month the individual was eligible for the coverage being tested. | |

For this line on this worksheet, use tax household MAGI for Form 8962 purposes (adjusted gross income + tax exempt interest + excluded foreign earned income). Include MAGI of any claimed dependents with a filing requirement.

*If the individual filed Form 1040, figure the nontaxable social security benefits received by that individual by subtracting Form 1040, line 20b from Form 1040, line 20a. If the individual filed Form 1040A, figure the nontaxable social security benefits received by that individual by subtracting Form 1040A, line 14b from Form 1040A, line 14a. If the individual filed Form 1040EZ, he or she should have received a Form SSA-1099 or Form RRB-1099 showing the social security benefits received by that individual, all of which were nontaxable.

Enter the appropriate amount on the Affordability Worksheet as directed. This worksheet will compare the annualized premium to the affordability threshold.
 If the annualized premium **costs less** than 8.13% of income, no exemption applies.
 If the annualized premium **costs more** than 8.13% of income, Code A applies.

TIP: Note that more than one marketplace coverage affordability worksheet may be needed if circumstances changed during the year.

Second lowest cost silver plan (SLCSP): Go to the Marketplace at: <https://www.healthcare.gov/tax-tool/>
 Do not include individuals in your tax household that are eligible for other employer sponsored or government sponsored MEC, or who are otherwise exempt.
 That means that the SLCSP cost would NOT INCLUDE, for example, the taxpayer and spouse who are enrolled in or eligible for Medicare or Medicaid. (This is different from line 1).

Federal Poverty Lines

For purposes of the premium tax credit, eligibility for a certain year is based on the most recently published set of poverty lines. As a result, the tax credit for 2016 will be based on the 2015 federal poverty lines.

2015 Poverty Lines for the 48 Contiguous States and the District of Columbia

For families/households with more than 8 persons, add \$4,160 for each additional person (100% Poverty Line)

| Persons in family/household | 100% Poverty Line | 138% Poverty Line | 400% Poverty Line |
|-----------------------------|-------------------|-------------------|-------------------|
| 1 | \$11,770 | \$16,243 | \$47,080 |
| 2 | \$15,930 | \$21,983 | \$63,720 |
| 3 | \$20,090 | \$27,724 | \$80,360 |
| 4 | \$24,250 | \$33,465 | \$97,000 |
| 5 | \$28,410 | \$39,206 | \$113,640 |
| 6 | \$32,570 | \$44,947 | \$130,280 |
| 7 | \$36,730 | \$50,687 | \$146,920 |
| 8 | \$40,890 | \$56,428 | \$163,560 |

2015 Poverty Lines for Alaska

For families/households with more than 8 persons, add \$5,200 for each additional person (100% Poverty Line)

| Persons in family/household | 100% Poverty Line | 138% Poverty Line | 400% Poverty Line |
|-----------------------------|-------------------|-------------------|-------------------|
| 1 | \$14,720 | \$20,314 | \$58,880 |
| 2 | \$19,920 | \$27,490 | \$79,680 |
| 3 | \$25,120 | \$34,666 | \$100,480 |
| 4 | \$30,320 | \$41,842 | \$121,280 |
| 5 | \$35,520 | \$49,018 | \$142,080 |
| 6 | \$40,720 | \$56,194 | \$162,880 |
| 7 | \$45,920 | \$63,370 | \$183,680 |
| 8 | \$51,120 | \$70,546 | \$204,480 |

2015 Poverty Lines for Hawaii

For families/households with more than 8 persons, add \$4,780 for each additional person (100% Poverty Line).

| Persons in family/household | 100% Poverty Line | 138% Poverty Line | 400% Poverty Line |
|-----------------------------|-------------------|-------------------|-------------------|
| 1 | \$13,550 | \$18,699 | \$54,200 |
| 2 | \$18,330 | \$25,295 | \$73,320 |
| 3 | \$23,110 | \$31,892 | \$92,440 |
| 4 | \$27,890 | \$38,488 | \$111,560 |
| 5 | \$32,670 | \$45,085 | \$130,680 |
| 6 | \$37,450 | \$51,681 | \$149,800 |
| 7 | \$42,230 | \$58,277 | \$168,920 |
| 8 | \$47,010 | \$64,874 | \$188,040 |

Shared Responsibility Payment

How is the Payment Calculated?

- For the year, based on the **greater** of the calculated:
 - A. percentage of income or
 - B. flat dollar amount
 - Limited to maximum of 3X per household (\$2,085 for 2016)
- Cannot exceed the national average premium for bronze level health plans
- Prorated for months without coverage/exemption

| Greater of | | | | |
|------------------------------------|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------|
| | 2014 | 2015 | 2016 | After 2016 |
| Percentage income (annual) | 1% of household income above the filing threshold | 2% of household income above the filing threshold | 2.5% of household income above the filing threshold | 2.5% of household income above the filing threshold |
| Flat dollar amount (annual) | \$95 per adult 50% for individuals under 18 | \$325 per adult 50% for individuals under 18 | \$695 per adult 50% for individuals under 18 | \$695 per adult <i>plus</i> an increase based on cost of living 50% for individuals under 18 |

Premium Tax Credit: Form 1095-A Overview

A person who purchased insurance through the Marketplace will receive Form 1095-A. Anyone who received the benefit of advance payments of the premium tax credit (APTC) must complete Form 8962. **You cannot prepare the return for taxpayers who received the benefit of APTC without Form(s) 1095-A.**

Carefully examine Form 1095-A to make sure it reflects the taxpayer's account of coverage. Look for critical errors that will affect the PTC calculation, such as errors in enrollment premiums, SLCSP premiums, or APTC. The taxpayer should seek a corrected 1095-A if enrollment related information is incorrect.

This includes:

- Policy issuer's name (Part I)
- Policy start or end date (Part I, Part II)
- Premium cost (Part III, Column A)
- APTC received (Part III, Column C)

Marketplace call center: 1-800-318-2596 (TTY: 1-855-889-4325) For states not using Healthcare.gov, look up state Marketplace at healthcare.gov

To obtain an original or corrected Form 1095-A the taxpayer can log into his or her online account, or call the Marketplace call center.

Form 1095-A
Health Insurance Marketplace Statement 2016
 Form 1095-A
 Department of the Treasury Internal Revenue Service
 Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a.
 VOID CORRECTED OMB No. 1545-2232

Part I Recipient Information

1 Marketplace identifier 2 Marketplace-assigned policy number 3 Policy issuer's name
 4 Recipient's name 5 Recipient's SSN 6 Recipient's date of birth
 7 Recipient's spouse's name 8 Recipient's spouse's SSN 9 Recipient's spouse's date of birth
 10 Policy start date 11 Policy termination date 12 Street address (including apartment no.)
 13 City or town 14 State or province 15 Country and ZIP or foreign postal code

Part II Covered Individuals

Part III Coverage Information

| Month | A. Monthly enrollment premiums | B. Monthly second lowest cost silver plan (SLCSP) premium | C. Monthly advance payment of premium tax credit |
|-------------|--------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 21 January | ↓ Column A | ↓ Column B | ↓ Column C |
| 22 February | ↓ Column A | ↓ Column B | ↓ Column C |
| 23 March | ↓ Column A | ↓ Column B | ↓ Column C |
| 24 April | ↓ Column A | ↓ Column B | ↓ Column C |
| 25 May | ↓ Column A | ↓ Column B | ↓ Column C |
| 26 June | ↓ Column A | ↓ Column B | ↓ Column C |

Column A - Monthly Premium: These are the total monthly enrollment premiums for the policy in which the individuals are covered. **This is the full premium, including the amount paid by APTC but it includes only the premiums for essential health benefits. The amount does not include the cost of certain "extra" benefits such as adult dental coverage.**

Column B - Monthly SLCSP premium: If this column is blank and the individuals enrolled in a plan through a Federally-facilitated Marketplace, go to www.Healthcare.gov and use the tax tool to find the SLCSP premium to enter in Column B. If the individuals enrolled through a State-based Marketplace, go to the state's website to determine the SLCSP premium. In some cases, the state will send a table with the information. If the State-based Marketplace does not have a look-up tool to find the SLCSP premium, call the Marketplace to obtain a correct SLCSP premium. The SLCSP premium is the premium for the second lowest cost silver-level plan that covers all the members of the coverage family.

Column C - Advance payment of PTC

You may need to look up the SLCSP premium if:

- It is incorrect, perhaps because a change in family size was not reported.
- It is missing. This happens when someone paid the full premium because he or she did not request advance payment of the premium tax credit. Marketplaces routinely leave this space blank.
- There are multiple Forms 1095-A with conflicting information or the taxpayer otherwise thinks it's incorrect.

See healthcare.gov/tax-tool or your state's tax tool.

TIP: A person may be entitled to PTC even if no APTC was paid for the coverage. Do not assume someone is ineligible for PTC just because Columns B and C of Form 1095-A are blank. If an individual meets all the eligibility rules in the Form 8962 instructions but only the enrollment premium amounts in Column A appear on Form 1095-A and Columns B and C are blank, look up the person's SLCSP premiums and enter them in Column B of Form 8962 to calculate the correct PTC.

For taxpayers who purchased insurance through the Marketplace, complete the screen below using their Form 1095-A

Advanced Premium Tax Credit (1095-A)

Did you receive a 1095-A statement or any Premium Tax Credits to assist you in paying for your health care for 2015? Yes No

Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts? Yes No

Please enter your monthly Advance Premium Tax Credit information

| Month | Monthly Premium Amount (Form 1095-A, Part III, Column A) | Monthly Premium Amount of SLCSP (Form 1095-A, Part III, Column B) | Monthly Advance Payment of PTC (Form 1095-A, Part III, Column C) |
|-----------|----------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------|
| January | \$ | \$ | \$ |
| February | \$ | \$ | \$ |
| March | \$ | \$ | \$ |
| April | \$ | \$ | \$ |
| May | \$ | \$ | \$ |
| June | \$ | \$ | \$ |
| July | \$ | \$ | \$ |
| August | \$ | \$ | \$ |
| September | \$ | \$ | \$ |
| October | \$ | \$ | \$ |
| November | \$ | \$ | \$ |
| December | \$ | \$ | \$ |

Caution: Enter dependent's MAGI only if the dependent has a tax filing requirement. Do not enter the MAGI of taxpayer or spouse as it is already included.

Dependents' Modified AGI (if filing requirement)

Enter the AGI for your dependents from Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4; and Form 1040NR, line 37

Enter any tax-exempt interest for your dependents from Form 1040, line 8b; Form 1040A, line 8b; Form 1040EZ, the amount written to the left of the line 2 entry space; and Form 1040NR, line 9b

Enter any amounts for your dependents from Form 2555, lines 45 and 50, and Form 2555-EZ, line 18

Enter for each of your dependents the difference, if any, between Form 1040, lines 20a and 20b; and Form 1040A, lines 14a and 14b

Premium Tax Credit

Advanced Premium Tax Credit (1095-A)

Did you receive a 1095-A statement or any Premium Tax Credits to assist you in paying for your health care for 2016? *

- Yes
 No

Check here if you are filing a separate return ONLY because you are a victim of domestic abuse or spousal abandonment.

Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts?

- Yes
 No

Please enter your annual Advance Premium Tax Credit information

Premium Amount (Form 1095-A, line 33A)

Annual Premium Amount of SLCS (Form 1095-A, line 33B)

Annual Advance Payment of PTC (Form 1095-A, line 33C)

← Back

✓ Continue

Check here if taxpayer is Married Filing Separately but cannot file a joint return because of spousal abuse or abandonment in the last year. See Form 8962 Instructions for details.

If a taxpayer is Married Filing Separately and is not eligible for relief, he/she must repay APTC, subject to the repayment limitation.

If Form 1095-A shows the same monthly amounts for all 12 months, select "Yes" and enter the annual amounts below.

Otherwise, select "No" and enter monthly amounts.

Enter dependents' AGI ONLY (not taxpayer or spouse) **IF dependents' gross income is above the filing threshold.** See page ACA-9 for dependents' filing threshold chart.

Dependents' Modified AGI (if filing requirement)

Enter the AGI for your dependents from Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4; and Form 1040NR, line 37

Enter any tax-exempt interest for your dependents from Form 1040, line 8b; Form 1040A, line 8b; Form 1040EZ, the amount written to the left of the line 2 entry space; and Form 1040NR, line 9b

Enter any amounts for your dependents from Form 2555, lines 45 and 50, and Form 2555-EZ, line 18

Enter for each of your dependents the difference, if any, between Form 1040, lines 20a and 20b; and Form 1040A, lines 14a and 14b

← Back

✓ Continue

TaxSlayer will use the proper elements to calculate household income for premium tax credit purposes.

The net premium tax credit a taxpayer can claim (the excess of the taxpayer's premium tax credit over APTC) will appear on Form 1040, line 69. This amount will increase taxpayer's refund or reduce the balance due.

The amount of excess APTC (amount by which APTC exceeds the taxpayer's premium tax credit) that needs to be repaid, if any, will appear on Form 1040, line 46.

If the following situations apply, a shared policy allocation may be required and the return is out of scope:

- The 1095-A lists a covered person who is not on this tax return or,
- A person on the tax return was enrolled in another taxpayer's Marketplace coverage. (The person is listed on someone else's Form 1095-A)

If the following situation applies, an Alternative Calculation for Year of Marriage may be elected. If the taxpayer elects this option, the return is out of scope.

- Taxpayers got married during the year and are filing a joint return, and taxpayers were both unmarried as of December 31, 2015 or 2016
- A member of the taxpayers' tax family was enrolled in a qualified health plan for which APTC was paid for months prior to the first full month of marriage, and
- Taxpayers have excess APTC that must be repaid

Table 2. Applicable Figure



If the amount on line 5 is less than 133, your applicable figure is 0.0203. If the amount on line 5 is between 300 through 400, your applicable figure is 0.0966.

| IF Form 8962, line 5 is . . . | ENTER on Form 8962, line 7 . . . | IF Form 8962, line 5 is . . . | ENTER on Form 8962, line 7 . . . | IF Form 8962, line 5 is . . . | ENTER on Form 8962, line 7 . . . | IF Form 8962, line 5 is . . . | ENTER on Form 8962, line 7 . . . |
|--------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------|
| less than 133 | 0.0203 | 175 | 0.0524 | 218 | 0.0705 | 261 | 0.0851 |
| 133 | 0.0305 | 176 | 0.0529 | 219 | 0.0708 | 262 | 0.0854 |
| 134 | 0.0311 | 177 | 0.0533 | 220 | 0.0712 | 263 | 0.0856 |
| 135 | 0.0317 | 178 | 0.0538 | 221 | 0.0715 | 264 | 0.0859 |
| 136 | 0.0323 | 179 | 0.0543 | 222 | 0.0719 | 265 | 0.0862 |
| 137 | 0.0329 | 180 | 0.0547 | 223 | 0.0722 | 266 | 0.0865 |
| 138 | 0.0335 | 181 | 0.0552 | 224 | 0.0726 | 267 | 0.0868 |
| 139 | 0.0341 | 182 | 0.0557 | 225 | 0.0730 | 268 | 0.0871 |
| 140 | 0.0347 | 183 | 0.0561 | 226 | 0.0733 | 269 | 0.0874 |
| 141 | 0.0353 | 184 | 0.0566 | 227 | 0.0737 | 270 | 0.0877 |
| 142 | 0.0359 | 185 | 0.0571 | 228 | 0.0740 | 271 | 0.0880 |
| 143 | 0.0365 | 186 | 0.0575 | 229 | 0.0744 | 272 | 0.0883 |
| 144 | 0.0371 | 187 | 0.0580 | 230 | 0.0747 | 273 | 0.0886 |
| 145 | 0.0377 | 188 | 0.0585 | 231 | 0.0751 | 274 | 0.0889 |
| 146 | 0.0383 | 189 | 0.0590 | 232 | 0.0754 | 275 | 0.0892 |
| 147 | 0.0389 | 190 | 0.0594 | 233 | 0.0758 | 276 | 0.0895 |
| 148 | 0.0395 | 191 | 0.0599 | 234 | 0.0761 | 277 | 0.0898 |
| 149 | 0.0401 | 192 | 0.0604 | 235 | 0.0765 | 278 | 0.0901 |
| 150 | 0.0407 | 193 | 0.0608 | 236 | 0.0768 | 279 | 0.0904 |
| 151 | 0.0412 | 194 | 0.0613 | 237 | 0.0772 | 280 | 0.0907 |
| 152 | 0.0416 | 195 | 0.0618 | 238 | 0.0776 | 281 | 0.0910 |
| 153 | 0.0421 | 196 | 0.0622 | 239 | 0.0779 | 282 | 0.0913 |
| 154 | 0.0426 | 197 | 0.0627 | 240 | 0.0783 | 283 | 0.0916 |
| 155 | 0.0430 | 198 | 0.0632 | 241 | 0.0786 | 284 | 0.0919 |
| 156 | 0.0435 | 199 | 0.0636 | 242 | 0.0790 | 285 | 0.0922 |
| 157 | 0.0440 | 200 | 0.0641 | 243 | 0.0793 | 286 | 0.0925 |
| 158 | 0.0444 | 201 | 0.0645 | 244 | 0.0797 | 287 | 0.0928 |
| 159 | 0.0449 | 202 | 0.0648 | 245 | 0.0800 | 288 | 0.0930 |
| 160 | 0.0454 | 203 | 0.0652 | 246 | 0.0804 | 289 | 0.0933 |
| 161 | 0.0458 | 204 | 0.0655 | 247 | 0.0807 | 290 | 0.0936 |
| 162 | 0.0463 | 205 | 0.0659 | 248 | 0.0811 | 291 | 0.0939 |
| 163 | 0.0468 | 206 | 0.0662 | 249 | 0.0814 | 292 | 0.0942 |
| 164 | 0.0473 | 207 | 0.0666 | 250 | 0.0818 | 293 | 0.0945 |
| 165 | 0.0477 | 208 | 0.0669 | 251 | 0.0821 | 294 | 0.0948 |
| 166 | 0.0482 | 209 | 0.0673 | 252 | 0.0824 | 295 | 0.0951 |
| 167 | 0.0487 | 210 | 0.0676 | 253 | 0.0827 | 296 | 0.0954 |
| 168 | 0.0491 | 211 | 0.0680 | 254 | 0.0830 | 297 | 0.0957 |
| 169 | 0.0496 | 212 | 0.0683 | 255 | 0.0833 | 298 | 0.0960 |
| 170 | 0.0501 | 213 | 0.0687 | 256 | 0.0836 | 299 | 0.0963 |
| 171 | 0.0505 | 214 | 0.0691 | 257 | 0.0839 | 300 thru 400 | 0.0966 |
| 172 | 0.0510 | 215 | 0.0694 | 258 | 0.0842 | | |
| 173 | 0.0515 | 216 | 0.0698 | 259 | 0.0845 | | |
| 174 | 0.0519 | 217 | 0.0701 | 260 | 0.0848 | | |

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Chart A – For Most People Who Must File

If you **CAN** be claimed as a dependent by another taxpayer, you must file as a dependent whether you are being claimed or not. See Chart B for filing requirements.

| If your filing status is... | AND at the end of 2016 you were...* | THEN file a return if your gross income was at least...** |
|-----------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------|
| Single | under 65 | \$10,350 |
| | 65 or older | \$11,900 |
| Married filing jointly*** | under 65 (both spouses) | \$20,700 |
| | 65 or older (one spouse) | \$21,950 |
| | 65 or older (both spouses) | \$23,200 |
| Married filing separately (see the instructions for line 3) | any age | \$ 4,050 |
| Head of household (see the instructions for line 4) | under 65 | \$13,350 |
| | 65 or older | \$14,900 |
| Qualifying widow(er) with dependent child (see the instructions for line 5) | under 65 | \$16,650 |
| | 65 or older | \$17,900 |

* If you were born on January 1, 1952 you are considered to be age 65 at the end of 2016. (If your spouse died in 2016 or if you are preparing a return for someone who died in 2016, see Pub. 501)

** **Gross income** means all income you received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it).

- Do not include any social security benefits unless
 - (a) you are married filing a separate return and you lived with your spouse at any time in 2016 or
 - (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly).
 If (a) or (b) applies, see the instructions for lines 20a and 20b to figure the taxable part of social security benefits you must include in gross income.
- Gross income includes gains, but not losses, reported on Form 8949 or Schedule D.
- Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, in figuring gross income, do not reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.

*** If you did not live with your spouse at the end of 2016 (or on the date your spouse died) and your gross income was at least \$4,050, you must file a return regardless of your age.

Individuals who do not have a filing requirement based on this chart should also check Chart C, Other Situations When You Must File, and Chart D, Who Should File. Individuals with earned income but who do not have a filing requirement may be eligible for the Earned Income Credit.



Chart B – For Children and Other Dependents

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. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

| Single Dependents | |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Either 65 or over or blind | You must file a return if any of the following apply. <ol style="list-style-type: none"> 1. Your unearned income was over \$2,600 (\$4,150 if 65 or older and blind). 2. Your earned income was over \$7,850 (\$9,400 if 65 or older and blind). 3. Your gross income was more than the larger of — <ol style="list-style-type: none"> a. \$2,600 (\$4,150 if 65 or older and blind) or b. Your earned income (up to \$5,950) plus \$1,900 (\$3,450 if 65 or older and blind). |
| Under 65 and not blind | You must file a return if any of the following apply. <ol style="list-style-type: none"> 1. Your unearned income was over \$1,050. 2. Your earned income was over \$6,300. 3. Your gross income was more than the larger of — <ol style="list-style-type: none"> a. \$1,050, or b. Your earned income (up to \$5,950) plus \$350. |
| Married Dependents | |
| Either age 65 or older or blind | You must file a return if any of the following apply. <ol style="list-style-type: none"> 1. Your unearned income was over \$2,300 (\$3,550 if 65 or older and blind). 2. Your earned income was over \$7,550 (\$8,800 if 65 or older and blind). 3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions. 4. Your gross income was more than the larger of — <ol style="list-style-type: none"> a. \$2,300 (\$3,550 if 65 or older and blind), or b. Your earned income (up to \$5,950) plus \$1,600 (\$2,850 if 65 or older and blind). |
| Under age 65 and not blind | You must file a return if any of the following apply. <ol style="list-style-type: none"> 1. Your unearned income was over \$1,050. 2. Your earned income was over \$6,300. 3. Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions. 4. Your gross income was more than the larger of — <ol style="list-style-type: none"> a. \$1,050, or b. Your earned income (up to \$5,950) plus \$350. |

Tax for Certain Children who have Unearned Income (Kiddie Tax)

For children under age 18 and certain older children, unearned income over \$2,100 is taxed at the parent's rate if the parent's rate is higher than the child's. For this purpose, "unearned income" includes all taxable income other than earned income, such as taxable interest, ordinary dividends, capital gains, rents, royalties, etc. It also includes taxable social security benefits, pension and annuity income, taxable scholarship and fellowship grants not reported on Form W-2, unemployment compensation, alimony, and income received as the beneficiary of a trust. If the child's unearned income is more than \$2,100, and the child is required to file a tax return, Form 8615 must be used to figure the child's tax. **Form 8615 is out of scope.**



Chart C – Other Situations When You Must File

You must file a return if any of the conditions below apply for 2016.

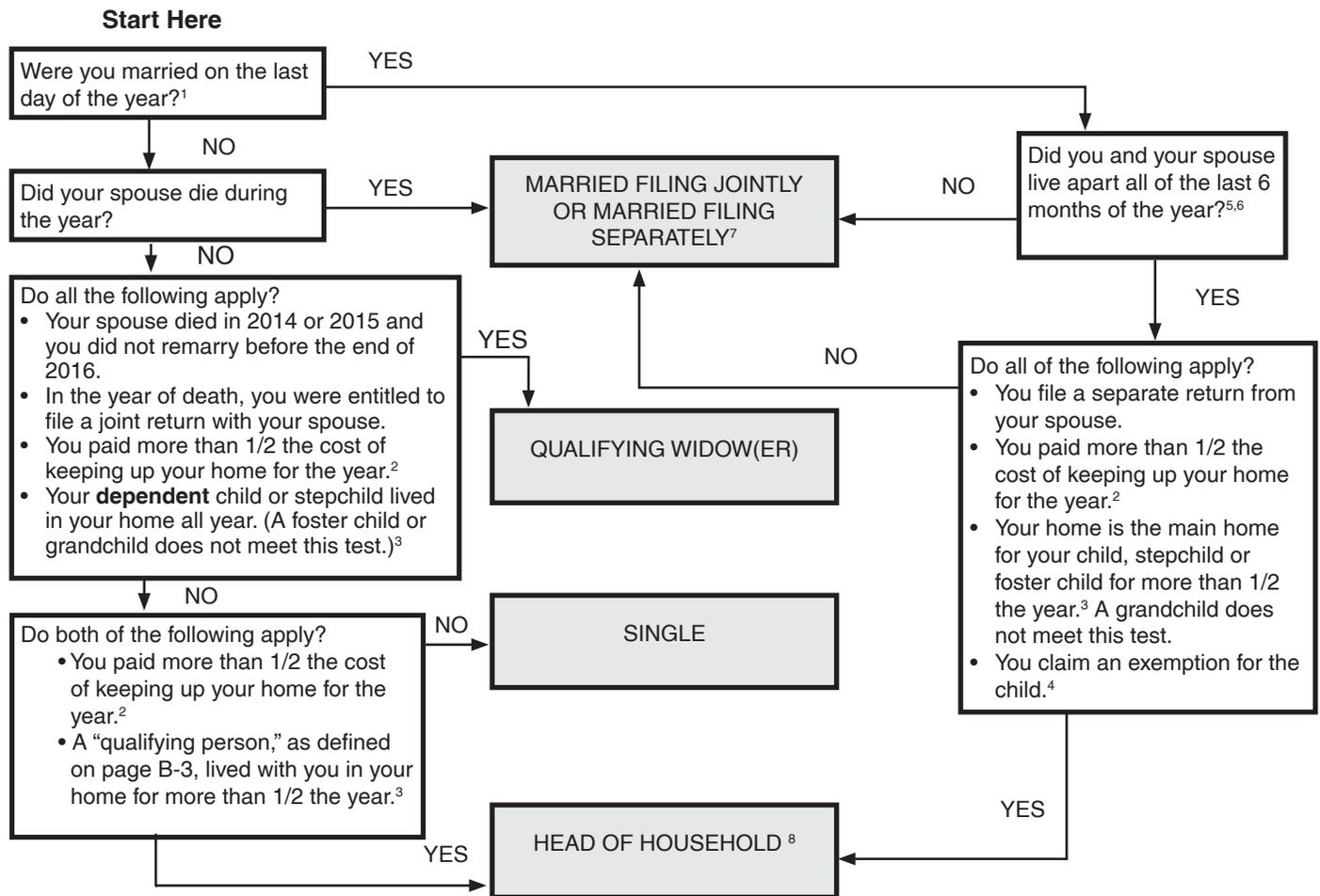
1. You owe any special taxes, including any of the following.
 - a. Alternative minimum tax.
 - b. Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file **Form 5329** by itself.
 - c. Household employment taxes. But if you are filing a return only because you owe this tax, you can file **Schedule H** by itself.
 - d. Social security and Medicare tax on tips you did not report to your employer or on wages you received from an employer who did not withhold these taxes.
 - e. Recapture of first-time homebuyer credit. See the instructions for line 60b.
 - f. 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 taxes on health savings accounts. See the instructions for line 62.
 - g. Recapture taxes. See the instructions for line 44 and line 62.
2. You (or your spouse, if filing jointly) received HSA, Archer MSA or Medicare Advantage MSA distributions.
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.
5. Advance payments of the premium tax credit were made for you, your spouse, or a dependent who enrolled in coverage through the Marketplace. You or whoever enrolled you should have received Form(s) 1095-A showing the amount of the advance payments.



Chart D – Who Should File

1. You had income tax withheld from your pay.
2. You made estimated tax payments for the year or had any of your overpayment for last year's estimated tax applied to this year's taxes.
3. You qualify for the earned income credit. See Publication 596, Earned Income Credit (EIC), for more information.
4. You qualify for the additional child tax credit. See Form 1040 Instructions for more information on this credit.
5. You qualify for the refundable credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax — Individuals, Estates, and Trusts. (Out of scope)
6. You qualify for a refundable American Opportunity Credit.
7. You receive a 1099-B and the gross proceeds plus other income exceeds the filing limits in Chart A.
8. You receive Form 1099-S, Proceeds From Real Estate Transactions.
9. You qualify for the federal tax on fuels (out of scope).
10. You are required to file a state return.
11. You qualify for the Premium Tax Credit.

Determination of Filing Status – Decision Tree



Footnotes:

1. Answer "NO" to this question if, on the last day of the year, you were legally separated from your spouse under a divorce or separate maintenance decree. Answer "NO" for individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not called a marriage under state (or foreign) law. Answer YES if taxpayer is married regardless of where the spouse lives.
2. Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. See "Cost of Keeping Up a Home" worksheet on page B-4.
 - Payments received under TANF or other public assistance programs used to pay the costs of keeping up the home cannot be counted as money you paid. These payments must be included in the total cost of keeping up the home to figure if you paid over 1/2 the cost.
 - Amounts paid out of funds received from SSA in the child's or qualifying person's name, or funds received as governmental assistance are considered to be paid by others, not by you.
3. See Publication 17, *Filing Status*, for rules applying to birth, death, or temporary absence during the year. There are special rules for claiming your parent as a qualifying person for head of household. See Page B-3.
4. Unless the child's other parent claims him or her under rules for children of divorced or separated parents or parents who lived apart.
5. You are considered unmarried for head of household purposes if your spouse was a nonresident alien at any time during the year and you do not choose to treat your nonresident spouse as a resident alien. However, your spouse is not a qualifying person for head of household purposes. You must have another qualifying person (use the table on page B-3) and meet the other tests to be eligible to file as a head of household.
6. Your spouse is considered to live in your home even if he or she is temporarily absent due to illness, education, business, vacation or military service.
7. If the taxpayer wants to file MFS, emphasize the advantages to Married Filing Jointly and the possibility of filing Form 8379, Injured Spouse Claim & Allocation (if appropriate). See *Pub 17, Filing Status, MFS Special Rules* for list of disadvantages. Respect a taxpayer's decision to file MFS. If domiciled in a community property state see Pub 555.
8. Generally, only one taxpayer in a home can claim Head of Household filing status. Just because each person has their own children living in a home does not mean they have a separate "household" for this filing status purpose.

Note: If one spouse dies and the other remarries in the same year, the deceased spouse files Married Filing Separately.



interview
tips

Filing Status

Probe/Action: Ask the taxpayer:

| | | |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| step 1 | Were you married on December 31 of the tax year? (Answer yes if state common law rules were met; or if your spouse died during the year and you didn't remarry by the end of the year; answer no for individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that isn't called a marriage under state (or foreign) law.) | If YES, go to Step 2. If NO, go to Step 4. |
| step 2 | Do you and your spouse wish to file a joint return? | If YES, STOP. Your filing status is married filing jointly . If NO, go to Step 3. ² |
| step 3 | Do all the following apply? <ul style="list-style-type: none"> • You file a separate return from your spouse • You paid more than half the cost of keeping up your home for the year¹ • Your spouse didn't live in your home during the last 6 months of the tax year³ • Your home was the main home of your child, stepchild, or foster child for more than half the year (a grandchild doesn't meet this test) • You claim an exemption for the child (unless the noncustodial parent claims the child under rules for divorced or separated parents or parents who live apart) | If YES, STOP. You are considered unmarried and your filing status is head of household . If NO, STOP. Your filing status is married filing separately ⁵ . |
| step 4 | Did your spouse die in 2014 or 2015? | If YES, go to Step 5. If NO, go to Step 6. |
| step 5 | Do all the following apply? <ul style="list-style-type: none"> • You were entitled to file a joint return with your spouse for the year your spouse died • You didn't remarry before the end of this tax year • You have a child or stepchild for whom you can claim an exemption and who lived with you all year, except for temporary absences. Don't include a grandchild or foster child. • You paid more than half the cost of keeping up the home for the year¹ | If YES, STOP. Your filing status is qualifying widow(er) with dependent child . If NO, go to Step 6. |
| step 6 | Do all the following apply? <ul style="list-style-type: none"> • You paid more than half the cost of keeping up the home for the year¹ • A "qualifying person," as defined on page B-3, lived with you in your home for more than 1/2 the year⁴ | If YES, STOP. Your filing status is head of household . ⁴ If NO, STOP. Your filing status is single . |

Footnotes

¹ Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. See "Cost of Keeping Up a Home" worksheet on page B-4

• Payments received under TANF or other public assistance programs used to pay the cost of keeping up the home can't be counted as money you paid. These payments must be included in the total cost of keeping up the home to figure if you paid over 1/2 the cost.

• Amounts paid out of funds received from SSA in the child's or qualifying person's name or funds received as government assistance are considered to be paid by others, not by you.

² You are considered unmarried for head of household purposes if your spouse was a nonresident alien at any time during the year and you don't choose to treat your nonresident spouse as a resident alien. However, your spouse isn't a qualifying person for head of household purposes. You must have another qualifying person (use the table on page B-3) and meet the other tests to be eligible to file as a head of household.

³ Your spouse is considered to live in your home even if he or she is temporarily absent due to illness, education, business, vacation or military service.

⁴ You can't use head of household filing status based on any person who is your dependent only because he or she lived with you for the entire year (for example, a companion or a friend).

⁵ If filing a MFS return in a Community Property state, allocate income and expense according to state law. May be treated as out of scope.



Overview of the Rules for Claiming an Exemption for a Dependent

Caution: This table is only an overview of the rules. For details, see Publication 17.

- You can't claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer.
- You can't claim a married person who files a joint return as a dependent unless that joint return is only to claim a refund of income tax withheld or estimated tax paid.
- You can't claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.¹
- You can't 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 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. The child must be your son, daughter, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them. | 1. The person can't be your qualifying child or the qualifying child of any other taxpayer. A child isn't the qualifying child of any other taxpayer if the child's parent (or any other person for whom the child is defined as a qualifying child) isn't required to file an income tax return or files an income tax return only to get a refund of income tax withheld. |
| 2. The child must be: (a) under age 19 at the end of the year and younger than you (or your spouse, if filing jointly), (b) under age 24 at the end of the year, a full-time student, and younger than you (or your spouse, if filing jointly), or (c) any age if permanently and totally disabled. | 2. The person either (a) must be related to you in one of the ways listed under <i>Relatives who don't have to live with you</i> (see Table 2, step 2), or (b) must live with you all year as a member of your household ² (and your relationship must not violate local law). |
| 3. The child must have lived with you for more than half of the year. ² | 3. The person's gross income for the year must be less than \$4,050. ³ Gross income means all income the person received in the form of money, goods, property and services, that isn't exempt from tax. Don't include social security benefits unless the person is married filing a separate return and lived with their spouse at any time during the tax year or if 1/2 the social security benefits plus their other gross income and tax exempt interest is more than \$25,000 (\$32,000 if MFJ). |
| 4. The child must not have provided more than half of his or her own support for the year. ⁵ | 4. You must provide more than half of the person's total support for the year. ⁵ |
| 5. The child isn't filing a joint return for the year (unless that joint return is filed only to claim a refund of income tax withheld or estimated tax paid). | |
| 6. 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. See the "Qualifying Child of More Than One Person" chart. | |

¹There is an exception for certain adopted children.

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

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

⁴There are exceptions for multiple support agreements, children of divorced or separated parents or parents who live apart, and kidnapped children.

⁵A worksheet for determining support is provided on page C-9. If a person receives social security benefits and uses them toward his or her own support, those benefits are considered as provided by the person. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI) are generally considered support provided by the state.



Qualifying Child of More Than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits, unless the special rule for children of divorced or separated parents applies.

- Dependency Exemption
- Head of Household
- Credit for Child and Dependent Care Expenses
- Child Tax Credit
- Earned Income Credit
- Exclusion from income for Dependent Care Benefits

No other person can take any of the six tax benefits listed above unless he or she has a different qualifying child. If you and any person can claim the child as a qualifying child, the following tiebreaker rules apply. See the example below if no parent claims the child.

If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.

If the parents file a joint return together and can claim the child as a qualifying child, the child is treated as the qualifying child of the parents.

If the parents don't file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time during the year. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year.

If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for the year.

If a parent can claim the child as a qualifying child but no parent claims the child, the child is treated as the qualifying child of the person who had the highest AGI for the year, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child. If the child's parents file a joint return with each other, this rule can be applied by dividing the parents' combined AGI equally between the parents.

Example: Your daughter meets the conditions to be a qualifying child for both you and your mother. Under the rules above, you are entitled to treat your daughter as a qualifying child for all of the six tax benefits listed above for which you otherwise qualify. Your mother isn't entitled to take any of the six tax benefits listed above unless she has a different qualifying child. However, if your mother's AGI is higher than yours, you can let your mother treat your daughter as her qualifying child. If you do that, your daughter isn't your qualifying child for any of the six benefits.

For more details and examples, see Pub. 17 and 501.

Income Quick Reference Guide



This list is a quick reference and volunteers should refer to Publication 17 for more information. Don't rely on this list alone. Some of the income items on this chart are out of scope for VITA/TCE. Refer taxpayers with out of scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

Table A – Examples of Taxable Income

(Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Wages, salaries, bonuses, commissions Alimony Annuities Awards Back pay Breach of contract payment Business income/Self-employment income Cash income Compensation for personal services Debts forgiven¹ 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 Interest on life insurance dividends IRA distributions Jury duty fees Military pay (not exempt from taxation) | <ul style="list-style-type: none"> Military pension Nonemployee compensation Notary fees Partnership, Estate and S-Corporation income (Schedule K-1s, Taxpayer's share) Pensions Prizes Punitive damage award Railroad retirement—Tier I (portion may be taxable) Railroad retirement—Tier II Recovery of prior year deduction² (medical, property taxes, etc.) Refunds of State and local income tax (if reportable)² Rents (gross rent) Rewards Royalties Severance pay Self-employment (gross income) Social security benefits - portion may be taxable - (See <i>Income tab, Railroad Retirement, Civil Service, and Social Security Benefits</i>) Supplemental unemployment benefits Taxable scholarships and grants Tips and gratuities Tribal per capita payments Unemployment compensation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Table B – Examples of Nontaxable Income

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

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Aid to Families with Dependent Children (AFDC) Child support Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated Damages for physical injury (other than punitive) Death payments Dividends on life insurance Federal Employees' Compensation Act payments Federal income tax refunds Gifts Inheritance³ or bequest Insurance proceeds (Accident, Casualty, Health, Life) Interest on tax-free securities Interest on EE/I bonds redeemed for qualified higher education expenses Meals and lodging for the convenience of employer | <ul style="list-style-type: none"> Olympic and Paralympic Games medals and prizes⁴ Payments to the beneficiary of a deceased employee Relocation payments Rebate/Patronage Dividends issued by co-ops for personal use are not taxable. Payments in lieu of worker's compensation Rental allowance of clergyman Sickness and injury payments Social security benefits - portion may not be taxable - (See <i>Income tab, Railroad Retirement, Civil Service, and Social Security Benefits</i>) Supplemental Security Income (SSI) Temporary Assistance for Needy Families (TANF) Veterans' benefits Welfare payments (including TANF) and food stamps Worker's compensation and similar payments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Footnotes: ¹If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable

²If itemized in year paid and taxes were reduced because of deduction

³An inheritance isn't reported on the income tax return, but a distribution from an inherited pension or annuity is subject to the same tax as the original owner would have had to pay.

⁴The exclusion does not apply to a taxpayer for any year in which the taxpayer's AGI exceeds \$1 million (or \$500,000 for an individual filing a MFS return).



Armed Forces Gross Income

Members of the Armed Forces receive many different types of pay and allowances. Some are included in gross income while others are excluded from gross income. **Table 1** lists included items that are subject to tax and must be reported on your tax return. **Table 2** lists excluded items that are not subject to tax, but may have to be shown on your tax return.

Table 1—Included Items

These items are included in gross income, unless the pay is for service in a combat zone

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Basic pay</p> <ul style="list-style-type: none"> • Active duty • Attendance at a designated service school • Back wages • CONUS COLA • Drills • Reserve training • Training Duty | <p>Special pay (cont.)</p> <ul style="list-style-type: none"> • Hostile fire or imminent danger • Medical and dental officers • Nuclear-qualified officers • Optometry • Pharmacy • Special compensation for assistance with activities of daily living (SCAADL) • Special duty assignment pay • Veterinarian • Voluntary Separation Incentive | <p>Other pay</p> <ul style="list-style-type: none"> • Accrued leave • High deployment per diem • Personal money allowances paid to high ranking officers • Student loan repayment from programs such as the Department of Defense Educational Loan Repayment Program when year's service (requirement) isn't attributable to a combat zone |
| <p>Special pay</p> <ul style="list-style-type: none"> • Aviation career incentives • Career sea • Diving duty • Foreign duty (outside the 48 contiguous states and the District of Columbia) • Foreign language proficiency • Hardship duty | <p>Bonus pay</p> <ul style="list-style-type: none"> • Career status • Enlistment • Officer • Overseas extension • Reenlistment | <p>Incentive pay</p> <ul style="list-style-type: none"> • Submarine • Flight • Hazardous duty • High altitude/Low altitude (HALO) |

Table 2—Excluded Items

The exclusion for certain items applies whether the item is furnished in kind or is a reimbursement or allowance. There is no exclusion for the personal use of a government-provided vehicle.

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Combat zone pay</p> <ul style="list-style-type: none"> • Compensation for active service while in a combat zone • Note: Limited amount for officers | <p>Family allowances</p> <ul style="list-style-type: none"> • Certain educational expenses for dependents • Emergencies • Evacuation to a place of safety • Separation | <p>Travel allowances</p> <ul style="list-style-type: none"> • Annual round trip for dependent students • Leave between consecutive overseas tours • Reassignment in a dependant restricted status • Transportation for you or your dependents during ship overhaul or inactivation • Per diem |
| <p>Other pay</p> <ul style="list-style-type: none"> • Defense counseling • Disability, including payments received for injuries incurred as a direct result of a terrorist or military action • Group-term life insurance • Professional education • ROTC educational and subsistence allowances • State bonus pay for service in a combat zone • Survivor and retirement protection plan premiums • Uniform allowances • Uniforms furnished to enlisted personnel | <p>Living allowances</p> <ul style="list-style-type: none"> • BAH (Basic Allowance for Housing) • BAS (Basic Allowance for Subsistence) • Housing and cost-of-living allowances abroad paid by the U.S. Government or by a foreign government • OHA (Overseas Housing Allowance) | <p>In-kind military benefits</p> <ul style="list-style-type: none"> • Dependent-care assistance program • Legal assistance • Medical/dental care • Commissary/exchange discounts • Space-available travel on government aircraft |
| <p>Death allowances</p> <ul style="list-style-type: none"> • Burial services • Death gratuity payments to eligible survivors • Travel of dependents to burial site | <p>Moving allowances</p> <ul style="list-style-type: none"> • Dislocation • Military base realignment and closure benefit (the exclusion is limited as described above) • Move-in housing • Move household and personal items • Moving trailers or mobile homes • Storage • Temporary lodging and temporary lodging expenses | |

TaxSlayer® Entries

The following are examples of items to consider in determining entries into TaxSlayer®:

| Item | 1040 Line | Navigation to Data Entry Screen |
|------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CSA 1099-R, Civil Service Annuity Paid | 16 | Click line 16b from 1040 View or Income>IRA/Pension Distributions>Add or Edit a 1099-R |
| CSF 1099-R, Statement of Survivor Annuity Paid | 16 | Click line 16b from 1040 View or Income>IRA/Pension Distributions>Add or Edit a 1099-R |
| K-1, (Form 1065, 1120, 1041) Capital gains or losses | 13 | Click Income from Federal Section>Other Income>K-1 Earnings |
| K-1, (Form 1065, 1120, 1041) Dividend income | 9a | Click Income from Federal Section>Other Income>K-1 Earnings |
| K-1, (Form 1065, 1120, 1041) Interest income | 8a | Click Income from Federal Section>Other Income>K-1 Earnings |
| K-1, (Form 1065, 1120, 1041) Royalty income | 17 | Click Income from Federal Section>Other Income>K-1 Earnings |
| K-1, (Form 1065, 1120, 1041) Tax exempt income | 8b | Click Income from Federal Section>Other Income>K-1 Earnings |
| RRB 1099 Railroad Retirement Benefits (Tier 1) | 20 | Click line 20b from 1040 View or Income>IRA/Pension Distributions>Social Security Benefits/RRB-1099 |
| RRB 1099-R Railroad Retirement Benefits (Tier 2) | 16 | Click line 16b from 1040 View or Income>IRA/Pension Distributions>RRB-1099-R |
| SSA-1099 Social Security Benefits | 20 | Click line 20b from 1040 View or Income>IRA/Pension Distributions>Social Security Benefits/RRB-1099 |
| W-2 Wages & Salaries | 7 | Click line 7 from 1040 View or click Income from Federal Section>Wages and Salaries |
| W-2G Gambling Winnings | 21 | Click line 21 from 1040 View>Gambling Winnings or click Income from Federal Section>Other Income>Gambling Winnings |
| 1098 Mortgage Interest Statement | 40 | Click line 40 from 1040 View>Mortgage Interest and Expenses>Mortgage Interest Reported on Form 1098 |
| 1098-E Student Loan Interest | 33 | Click on line 33 from 1040 View or click Deductions from Federal Section>Adjustments>Student Loan Interest Deduction |
| 1098-T Tuition Statement | 34/50 | Click on line 34 or 50 from 1040 View or click Deductions>Credits Menu>Education Credits |
| 1099-B Proceeds from Broker and Barter Exchange | 13 | Click line 13 from 1040 View or click Income from Federal Section>Capital Gain and Losses>Capital Gain and Loss Items |
| 1099-DIV Dividends | 9 | Click line 9a from 1040 View or click Income from Federal Section>Interest and Dividends>Interest or Dividend Income |
| 1099-INT, Box 9, Private Activity Bond Interest | 45 | Click Line 45 from 1040 View>Interest from specified private activity bonds exempt from the regular tax or click Other Taxes from Federal Section>Alternative Minimum Taxes>Interest from specified private activity bonds exempt from the regular tax |
| 1099-G State Tax Refund | 10 | Click on line 10 from 1040 View or click Income from Federal Section>State and Local refunds |
| 1099-G Unemployment Compensation | 19 | Click on line 19 from 1040 View or click Income from Federal Section>Unemployment Compensation |
| 1099-INT Interest Income | 8 | Click on line 8a from 1040 View or click Income from Federal Section>Interest and Dividends>Interest or Dividend Income |
| 1099-MISC Line 2 Royalties | 17 | See Royalties, later in this section. |
| 1099-MISC Line 3 Other Income | 21 | Click on line 21 from 1040 View>Other Income Not Reported Elsewhere or click Income from Federal Section>Form 1099-MISC |

TaxSlayer® Entries (continued)

| Item | 1040 Line | Navigation to Data Entry Screen |
|--------------------------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1099-MISC Line 7 Non-employee Compensation | 12 | Click on line 12 from 1040 View or click Income from Federal Section>Form1099-MISC |
| 1099-R IRA Distributions | 15 | Click on line 15 from 1040 View>Add or Edit a 1099-R or click Income from Federal Section>IRA/Pension Distributions> Add or Edit a 1099-R |
| 1099-R Pension Distributions | 16 | Click on line 16 from 1040 View>Add or Edit a 1099-R or click Income from Federal Section>IRA/Pension Distributions> Add or Edit a 1099-R |
| 1099-R Retirement | 16 | Click on line 16 from 1040 View>Add or Edit a 1099-R or click Income from Federal Section>IRA/Pension Distributions> Add or Edit a 1099-R |
| Alaska Permanent Fund | 21 | Click on line 21 on 1040 View>Other Inc. Not Reported Elsewhere or click Income from Federal Section>Other Income>Other Inc. Not Reported Elsewhere |
| Alimony Paid | 31a | Click on line 31 from 1040 View or click Deductions from Federal Section>Adjustments>Alimony Paid |
| Alimony Received | 11 | Click on line 11 from 1040 View or click Income from Federal Section>Alimony Received |
| Business Income | 12 | Click on line 12 from 1040 View>Fill Out Business Information>Income or click Income from Federal Section>Schedule C>Fill Out Business Information>Income |
| Capital Gains Distributions | 13 | Click on line 13 from 1040 View>Capital Gains and Loss Items or click Income from Federal Section>Capital Gain and Losses>Capital Gains and Loss Items |
| Cash Income for a Business | 12 | Click on line 12 from 1040 View>Fill Out Business Information>Income or click Income from Federal Section>Schedule C>Fill Out Business Information>Income |
| Cash Income for Other than a Business | 21 | Click on line 21 from 1040 View>Other Inc. Not Reported Elsewhere or click Income from Federal Section>Other Income>Other Inc. Not Reported Elsewhere |
| Charitable Contributions | 40 | Click on line 40 from 1040 View>Gifts to Charity or click Deductions from Federal Section>Itemized Deductions>Gifts to Charity |
| Child and Dependent Care Expenses | 49 | Click on line 49 from 1040 View>Fill in all three steps or click Deductions from Federal Section>Credits>Child Care Credit |
| Child Tax Credit | 52 | Calculated Automatically |
| Credit for the Elderly or Disabled | 54 | Click on line 54 from 1040 View>Credit for the Elderly or Disabled or click on Deductions from Federal Section>Credits Menu>Credit for the Elderly or Disabled |
| Dividend Income | 9a | Click on line 9a from 1040 View>Interest or Dividend Income or click Income from Federal Section>Interest and Dividends>Interest or Dividend Income |
| Early Withdrawal Penalty | 30 | Click on line 30 from 1040 View or click Deductions from Federal Section>Adjustments>Penalty on Early Withdrawal of Savings or CD |
| Education Expenses | 34/50 | Click on line 34 or 50 from 1040 View or click Deductions under Federal Section>Credits Menu>Education Credits |
| Estimated Tax Payments for the tax year | 65 | Click on line 65 from 1040 View or click Payments & Estimates from Federal Section>Federal Estimated Payments |

TaxSlayer® Entries (continued)

| Item | 1040 Line | Navigation to Data Entry Screen |
|------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First Time Home Buyer Credit (Repayment) | 60b | Click on line 60b from 1040 View or click Other Taxes from Federal Section> First-time Homebuyer Repayment |
| Foreign Tax Credit | 48 | Click on line 48 from 1040 View or click Deductions from Federal Section>Credits>Foreign Tax Credit |
| Gambling Winnings | 21 | Click on line 21 from 1040 View>Gambling Winnings or click Income from Federal Section>Other Income>Gambling Winnings |
| Gambling Losses | 40 | Click on line 40 from 1040 View>Miscellaneous Deductions or click Deductions from Federal Section>Itemized Deductions>Miscellaneous Deductions |
| Health Savings Account | 25 | Click on line 25 from 1040 View or click Deductions from Federal Section>Adjustments>Health Savings Account |
| Household Employee Income (no W-2) | 7 | Click on line 7 from 1040 View>Other Income>Other Compensation>Household Employee Income or click Income from Federal Section> Other Income>Other Compensation>Household Employee Income |
| Interest Income | 8 | Click on line 8 from 1040 View>Interest or Dividend Income>Interest Income, Form 1099-INT or click on Income from the Federal Section>Interest and Dividends> Interest or Dividend Income>Interest Income, Form 1099-INT |
| IRA Contributions | 32 | Click on line 32 from 1040 View or click on Deductions from Federal Section>Adjustments>IRA Deduction |
| IRA Distributions | 15 | Click on line 15 from 1040 View>Add or Edit a 1099-R or click Income from Federal Section>IRA/Pension Distributions> Add or Edit a 1099-R |
| IRA Rollover | 15 | Click on line 15 from 1040 View>Add or Edit a 1099-R or click Income from Federal Section>IRA/Pension Distributions> Add or Edit a 1099-R |
| Jury Duty Pay | 21 | Click on line 21 from 1040 View>Other Inc. Not Reported Elsewhere or click Income from Federal Section>Other Income>Other Inc. Not Reported Elsewhere |
| Jury Duty Paid to the Employer | 36 | Click on Deductions from Federal Section>Other Adjustments>Select Jury Duty Pay |
| Medical and Dental Expenses | 40 | Click on line 40 from 1040 View>Medical and Dental Expenses or click on Deductions from Federal Section>Itemized Deductions>Medical and Dental Expenses |
| Medicaid Waiver Payments | 7 & 21 | See page D-45 |
| Mileage for Charitable Travel | 40 | Click on line 40 from 1040 View>Gifts to Charity>Non-Cash Gifts to Charity or click on Deductions from Federal Section>Itemized Deductions>Gifts to Charity>Non-Cash Gifts to Charity |
| Mileage for Medical Travel | 40 | Click on line 40 from 1040 View>Medical and Dental Expenses or click on Deductions from Federal Section>Itemized Deductions>Medical and Dental Expenses |
| Mortgage Interest and Points Paid | 40 | Click on line 40 from 1040 View>Mortgage Interest and Expenses>Mortgage Interest Reported on Form 1098 or click on Deductions from Federal Section>Itemized Deductions> Mortgage Interest and Expenses>Mortgage Interest Reported on Form 1098 |

TaxSlayer® Entries (continued)

| Item | 1040 Line | Navigation to Data Entry Screen |
|----------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other Income (prizes, jury duty, etc.) | 21 | Click on line 21 on 1040 View>Other Inc. Not Reported Elsewhere or click Income from Federal Section>Other Income>Other Inc. Not Reported Elsewhere |
| Pension Distributions | 16 | Click on line 16 from 1040 View>Add or Edit a 1099-R or click Income from Federal Section>IRA/Pension Distributions> Add or Edit a 1099-R |
| Personal Property Taxes | 40 | Click on line 40 from 1040 View>Taxes You Paid or click on Deductions from Federal Section>Itemized Deductions> Taxes You Paid |
| Prizes and Awards | 21 | Click on line 21 on 1040 View>Other Inc. Not Reported Elsewhere or click Income from Federal Section>Other Income>Other Inc. Not Reported Elsewhere |
| Real Estate Taxes | 40 | Click on line 40 from 1040 View>Mortgage Interest and Expenses>Mortgage Interest Reported on Form 1098 or click on Deductions from Federal Section>Itemized Deductions> Mortgage Interest and Expenses>Mortgage Interest Reported on Form 1098 |
| Refunds of State and Local Income Tax (if reportable) | 10 | Click on line 10 on 1040 View or click on Income from Federal Section>State and Local Refunds |
| Retirement Savings Credit | 51 | Click on line 51 on 1040 View or click on Deductions in Federal Section>Credits>Retirement Savings Credit |
| Roth IRA Contributions | 51 | Click on line 51 on 1040 View or click on Deductions in Federal Section>Credits>Retirement Savings Credit and enter Any Current Year Roth IRA Contributions |
| Royalties (Simple royalties with no associated expenses) | 17 | Click on line 17 from 1040 View or click on Income from Federal Section>Rents and Royalties |
| Royalties from Services | 12 | Click on line 12 from 1040 View or click on Income from Federal Section>Profit or Loss from a Business |
| Scholarships and Grants; | 7 | Click on Line 21 from 1040 View>Other Compensation>Scholarships and Grants or click Income from the Federal section>Other Income>Other compensation>Scholarships and Grants |
| Self-employment Income | 12 | Click on line 12 from 1040 View or click on Income from Federal Section>Profit or Loss from a Business |
| Social Security Benefits | 20 | Click on line 20 from 1040 View or click on Income from Federal Section>IRA/Pension Distributions> Social Security Benefits/RRB-1099 |
| Stock Sales (Gains and Losses) | 13 | Click on line 13 from 1040 View>Capital Gains and Loss Items or click Income from Federal Section>Capital Gain and Losses>Capital Gains and Loss Items |
| Student Loan Interest | 33 | Click on line 33 from 1040 View or click on Deductions from Federal Section>Adjustments>Student Loan Interest Deduction |
| Tip Income (not reported to employer) | 7 | Enter on Form W-2 for that employer on the Unreported Tips line |
| Tip Income (not reported to employer because tips were less than \$20 per month) | 58 | Click on line 58 from 1040 View or click on Other Taxes from Federal Section>Tax on Unreported Tip Income |
| Traditional IRA Contributions | 32 | Click on line 32 from 1040 View or click on Deductions from Federal Section>Adjustments>IRA Deduction |
| Tribal Per Capita Payments | 21 | Click on line 21 on 2014 View>Other Inc. Not Reported Elsewhere or click Income from Federal Section>Other Income>Other Inc. Not Reported Elsewhere |
| Unemployment Compensation - Current Year | 19 | Click on line 19 from 1040 View or click Income from Federal Section>Unemployment Compensation |
| Wages & Salaries | 7 | Click on line 7 from 1040 View or click on Income from Federal Section>Wages and Salaries |

How/Where to Enter Income (continued)

To go directly to a specific form, enter the form number or name here.

Select Quick File from this pull-down menu to create a list of entry screens for this return

You can go directly to the Income section from the tabs across the top of the screen.

Mr Taxpayer ▾ Income Deductions Other Taxes Payments & Estimates Miscellaneous Forms

Q Enter the Form Number..

- Basic Information
- Federal Section
- Health Insurance
- State Section
- Summary/Print
- e-File
- 2015 Amended Return
- Save & Exit Return
- Scanned Documents

Income

| | |
|----------------------------------------------|-------|
| Wages and Salaries (W-2) | EDIT |
| State and Local Refunds (1099-G Box 2) | BEGIN |
| Interest and Dividends (1099-INT, 1099-DIV) | BEGIN |
| IRA/Pension Distributions (1099-R, 1099-SSA) | BEGIN |
| Unemployment Compensation (1099-G Box 1) | BEGIN |
| Form 1099-Misc | BEGIN |
| Profit or Loss From A Business (Schedule C) | BEGIN |
| Rents and Royalties (Schedule E) | BEGIN |
| Capital Gain and Losses (Schedule D) | BEGIN |
| Profit or Loss From Farming (Schedule F) | BEGIN |
| Alimony Received | BEGIN |
| Other Income | EDIT |

If the taxpayer received a state refund in 2016 and itemized deductions for 2015 that included a deduction for state income tax, click this and complete the State Refund worksheet.

To enter unemployment compensation, click Begin or click Line 19 from the 1040 view.

To enter Taxable Scholarship, Prisoner Earned Income, or Foreign Compensation -- click Other Income then choose Other Compensation

Form W-2 Instructions

W-2

a Control Number
 Not needed for e-filing

IRS Verification Code (If provided)

Employee
 Whose W-2 is this?
 Mr Taxpayer

Employer
 b EIN
 -

c Employer Name

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

Wages

| | | | |
|------------------|-------------------------|--------------------------|-------------------------|
| 1 Wages, Tips | \$ <input type="text"/> | 2 Federal Tax Withheld | \$ <input type="text"/> |
| 3 SS Wages | \$ <input type="text"/> | 4 Soc. Sec. Tax Withheld | \$ <input type="text"/> |
| 5 Medicare Wages | \$ <input type="text"/> | 6 Medicare Tax | \$ <input type="text"/> |
| 7 SS Tips | \$ <input type="text"/> | 8 Allocated Tips | \$ <input type="text"/> |
| 9 | RESERVED | 10 Dependent Care | \$ <input type="text"/> |
| 11 NonQual Plan | \$ <input type="text"/> | Unreported Tips | \$ <input type="text"/> |

If a Form W-2 can't be obtained from the employer, check the box to indicate this is a substitute W-2. TaxSlayer® will generate a Form 4852, Substitute for W-2

Indicate if W-2 is for Taxpayer or Spouse

If the taxpayer has an ITIN, you will be prompted to enter the ITIN or SSN as shown on the original W-2.

ITIN SSN:
 - -

Compare this address to Form W-2 address. If the address on the W-2 is different, correct the W-2 address here to match the original Form W-2. This won't change the tax return address.

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

The entries in boxes 3, 4, 5, 6 and 16 will auto-populate based on the Box 1 entry. If the figures don't match taxpayer's Form W-2, correct the data so that it matches the information on Form W-2.

If there is an entry in Box 10, Form 2441 must be completed.

Be sure to complete Box 11 if there is an entry on the original Form W-2. An entry here may indicate that the taxpayer is receiving deferred compensation earned in a prior year.

Form W-2 ALERT!

IRS requires that information on electronically filed Form(s) W-2 match the printed Form(s) W-2 exactly.

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

Check them carefully; the change must be made on every Form W-2 that is different from the current address

Be sure to enter every item from the taxpayer's original W-2 – **key what you see**

CAUTION: If the taxpayer earned tips that weren't reported to the employer, enter in the Unreported Tips box. This will add Form 4137 to the return.

If the taxpayer received tips that weren't reported to the employer because they were less than \$20 a month, go to other taxes, select Form 4137 and also enter the amount there.

Form W-2 Instructions (continued)

Be sure to check box 13 as indicated on Forms W-2. This is important in calculating the deductibility of IRA contributions.

The screenshot shows a digital form interface for entering Form W-2 data. At the top, there are two columns for Box 12 and Box 14. Each column has a 'Code' dropdown menu and an 'Amount' input field with a dollar sign. Below these are checkboxes for Box 13: 'Statutory Employee', 'Retirement Plan', and 'Third Party Pay'. Below the checkboxes is a 'State Information' section with a 'Clear' button. This section contains input fields for: 15 State Name (a dropdown menu), 16 St Wages, 17 St Tax Paid, 18 Local Wages, 19 Local Tax Paid, and 20 Local Name. At the bottom left of the state information section is an '+ Add State' button. At the bottom right are 'Cancel' and 'Continue' buttons. Arrows from the surrounding text boxes point to the 'Code' dropdowns, the 'Statutory Employee' checkbox, and the '+ Add State' button.

For Box 12 and 14, choose the code from the drop-down menu and enter the dollar amount. If there are more than 4 items in box 12, enter those items that don't impact the return in box 14 such as code DD.

If choosing "Other" for Box 14, be sure to use the information in other sections of the return, if appropriate (i.e. pension contribution impacting Saver's Credit.)

If the Form W-2 shows withholding from more than one state, click the "Add State" button to add the additional information.

Form W-2 Reference Guide for Common Box 12 Codes

A Uncollected social security or RRTA tax on tips
B Uncollected Medicare tax on tips
D Elective deferrals to a section 401 (k) cash or deferred arrangement
E Elective deferrals under a section 403 (b) salary reduction agreement
G Elective deferrals and employer contributions (including nonelective deferrals) to a section 457 (b) deferred compensation plan
J Nontaxable sick pay
P Excludable moving expense reimbursements paid directly to employee

Q Nontaxable combat pay
T Adoption benefits
W Employer contributions (including amounts the employee contributes through a cafeteria plan) to your health savings account
AA Designated Roth contributions under a section 401 (k) plan
BB Designated Roth contributions under a section 403 (b) plan
DD Cost of employer-sponsored health coverage
EE Designated Roth contributions under a governmental section 457 (b) plan

Interest and Dividend Income (continued)

Interest Income

Type of transaction: **Interest Income**

Payer's Name:

Taxpayer, Spouse, or Joint? Taxpayer

Interest Income (Box 1)

Early Withdrawal Penalty (Box 2)

Interest on U.S. Savings Bonds and Treasury obligations (Box 3)
(Note: Enter Taxable amount only)

Federal Tax Withheld (Box 4)

Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return

Nominee Interest

OID Adjustment

Accrued Interest

ABP Adjustment

Accrued Market Discount

Enter the name of payer. Don't use punctuation.

Annotating who received interest is important for state tax purposes.

Enter each Form 1099-INT separately.

Taxable interest paid. This doesn't include interest shown in box 3.

This amount is carried as an adjustment to Form 1040.

Enter any taxable amount from box 3 on this line.

IMPORTANT—Entries are transferred directly when a state return is added. If state tax law treats the interest differently, include the exempt interest amount and select the state from the drop down list.
Generally, interest on U.S. government obligations (such as savings bonds, treasury bonds/bills/notes) is taxable on the federal return but isn't taxable on the state return.

Nominee interest—Interest transferred to another person—out of scope

Accrued interest—Interest paid to seller at time of purchase—out of scope

OID adjustment – Don't use this for interest reported on Form 1099-OID. This is only used when the OID instrument was bought or sold during the year. In that case, the return is out of scope. OID interest is treated the same as regular interest.

Private activity bond interest (PAB) is entered in Other Taxes>> Alternative Minimum Tax>>Interest from specified private activity bonds exempt from the regular tax.

Tax-Exempt Interest

Schedule B Other Interest

Type of transaction: **Tax Exempt Interest, Box 8**

Payer's Name:

Taxpayer, Spouse, or Joint?

Interest Income

To add/edit state taxable interest items, click here

Taxable State Interest Item

State

Owner

Amount

Enter the payer's name. Select whether the interest income belongs to the taxpayer, the spouse or if it is joint income.

Enter the amount of tax exempt interest from Box 8 of Form 1099-INT

If any of the tax exempt interest isn't exempt from state taxes, select the **Add/Edit** button to add a Taxable State Interest item. *Interest on out-of-state municipal bonds isn't taxable on the federal return BUT IS generally taxable on the state return.*

Enter the required information and select **Continue To Next Step**.

Note: *Interest on in-state municipal bonds is generally NOT taxable on the federal and state returns.*

IRA/Pension Distributions (Form 1099-R, Form SSA-1099)

| IRA/Pension Distributions | |
|---------------------------|-------------------------------------------|
| Add or Edit a 1099-R | <input type="button" value="BEGIN"/> |
| RRB-1099-R | <input type="button" value="BEGIN"/> |
| Social Security Benefits | <input type="button" value="BEGIN"/> |
| Nontaxable Distributions | <input type="button" value="BEGIN"/> |
| | <input type="button" value="✓ Continue"/> |

There are four items to choose from, and within each item you can make entries for as many documents as needed.

Form 1099-R

If more than one taxpayer, choose who the document belongs to.

EIN must be entered accurately, and is a common cause for e-file reject.

Form 1099-R
 Check here if this is a standard 1099-R.

Caution: Only the amount entered in box 2a will be considered taxable.

Whose 1099-R is this?
 Recipient
 Mr Taxpayer
 Mrs Taxpayer

Payer Information
 Payer's ID: [] - []
 Name: []
 Check here if foreign address
 Address (Number and Street): []
 Zip Code: [] - []
 City, Town, or Post Office: []
 State: - Please Select -

Recipient Information
 Check here if foreign address
 Address (Number and Street): 123 Main St
 Zip Code: 90210 - []
 City, Town, or Post Office: Beverly Hills
 State: California

1099-R Information

1 Gross Distribution
 \$ []

2a Taxable Amount
 \$ []

Do you need to figure your taxable amount using the Simplified Method? Click here for the worksheet.
[Worksheet](#)

2b
 Taxable amount not determined
 Total distribution

3 Capital gain (included in box 2a)
 \$ []

4 Federal income tax withheld
 \$ []

5 Employee contributions or insurance premiums
 \$ []

6 Net unrealized appreciation in employer's securities
 \$ []

7 Distribution Code(s)
 []
 IRA/SEP/Simple

8 Other (Not collected)

9a Your percentage of total distribution
 [] %

9b Total employee contributions
 \$ []

10 Amount allocable to IRR within 5 years (Not needed for e-filing)

Caution: Box 2a will automatically fill in with the amount in Box 1. If a different amount is shown on the document, enter that amount directly.
 The payer may calculate the tax-free amount and show the correct taxable amount in Box 2a. In that case, simply enter the amounts shown on the 1099-R. Don't use the worksheet.
 If the payer doesn't calculate the taxable amount, Box 2b will be marked, and Box 2a may be blank, zero or the same as Box 1. In that case, use the Simplified Method.

If Simplified Method is required, click here for Worksheet.

Box 2b offers "Taxable amount not determined" and "Total distribution". Mark exactly as shown on document.

If Box 4 has an entry, ensure that the tax withheld is entered and is correct.

Box 5 on the document may be current year's amount of employee contributions or insurance premiums.
 If Box 5 is the same as Box 1, none of the distribution is taxable. If the payer has calculated the taxable amount of the pension in Box 2, generally the difference between Boxes 1 and 2 will appear in Box 5. If Box 5 is the amount of health insurance premiums, (typically only on a CSA 1099-R) you must MANUALLY carry the amount to the Schedule A, Itemized Deductions.

Box 7 is a required entry – enter exactly as shown on document. If IRA/SEP/Simple is marked, check to enter exactly as on document.

Box 9b shows the total employee contributions and may be needed if Box 2 has no entry – usually requires Worksheet (see Box 2a)

Form CSA 1099-R—Civil Service Retirement Benefits—The Office of Personnel Management issues Form CSA 1099-R for annuities paid or Form CSF 1099-R for survivor annuities paid. The CSA-Form 1099-R box numbers reflect the standard numbering on a Form 1099-R. If the taxable amount isn't calculated in box 2:

- The Simplified Method must be used.
- Enter box 9b on line 1 of the Simplified Method section, if applicable.
- Complete the other required entries of the Simplified Method section.
- Amounts in box 5 are for health insurance premiums paid by the annuitant (and need to be manually entered on the Schedule A worksheet).

Form 1099-R Simplified Method

If the taxpayer made after-tax contributions toward a pension, a portion of the annuity payment has already been taxed and isn't taxable now. Generally, if the starting date of the payments was prior to July 2, 1986, the Simplified Method wouldn't apply. If the taxpayer used the 3-year rule, the annuity is fully taxable. If he used the general rule, refer the taxpayer to a professional tax preparer.

Since 1986, the employee's total after tax contribution is distributed over a number of months that represents the average life expectancy of someone who is this age (when they began receiving payments).

Simplified General Rule Worksheet

Gross distribution amount (from 1099-R): \$5,000.00

Plan cost at annuity start date:

Starting date of annuity:

Check here if this a Joint or Survivor Annuity.

Death benefit exclusion:

Age of recipient at start date:

*If joint or survivor annuity, add ages of recipients

Number of months paid in 2015:

Amounts previously recovered:

Enter the Plan cost (shown in Box 9b of 1099-R)

Enter the age of the taxpayer on the date the pension started – this may be different than the taxpayer's age at the end of that year.

For a joint or survivor annuity, add the ages of both spouses on the start date. For the beneficiary of an employee who died, see Publication 575, Pensions and Annuities.

The taxable amount is calculated and shown on the original 1099-R.

If retired public safety officer (PSO) has both health insurance deduction and simplified method, complete the simplified method first, then delete the simplified method worksheet and manually subtract insurance premiums (up to \$3,000) from calculated taxable income in Box 2. Deduct excess premiums on Itemized Deductions screen.

Enter the amount that could have been recovered tax free in prior years even if not claimed. Look at last year's tax return to find this amount, or calculate the amount using the monthly tax free amount computed by TaxSlayer for the 2016 tax year times the number of months prior to 2016.*

To save time for next year's preparer, enter a Note with the taxpayer's annuity start date, age at the start date, and amounts previously recovered.

| Taxpayer Name | Income |
|-------------------|--------|
| Your Office | |
| Scanned Documents | |
| Si hablo Espanol? | |
| Notes | |
| Helpful Tools | |
| Quick File | |
| Save & Log Out | |

Add a new note

Simplified Method

Mr. Example retired 2/2/2015 at age 51. He's recovered \$xx so far.

Note Name:

Text for this note:

Color:

*For annuitants who retired between July 2, 1986 and Dec. 31, 1986, enter zero.

Form 1099-R Rollovers

If any portion was rolled over, check to bring up screen to enter the amount. Even if Box 7 is Code G, this entry must be made.

Rollover or Disability



Check here if all/part of the distribution was rolled over, and enter the rollover amount.

\$



Check here to report on Form 1040, Line 7 (Distribution code must be a "3")

Check if Code 3 is in box 7—and the taxpayer is disabled and under the minimum retirement age of the employer's plan. This will put this disability income on Line 7 of Form 1040, instead of Line 16. It will also be used in calculation of some credits.

Rollovers

* A taxpayer should not receive a Form 1099-R for a trustee-to-trustee transfer from one IRA to another, but should receive a Form 1099-R for a trustee-to-trustee direct rollover from an employer qualified plan to an IRA with code G.

* A rollover that involves a distribution of funds to the participant isn't taxable if the funds are deposited into an IRA (or the same IRA) or an employer plan within 60 days. Form 1099-R will have either a code 1 or code 7.

* A participant is allowed only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs owned. However, you can continue to make unlimited trustee-to-trustee transfers between IRAs because it is not considered a rollover.

* Sometimes a distribution includes both a regular distribution (generally taxable) and a rollover (generally non-taxable). The Form 1099-R Rollover or Disability section is used to input the amount that won't be taxed.

* If taxpayer inadvertently missed the 60-day rollover deadline for one of several reasons, he can submit a certification to the trustee, and the amount can be considered a rollover on his tax return. See Revenue Procedure 2016-47 for details.

Note: The above applies to pre-tax accounts (e.g. traditional IRAs) and to post-tax accounts (e.g. Roth IRAs) within each group. If rolling or converting from pre-tax to post-tax, the amount will generally be taxable.

Form 1099-R Box 7 Distribution Codes

| Box 7 Distribution Codes | Explanations |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 — Early distribution, no known exception. | <ul style="list-style-type: none"> • If this amount was rolled over within 60 days of the withdrawal and—if the distribution was from an IRA--no prior rollover was made in the same 12-month period, enter the amount rolled over in Line 1 of the Exclusion Worksheet below the 1099-R screen. Trustee to trustee transfer isn't considered a prior rollover. If more than one rollover from an IRA in the 12-month period, return is out of scope. • If this wasn't rolled over, a 10% additional tax will be applied unless the taxpayer qualifies for an exception. See page Tab H for a list of exceptions. If the taxpayer qualifies for an exception, check the box on the 1099-R just below Box 7 that says, "Click here to force Form 5329." Go to Form 5329, enter the amount that qualifies for an exception and select the reason for the exception from the dropdown list. |
| 2 — Early distribution, exception applies. | Code 2 applies if the taxpayer is under 59 ½ but the payer knows that an exception to the additional tax applies. If the IRA/SEP/SIMPLE box ISN'T checked, no further action needed. If the IRA/SEP/SIMPLE box IS checked, additional reporting may be required on Form 8606, and the return is out of scope. |
| 3 — Disability. | Code 3 is for a disability pension. <ul style="list-style-type: none"> • If the taxpayer is under the minimum retirement age for the company he retired from, then check the box on the 1099-R just below Box 9b that says, "Check here to report... on Line 7." This will put this disability income on Line 7 of Form 1040 instead of Line 16. It will also include the amount in earned income for calculation of the earned income credit, the dependent care credit and the additional child tax credit. • If the taxpayer has reached the minimum retirement age, no further action is needed. |
| 4 — Death. | Code 4 is for a survivor's benefit or an inherited IRA. If it's a pension, the original retiree has died, and the survivor is receiving his or her share of the pension. If the original pensioner was using the Simplified Method, continue to use it for the survivor. If it's an inherited IRA and the original owner had a basis, the survivor takes over that basis. |
| 5 — Prohibited transaction. | This code is out of scope. |
| 6 — Tax-free Section 1035 exchange. | This code is out of scope. |
| 7 — Normal distribution. | Code 7 is for normal distributions. It may occur in several different situations: <ul style="list-style-type: none"> • If the amounts in Box 1 and 2 are the same, and Box 2b isn't checked, the pension is fully taxable. • If the taxpayer makes a rollover from one IRA to another and holds the money less than 60 days, enter the amount rolled over on the Exclusion Worksheet, line 1. This will check the "rollover" box at Line 15 of Form 1040. Link out from there and enter a description of the rollover. • If the Box 2b is checked and there is an amount in Box 9b, complete the Simplified Method at the bottom of the 1099-R screen. Be sure to use the taxpayer's age at the time of retirement—not current age. • If there is an amount in Box 2 that is different than Box 1, no further action is needed. • If there is no amount (or zero) in Box 2, check to see if there is an amount in Box 5. If this is the same amount as Box 1, the distribution is the taxpayer's own money coming back. Enter the Box 5 amount on line 5 of the Exclusion Worksheet. None of the distribution will be taxed. • If any portion of this distribution was sent directly from the trustee to a charity, enter the amount on Line 2 of the Exclusion Worksheet. It won't be included in gross income. No charitable deduction may be taken for the donation. |
| 8 — Excess contributions | This code is out of scope. |
| 9 — Cost of current life insurance | This code is out of scope |
| A — May be eligible for 10-year tax option. | This code is out of scope. |

Form 1099-R Box 7 Distribution Codes (continued)

| Box 7 Distribution Codes | Explanations |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B — Designated Roth account distribution | Code B is for a distribution from a designated Roth account. This code is in scope only if taxable amount has been determined. |
| D — Annuity payments from nonqualified annuities | Code D is used for a distribution from a private annuity in conjunction with the regular code. The distribution is subject to the net investment income tax. If the taxpayer has AGI over a threshold amount (\$200,000 for a single taxpayer or HoH, \$250,000 MFJ or QW, \$125,000 MFS), then this code means the return is out of scope. If the AGI is less than the threshold amount the return is in scope and no further action is needed. |
| E — Distributions under Employee Plans Compliance Resolution System (EPCRS). | This code is out of scope. |
| F — Charitable gift annuity. | Code F is used for the annuity payments from a charitable gift annuity. The difference between the distribution in Box 1 and the capital gain shown in Box 3 will appear on Line 15 of the 1040. Schedule D must be completed to report the capital gain. Describe it as "From 1099-R". The gain should be the amount in Box 3, and the gain is long term. |
| G — Direct rollover of distribution and direct payment. | Code G is for a direct rollover from a qualified plan to an eligible retirement plan. Change Box 2a to match the amount in 2a on the document. If there is an amount in box 2, the direct rollover is fully or partially taxable. |
| H — Direct rollover of a designated Roth account distribution to a Roth IRA. | Code H is for a direct rollover of a distribution from a designated Roth account to a Roth IRA. It won't be taxed. No further action is needed. |
| J — Early distribution from a Roth IRA. | This code is out of scope. |
| K — Distribution of IRA assets not having a readily available FMV | This code is out of scope. |
| L — Loans treated as deemed distributions | Code L is for loans treated as deemed distributions. This code could possibly be combined with codes 1, 4, or B. For more information on how it is treated see the codes on this chart. |
| N — Recharacterized IRA contribution. | This code is out of scope. |
| P — Excess contributions plus earnings/excess deferrals | This code is out of scope. |
| Q — Qualified distribution from a Roth IRA. | This distribution is not taxable. Be sure Box 2a matches the amount on the document. |
| R — Recharacterized IRA contribution. | This code is out of scope. |
| S — Early distribution from a SIMPLE IRA in the first 2 years, no known exception. | A 25% additional tax will be applied unless the taxpayer qualifies for an exception. See Tab H for a list of exceptions. If the taxpayer qualifies for an exception, go to Form 5329. Enter the code for the exception and the amount that qualifies for it. |
| T — Roth IRA distribution, exception applies. | This code is out of scope. |
| U — Dividends distributed from an ESOP | This code is out of scope. |
| W — Charges or payments for LTC contracts | This code is out of scope |

Form SSA-1099 Distributions

Social Security 1099 SSA

Social Security Benefits

Taxpayer's Social Security Benefit (Generally Box 5 of Form SSA-1099) \$

Taxpayer's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099) \$

Taxpayer's Medicare Premiums \$

Spouse's Social Security Benefit (Generally box 5 of Form SSA-1099) \$

Spouse's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099) \$

Spouse's Medicare Premiums \$

Lump-Sum Payments:

Enter amount from Box 5 of Form SSA-1099 or enter from Form RRB-1099 - Tier 1 (Blue form) Social Security Equivalent Benefits (SSEB)

Be sure to check for any tax withheld. Often taxpayers choose this option.

Enter the total of Medicare Parts A, B, C, and D. Repeat for spouse.

If an amount is present in the description of Box 3 on Form SSA-1099, the taxpayer received benefits attributable to a prior year. Consider using the Lump-Sum worksheet to see if the taxable amount of social security is reduced.

If Lump-Sum calculation is needed, click here. Taxpayer will need to provide prior year tax returns.

Form SSA-1099 Lump-Sum Distributions

Social Security Lump-Sum Payment

SSA Lump-Sum Payment

Year the lump sum payment was made for: 2014

Filing Status in Earlier Year: - Please Select -

SSA Payments received in Earlier Year: - Please Select -

Portion of this years SSA for Earlier year: Single

Modified Adjusted Gross Income for Earlier Year: Married Filing Joint

Taxable Benefits Reported in Earlier Year: Married Filing Separate

Head of Household

Qualifying Widow(er) with Dependent Children

\$

Enter relevant year, as shown on Form SSA-1099.

If more than one year has prior year payments use additional Lump-Sum worksheet.

Dropdown is available for prior year Filing Status

Social Security Lump-Sum Payment

SSA Lump-Sum Payment

Year the lump sum payment was made for: 2014

Filing Status in Earlier Year: - Please Select -

SSA Payments received in Earlier Year: \$

Portion of this years SSA for Earlier year: \$

Modified Adjusted Gross Income for Earlier Year: \$

Taxable Benefits Reported in Earlier Year: \$

Cancel Continue

Choose proper answers for all boxes. Leave the 3rd and/or 6th box empty if not applicable. All other boxes require entries.

The calculation won't be correct without the prior year AGI.

The software will determine total taxable Social Security based on these entries.

Add to AGI any tax-exempt interest and any adjustments from Lines 33 to 35.

Form 1099-MISC (continued)

Some income that isn't self-employment, such as prizes and awards, is reported in box 3, **Other income**. This income is reported on Form 1040, line 21.

Sometime income reported in box 7, **Nonemployee compensation** is related to a hobby – an activity that isn't engaged in for profit. Activities not for profit are out of scope.

Form 1099-MISC

Whose 1099-MISC is this?

Mr Taxpayer
 Mrs Taxpayer

Payer Information

Use Payer's SSN as ID

Payer's Federal ID
[] - []

Payer's Name
[]

Check here if foreign address

Address (Number and Street)
[]

Zip Code
[] - []

City, Town, or Post Office
[]

State
- Please Select ▾

1099-MISC Information

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1 Rents \$ [] | 2 Royalties \$ [] |
| 3 Other income \$ [] | 4 Federal income tax withheld \$ [] |
| 5 Fishing boat proceeds \$ [] | 6 Medical and health care payments Learn More [] |
| 7 Nonemployee compensation \$ [] | 8 Substitute payments in lieu of dividends or interest Learn More [] |
| 9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale Learn More <input type="checkbox"/> | 10 Crop insurance proceeds \$ [] <input type="checkbox"/> Defer |
| 12 Foreign country or U.S. possession Learn More [] | 11 Foreign tax paid Learn More [] |
| | 13 Excess golden parachute payments Learn More [] |

Schedule C Menu

Complete **Basic Information About your Business** and **Questions About the Operation of Your Business** for every Schedule C.

Select **Income** to enter any income for the business that was not reported on Form 1099- MISC, such as income from a Form 1099-K.

Most business expenses are entered in the **General Expenses** section.

Select **Other expenses** to enter any expenses not listed under **General Expenses**

| Schedule C | |
|------------------------------------------------|-------|
| Basic Information About Your Business | EDIT |
| Questions About the Operation of Your Business | BEGIN |
| Income | BEGIN |
| Cost of Goods Sold | BEGIN |
| General Expenses | BEGIN |
| Car And Truck Expenses | BEGIN |
| Depreciation | BEGIN |
| Other Expenses | BEGIN |
| Expenses for Business Use of Your Home | BEGIN |
| Restart Schedule C Guide | BEGIN |

Tip: Select Schedule C-EZ from the menu if the taxpayer meets the Sch C-EZ criteria.

Self-employed taxpayers who accepted payment cards for payments or who received payments through a third party network may receive Form 1099-K reporting those transactions.

Schedule C or C-EZ - Questions about your Business

To be in scope, the accounting method must be **Cash** and there can be no inventory, no cost of goods sold, no employees, no business use of the home, and no depreciation (completing Form 4562).

In most cases, the taxpayers do materially participate in the business. This means that the taxpayer ran the business and did the work.

If the taxpayer has a business loss carried over from another tax year or is required to file a Form 1099, the tax return is out of scope.

Accounting Method:

- Cash
- Accrual
- Other

Method used to value closing inventory:

- Cost
- Lower of cost or market
- Not Applicable

Check here if there were any changes in determining inventory.

Check here if you "materially participated" in the operation of this business during the tax year.
This box must be checked to allow a net loss on your return.

Check here if this is the first Sch. C filed by you for this business.

Prior year unallowed loss (ONLY enter an amount if current year's activity is a net profit.) \$

Check here if you made any payments in 2015 that would require you to file Form(s) 1099.

If you checked the box above, check here if you did or you will file all required Forms 1099.

Check here for Qualified Joint Venture. (Ownership between Taxpayer and Spouse must be 50/50. If you are filing Business Use of Home deductions or using the Clergy Worksheet, you will need to file separate Schedule C forms, one for each spouse)

Check here to Prorate Expenses for Minister/Clergy.

Schedule C or C-EZ General Expenses

The following expenses are out of scope:

Contract Labor, Depletion, Employee benefit program, Health Insurance, Mortgage interest, Pension and profit sharing, and Wages.

| Schedule C - Expenses | | | |
|-------------------------------------------------------------|----|----------------------------------------------------------------------|----|
| Advertising | \$ | Pension and profit sharing | \$ |
| Contract Labor | \$ | Rent or lease of equipment | \$ |
| Commission and fees | \$ | Rent or lease of property | \$ |
| Depletion | \$ | Repairs and maintenance | \$ |
| Employee benefit programs | \$ | Supplies | \$ |
| Health Insurance (will carry automatically to worksheet) | \$ | Taxes and licenses | \$ |
| Insurance (other than health) | \$ | Travel | \$ |
| Mortgage interest | \$ | Meals and entertainment (50%) Enter 100% of the expenses. | \$ |
| Other interest | \$ | Meals and entertainment (80%) Enter 100% of the expenses. | \$ |
| Legal and professional services | \$ | Utilities | \$ |
| Office expense | \$ | Wages (less employment credits) | \$ |

To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your industry. A necessary expense is one that is helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary.

Note: Car and truck expenses aren't entered on this page. Those expenses are entered on a separate page.

Note: Rentals or leases of equipment for more than 30 days are out of scope.

Caution: Expenses that aren't deductible include Bribes and Kickback; charitable contributions; demolition expenses or losses; and dues to business, social, athletic, luncheon, sporting, airline, and hotel clubs.

Schedule C or C-EZ Car and Truck Expenses

Schedule C Car and Truck Expenses

Car and Truck Expenses

Please Note: Actual car or truck expenses must be entered in the depreciation menu for this business.

Description of Vehicle

Date you placed your vehicle in service for business purposes:

Of the total number of miles you drove your vehicle during the tax year, enter the number of miles you used your vehicle for each of the following.

Business miles

Commuting

Other

Check if you have (or your spouse has) another vehicle available for personal use.

Check if your vehicle was available for personal use during off-duty hours.

Check if you have evidence to support your deduction.

If yes, check if the evidence is written.

Using actual expense deductions, such as gas, repairs, and depreciation, is out of scope.

Enter a brief description of the vehicle; for example, 2008 Ford.

Business miles: Miles related to the business activity that aren't commuting miles.

Commuting miles: Miles driven each day from home to the first business location and driven from the last business location back home.

Other: Miles driven for personal purposes.

Note: The total of **Business**, **Commuting** and **Other** miles should add up to the total miles on the vehicle for the year.

Caution: Refer to Tab F, Deductible Transportation Expenses, for help determining deductible business mileage and non-deductible commuting mileage. For additional information and examples, see Publication 463, *Travel, Entertainment, Gift, and Car Expenses*.

Note: The car and truck expense deduction will automatically be calculated using the standard mileage rate, based on the number of business miles entered. The rate is 54 cents per mile for tax year 2016. In addition, the taxpayer can deduct the cost of parking and tolls.

Note: If you are self-employed and use your car in your business, you can deduct the business part of state and local personal property taxes on motor vehicles on Schedule C or C-EZ. Enter this on the Taxes line on the Schedule C Expenses screen.

Note: If you are an employee, you cannot deduct any interest paid on a car loan. This applies even if you use the car 100% for business as an employee. However, if you are self-employed and use your car in your business, you can deduct that part of the interest expense that represents your business use of the car. You cannot deduct the part of the interest expense that represents your personal use of the car. Enter the deductible amount on the Other Interest line on the Schedule C Expenses screen.

Schedule D Capital Gains

Enter all capital transactions here. The software will carry the transactions to the appropriate Form 8949. The totals for each Form 8949 will automatically carry to the correct line of Sch D.

Schedule D Capital Gains

| | |
|----------------------------------------|-----------------------------------------|
| Capital Gains and Loss Items | <input type="button" value="BEGIN"/> |
| Additional Capital Gains Distributions | <input type="button" value="BEGIN"/> |
| Other Capital Gains Data | <input type="button" value="BEGIN"/> |
| Sale of Main Home Worksheet | <input type="button" value="BEGIN"/> |
| | <input type="button" value="Continue"/> |

Other Capital Gains Data

| | |
|------------------------------------------------------------------|-------------------------|
| Adjust Section 1250 Amounts | \$ <input type="text"/> |
| Adjust 28% Gain | \$ <input type="text"/> |
| Short Term Loss Carryover from 2014 (enter as a positive number) | \$ <input type="text"/> |
| Long Term Loss Carryover from 2014 (enter as a positive number) | \$ <input type="text"/> |

If the taxpayer has a Short Term or Long Term capital loss carryover from the prior year, enter on the appropriate lines.

Entering Capital Gains and Losses

Date Acquired:
 * Alternate Option: If Date Acquired is not known, leave the date blank and select an option here

Select if Applicable:
 Various - Short Term
 Various - Long Term
 Inherited - Long Term

Date Sold:
 * Alternate Option:
 Check here if a short sale.

Select if Applicable:
 Worthless - Short Term
 Worthless - Long Term
 Bankrupt - Short Term
 Bankrupt - Long Term

If you check the box for Alternate Option for Date Acquired or Date Sold, a pick list will appear. Choose the correct option for the transaction.

Form 1099-B box 1b.

Capital Gains Transaction

Description of Property

Date Acquired:
 * Alternate Option: If Date Acquired is not known, leave the date blank and select an option here

Date Sold:
 * Alternate Option:
 Check here if a short sale.

Sales Price
 * Alternate Option: If Sale Price is Expired, leave the sales price blank and select an option here

Form 1099-B box 1c

Form 1099-B box 1d

Form 1099-B box 1e or provided by taxpayer. If basis can't be determined, use zero.

- Please Select -
 Form 1099-B, Box 1e Shows Cost Basis
 Form 1099-B, Box 1e Does NOT Show Cost Basis
 Did not receive Form 1099-B

F1099 shows Code A or D
 F1099 shows Code B or E
 F1099 shows Code C or F

Choose the cost basis type that applies to the transaction.

Select cost basis type

Cost
 * Alternate Option: If Cost is Expired, leave the cost blank and select an option here

Enter any necessary adjustments to Gain or Loss
 NOTE: If this entry is to be shown as a loss, please enter a negative sign before the number.

If you entered an adjustment amount above, please select the adjustment explanation

Is this a Collectible Exchange? Check if 'YES'

Buttons:

If you have no more transactions to enter, click "Continue" (this will also save your entry.)

Click "Save & Enter Another" if you have more capital gain transactions to enter.

If an adjustment to basis or net capital gain is required, enter the adjustment and pick the reason from the drop down list. For most transactions, no adjustment to gain or loss is needed. You may need to enter an adjustment if the basis provided is incorrect, or another situation applies that requires a change to the basis, or if the taxpayer is able to exclude some or all of the capital gain. The pick list of reasons is shown below.

- Select if Applicable -

- Exclude Some/All of the Gain from the Sale of Your Main Home
- Form 1099-B with Basis in Box 3 is Incorrect & Correct Basis is Lower or Higher
- Form 1099-B & Type of Gain/Loss Indicated in Box 8 is Incorrect
- Nondeductible Loss from a Wash Sale
- Exclude gain from Dist of Columbia Enterprise Zone or Qualified Community Assets
- Rollover of Gain from QSB, Empowerment Zone Assets, sold publicly traded securities
- Nominee Capital Gain Distributions
- Other Adjustments
- Exclude Part of the Gain from the Sale of QSB Stock
- Nondeductible loss other than a Wash Sale

TIP: If summarizing transactions, enter zero for the adjustment amount and select "Reporting Multiple Transactions on a Single Row."

Entering Capital Gains/Losses (continued)

Exception to Entering Each Transaction on a Separate Row

When a taxpayer's Form 1099-B includes so many transactions that it isn't practical to enter each one into TaxSlayer®, use the following procedure.

1. Divide the transactions into four categories:
 - Short term transactions with basis reported to the IRS - categorized as "Box A."
 - Short term transactions with basis not reported to the IRS - categorized as "Box B."
 - Long term transactions with basis reported to the IRS - categorized as "Box D."
 - Long term transactions with basis not reported to the IRS - categorized as "Box E."
2. Enter the total of each category on the capital gain entry screen.
3. If any of the transactions requires an adjustment to the reported basis, select the reason from the drop down box that includes that transaction.
4. If there are transactions with basis not reported to the IRS, the broker's list of transactions must be submitted as an attachment to the tax return. Submit the document using either of the following two methods.
 - Hardcopy: Make a photocopy and attach it to Form 8453 to be mailed to Austin.
 - Electronic: Scan the pages and save as a pdf. Attach the pdf to the electronic return prior to creating the e-file.

Brokers' Statements

Look for all the following items. (You may or may not find them all.)

1. 1099-INT. (Summary-NOT detail)
2. 1099-DIV. (Summary-NOT detail)
3. 1099-B (Summary and Detail) and "Cost basis" or "Transaction detail" for sale of stock: Input as a capital gain and losses.
4. "Management" or "Investment fees": Input on Schedule A Line 23.
5. If there are dividends from mutual funds, look for an insert or chart that says what percentage came from federal government interest: Enter on the dividend input screen and select your state (check your state rules).
6. The chart should also show what percent came from municipal bonds from each state: Input exempt interest from states other than yours by selecting tax exempt interest income and making the state adjustment (check your state rules).
7. Foreign taxes paid: Enter Foreign taxes paid on the dividend input screen only if all foreign taxes relate to passive income and the total on all tax statements (1099 etc) is less than \$300 (\$600 MFJ); otherwise, in scope only if certified in International.
8. If the taxpayer has margin interest and is itemizing deductions, the return is out of scope.

| Capital Gain/Loss | | | | | | |
|---------------------------------------------------------------------------------------------------------------------|----------------------|-----------|---------|-------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Description | Date Acquired | Date Sold | Price | Cost | | |
| 10 shares LongE | 1/6/2009 | 2/15/2015 | \$200 | \$500 |  |  |
| 10 shares longF | 1/11/2008 | 1/10/2015 | \$150 | \$250 |  |  |
| 10 shares LTD | Various - Long Term | 9/2/2015 | \$1,000 | \$500 |  |  |
| 50 ShortA | Various - Short Term | 2/27/2015 | \$600 | \$500 |  |  |
| 50 ShortB | 7/7/2014 | 4/12/2015 | \$200 | \$300 |  |  |
| 50 ShortC | 2/5/2015 | 8/11/2015 | \$1,000 | \$600 |  |  |
|  Add a Capital Gains Transaction | | | | | | |

Adjustments to Basis in TaxSlayer–TY2016

Enter Capital Gain/Loss Transactions in TaxSlayer

For most transactions, you do not need to adjust the basis. You may need to adjust the basis if you received a Form 1099-B or 1099-S (or substitute statement) that is incorrect, if you are excluding or postponing a capital gain, if you have a disallowed loss, or in certain other situations. Details are in the table below.

| In Scope IF... | THEN... | THEN select from the dropdown list | Adjustment Code that will appear on Form 8949 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------|
| You received a Form 1099-B (or substitute statement) and the basis shown in box 3 is incorrect... | If the basis was not reported to the IRS, report the correct basis and make no adjustment. If the basis was reported to the IRS... | Form 1099-B with Basis in Box 3 is Incorrect & Correct Basis is Lower or Higher | B |
| You received a Form 1099-B or 1099-S (or substitute statement) and there are selling expenses that are not reflected on the form or schedule... | Enter the proceeds as reported in Box 1d. Enter as an adjustment using a minus sign for any selling expenses that you paid (and that are not reflected on the form or statement you received). | Form 1099-B with Basis in Box 3 is Incorrect & Correct Basis is Lower or Higher | E |
| You sold or exchanged your main home at a gain, must report the sale or exchange and can exclude some or all of the gain... | Report the sale or exchange as you would if were not taking the exclusion. Then enter the amount of excluded (nontaxable) gain as a negative number. | Exclude Some/All of the Gain from the Sale of Your Main Home | H |
| You have a nondeductible loss other than a loss indicated by code W... | Report the sale or exchange and enter the amount of the nondeductible loss as an adjustment. See Nondeductible Losses in the Instructions for Schedule D. | Nondeductible loss other than a Wash Sale | L |
| You report multiple transactions on a single row as described in Exception to Reporting each Transaction on a Separate Row... | Enter -0- as the adjustment amount unless an adjustment is required because of another code. | Reporting Multiple Transactions on a Single Row | M |
| You received a Form 1099-B (or substitute statement) and the type of gain or loss (short term or long term) shown in box 1c is incorrect)... | Enter transaction with correct term (long or short). Enter -0- as the adjustment amount unless an adjustment is required because of another code. | Form 1099-B and Type of Gain/Loss indicated in Box 2 is incorrect | T |
| You have a nondeductible loss from a wash sale ... | Report the sale or exchange and enter the amount of the nondeductible loss as an adjustment. | Nondeductible loss from a Wash Sale | W |
| You have an adjustment not explained earlier in this column... | Report the appropriate adjustment amount. | Other adjustment | O |

Adjustments to Basis in TaxSlayer–TY2016 (continued)

| OUT OF SCOPE IF... | Adjustment Code |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| You received a Form 1099-B or 1099-S (or substitute statement) as a nominee for the actual owner of the property. | N |
| You sold or exchanged qualified small business stock and can exclude part of the gain. | Q |
| You can exclude all or part of your gain under the rules explained in the Schedule D instructions for DC Zone assets or qualified community assets. | X |
| You are electing to postpone all or part of your gain under the rules explained in the Schedule D instructions for any rollover of gain (for example, rollover of gain from QSB stock or publicly traded securities). | R |
| You had a loss from the sale, exchange, or worthlessness of small business (section 1244) stock and the total loss is more than the maximum amount that can be treated as an ordinary loss. | S |
| You disposed of collectibles (see the Schedule D instructions). | C |

Capital Gains or Losses Sale of Main Home

Report the sale or exchange of your main home as a Capital Gain or Loss if:

- You can't exclude all of your gain from income, or
- You received a Form 1099-S for the sale or exchange.

Generally, if you meet the following two tests, you can exclude up to \$250,000 of gain. If both you and your spouse meet these tests and you file a joint return, you can exclude up to \$500,000 of gain (but only one spouse needs to meet the ownership requirement in Test 1).

- Test 1. During the 5-year period ending on the date you sold or exchanged your home, you owned it for 2 years or more (the ownership requirement) and lived in it as your main home for 2 years or more (the use requirement). *Military members may be able to suspend the 5-year period while serving on qualified official extended duty.
- Test 2. You haven't excluded gain on the sale or exchange of another main home during the 2-year period ending on the date of the sale or exchange of your home.

If you have a gain that can't be excluded, it is taxable.

Death of spouse. If you sell your home after your spouse dies (within 2 years after your spouse dies), and you have not remarried as of the sale date, you can count any time when your spouse owned the home as time you owned it, and any time when the home was your spouse's residence as time when it was your residence.

If you are required to report the sale AND IT RESULTS IN A GAIN:

- Enter the purchase date, sale date, purchase price, and sales price in the Sale of Home Worksheet (you will enter improvement and other adjustments to basis on the next screen)
- Enter the number of days the dwelling was used as the main home (separate entry for spouse)
- Enter the number of days the taxpayer owned the home (separate entry for spouse)
- If the taxpayer received the 2008 First Time Homebuyers Credit, check the box – Form 5405 will be required to determine how much of the credit must be repaid
- If the Use test and Ownership tests were met and the taxpayer is eligible for the Maximum Exclusion, check the box (reduced maximum exclusion is out of scope –refer to a professional)
- Click continue –

Sale of Home

Basic Info about the Sale

Date of purchase MM ▾ DD ▾ YYYY ▾

Purchase price \$

Date of sale MM ▾ DD ▾ YYYY ▾

Sale price \$

Allowable Depreciation related to the business use or rental of the home \$

Depreciation taken after 05/06/1997 \$

Info about your home

How many days in the last 5 years was the home your main home?

How many days in the last 5 years did you own your home?

How many days in the last 5 years was the home your spouse's main home?

How many days in the last 5 years did your spouse own your home?

Check here if you received the First-time Homebuyers Credit AND you received the credit in 2008 OR you did NOT meet the minimum ownership requirements to exclude repayment of the credit.

Check here if you qualify for the Maximum Exclusion or the Reduced Maximum Exclusion.

Capital Gains or Losses Sale of Main Home (continued)

Adjustments
Fees you may have paid when you bought your home

| | |
|--------------------------------------------------|----|
| Legal fees | \$ |
| Surveys | \$ |
| Title insurance | \$ |
| Fees that the seller owed that you agreed to pay | \$ |
| Other fees | \$ |

General Adjustments

| | |
|------------------------------------------------------------------------------------|----|
| Selling expenses | \$ |
| Cost of additions and improvements that you made to your home | \$ |
| Tax assessments that you paid for sidewalks, streets, and other local improvements | \$ |
| Other increases to your basis | \$ |
| Decreases to your basis | \$ |

- If no 1099-S was received, and any gain can be excluded, you don't have to report the Sale of Main Home
- If the sale must be reported and results in a gain, it will be listed on the appropriate F8949 (basis type C or F.) The gain will be included with the other capital gains and losses on Schedule D
- Enter the fees from the purchase of the home that weren't included in the purchase price already entered
- Enter the selling expenses, cost of improvements and other increases or decreases to the basis of the home
- This will calculate the adjusted basis of the home, which will be shown on Form 8949
- The information will carry to Form 8949 and Schedule D.
- If you've checked the box to exclude the entire gain, Form 8949 will show the adjustment as a negative number in the amount of the net gain, with adjustment code H and basis type F and no net gain/loss.
- If the sale resulted in a gain but wasn't eligible for the exclusion, it will be reported on the appropriate Form 8949 as a gain.

| 1 | (a) Description of property (Example: 100 sh. XYZ Co.) | (b) Date acquired (Mo., day, yr.) | (c) Date sold or disposed of (Mo., day, yr.) | (d) Proceeds (sales price) (see instructions) | (e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions | Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. | | (h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g) |
|---|--------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------|
| | | | | | | (f) Code(s) from instructions | (g) Amount of adjustment | |
| | 10 SHARES LONGF | 01/11/2008 | 01/10/2015 | 150 | 250 | | | -100 |
| | MAIN HOME | 03/03/2010 | 12/12/2015 | 195000 | 123800 | H | -71200 | |

Capital Gains or Losses Sale of Main Home (continued)

If the sale is a loss but must be reported because Form 1099-S was received:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Description of Property | Main Home |
| Date Acquired: <input type="checkbox"/> * Alternate Option: If Date Acquired is not known, leave the date blank and select an option here | 2 3 2010 |
| Date Sold: <input type="checkbox"/> * Alternate Option: <input type="checkbox"/> Check here if a short sale. | 9 4 2015 |
| Sales Price <input type="checkbox"/> * Alternate Option: If Sale Price is Expired, leave the sales price blank and select an option here | \$ 190000 |
| Select cost basis type | Did not receive Form 1099-E |
| Cost <input type="checkbox"/> * Alternate Option: If Cost is Expired, leave the cost blank and select an option here | \$ 203800 |
| Enter any necessary adjustments to Gain or Loss NOTE: If this entry is to be shown as a loss, please enter a negative sign before the number. | \$ 13800 |
| If you entered an adjustment amount above, please select the adjustment explanation | Nondeductible loss other th |
| Is this a Collectible Exchange? <input type="checkbox"/> Check if 'YES' | |

- Loss on the sale of a main home can't be deducted; TO REPORT THE SALE, YOU MUST ENTER THE SALE AS A CAPITAL GAIN OR LOSS ITEM:
 - You can use the Sale of Main Home worksheet to assist you in determining the basis, but the information will NOT carry to Form 8949
 - Add a new Capital Gain or Loss Item
 - Enter the dates, sales price and basis amount
 - The basis type will be "Did not receive Form 1099-B"
 - Enter an adjustment in the amount of the loss as a positive number
 - Select the adjustment reason as "nondeductible loss other than a wash sale" which will show as adjustment code L

| 1 | (a) Description of property (Example: 100 sh. XYZ Co.) | (b) Date acquired (Mo., day, yr.) | (c) Date sold or disposed of (Mo., day, yr.) | (d) Proceeds (sales price) (see instructions) | (e) Cost or other basis. See the Note below and see Column (e) in the separate instructions | Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. | | (h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g) |
|---|--------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------|
| | | | | | | (f) Code(s) from instructions | (g) Amount of adjustment | |
| | 10 SHARES LONGF | 01/11/2008 | 01/10/2015 | 150 | 250 | | | -100 |
| | MAIN HOME | 02/03/2010 | 09/04/2015 | 190000 | 203800 | L | 13800 | |

Other Income

Detailed information for each income type found on subsequent pages.

Use *Other Inc. Not Reported Elsewhere* to enter amounts from:

- Form 1099-MISC Box 3 (Other Income), or Box 7 (hobby income) or Box 8 (Substitute payments in lieu of dividends or interest.)
- Jury Duty Pay
- Alaska Permanent Fund Dividend
- Gambling winnings not reported on a Form W-2 (use the description "Gambling Winnings")
- Other income not entered elsewhere on the return

Gambling winnings are reported to the taxpayer on Form W-2G and are fully taxable and must be reported as income on the tax return. Gambling Losses up to the amount of winnings reported may be deducted as a Miscellaneous deduction, not subject to the 2% limit on Schedule A.

Use the *Other Compensation* menu to report scholarships and grants, taxable fringe benefits, household employee income, prisoner earned income and foreign compensation.

Taxable distributions from Coverdell Education Savings Accounts (ESAs), Qualified Tuition Programs (QTPs) or Achieving a Better Life Experience (ABLE) accounts are out of scope.

Cancellation of Debt from a credit card or Primary Mortgage Forgiveness are in scope for preparers with advance certifications.

The *K-1 Earnings* menu allows you to enter all items of income, deductions, etc. that were reported to your client on Form K-1 from either a partnership (Form 1065), S-Corporation (Form 1120S), or trust (Form 1041). Enter the amounts from the K-1 in the spaces provided exactly as they appear on your client's paper K-1.

Less Common Income

| | |
|----------------------------------------------------------|-------|
| Other Inc. Not Reported Elsewhere | EDIT |
| Gambling Winnings (W-2G) | BEGIN |
| Other Compensation | BEGIN |
| Payments from Qualified Education Programs (Form 1099-Q) | BEGIN |
| Cancellation of Debt (1099-C, Form 982) | BEGIN |
| Installment Sale Income (Form 6252) | BEGIN |
| Sale of Business Property (Form 4797) | BEGIN |
| K-1 Earnings | BEGIN |
| Gains and Losses From Section 1256 (Form 6781) | BEGIN |
| Foreign Earned Income Exclusion (Form 2555) | BEGIN |

In scope ONLY for those with International Certification: United States Citizens and resident aliens who live and work abroad may be able to exclude all or part of their foreign salary or wages from their income when filing their U.S. federal tax return. They may also qualify to exclude compensation for their personal services or certain foreign housing costs.

Entering Other Compensation in TaxSlayer®

Scholarships and grants used to pay for tuition, fees and course-related expenses are NOT taxable. Use this link to report only amounts that were used for non-qualifying expenses. "SCH" will appear on the dotted line next to line 7 on Form 1040. Taxable scholarship is considered "unearned" income.

Enter wages received as a household employee for which the taxpayer did not receive a Form W-2 because the employer paid less than \$1,900 in 2016. "HSH" will appear on the dotted line next to line 7 on Form 1040.

Enter the amount received for work while an inmate in a penal institution. For purposes of the Earned Income Credit, this isn't considered "earned" income. This includes amounts received for work performed while in a work release program or while in a halfway house. "PRI" will appear on the dotted line next to line 7 on Form 1040. This entry is made in addition to entering the Form W-2 from the penal institution.

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

Other Compensation

| | |
|-----------------------------|-------|
| Scholarships and Grants | BEGIN |
| Fringe Benefits | BEGIN |
| Household Employee Income | BEGIN |
| Prisoner Earned Income | BEGIN |
| Foreign Earned Compensation | BEGIN |

Continue

Enter Household Employee Income

Owner

Mr Taxpayer
 Mrs Taxpayer

Amount Paid \$

Cancel Continue

When entering compensation on a joint return, be careful to indicate whether the income belonged to the taxpayer or the spouse.

Entering Medicaid Waiver Payments

Scenario A:

If income is reported on Form W-2 (and payer will not change), enter the Form W-2 as provided. Then, go to line 21>Other income not reported elsewhere>enter Notice 2014-7 in the description field and the amount as a negative number. Then, go to Other Income>Other Compensation and enter the income as Medicaid Waiver wages. This will remove the income from EIC and other credit calculations as necessary. (Note: At the time this publication was finalized, this line was not available in the Practice Lab. To prepare a return with this scenario in the Practice Lab, enter the amount as Prisoner Earned Income, which will have the same effect.)

Scenario B:

If income is reported on a Form 1099-MISC, go to line 21>Other income not reported elsewhere>enter Notice 2014-7 in the description field and \$0 in the amount field.

Scenario C:

If income is reported on a Form 1099-MISC and you are in the business of providing home care services, enter the full amount of payments under Gross Receipts in the Schedule C Income section. In Other Expenses, enter Notice 2014-7 as the description and the amount as a positive number.



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

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

Credit Card Debt

step 1 Did the taxpayer receive Form 1099-C, Cancellation of Debt, or other documentation (if less than \$600) from a creditor and is the information shown on the form or document correct? **YES** – Go to Step 2
NO – Go to Step 6

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

step 2 Was the credit card debt related to a business? **YES** – Go to Step 6
NO – Go to Step 3

step 3 Does box 3 of Form 1099-C show any interest or was box 6 checked to indicate bankruptcy? **YES** – Go to Step 6
NO – Go to Step 4

Note: If the bankruptcy box is not checked but the taxpayer has subsequently filed bankruptcy, answer “yes.”

step 4 Was the taxpayer insolvent immediately before the cancellation of debt? **YES** – Go to Step 6
Use the Insolvency Determination Worksheet in Publication 4012 and interview the taxpayer to determine if the taxpayer was insolvent immediately before the cancellation of debt. **NO** – Go to Step 5

step 5 The cancellation of nonbusiness indebtedness or cancellation of debt (the amount in box 2 of Form 1099-C or an amount less than \$600 provided in other documentation) must be reported as ordinary income on Form 1040, line 21 (Other Income). No additional supporting forms or schedules are required for reporting income from canceled credit card debt.

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

Refer the taxpayer to:

- www.irs.gov for the most up-to-date information.
- The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.
- A professional tax preparer.

Discharge of Qualified Principal Residence Indebtedness

Use the job aid on the following page to determine if the debt forgiveness on the main home is within scope.

Taxpayers may exclude from income certain debt forgiven or canceled on their principal residence. This exclusion is applicable to the discharge of “qualified principal residence indebtedness.” If the canceled debt qualifies for exclusion from gross income, the debtor may be required to reduce tax attributes (certain credits, losses, and basis of assets) by the amount excluded.

If a property was taken by the lender (foreclosure) or given up by the borrower (abandonment), the lender usually sends the taxpayer Form 1099-A, Acquisition or Abandonment of Secured Property. Form 1099-A will have information needed to determine the gain or loss due to the foreclosure or abandonment.

If the debt is canceled, the taxpayer will receive Form 1099-C, Cancellation of Debt. If foreclosure/abandonment and debt cancellation occur in the same calendar year, the lender may issue only Form 1099-C, including the information that would be reported on Form 1099-A.

Volunteers may assist taxpayers who meet the following requirements:

- The home was never used in a business or as rental property
- The debt was **not** canceled because the taxpayer filed bankruptcy
- The taxpayer isn't in bankruptcy when he/she comes to the site for assistance
- Form 1099-C doesn't include an amount for interest
- The debt must be a mortgage used only to buy, build, or substantially improve the taxpayer's primary residence, i.e., this money was not used to pay off credit cards, medical/dental expenses, vacations, etc.
- The mortgage was secured by the taxpayer's primary residence
- The mortgage was not more than \$2 million (\$1 million if Married Filing Separately)

TaxSlayer® Hint: To exclude debt forgiven on principal residence, go to Other Income, Cancellation of Debt then Exclusions (Form 982).

Note 1: Form 1099-C, Box 3 (Interest if included in Box 2, Amount of Debt Canceled) and Box 16 out-of-scope.

Note 2: If a bankruptcy, out-of-scope.

Note 3: If personally liable for the debt, sales price is the lesser of balance of principal outstanding (Form 1099-A, box 2) or fair market (Form 1099-A, box 4); if not personally liable on the debt, sales price is the balance or principal outstanding.



Publication 4731-A
Screening Sheet for Foreclosures/Abandonments and
Cancellation of Debt



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

Instructions: Use this Screening Sheet to assist taxpayers with Form(s) 1099-A and/or 1099-C with cancellation of debt issues.

- Use Part I for taxpayers with Form 1099-A for a foreclosure or abandonment of their principal residence.
- Use Part II for taxpayers with Form 1099-C, and/or Forms 1099-A and 1099-C resulting from cancellation of debt on a home mortgage loan.
- Use Publication 4731 for taxpayers with Form 1099-C resulting from cancellation of credit card debt.

Part I – Home Mortgage Loan

step

1

Did the taxpayer receive Form 1099-A, Acquisition or Abandonment of Secured Property, from their home mortgage lender?

YES – Go to Step 2

NO – Advise the taxpayer to get the documentation from the home mortgage lender.

step

2

Did the taxpayer ever use the home in a trade or business or as rental property?

YES – Go to Step 6

NO – Go to Step 3

step

3

Is box 5 of Form 1099-A checked indicating a recourse loan in which the taxpayer is personally liable?

YES – The sales price is the lesser of box 2 (Balance of principal outstanding) or box 4 (Fair Market Value of Property) on Form 1099-A.

NO – The sales price is the amount in box 2 (Balance of principal outstanding) on Form 1099-A. The taxpayer is not personally liable (non-recourse loan).

step

4

Ask the taxpayer for the cost or basis of the home.
 Refer to Publication 523, Selling your Home, for further information, if needed.

step

5

Report the sale of the personal residence on Form 8949 and Schedule D.
 If the disposition of the property results in a:
Gain – The taxpayer may qualify for the Section 121 exclusion (\$250,000 or \$500,000 if Married Filing Jointly) for a gain on the sale of a principal residence, if all requirements are met.
Loss – The taxpayer cannot claim a loss on the sale or disposition of a principal residence.
 Refer to Publication 4012 (Tab D), “Entering Forgiveness of Qualified Principal Residence Indebtedness” for further information.

step

6

These tax issues are outside the scope of the volunteer program.

Refer the taxpayer to:

- www.irs.gov for the most up-to-date information.
- The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels.
- A professional tax preparer.

Additional Resources:

- Publication 523, Selling your Home
- Publication 525, Taxable and Nontaxable Income
- Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments



**Publication 4731-A
Screening Sheet for Foreclosures/Abandonments and
Cancellation of Debt**



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

Instructions: Use this Screening Sheet to assist taxpayers with Form(s) 1099-A and/or 1099-C with cancellation of debt issues.

- Use Part I for taxpayers with Form 1099-A for a foreclosure or abandonment of their principal residence.
- Use Part II for taxpayers with Form 1099-C, and/or Forms 1099-A and 1099-C resulting from cancellation of debt on a home mortgage loan.
- Use Publication 4731 for taxpayers with Form 1099-C resulting from cancellation of credit card debt.

Part II – Home Mortgage Loan

| | | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>step 1</p> | <p>Did the taxpayer receive Form 1099-C, Cancellation of Debt, from their home mortgage lender and is the information shown on the form correct?</p> <p>Note: Answer “yes” if the taxpayer has received a Form 1099-A and Form 1099-C.</p> | <p>YES – Go to Step 2 NO – Go to Step 6</p> |
| <p>step 2</p> | <p>Did the taxpayer ever use the home in a trade or business or as rental property?</p> | <p>YES – Go to Step 6 NO – Go to Step 3</p> |
| <p>step 3</p> | <p>Does box 3 of Form 1099-C show any interest or does box 6 show code A indicating bankruptcy?</p> <p>Note: If box 6 is not marked with code A but the taxpayer has subsequently filed bankruptcy, answer “yes.”</p> | <p>YES – Go to Step 6 NO – Go to Step 4</p> |
| <p>step 4</p> | <p>Ask the following questions to determine if the discharged debt is “qualified principal residence indebtedness:”</p> <p>a. Was the mortgage taken out to buy, build, or substantially improve the taxpayer’s principal residence? (Note: A principal residence is generally the home where the taxpayer lives most of the time. A taxpayer can have only one principal residence at any one time.)</p> <p>b. Was the mortgage secured by the taxpayer’s principal residence?</p> <p>c. Was any part of the mortgage used to pay off credit cards, purchase a car, pay for tuition, pay for a vacation, pay medical/dental expenses, or used for any other purpose other than to buy, build, or substantially improve the principal residence?</p> <p>d. Was the mortgage amount more than \$2 million (\$1 million if Married Filing Separately)?</p> | <p>a. YES – Go to Step 4b NO – Go to Step 6</p> <p>b. YES – Go to Step 4c NO – Go to Step 6</p> <p>c. YES – Go to Step 6 NO – Go to Step 4d</p> <p>d. YES – Go to Step 6 NO – Go to Step 5</p> |
| <p>step 5</p> | <p>The discharged debt is “qualified principal residence indebtedness.”</p> <p>The Mortgage Forgiveness Debt Relief Act of 2007 allows for the exclusion of discharged qualified principal residence indebtedness canceled in 2007, 2008, and 2009; the Emergency Economic Stabilization Act of 2008 extended the exclusion for tax years 2010 through 2012; the American Taxpayer Relief Act of 2012 extended the exclusion to 12/31/2013; and, the Tax Increase Prevention Act of 2014 extended the exclusion to 12/31/2014. The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) extended the exclusion through 2016.</p> <p>The volunteer should complete the applicable lines on Form 982, and file it with the taxpayer’s return. If the residence was disposed of, the taxpayer also may be required to report the disposition (sale) on Form 8949 and Schedule D.</p> | |
| <p>step 6</p> | <p>These tax issues are outside the scope of the volunteer program. The taxpayer may qualify to exclude all or some of the discharged debt. However, the rules involved in the mortgage debt relief exclusions are complex.</p> <p>Refer the taxpayer to:</p> <ul style="list-style-type: none"> • www.irs.gov for the most up-to-date information. • The Taxpayer Advocate Service (TAS): 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels. • A professional tax preparer. | <p>Additional Resources:</p> <ul style="list-style-type: none"> • Publication 523, Selling your Home • Publication 525, Taxable and Nontaxable Income • Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments • Publication 4705, Overview of Mortgage Debt Forgiveness • Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment) and Instructions |

Entering Forgiveness of Qualified Principal Residence Indebtedness

Reduction of Tax Attributes

Part I: General Information

Form belongs to:

Taxpayer
 Spouse

Amount excluded is due to (check applicable boxes):

Discharge of indebtedness in a title 11 case.

Discharge of indebtedness to the extent insolvent (not in a title 11 case).

Discharge of qualified farm indebtedness.

Discharge of qualified real property business indebtedness.

Discharge of qualified principal residence indebtedness.

Total amount of discharged indebtedness excluded from gross income: \$

Check here if you elect to treat all real property described in section 1221(a)(1), relating to property held for sale to customers in the ordinary course of a trade or business, as if it were depreciable property.

Part II: Reduction of Tax Attributes

Enter amount excluded from gross income:

Discharge of qualified real property business indebtedness: \$

Elect under section 108(b)(5) to reduce basis. (If you enter anything here, you must write an explanation below): \$

Any net operating loss: \$

Any general business credit: \$

Any minimum tax credit carryover: \$

Any net capital loss: \$

Basis of nondeductible and depreciable property: \$

Basis of nondeductible and depreciable property: \$

Farm depreciable property used or held for use in business: \$

Farm land used or held for use in business: \$

Other farm property used or held for use in business: \$

Any passive activity loss and credit carryovers: \$

Any foreign tax credit carryover: \$

Part III: Consent of Corporation to Adjustment of Basis of Its Property Under Section 1082(a)(2)

Amount excluded under section 1081(b) from gross income: \$

Tax year beginning: MM DD YYYY

Tax year ending: MM DD YYYY

State of incorporation: - Please Select -

Use the job aid on the preceding pages to determine if the debt forgiveness on the main home is within scope.

Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness, must be filed with the taxpayer's return to report the excluded amount of discharged indebtedness and the reduction of certain tax attributes:

- Indicate whether the Form 1099-C was issued to the taxpayer or spouse
- Check the box for Discharge of qualified principal residence indebtedness
- Enter the amount of primary mortgage debt cancelled (Form 1099-C Box 2)
- If the taxpayer had a portion of the mortgage debt cancelled but kept the home (loan modification or mortgage workout),
 - Enter the amount of debt cancelled in Part II, Reduction of Tax Attributes, on the line for "Applied to reduce the basis of your principal residence." [there doesn't currently seem to be a line corresponding to line 10b of Form 982, but an entry made on this line appears on line 10 of Form 982 when the return is printed.]
- If the taxpayer disposed of the home due to foreclosure or Abandonment, and the lender cancelled the remaining mortgage debt:
 - No entry is made in Part II, Reduction of Tax Attributes
 - Report the gain or loss from Form 1099-A in the Sch D/Capital Gains section
 - The basis is the taxpayer's adjusted basis in the home
 - The sale price (amount realized) is based on whether the taxpayer is personally liable (recourse loan) or not personally liable (nonrecourse loan) for the debt:
 - If the taxpayer is personally liable, the sale price is the lesser of the balance of the principal mortgage debt outstanding or the fair market value
 - If the taxpayer isn't personally liable, then the sale price is the full amount of the outstanding debt, as reflected on Form 1099-A
 - For both recourse and nonrecourse loans, add any proceeds the taxpayer received from the foreclosure sale to the amount realized.
 - If the taxpayer ends up with a gain on the sale, some or all of the gain can be excluded under the rules for sale of main home, if the taxpayer qualifies
 - A loss on the main home can't be deducted

Entering Rental Income in TaxSlayer®

Volunteers must certify at Military level to prepare Schedule E for rental income.

Schedule E Required Information

Check here if you made any payments in 2016 that would require you to file Form(s) 1099.

✕ Cancel

✓ Continue

If the taxpayer made any payments that would require them to file Form 1099, the return is out of scope.

Schedule E Rent and Royalty Information

Type

--Select--

Description

Address

Check here if foreign address

Address (Number and Street)

Zip Code

- -

City, Town, or Post Office

State

- Please Select -

Enter the required information about the rental property in this section.

Entering Rental Income in TaxSlayer® (continued)

Check here if taxpayer had any days of personal use, and enter the number of days here.

Enter the total rental payments received for the tax year.

Enter number of days rented at fair rental value.

Check here if the taxpayer actively participated. A rental loss will not appear on Form 1040, unless the taxpayer actively participated.

Use Schedule E to report rental income only when taxpayer is not in the business of renting property. If in the business, return is out of scope. Refer taxpayers who are in the business of renting properties to a professional tax preparer.

Check if personal use
 Percent of ownership: 100 %
 Rental payments received: \$
 Refunds, Returns and Allowances: \$
 Enter the number of days the property was rented at fair rental value:
 Enter the number of days the property was used for personal purposes:
 Check here if you are you a member of a Qualified Joint Venture
 Check if you actively participated
 Check here if you are a real estate professional or sold or disposed of the property this year (This will allow ALL losses).

Click here to edit the physical address, type of property, and to report the number of fair rental and personal use days.

Clicking here will complete Form 4562. If Form 4562 is required, the tax return is out of scope.

Click here to enter rental expenses.

Click here to enter vehicle expenses.

Schedule E Rentals and Royalties
 Currently Editing: House

Rent and Royalty Basic Information:

Depreciation:

Expenses:

Car and Truck Expenses:

Entering Rental Income in TaxSlayer® (continued)

| Schedule E Rental/Royalty Expense | |
|----------------------------------------------------|---------------------------------------|
| Advertising | \$ <input type="text"/> |
| Travel | \$ <input type="text"/> |
| Cleaning | \$ <input type="text"/> |
| Commission | \$ <input type="text"/> |
| Insurance | \$ <input type="text"/> |
| Legal Fees | \$ <input type="text"/> |
| Management Fees | \$ <input type="text"/> |
| Mortgage Interest | \$ <input type="text"/> |
| Other Interest | \$ <input type="text"/> |
| Repairs | \$ <input type="text"/> |
| Supplies | \$ <input type="text"/> |
| Taxes | \$ <input type="text"/> |
| Utilities | \$ <input type="text"/> |
| Additional Expenses | <input type="button" value="✓ Edit"/> |
| Prior Unallowed Loss | \$ <input type="text"/> |
| Amount to Adjust Depreciation Expense or Depletion | \$ <input type="text"/> |

Enter taxpayer-provided depreciation amount here as a positive number.

Caution: If the rental property has both personal and rental use days, you must manually compute the percentage to use on the rental expenses. For example if the house is rented half the year and you paid \$4,000 for Mortgage Interest, you have to manually input \$2,000 on the Mortgage Interest line.

Entering Foreign Earned Income Exclusion Information in TaxSlayer® (International Certification only)

Form 2555 General Information

Form belongs to:

- Mr Taxpayer
 Mrs Taxpayer

Your Foreign Address

Address (Number and Street)

City, Town, or Post Office

Foreign State or Province

Foreign Country

Foreign Postal Code

Occupation

Employer's Name

Employer's US Address

Address (Number and Street)

Zip Code

 -

City, Town, or Post Office

State

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

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

To claim the foreign earned income exclusion, taxpayers must:

- Demonstrate that their tax home is in a foreign country
- Meet either the bona fide residence test or the physical presence test
- Have income that qualifies as foreign earned income (reported on Form 1040, line 7 as taxable wages or on line 12 as self-employment income.)

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

If the taxpayer qualifies to exclude foreign earned income, the excludable amount will be reported as a negative amount on Form 1040, line 21.

For 2016, the maximum exclusion is \$100,800.

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

Adjustments to Income

| Adjustments | |
|----------------------------------------------------------------------------------|-------|
| Medical Savings Account (Form 8853) | BEGIN |
| Educator Expenses | BEGIN |
| Expenses for Reservists, Performing Artists, and Qualifying Government Employees | BEGIN |
| Health Savings Account (Form 8889) | BEGIN |
| Moving Expenses (Form 3903) | BEGIN |
| Contributions to SEP, Simple, and Qualified Plans | BEGIN |
| Self-Employed Health Insurance | BEGIN |
| Penalty on Early Withdrawal of Savings or CD | BEGIN |
| Alimony Paid | BEGIN |
| IRA Deduction | BEGIN |
| Nondeductible IRAs (Form 8606) | BEGIN |
| Student Loan Interest Deduction | BEGIN |
| Tuition and Fees Deduction | BEGIN |
| Domestic Production (Form 8903) | BEGIN |
| Other Adjustments | BEGIN |
| <input type="button" value="Continue"/> | |

Health Savings Account – select to open Form 8889. (HSA Certification required)

Must be Certified for Military. Check the box near the top of the form to indicate an Armed Forces PCS move.

Flows over from input of Form 1099-INT in Interest Income.

If the taxpayer paid alimony to more than one person, add a second payee after entering the first.

Student Loan Interest paid is entered here

See Education Benefits Tab for additional information.

Note: Military reservists who must travel more than 100 miles away from home and stay overnight to attend a drill or reserve meeting may be able to deduct their travel expenses as an adjustment to income rather than as a miscellaneous itemized deduction.

Educator Expenses

Don't rely on this table alone. Refer to Publication 17 for more details.

| Question | Answer |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What is the maximum benefit? | \$250 (If the taxpayer and spouse are both eligible educators, they can deduct up to \$500, but neither can deduct more than their own expenses up to \$250). Taxpayers may be able to deduct expenses that are more than the limit as a miscellaneous deduction on Schedule A. |
| Who can claim the expense? | Eligible Educators — an eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide who worked in a school for at least 900 hours during a school year. |
| What are qualifying expenses? | Qualifying expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. Additionally, professional development expenses. |
| What are non qualifying expenses? | Expenses for home schooling or non athletic supplies for courses in health or physical education. |
| What other issues apply? | Taxpayer must reduce qualified expenses by <ul style="list-style-type: none"> • Excludable U.S series EE and I savings bond interest from Form 8815 • Non taxable qualified tuition program earnings or distributions • Non taxable distribution of earnings from a Coverdell education savings account • Any reimbursements received for expenses that weren't reported on the Form W-2 |

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

Health Savings Accounts (HSA)

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

- The Intake/Interview sheet has the Yes or Unsure HSA box checked.
- The taxpayer's (or spouse's) Form W-2 has a box 12 entry of code W for employer contributions. [Caution – Contributions to an employee's account through a Section 125 (cafeteria) plan are treated as employer contributions and aren't deductible.]
- The taxpayer (or spouse) has a Form 1099-SA with an X in box 5 showing distributions from an HSA.
- The taxpayer (or spouse) may receive Form 5498-SA for their HSA contributions. If taxpayers don't have this form they can provide the information regarding HSA contributions based on their records

Form 8889 - Health Savings Account

Form belongs to: _____

Coverage under high deductible health plan

CODE:

HSA Contributions

HSA Contributions you made for 2016 \$ _____

* INCLUDE contributions made from Jan 1 to Apr 15 of this year that were for 2016.
* DO NOT INCLUDE employer contributions, contributions through a cafeteria plan, or amounts that were rolled over into your HSA(s).

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

Amount you and your employer contributed to your Archer MSAs for 2016 from Form 8853, lines 3 and 4. If you and your spouse had family coverage under an HDHP at any time during the tax year, also include any amount contributed to your spouse's Archer MSA. \$ _____

Employer Contributions made to your HSA for 2016 \$ _____

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

Qualified HSA Funding Distributions \$ _____

HSA Distributions

Total distributions received during 2016 from all HSAs. (Usually shown in Box 1 of Form(s) 1099-SA) \$ _____

Distributions used for qualified medical expenses \$ _____

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

Distributions you received in 2016 that you rolled over into another HSA. Also include any excess contributions (and the earnings on those excess contributions) included above that were withdrawn by the due date of your return. \$ _____

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

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

HSA Adjustments

Limitation - Adjust amount of limitation from worksheet \$ _____

Note: This amount will adjust a calculated amount.

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

Note: This amount will adjust a calculated amount.

If you were age 55 or older at the end of the tax year, married, AND you or your spouse had family coverage under an HDHP at any time during the year, enter your Additional Contribution Amount. \$ _____

Note: This amount will adjust a calculated amount.

Select the appropriate (HDHP) coverage for the taxpayer: **self-only or family**. This determines the maximum HSA contribution limits.

Employee contributions are entered here. Contributions by relatives or friends are considered to be made by the taxpayer. **Don't** include employer contributions on this line. The account holder needs to tell you how much was put in the HSA, because they might not have received the Form 5498-SA by the time they're preparing their tax return.

Enter number of months you had a Health Savings Account, a high deductible policy and no other major medical policy (including Medicare) and could not be claimed as a dependent.

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

Enter amount spent on qualifying medical expenses not reimbursed by insurance.

Age 55 or older, look up "catch up" contribution limits in Form 8889 Instructions.

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

Form 8889 will calculate the amount of excess contributions, if any. **Caution:** If the excess isn't withdrawn by the due date of the return then the return is out-of-scope.

Qualified medical expenses are expenses that generally would qualify for the medical and dental expenses deduction. Examples include unreimbursed expenses for doctors, dentists, and hospitals.

Only these Insurance premiums can be included: a) long-term care insurance based on premium limits shown in What's New tab, b) health care continuation coverage such as coverage under COBRA, c) health care coverage while receiving unemployment compensation, and d) Medicare and other health care coverage if the taxpayer was 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap)

A medicine or drug will be a qualified medical expense only if the medicine or drug: a) requires a prescription, b) is available without a prescription (an over-the-counter medicine or drug) and the taxpayer gets a prescription for it, or c) is insulin.



Publication 4885

Screening Sheet for Health Savings Accounts (HSA)

NOTE: Only volunteers with **Health Savings Account Certification** may assist taxpayers with HSA issues.



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

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

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

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

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

PART I – HSA Contributions and Deduction

step If eligible, were contributions made to an HSA?

- 1**
- YES** – Complete Form 8889, Part I, lines 1 and 2. Go to Step 2.
- NO** – STOP.

step Was the taxpayer enrolled in the same HDHP coverage for the **entire** year?
2 (Answer Yes, if last-month rule applies, and see Form 8889 Instructions)

Caution: If line 2 is more than line 13, the taxpayer must withdraw the excess contribution to avoid an additional tax. If the excess is not timely withdrawn, refer the taxpayer to a professional tax preparer. (Refer to Form 8889 Instructions, line 13).

YES – Complete Form 8889, Part I, lines 3-13.

FOR YES AND NO: Lines 4 and 10 are out of scope.

NO – Refer to Form 8889 Instructions for additional information on completing line 3.

PART II – HSA Distributions

step Did the taxpayer receive distributions from the HSA trustee (whether or not
1 Form 1099-SA received)?

YES – Complete Form 8889 Part II, Line 14a, 14b, if applicable, and 14c. Go to Step 2.

NO – STOP, do not complete Part II.

step Did the taxpayer use all or part of the distribution to pay or get reimbursed for
2 qualified medical expenses during the year that were incurred after the HSA was established **and** were for qualified persons?

YES – Enter the amount on line 15 and complete line 16. Go to Step 3.

NO – Enter zero on line 15 and complete line 16. Go to Step 3.

step If any part of the distribution is taxable, was the distribution made after the
3 taxpayer died, became disabled or turned 65?

YES – Check box on line 17a and complete 17b.

NO – Taxpayer will be subject to an additional 20% tax.



Alimony Requirements (Instruments Executed After 1984)

Payments ARE alimony if all of the following are true:

- Payments are required by a divorce or separation instrument.
- Payer and recipient spouse don't file a joint return with each other.
- Payment is in cash (including checks or money orders).
- Payment isn't designated in the instrument as not alimony.
- Spouses legally separated under a decree of divorce or separate maintenance aren't members of the same household.
- Payments aren't required after death of the recipient spouse.
- Payment isn't treated as child support.

These payments are deductible by the payer and includible in income by the recipient.

Payments AREN'T alimony if any of the following are true:

- Payments aren't required by a divorce or separation instrument.
- Payer and recipient spouse file a joint return with each other.
- Payment is:
 - Not in cash,
 - A noncash property settlement,
 - Spouse's part of community income, or
 - To keep up the payer's property.
- Payment is designated in the instrument as not alimony.
- Spouses legally separated under a decree of divorce or separate maintenance are members of the same household.
- Payments are required after death of the recipient spouse.
- Payment is treated as child support.

These payments are neither deductible by the payer nor includible in income by the recipient.

IRA Deduction

Note: Taxpayer's age must be 70½ or younger to contribute to a traditional IRA; if married filing separately, **couldn't** have lived together any time during the year. Contributions can be made until the filing deadline (generally April 15) of the year following the tax year.

Note: compensation for purposes of an IRA contribution includes alimony received.

TaxSlayer® Hint: If the taxpayer made a traditional IRA contribution, select Adjustments from the Deductions menu, then select IRA deduction, shown below. Don't enter a Roth IRA contribution on this screen. Enter it in the Credits section. If eligible, the software will calculate a Retirement Savings Contributions Credit. Be sure to enter any applicable retirement plan distributions. See the Nonrefundable Credits tab for more information on this credit.

IRA Deduction

Enter amount of IRA Contribution made by Taxpayer
(Generally this is from a Traditional IRA):

(This deduction may be limited. To see the deductible amount, go to the "Summary" tab located on the navigation bar above after continuing through this page.)

If you entered over \$5,500 (\$6,500 if age 50 or older), visit Form 5329, Part III to report any excess contribution amount for the current year.

Taxpayer Retirement Plan

Taxpayer has a retirement plan.

Taxpayer DOES NOT have a retirement plan.

If the total of traditional and Roth IRA contributions exceed the allowable limit, the taxpayer must withdraw the excess before the filing deadline or a penalty will apply and the return will be out of scope.



Student Loan Interest Deduction at a Glance

Caution: This table is only an overview of the rules. For details, see Publication 17.

| Feature | Description |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maximum benefit | You can reduce your income subject to tax by up to \$2,500. |
| Loan qualifications | Your student loan: <i>Taxpayer must be legally liable for the loan.</i> <ul style="list-style-type: none">• must have been taken out solely to pay education expenses, and• can't be from a related person or made under a qualified employer plan. |
| Student qualifications | The student must be: <ul style="list-style-type: none">• you, your spouse, or a person who was your dependent when you took out the loan, or would've been your dependent except you were a dependent, or had gross income over the exemption amount, or filed MFJ.• enrolled at least half-time in a program leading to a degree, certificate or other recognized educational credential. |
| Time limit on deduction | You can deduct interest paid during the remaining period of your student loan. |
| Phaseout | The amount of your deduction depends on your income level. |

If student loan interest is paid by someone who isn't legally liable for it, the payment is treated as received by the person who's legally liable, and the person legally liable is allowed to take the adjustment.

Nonrefundable Credits

| Credits | |
|----------------------------------------------------------------------------------|-------|
| Foreign Tax Credit (Form 1116) | BEGIN |
| Child Care Credit (Form 2441) | BEGIN |
| Education Credits (Form 1098-T) | BEGIN |
| Retirement Savings Credit (Form 8880) | BEGIN |
| Residential Energy Credit (Form 5695) | BEGIN |
| Adoption Credit (Form 8839) | BEGIN |
| DC First-Time Homebuyer Credit (Form 8859) | BEGIN |
| Mortgage Interest Credit (Form 8396) | BEGIN |
| Earned Income Credit (Form 8862) | BEGIN |
| Credit for the Elderly or Disabled (Schedule R) | BEGIN |
| Alternative Motor Vehicle Credit (Hybrid Cars, Form 8910) | BEGIN |
| Qualified Electric Motor Vehicle Credit (Form 8936) | BEGIN |
| Small Employer Health Insurance Premiums (Form 8941) | BEGIN |
| Credit for Federal Tax Paid on Fuels (Form 4136) | BEGIN |
| Credit for Increasing Research Activities from Pass-through Entities (Form 6765) | BEGIN |
| <input checked="" type="checkbox"/> Continue | |

Select for **Form 1116**, Foreign Tax Credit

Select for **Form 2441**, page 1. See *Child Tax Credit Tip & Interview Tips*, later

Select for **Form 8863**. See **Education Benefits** tab.

Select for **Form 8880**. Remember to complete Form 8880 if taxpayer received any distributions from retirement plans

Select for **Form 5695**

Select for EIC worksheets. See **Earned Income Credit** tab.

Select for **Schedule R**

Hint: Remember, the nonrefundable credits can't exceed the taxpayer's federal income tax.

Form 8863

Open Form 8863 Education Credits. Select the student's name, SSN, and the type of credit. Enter the qualified expenses in the appropriate section of Form 8863. For complete education credit information refer to Tab J- Education Benefits.

Schedule R

If taxpayer qualifies for the credit for the elderly or the disabled, open Schedule R. Refer to the Elderly or Disabled Decision Tree on the last page of this tab.

Form 1116 – Foreign Tax Credit

Credits

| | |
|-------------------------------|--------------------------------------|
| Foreign Tax Credit Form 1116 | <input type="button" value="Begin"/> |
| Child Care Credit Form 2441 | <input type="button" value="Begin"/> |
| Education Credits Form 1098-T | <input type="button" value="Begin"/> |

Select Foreign Tax Credit

Form 1116 - Foreign Tax Credit

In order to receive a credit for any foreign taxes paid you must answer Yes to all of the following questions:

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

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

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

If you paid more than \$300 dollars in foreign taxes, you must fill out Form 1116 Foreign Tax Credit.

ONLY the Simplified Limitation Election for the foreign tax credit is in scope for Advanced certification. To be eligible for this election, qualified foreign taxes must be \$300 (\$600 if MFJ) or less, all foreign source income is passive category (such as interest and dividends) and taxpayer meets the other requirements as explained in the Form 1116 Instructions. Enter the amount of foreign taxes paid as indicated on the Form 1099-INT or 1099-DIV. No other entry is required.

FOR INTERNATIONAL CERTIFICATION ONLY:

If the taxpayer doesn't meet the requirements for the Simplified Limitation Election, complete Form 1116 as follows:

Form 1116 – Foreign Tax Credit (continued)

Foreign tax credit

| | |
|-----------------------------------------|--------------------------------------|
| Passive income | <input type="button" value="Begin"/> |
| General limited income | <input type="button" value="Begin"/> |
| Section 901(j) income | <input type="button" value="Begin"/> |
| Income resourced by treaty | <input type="button" value="Begin"/> |
| Lump-sum distributions | <input type="button" value="Begin"/> |
| <input type="button" value="Continue"/> | |

In scope for VITA/TCE with International Certification. Select the appropriate category. If taxpayer has income in more than one category or from more than one country, another can be added later.

Out of scope.

Form 1116 - Foreign Tax Credit

Country of residence *

Carryback or Carryover

Reduction in Foreign Taxes

Adjustments

Reduction of credit for international boycott operations

Credit is claimed for taxes paid or accrued

Paid

Accrued

Select country of residence.

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

Form 1116 – Foreign Tax Credit (continued)

Form 1116 - Foreign Tax Credit

Foreign Country or U.S. possession *

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

Expenses Directly Allocable to Income

Other Deductions

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

Home mortgage interest

Other interest expense

Losses from foreign sources

Date paid or accrued *

- Please Select -

\$

\$

\$

\$

\$

\$

\$

MM DD YYYY

Select the country that imposed the tax.

Enter the gross INCOME of this category type in both places (not the tax).

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

Enter the date the tax was paid or accrued.

Foreign taxes paid or accrued in foreign currency

Tax Withheld on Dividends (in Foreign Currency)

Tax Withheld on Rents/Royalties (in Foreign Currency)

Tax Withheld on Interest (in Foreign Currency)

Other Foreign Taxes (in Foreign Currency)

Foreign taxes paid or accrued in U.S. dollars

Dividends

Rents and royalties

Interest

Other taxes

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

Cancel Continue

Click on the itemized amounts boxes to enter taxes paid in foreign currency in the appropriate category.

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

Retirement Savings Contributions Credit (continued)

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

1. The taxpayer(s) make a traditional IRA or a ROTH IRA contribution before the filing deadline.
2. The taxpayer or spouse's Form W-2 includes box 12 entries of D, E, F, G, H, S, AA, BB, or box 14 amounts are marked as "Qualifies for Form 8880."

Verify total contribution amounts with the taxpayer.

Retirement Savings Contributions Credits

TAXPAYER

| | |
|----------------------------------------------------------------------------------------|--------|
| Enter Any Qualifying Retirement Distributions in 2015, 2014, or 2013 | \$ |
| Enter Any Other Taxable Distributions in 2015 or 2014 | \$ |
| Enter Any Current Year Roth IRA Contributions | \$ |
| Elective Deferrals from W-2(s) | \$0.00 |
| Enter any Elective Deferrals to a 401(k) or other Qualified Plan not reported on a W-2 | \$ |

SPOUSE

| | |
|----------------------------------------------------------------------------------------|--------|
| Enter Any Qualifying Retirement Distributions in 2015, 2014, or 2013 | \$ |
| Enter Any Other Taxable Distributions in 2015 or 2014 | \$ |
| Enter Any Current Year Roth IRA Contributions | \$ |
| Elective Deferrals from W-2(s) | \$0.00 |
| Enter any Elective Deferrals to a 401(k) or other Qualified Plan not reported on a W-2 | \$ |

Note: Certain distributions received after 2013 and before the due date (including extensions) of your 2016 tax return from any of the following types of plans must be entered on Form 8880:

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

Distributions from the 3 prior years and current year normal distributions must be entered manually on this form.

Don't 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 or converted to your Roth IRA
- Loans from a qualified employer plan treated as a distribution
- Distributions of excess contributions or deferrals (and income allocable to such contributions or deferrals)
- Distributions of contributions made during a tax year and returned (with any income allocable to such contributions) on or before the due date (including extensions) for that tax year
- Distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k)
- Distributions that are taxable as the result of an in-plan rollover to your designated Roth account
- Distributions from an inherited IRA by a nonspousal beneficiary



Child Tax Credit

This is a credit intended to reduce the tax. This part of the credit isn't refundable. The credit is up to \$1,000 per qualifying child.

Qualifying child:

1. Under age 17 at the end of the tax year.
2. A U.S. citizen or U.S. national* or resident alien of the United States. See the ITIN Returns tab.
3. Claimed as your dependent.**
4. Your:
 - a. son or daughter, adopted child, stepchild, eligible foster child, or a descendant of any of them
 - b. brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew)
5. Didn't provide over half of his or her own support.
6. Lived with the taxpayer for more than half of the tax year. (See **Interview Tips for Child Tax Credit for Exception to Time Lived with You** section if the child didn't live with the taxpayer for more than half the year.)

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

**Refer to the tables on page C-3 for the rules governing who may be claimed as a dependent.

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



Additional Child Tax Credit – General Eligibility

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

- Taxpayers with more than \$3,000 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.

Schedule 8812 is used to calculate the allowable additional child tax credit.

See Tab C, Exemptions/Dependency, and the worksheet in the instruction booklet for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).

Note: No credit or refund for an overpayment for a taxable year shall be made to a taxpayer before the 15th day of the second month following the close of the taxable year (generally February 15th) if the taxpayer claimed the EITC or additional child tax credit on the tax return.

Note: Taxpayers claiming the Child Tax Credit must now have a valid identification number by the due date of the tax return (including extensions). Taxpayers may not file an amended return to retroactively claim the additional child tax credit for a qualifying child if a valid TIN for the child is issued after the due date of the tax return.

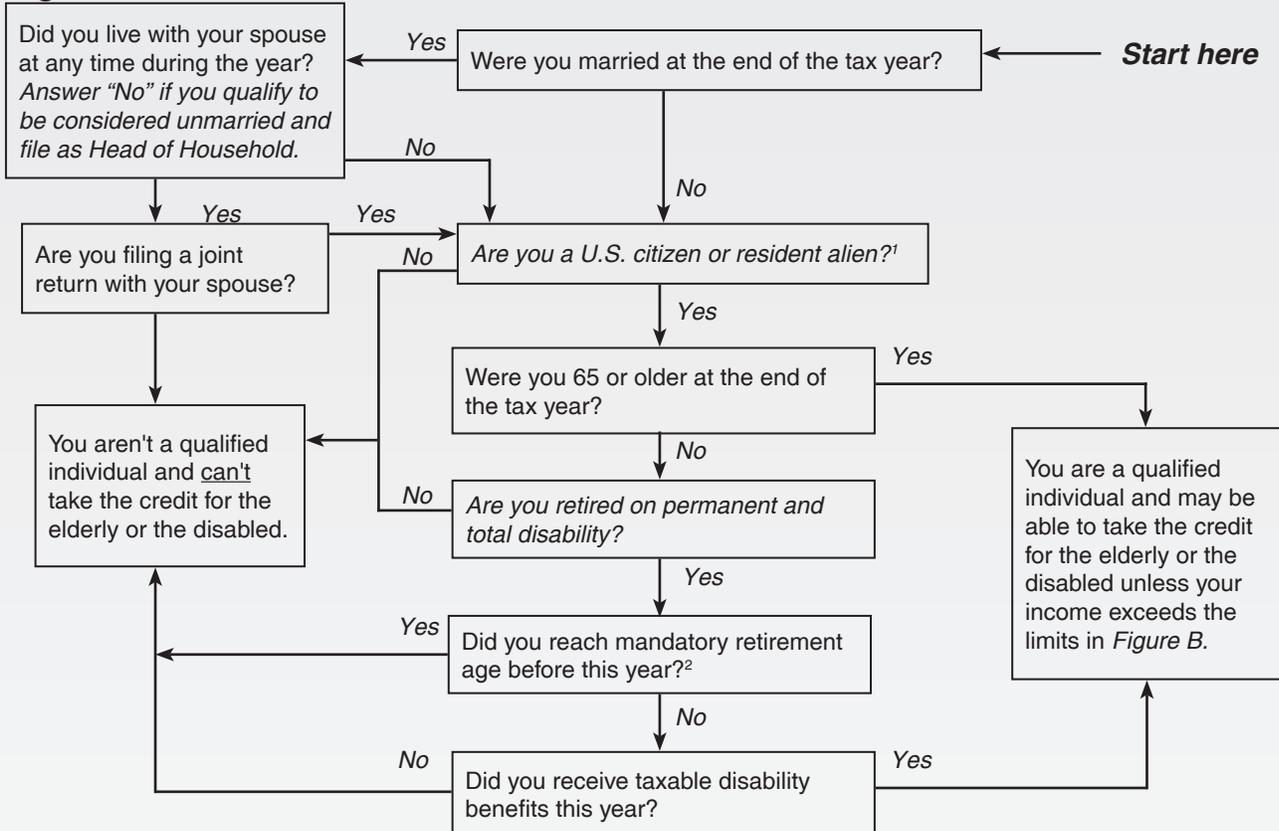
Note: You must claim the child as a dependent on your return to qualify for the Child Tax Credit

Note: If you claim the foreign earned income exclusion, the housing exclusion, or the housing deduction on Form 2555 or Form 2555-EZ, you can't claim the additional child tax credit.

Credit for the Elderly or the Disabled – Decision Tree

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

Figure A. Are You a Qualified Individual?



¹ If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident alien at the end of the tax year, see *U.S. Citizen or Resident Alien* under Qualified Individual. If you and your spouse choose to treat you as a U.S. resident alien, answer “yes” to this question.

² Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

Figure B. Income Limits

| IF you are . . . | THEN you generally can't take the credit if.. | |
|---------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| | Your adjusted gross income (AGI)* is . . . | OR the total of your nontaxable social security and other nontaxable pension annuities or disability income is equal to or more than . . . |
| single, head of household, or qualifying widow(er) with dependent child | \$17,500 | \$5,000 |
| married filing a joint return and both spouses qualify in <i>Figure A</i> | \$25,000 | \$7,500 |
| married filing a joint return and only one spouse qualifies in <i>Figure A</i> | \$20,000 | \$5,000 |
| married filing a separate return and you lived apart from your spouse for all of 2016 | \$12,500 | \$3,750 |

* AGI is the amount on Form 1040A, line 22, or Form 1040, line 38.

Tax Software Hint: Be sure to include the taxpayer's total social security benefits, regardless of the taxability, to ensure the correct calculation of the credit. If the taxpayer appears to qualify for the credit, click on line 54 from 1040 View>Credit for the Elderly or Disabled or click on Deductions from Federal Section>Credits Menu>Credit for the Elderly or Disabled and answer the questions.

Other Taxes and Payments

Hint: TaxSlayer provides all the forms and schedules you need in order to figure and report these taxes, and in most cases, performs the calculations.

| | | | | |
|--------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| Other Taxes | 57 | Self-employment tax. Attach Schedule SE | 57 | |
| | 58 | Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919 | 58 | |
| | 59 | Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required | 59 | |
| | 60a | Household employment taxes from Schedule H | 60a | |
| | b | First-time homebuyer credit repayment. Attach Form 5405 if required | 60b | |
| | 61 | Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/> | 61 | |
| | 62 | Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s) <input type="text"/> | 62 | |
| | 63 | Add lines 56 through 62. This is your total tax | 63 | |

For those with HSA certification only. Additional taxes for HSA distributions not used for qualified medical expenses may be applicable unless age 65, disabled, or deceased See Form 8889. All other taxes on this line are out-of-scope.

Form 5329

| | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------|
| Form 5329 | | Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts | | OMB No. 1545-0074 |
| Department of the Treasury Internal Revenue Service (99) | | ▶ Attach to Form 1040 or Form 1040NR. ▶ Information about Form 5329 and its separate instructions is at www.irs.gov/form5329 . | | 2015 Attachment Sequence No. 29 |
| Name of individual subject to additional tax. If married filing jointly, see instructions. | | | Your social security number | |
| Home address (number and street), or P.O. box if mail is not delivered to your home | | Apt. no. | | |
| City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below (see instructions). | | If this is an amended return, check here <input type="checkbox"/> | | |
| Foreign country name | | Foreign province/state/county | | Foreign postal code |
| <p>Fill in Your Address Only If You Are Filing This Form by Itself and Not With Your Tax Return</p> <p>If you only owe the additional 10% tax on early distributions, you may be able to report this tax directly on Form 1040, line 59, or Form 1040NR, line 57, without filing Form 5329. See the instructions for Form 1040, line 59, or Form 1040NR, line 57.</p> | | | | |
| <p>Part I Additional Tax on Early Distributions. Complete this part if you took a taxable distribution before you reached age 59½ from a qualified retirement plan (including an IRA) or modified endowment contract (unless you are reporting this tax directly on Form 1040 or Form 1040NR—see above). You may also have to complete this part to indicate that you qualify for an exception to the additional tax on early distributions or for certain Roth IRA distributions (see instructions).</p> | | | | |
| 1 | Early distributions included in income. For Roth IRA distributions, see instructions | | 1 | |
| 2 | Early distributions included on line 1 that are not subject to the additional tax (see instructions). Enter the appropriate exception number from the instructions: | | 2 | |
| 3 | Amount subject to additional tax. Subtract line 2 from line 1 | | 3 | |
| 4 | Additional tax. Enter 10% (.10) of line 3. Include this amount on Form 1040, line 59, or Form 1040NR, line 57. Caution: If any part of the amount on line 3 was a distribution from a SIMPLE IRA, you may have to include 25% of that amount on line 4 instead of 10% (see instructions). | | 4 | |
| <p>Part II Additional Tax on Certain Distributions From Education Accounts and ABLER Accounts. Complete this part if you included an amount in income, on Form 1040 or Form 1040NR, line 21, from a Coverdell education savings account (ESA), a qualified tuition program (QTP), or an ABLER account.</p> | | | | |
| 5 | Distributions included in income from a Coverdell ESA, a QTP, or an ABLER account | | 5 | |
| 6 | Distributions included on line 5 that are not subject to the additional tax (see instructions) | | 6 | |
| 7 | Amount subject to additional tax. Subtract line 6 from line 5 | | 7 | |
| 8 | Additional tax. Enter 10% (.10) of line 7. Include this amount on Form 1040, line 59, or Form 1040NR, line 57 | | 8 | |
| <p>Part III Additional Tax on Excess Contributions to Traditional IRAs. Complete this part if you contributed more to your traditional IRAs for 2015 than is allowable or you had an amount on line 17 of your 2014 Form 5329.</p> | | | | |
| 9 | Enter your excess contributions from line 16 of your 2014 Form 5329 (see instructions). If zero, go to line 15 | | 9 | |
| 10 | If your traditional IRA contributions for 2015 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0- | 10 | | |
| 11 | 2015 traditional IRA distributions included in income (see instructions) | 11 | | |
| 12 | 2015 distributions of prior year excess contributions (see instructions) | 12 | | |
| 13 | Add lines 10, 11, and 12 | | 13 | |
| 14 | Prior year excess contributions. Subtract line 13 from line 9. If zero or less, enter -0- | | 14 | |
| 15 | Excess contributions for 2015 (see instructions) | | 15 | |
| 16 | Total excess contributions. Add lines 14 and 15 | | 16 | |
| 17 | Additional tax. Enter 6% (.06) of the smaller of line 16 or the value of your traditional IRAs on December 31, 2015 (including 2015 contributions made in 2015). Include this amount on Form 1040, line 59, or Form 1040NR, line 57 | | 17 | |
| <p>Part IV Additional Tax on Excess Contributions to Roth IRAs. Complete this part if you contributed more to your Roth IRAs for 2015 than is allowable or you had an amount on line 25 of your 2014 Form 5329.</p> | | | | |
| 18 | Enter your excess contributions from line 24 of your 2014 Form 5329 (see instructions). If zero, go to line 23 | | 18 | |
| 19 | If your Roth IRA contributions for 2015 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0- | 19 | | |
| 20 | 2015 distributions from your Roth IRAs (see instructions) | 20 | | |
| 21 | Add lines 19 and 20 | | 21 | |
| 22 | Prior year excess contributions. Subtract line 21 from line 18. If zero or less, enter -0- | | 22 | |
| 23 | Excess contributions for 2015 (see instructions) | | 23 | |
| 24 | Total excess contributions. Add lines 22 and 23 | | 24 | |
| 25 | Additional tax. Enter 6% (.06) of the smaller of line 24 or the value of your Roth IRAs on December 31, 2015 (including 2015 contributions made in 2015). Include this amount on Form 1040, line 59, or Form 1040NR, line 57 | | 25 | |
| For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 13329Q Form 5329 (2015) | | | | |

When using TaxSlayer® enter the amount not subject to additional tax. Select the appropriate exception from the drop down menu.

- Self Employment Tax –**
Entered automatically from Schedule SE. TaxSlayer® calculates the amount using the entries from Schedule C.
- Unreported Social Security and Medicare Tax –**
Comes from Form 4137 Tip income not reported on Form W-2.
- Additional Tax on IRA's and Other Qualified Plans –**
A 10% penalty is calculated on Form 5329 for early withdrawal before age 59-1/2. If an exception applies, enter the code and the amount on line 2 of Form 5329. See codes on next page.
- Household Employment Taxes – (out-of-scope)**
- Repayment of First-Time Homebuyer Credit Form 5405 –**
2008 homebuyers who received the First Time Homebuyer Credit (\$7,500 loan) started repayments in 2010 and must enter the repayment on page 2 of Form 1040, Other Taxes section or complete Form 5405, Part II if required. (See 5405 instructions for when it is required.)

Other Taxes and payments (continued)

Exception codes and explanations for early distributions from IRA or retirement plans:
 (Do not rely on this list alone. See Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), for rules and details pertaining to each exception.)

| No | Exception |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01 | Qualified retirement plan distributions (doesn't apply to IRAs) if you separated from service in or after the year you reach age 55 (age 50 for qualified public safety employees). |
| 02 | Distributions made as part of a series of substantially equal periodic payments (made at least annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary (if from an employer plan, payments must begin after separation from service). |
| 03 | Distributions due to total and permanent disability. |
| 04 | Distributions due to death (doesn't apply to modified endowment contracts). |
| 05 | Qualified retirement plan distributions up to (1) the amount you paid for unreimbursed medical expenses during the year minus (2) 10% (7.5% if TP or Spouse is 65 or older) of your adjusted gross income for the year. |
| 06 | Qualified retirement plan distributions made to an alternate payee under a qualified domestic relations order (doesn't apply to IRAs). |
| 07 | IRA distributions made to unemployed individuals for health insurance premiums. |
| 08 | IRA distributions made for higher education expenses. |
| 09 | IRA distributions made for purchase of a first home, up to \$10,000. |
| 10 | Distributions due to an IRS levy on the qualified retirement plan. |
| 11 | Qualified distributions to reservists while serving on active duty for at least 180 days. |
| 12 | Other (see Other, below). Also, enter this code if more than one exception applies. * |

*Other: Distributions incorrectly indicated as early distributions by code 1, J, or S in box 7 of Form 1099-R. Include on line 2 the amount you received when you were age 59 1/2 or older. See Form 5329 Instructions for additional exceptions.

For additional exceptions that apply to annuities, see Pub. 575.

| Payments | 64 | Federal income tax withheld from Forms W-2 and 1099 | 64 | | | |
|----------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--|--|--|
| | 65 | 2015 estimated tax payments and amount applied from 2014 return | 65 | | | |
| | 66a | Earned income credit (EIC) | 66a | | | |
| | b | Nontaxable combat pay election 66b | 66b | | | |
| | 67 | Additional child tax credit. Attach Schedule 8812 | 67 | | | |
| | 68 | American opportunity credit from Form 8863, line 8 | 68 | | | |
| | 69 | Net premium tax credit. Attach Form 8962 | 69 | | | |
| | 70 | Amount paid with request for extension to file | 70 | | | |
| | 71 | Excess social security and tier 1 RRTA tax withheld | 71 | | | |
| | 72 | Credit for federal tax on fuels. Attach Form 4136 | 72 | | | |
| | 73 | Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/> | 73 | | | |
| | 74 | Add lines 64, 65, 66a, and 67 through 73. These are your total payments ▶ | 74 | | | |

If you have a qualifying child, attach Schedule EIC.

Payments and Estimates

Federal Income Tax Withheld –

Entered automatically from the entries made on Forms W-2, 1099, SSA 1099, etc. For Form 1099 withholding not listed elsewhere, go to Other Federal Withholdings from the Payments & Estimates menu.

2016 Estimated Tax Payments –

Open Federal Estimated Payments for 2016 and enter:

- Any refund amount from last year that was credited toward estimated taxes for the current year.
- Enter payment dates shown on taxpayer's checks.
- Enter actual amount paid in each quarter.

Amount Paid with Extension Request Directly enter any payment made. When preparing a Prior year return, remember to ask if payments have been made.

Excess Social Security –

Calculated automatically if there are multiple W-2s for an individual and the combined wages exceed the maximum subject to Social Security for the year.

Credits from Form –

2439, 4136, 8801, 8885, 8689 (out-of-scope)

| | | | | | |
|---------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|--|
| | 73 | Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/> | 73 | | |
| | 74 | Add lines 64, 65, 66a, and 67 through 73. These are your total payments ▶ | 74 | | |
| Refund | 75 | If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid | 75 | | |

Amount Overpaid –

Calculated automatically.

Amount to be Refunded –

Calculated automatically.

Amount to be Applied to 2017 Estimated Tax –

From the Payments & Estimates screen select Apply Overpayment to Next Year's Taxes and enter the amount of overpayment to apply to 2017.

| | | | | | |
|---------------------|------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--|--|
| | 76a | Amount of line 75 you want refunded to you . If Form 8888 is attached, check here . . . ▶ <input type="checkbox"/> | 76a | | |
| Direct deposit? ▶ | b | Routing number | c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings | | |
| See instructions. ▶ | d | Account number | | | |
| | 77 | Amount of line 75 you want applied to your 2016 estimated tax ▶ | 77 | | |

Estimated Tax Penalty –

Out of Scope

TIP

Earned Income Table

| Earned Income | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Includes | Doesn't include |
| <ul style="list-style-type: none"> ■ Taxable wages, salaries, and tips ■ Union strike benefits ■ Taxable long-term disability benefits received prior to minimum retirement age ■ Net earnings from self-employment ■ Gross income of a statutory employee ■ Household employee income ■ Nontaxable combat pay election ■ Non-Employee compensation ■ The rental value of a home or a housing allowance provided to a minister as part of the minister's pay (Out of Scope) | <ul style="list-style-type: none"> ■ Interest and dividends ■ Social security and railroad retirement benefits ■ Welfare benefits ■ Workfare payments ■ Pensions and annuities (except if disability pension and taxpayer is under minimum retirement age) ■ Veteran's benefits (including VA rehabilitation payments) ■ Workers' compensation benefits ■ Alimony ■ Child support ■ Nontaxable foster-care payments ■ Unemployment compensation ■ Taxable scholarship or fellowship grants that aren't reported on Form W-2 ■ Earnings for work performed while an inmate at a penal institution or on work release* ■ Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan) ■ The value of meals or lodging provided by an employer for the convenience of the employer ■ Disability Insurance payments ■ Excludable dependent care benefits (line 24 of Form 2441) ■ Salary reductions such as under a cafeteria plan ■ Excludable employer-provided educational assistance benefits (may be shown in box 13 of Form W-2) ■ Anything else of value received from someone for services performed, if it isn't currently taxable, which include Medicaid waiver payments that have been excluded from income. |

TIP

Common EIC Filing Errors

- Claiming a child who doesn't meet the residency and relationship requirements
- Married taxpayers incorrectly filing as a single or head of household
- Incorrectly reporting income, particularly income and expenses from self employment
- Incorrect social security numbers

***Note:** This particular income is entered both as normal income and again as other income>>other compensation>>prisoner income. It is not counted as earned income for EITC, ACTC or CDCC.



Summary of EIC Eligibility Requirements

| Part A Rules for Everyone | Part B Rules If You Have a Qualifying Child | Part C Rules If You Don't Have a Qualifying Child |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Taxpayers & qualifying children must all have SSN that is valid for employment. (See note below regarding new requirement.) | Child must meet the relationship, age, residency test and joint return tests. If child is married, see additional rules in Publication 17. | Must be at least age 25 but under age 65 as of December 31.* |
| Filing status can't be married filing separately. | Qualifying child can't be used by more than one person to claim the EIC. | Can't be the dependent of another person. |
| Must be a U.S. citizen or resident alien all year. | The taxpayer can't be a qualifying child of another person. | Must have lived in the United States more than half the year. |
| Can't file Form 2555 or Form 2555-EZ (relating to foreign earned income). | | Can't be a qualifying child of another person. |
| Investment income must be \$3,400 or less. | | |
| Can't be a qualifying child of another person. | | |

Part D

Earned Income and AGI Limitations

You must have earned income to qualify for this credit.

Your earned income and AGI must be less than:

- \$47,955 (\$53,505 for married filing jointly) if you have three or more qualifying children,
- \$44,648 (\$50,198 for married filing jointly) if you have two qualifying children,
- \$39,296 (\$44,846 for married filing jointly) if you have one qualifying child, or
- \$14,880 (\$20,430 for married filing jointly) if you don't have a qualifying child.



Disallowance of the Earned Income Credit

Form 8862, *Information to Claim Earned Income Credit After Disallowance*, must be completed for 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 isn't required.

If the IRS determined a taxpayer claimed the EIC due to reckless or intentional disregard of the EIC rules the taxpayer can't claim the EIC for 2 tax years. If the error was due to fraud, then the taxpayer can't claim the EIC for 10 tax years. See Publication 596, *Earned Income Credit*, for specific guidance.

*Taxpayers turning 25 on January 1st are considered to be 25 as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.

Note: Taxpayers meeting the above age criteria should file a paper return to avoid a potential rejected electronic filed return.

Caution: New law passed requiring taxpayers to have a valid SSN by the due date of the return (including extension) in order to claim EITC. Taxpayers can't file amended returns to claim the credit for a year that the taxpayer didn't originally have a valid social security number.



interview tips

EIC General Eligibility Rules

Probe/Action: Ask the taxpayer:

| | | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>step 1</p> | <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"> • \$47,955 (\$53,505 married filing jointly) with three or more qualifying children; • \$44,648 (\$50,198 married filing jointly) with two qualifying children; • \$39,296 (\$44,846 married filing jointly) with one qualifying child; or • \$14,880 (\$20,430 married filing jointly) with no qualifying children? | <p>If YES, go to Step 2. If NO, STOP. You can't claim the EIC.</p> |
| <p>step 2</p> | <p>Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?*</p> <p>Note: Answer "no" if the taxpayer's social security card has a "NOT VALID FOR EMPLOYMENT" imprint, and if the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.</p> | <p>If YES, go to Step 3. If NO, STOP. You can't claim the EIC.</p> |
| <p>step 3</p> | <p>Is your filing status married filing separately?</p> | <p>If YES, STOP. You can't claim the EIC. If NO, go to Step 4.</p> |
| <p>step 4</p> | <p>Are you (or your spouse, if married) a nonresident alien? Note: Answer "no" if the taxpayer is married filing jointly, and one spouse is a citizen or resident alien and the other is a nonresident alien.</p> | <p>If YES and you are either unmarried or married but not filing a joint return, STOP. You can't claim the EIC. If NO, go to Step 5.</p> |
| <p>step 5</p> | <p>Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555-EZ (Foreign Earned Income) to exclude income earned in a foreign country?</p> | <p>If YES, STOP. You can't claim the EIC. If NO, go to Step 6.</p> |
| <p>step 6</p> | <p>Is your investment income (interest, tax exempt interest, dividends & capital gains) more than \$3,400?</p> | <p>If YES, STOP. You can't claim the EIC. If NO, go to Step 7.</p> |
| <p>step 7</p> | <p>Are you (or your spouse, if filing jointly) the qualifying child of another taxpayer?</p> | <p>If YES, STOP. You can't claim the EIC. If NO, go to the interview tips for EIC—With a Qualifying Child or EIC—Without a Qualifying Child.</p> |

***Note:** If your Social Security card says **VALID FOR WORK ONLY WITH DHS AUTHORIZATION**, you **can** use your Social Security number to claim EITC if you otherwise qualify.



EIC with a Qualifying Child

interview tips

Probe/Action: Ask the taxpayer:

| | | |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>step 1</p> | <p>Does your qualifying child have an SSN that allows him or her to work? Note: Answer NO if the child's social security card says "NOT VALID FOR EMPLOYMENT" and his or her SSN was only obtained to get a federally funded benefit.</p> | <p>If YES, go to Step 2. If NO, STOP. You can't claim the EIC on the basis of this qualifying child.</p> |
| <p>step 2</p> | <p>Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them?</p> | <p>If YES, go to Step 3. If NO, STOP. This child isn't your qualifying child. Go to interview tips for EIC without a Qualifying Child.</p> |
| <p>step 3</p> | <p>Was the child any of the following at the end of the tax year:</p> <ul style="list-style-type: none"> • Under age 19 and younger than the taxpayer (or spouse, if filing jointly) • Under age 24 and a full-time student and younger than the taxpayer (or spouse, if filing jointly), or • Any age and permanently and totally disabled? | <p>If YES, go to Step 4. If NO, STOP. This child isn't your qualifying child. Go to interview tips for EIC without a Qualifying Child.</p> |
| <p>step 4</p> | <p>Did the child file a joint return for the year?¹ Note: Answer NO if the child and his or her spouse filed a joint return only as a claim for a refund.</p> | <p>If NO, go to Step 5. If YES, STOP. This child isn't your qualifying child (failed the joint return test). Go to interview tips for EIC without a Qualifying Child.</p> |
| <p>step 5</p> | <p>Did the child live with you in the United States for more than half (183 days for 2016) of the tax year? Note: Active duty military personnel stationed outside the United States are considered to live in the United States for this purpose.</p> | <p>If YES, go to Step 6. If NO, STOP. This child isn't your qualifying child. Go to interview tips for EIC without a Qualifying Child.</p> |
| <p>step 6</p> | <p>Is the child a qualifying child of another person? Note: There may be a case when a qualifying child can't be claimed by anyone. Example: The only parent that the child lives with doesn't work nor files a tax return and another adult can't meet the general eligibility rules. In this example no one qualifies to claim this child as a qualifying child for EIC.</p> | <p>If YES, explain to the taxpayer what happens when more than one person claims the EIC using the same child (Qualifying Child of More than One Person rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC worksheets. If no, compute the EIC using the appropriate EIC worksheet.</p> |

¹ If your child was married at the end of the year, he or she doesn't meet the joint return test unless you can claim the child's exemption or you can't claim the child's exemption because you gave that right to the child's other parent.



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 NO, go to Step 2.
If YES, STOP. You can't claim the EIC.

step
2

Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year? Taxpayers born on January 1st are considered to be of age as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.

If NO, STOP. You can't claim the EIC.
If YES, go to Step 3.

step
3

Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183¹ days) of the tax year?

If NO, STOP. You can't claim the EIC.
If YES, compute EIC using the appropriate EIC worksheet.

¹ More than 183 days in a leap year.

Note: If you can't claim the EIC because your qualifying child is treated under the tiebreaker rules as the qualifying child of another person for 2016, you may be able to take the EIC using a different qualifying child, but you can't take the EIC using the rules for people who don't have a qualifying child.



Qualifying Child of More than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child. The following rules apply if multiple taxpayers claim the same qualifying child.

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents don't file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2016. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2016.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2016.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2016, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child.

Note: Taxpayers have the option to choose which taxpayer will claim the child. The tiebreaker rules apply when the child is claimed by multiple taxpayers.

Schedule EIC – Checksheet

EIC Checklist

Qualifying Information

Was the taxpayer a nonresident alien for any part of the year? Yes No

Is the taxpayer (or spouse) a qualifying child of another person? Yes No

Did you complete form 8867 and/or perform the due diligence required based on current information provided by the taxpayer or reasonably obtained by you? Yes No

Did you ask this taxpayer any additional questions that are necessary to meet your knowledge requirement? Does Not Apply

Did you comply with the EIC due diligence knowledge requirements? Yes No

i To comply with the EIC knowledge requirement, you must not know or have reason to know that any information used to determine the taxpayer's eligibility for, and the amount of, the EIC is incorrect. You must not ignore the implications of information furnished to or known by you, and you must make reasonable inquiries if the information furnished appears to be incorrect, inconsistent, or incomplete. At the time you make these inquiries, you must document in your files the inquiries you made and the taxpayer's responses.

Records

Did you keep the records found below? Yes No

i --Form 8867 (or your own form or files).
 --The EIC worksheet(s) or your own worksheet(s).
 --Record of how, when, and from whom the information used to prepare the form and worksheet (s) was obtained.

Qualifying Child #1 – Denis Montana XXX-00-XXXX

Is this child currently, or intended to be, a qualifying child on any other individual's tax return? Yes No

Documents used to determine Residency

School records or statement

Landlord or property management statement

Health care provider statement

Medical records

Child care provider records

Placement agency statement

Social service records or statement

Place of worship statement

Indian tribal official statement

Employer Statement

Other

Did not rely on any documents, but made notes in file

Did not rely on any documents

Answer "Yes."
A "No" answer will eliminate EIC from the return.

Answer "Does Not Apply"

Answer "Yes." Generally, as an IRS tax law-certified volunteer, you can rely in good faith on information from a taxpayer without requiring documentation as verification. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

Select "No." Selecting No will not prohibit the return from being electronically filed. The Form 8867 is not included in the forms that have to be E-filed.

Select "Did not rely on any documents"

NOTE: Quality Site Requirement 2 – Intake/Interview & Quality Review Process, states:

All IRS tax law-certified volunteers are required to exercise due diligence. This means, as a volunteer, you are required to do your part when preparing or quality reviewing a tax return to ensure the information on the tax return is correct and complete. Doing your part includes: confirming a taxpayer's (and spouse, if applicable) identity and providing top-quality service by helping them understand and meet their tax responsibilities.

Generally, as an IRS tax law-certified volunteer, you can rely in good faith on information from a taxpayer without requiring documentation as verification. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.

Determining the Last Name of Taxpayer

A name control is a sequence of letters derived from a taxpayer's last name that is used by IRS in processing the tax return filed by the taxpayer. It is important that the combination of name control and taxpayer identification number (TIN) provided on an electronically filed return match IRS's record of name controls and TINs.

In e-file, a taxpayer's TIN and name control must match the data in the IRS database. If they don't match, the e-filed return will reject and generate an Error Reject Code.

Individuals may create a mySocialSecurity account at <https://secure.ssa.gov/RIL/SiView.do> to see how their information shows up on Social Security Administration records.

Name Controls for Individual Tax Returns

1. Primary Name Control (SEQ 0050) of Form 1040/1040A/1040EZ must equal the first significant characters of the primary taxpayer's last name. No leading or embedded spaces are allowed. The first left-most position must contain an alpha character. Omit punctuation marks, titles and suffixes within last name field.

Examples:

Individual Name Primary/Secondary Name Control

| Individual Name on SSN/ITIN Card(s) | Enter in TaxSlayer® | | IRS Database Primary/Secondary Name Control |
|----------------------------------------|---------------------|-----------------|---------------------------------------------------|
| | First Name Field | Last Name Field | |
| John Brown | John | Brown | BROW |
| Walter Di Angelo | Walter | Di Angelo | DIAN |
| Ronald En, Sr. | Ronald | En | EN |
| Thomas LeaSmith | Thomas | Lea-Smith | LEA- |
| Joseph Corn & Mary Smith | Joseph | Corn | CORN |
| | Mary | Smith | SMIT |
| Roger O'Neil | Roger | O'Neil | ONEI |
| Kenneth McCarty | Kenneth | McCarty | MCCA |
| FNU Smith (First Name Unknown) | FNU | Smith | SMIT |
| Smith (No First Name) | | Smith | SMIT |

2. Consider certain suffixes as part of the last name (i.e., Armah-Bey, Paz-Ayala, Allar-Sid). Particular attention must be given to those names that incorporate a mother's maiden name as a suffix to the last name. For example, traditional Hispanic last names include the taxpayer's father's name followed by a space and the taxpayer's mother's maiden name. A married taxpayer's last name remains the same and either simply adds on the spouse's father's name (resulting in 3 names forming the last name) or deletes the mother's maiden name and adds on the spouse's father's name (sometimes the spouse's father's name is preceded by "de").

Examples:

Individual Name Primary Name Control

| Individual Name on SSN/ITIN Card | Enter in TaxSlayer® | | IRS Database Primary Name Control |
|----------------------------------|---------------------|----------------------|-----------------------------------|
| | FirstName Field | LastName Field | |
| Abdullah Allar-Sid | Abdullah | Allar-Sid | ALLA |
| Jose Alvarado Nogales | Jose | Alvarado Nogales | ALVA |
| Juan de la Rosa Y Obregon | Juan | de la Rosa Y Obregon | DELA |
| Pedro PazAyala | Pedro | Paz-Ayala | PAZ - |
| Donald Vander Neut | Donald | Vander Neut | VAND |
| Otto Von Wodtke | Otto | Von Wodtke | VONW |
| John Big Eagle | John | Big Eagle | BIGE |
| Mary Her Many Horses | Mary | Her Many Horses | HERM |
| Ted Smith Gonzalez | Ted | Gonzalez | GONZ |
| Maria Acevedo Smith | Maria | Smith | SMIT |
| Robert Garcia Garza Hernandez | Robert | Garza Hernandez | GARZ |

3. Below are examples of Indo-Chinese last names and the derivative Name Control. Some Indo-Chinese names have only two characters. Indo-Chinese names often have a middle name of "Van" (male) or "Thi" (female).

Examples:

Individual Name Primary/Secondary Name Control

| Individual Name on SSN/ITIN Card | Enter in TaxSlayer® | | IRS Database Primary/Secondary Name Control |
|----------------------------------|---------------------|----------------|---------------------------------------------|
| | FirstName Field | LastName Field | |
| Binh To La | Binh | La | LA |
| Kim Van Nguyen | Kim | Nguyen | NGUY |
| Nhat Thi Pham | Nhat | Pham | PHAM |
| Jin Zhang Qui & Yen Yin Chiu | JinZhang | Qui | QUI |
| | Yen Yin | Chiu | CHIU |

Preparing the Return

The screenshot shows the 'Basic Information' screen under the 'Filing Status' tab. At the top, there are three tabs: 'Filing Status', 'Personal Information', and 'Dependents'. Below the tabs, the screen is titled 'Basic Information'. There are three rows of information, each with an 'EDIT' button to its right: 'Filing Status', 'Personal Information', and 'Dependents / Qualifying Person'. At the bottom left is a 'Cancel' button with an 'x' icon, and at the bottom right is a 'Continue' button with a checkmark icon.

After collecting necessary information from Form 13614-C, Intake/Interview & Quality Review Sheet and properly applying the tax law, you should choose your client's filing status. If you are unsure of which filing status to select, select the **Filing Status Wizard** button. The Filing Status Wizard will ask you a series of questions to help determine the correct filing status for the taxpayer. Select the circle next to the correct filing status and click **Continue**.

The screenshot shows the 'What's your filing status?' screen under the 'Filing Status' tab. At the top, there are three tabs: 'Filing Status', 'Personal Information', and 'Dependents'. Below the tabs, the screen is titled 'What's your filing status?'. There are five radio button options: 'Single', 'Married Filing Joint', 'Married Filing Separate' (which is selected), 'Head of Household', and 'Qualifying Widow(er) with Dependent Children'. To the right of these options is a button labeled 'Filing Status Wizard' with a right-pointing arrow. Below the radio buttons is a 'Cancel' button with an 'x' icon and a 'Continue' button with a checkmark icon. Two arrows point from text on the right to the 'Filing Status Wizard' button and the 'Continue' button.

Use the "Filing Status Wizard" or Tab B to determine Filing Status

Use the "Filing Status Wizard" or Tab B to determine Filing Status

In this section you will input the Filing Status by using the customer's response on the Form 13615-C and verbal statement. You can also use the decision tree within Tab B.

The screenshot shows the 'Married Separate' screen under the 'Filing Status' tab. At the top, there are three tabs: 'Filing Status', 'Personal Information', and 'Dependents'. Below the tabs, the screen is titled 'Married Separate'. There are two checkboxes with text: 'Check here if the Spouse lived with the Taxpayer at any time during the year:' and 'Check here to claim the exemption for your spouse if he/she has NO Gross Income, is NOT filing a return, and CANNOT be claimed as a dependent on another person's return'. At the bottom right is a 'Continue' button with a checkmark icon.

The second screen, under the Filing Status tab, is used to determine the spouse's return status.

Preparing the Return (continued)

After filing status the next screen is an input screen that gathers the taxpayer's personal information.

Personal Information Part 1

Filing Status Personal Information Dependents

Personal Information

Taxpayer Information

Primary First Name MI Last Name Suffix (Jr, Sr, etc.)
[] [] [] []

Social Security Number Date of Birth
[] - [] - [] [MM] [DC] [YYYY]

Occupation
[]

Check here if the Taxpayer can be claimed as a dependent on someone else's return.
 Check here if Taxpayer is a student.
 Check here if Taxpayer is blind.
 Check here if Taxpayer is deceased.
 Check here if the Taxpayer wishes to contribute \$3 to the Presidential Election Campaign Fund.
 Check here if the Taxpayer or Spouse served in a Combat Zone during the current tax year.

Spouse Information

Spouse First Name MI Last Name Suffix (Jr, Sr, etc.)
[] [] [] []

Social Security Number Date of Birth
[] - [] - [] [MM] [DC] [YYYY]

Must input birth date. Include spouse if joint return. Use drop down boxes to select Month, Date and Year.

This section is important for calculation of filing status, exemption, standard deduction, Presidential Election Fund, and military status.

This will generate a Date of Death box, which must be completed. Once completed, click 'Continue' at the bottom of the page to proceed.

Verify spouse last name with SS card. If different from taxpayer, enter last name here.

Enter spouse SSN. If the taxpayer is filing MFS and does not know the SSN of the spouse, enter the spouse's SSN as 000-11-0000. You may leave the spouse's DOB blank. Without the spouse's SSN, the return must be paper-filed.

The Personal Information tab is divided into Taxpayer Information, Spouse's information, and Address and phone number.

Note: If the taxpayer or spouse is deceased, check the appropriate box from the list and enter the date of death when prompted. When you print the return, the tax software prints the Deceased and the date of death next to the deceased person's name at the top of Form 1040 page 1, as required by the IRS.

Preparing the Return (continued)

| Deductions | |
|---------------------|------------|
| Adjustments | BEGIN |
| Standard Deduction | BEGIN |
| Itemized Deductions | BEGIN |
| Credits Menu | BEGIN |
| Compare Deductions | BEGIN |
| | ✓ Continue |

Other Taxes

The Other Taxes portion of the Federal Section is used to enter any other tax types for which the taxpayer may be liable. Select the Begin button next to any other tax item to enter in data applicable to the taxpayer.

Payments & Estimates

The Payments & Estimates portion of the Federal Section is used to enter such items as payments, apply overpayments to next year's return and to print vouchers for next year's estimated payments. Select the Begin button next to any payment or estimate item to enter in data applicable to the taxpayer.

Miscellaneous Forms

The Miscellaneous Forms portion of the Federal Section is used to enter the following:

- Injured Spouse Form - Form 8379
- Claim a Refund Due to a Deceased Taxpayer - Form 1310
- Application for Extension - Form 4868
- Married Filing Separate Allocation
- IRS Identity Protection PIN (IP PIN)
- Installment Agreement (Form 9465)

State Section

If you chose a State of Residency from within the Personal Information screen, this part of the program will be created based on all the necessary information entered into the return for you.

If you don't have a state return, you can click **Continue** or use any of the navigation options on the left side of your screen.

The following states don't have state income tax returns that can be filed through the program:

Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming.

The **Add Another State Return(s)** will help you to create any state return that you will be including in the tax return. Choose a state from the drop down box located on the State Name page and select **Continue**.

You will be prompted to select the taxpayer's state residency type. Most states have a separate resident, part year resident and non-resident tax return. Select the **Continue**. You will be given two options from the state return page.

Select **Guide Me** to launch a step-by-step State Return which will ask you a series of questions to help prepare the state tax return. If you prefer to enter the state tax return without the help of the State Return, select **Enter Myself**. This will take you to the State Return screen which lists the various sections of the state return.

Pointers for Direct Deposit of Refunds

- Using a check or documentation from the financial institution 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. Include hyphens but omit spaces and special symbols. Don't include the check number or the dollar amount on canceled checks. On the sample check below, the account number is 20202086.
- Don't use a deposit slip for proof of RTN as this may not be the same RTN used for direct deposit. For direct deposit into a savings account, the taxpayer should obtain a statement from the financial institution to verify the routing and account number for direct deposit. For direct deposit into a checking account, if the taxpayer doesn't have a cancelled check, the taxpayer should also contact their financial institution.
- Entering the incorrect RTN and/or DAN will result in a 4–6 week delay of the refund, or it may go into some else's account. If the direct deposit is voided, a paper check will automatically be mailed to the address on the electronic tax form.
- Double-check the RTN of the financial institution if:
 - You are unfamiliar with the financial institution. (Some types of accounts that exist through brokerage firms can't accept direct deposits.)
 - The RTN is for a credit union, which is payable through another financial institution. The taxpayer should contact his or her credit union for the correct RTN.
- Savings Bonds - Taxpayers can buy U.S. savings bonds with their federal tax refund. Even if the taxpayer doesn't have a bank account or a Treasury account they can elect this option. Taxpayers can make bond purchases for themselves, add beneficiaries or co-owners, and make bond purchases for someone other than themselves. Refer to Form 8888 or www.IRS.gov for more details.
- Remember the split refund option: If a taxpayer chooses to direct deposit his or her refund into two or three accounts, you will need to complete Form 8888, *Allocation of Refund (Including Savings Bond Purchases)*.



Caution: Financial institutions generally don't allow a joint refund to be deposited into an individual account. The IRS isn't responsible if a financial institution refuses a direct deposit.



Caution: Direct deposit of a taxpayer's refund is to be made to an account (or accounts) only in the taxpayer's name. Advise taxpayers their refund may only be deposited directly into his/her own account(s).

Taxpayer's federal and state refunds can't be deposited into VITA/TCE Volunteer or any associated partners' personal or business bank/debit card accounts.

Note: Don't use deposit slip as proof of account because the routing number may be different than on a check.

TONY MAPLE
JENNIFER MAPLE
123 Pear Lane
Anyplace, GA 00000

PAY TO THE ORDER OF _____ \$ 1234.00
DOLLARS

ANYPLACE BANK
Anyplace, GA 00000

For _____

Routing number (line 74b): 250250025
Account number (line 74d): 20202086

Do not include the check number.

Note: To combat fraud and identity theft, IRS permits a maximum of three refunds to be electronically deposited into a single financial account.

The fourth and subsequent refunds automatically will convert to a paper refund check and be mailed to the taxpayer.

Creating a Temporary TIN when the Spouse and/or Dependent(s) are Applying for an ITIN

TaxSlayer® will not generate temporary ITINs for the taxpayer, spouse and/or dependents on a return if Form W-7 is needed. 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 can't be filed using electronic return preparation software without a TIN (taxpayer identification number). If the taxpayer is working under an erroneous social security number, that social security number should be used only on the W-2.

1. In the TIN field for all individuals needing to complete Form W-7, enter all digits as zeros "0". A return requiring three temporary TINs will be entered as follows:

| | | |
|------------------------|-------------|-----------------------------------------------|
| The spouse's | 000-00-0000 | Start a return using all digits as zeros "0". |
| The first dependent's | 000-00-0000 | Go to Miscellaneous Forms to find the W-7. |
| The second dependent's | 000-00-0000 | |
2. Select each individual in TaxSlayer®. See Preparing the Return tab, determining the Last Name of Taxpayer. Fill in name of each family member applying for an ITIN on a separate Form W-7 application. Make sure that names match required documentation that clients will be submitting with their W-7 application(s).
3. Print the return package, and provide the return package to the taxpayer to mail with Forms W-7 to the address shown on the Form W-7 instructions.
4. If the taxpayer has a family pack that includes multiple Forms W-7 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.
5. Have taxpayers mail Form W-7 application(s), all necessary documentation, and tax return or take to local IRS office. **Note: Not all local IRS offices are authorized to process Form W-7 applications. See the list of supporting documentation in the Form W-7 Instructions.**
6. If applicable, prepare a copy of the state with a copy of the Federal attached. If taxpayers will not owe state, suggest they hold the state until they receive their official ITIN cards - may take 6-8 weeks - and record the ITINs on the tax returns before mailing.

Note: ITINs will expire if not used within three years.

The following communication products provide information on changes being made to the Individual Taxpayer Identification Number (ITIN) program this year. They are intended for use in raising awareness among taxpayers with a need to file a federal tax return in 2017 but whose ITIN will expire at the end of 2016. The products, available in multiple languages, are offered in electronic format for electronic distribution or for printing.

Publication 5259 (EN-SP), *ITIN Fact Sheet*

This publication is a guide to changes IRS is implementing resulting from the December 2015 PATH Act legislation requiring expiration of certain ITINs. It also covers changes to the use of a passport as a stand-alone document for dependent ITIN applications.

Publication 5256 (EN-SP), *You May Need to Renew Your Expired ITIN*

This publication provides taxpayers quick facts about which ITINs are expiring and how to get more information. It provides three flyers per page and can be printed and cut/separated for use.

Publication 5257 (EN-SP), *Renewing Your ITIN*

This publication is a full page document detailing the facts about expiring ITINs and basic information about how to renew them. There's an electronic version with resource links and a printable version with instructions on how and where to find more information.

Amended Returns

Important: If the original return isn't already in TaxSlayer®, you will need to create the return in TaxSlayer® by using a copy of their original return. Amended returns can't be electronically filed and must be mailed to the IRS. Direct deposit/debit isn't available for amended returns.

Caution: Protecting Americans from Tax Hikes (PATH) Act 2015 prevents taxpayers using newly issued ID numbers to retroactively claim refundable tax credits in prior years. For example, someone who filed a tax return under an ITIN and later got an SSN can't file amended return(s) to claim EITC.

A. Pull original tax return amounts to Form 1040X Original column

1. Open the original return in TaxSlayer®.
2. If the return was previously adjusted by the IRS, modify the original return to match the changes the IRS made before opening Form 1040X.
3. To open Form 1040X, click **9. Miscellaneous Forms**, then select **1. Amended Return (1040X)** at the top of the listed items. You can also double-click on Form **1040X** under Form Finder section located in lower left corner.
4. Click **Ok** to the message that says, "Make sure you have a printed original copy..."
5. Click on **1. Edit 1040X Menu**.
6. Highlight the appropriate **20XX Amended Return** being amended, then click **Ok**
7. Highlight **1. Original Column** and click **Ok**.
8. Click **Ok** to the message that says, "If Any States also need to be amended..."
9. Next, the Edit Form 1040X screen shows amounts in **Original** column and zeros in **Correct** column. Ensure the amounts in the **Original** column are correct.
10. There are two options to exit the screen.
 - a. Click on the line that starts with the number **0** (zero), or
 - b. Enter the number **0** (zero) in the Option box and press the **enter** key.
11. **Exit** next two screens, (Form 1040X Menu; Miscellaneous Forms Menu), which will take you back to the Form 1040 screen (that is the original return).

B. Enter corrections and pull corrected return amounts to Form 1040X Corrected column

12. Enter the correction(s) on the tax return by selecting the appropriate section on the left (e.g. 1. Personal Information, 2. Income Menu, 3. Income Menu, etc.).
13. Once correction(s) are entered, go back to the Form 1040 screen.
14. Go back to the 1040X by repeating steps 3, 4, 5, and 6 above.
15. **IMPORTANT:** Next, you will need to highlight **2. Corrected Column** and click **Ok**.
16. Next, the Edit Form 1040X screen shows amounts in both Original and Correct columns. Stay on this screen for next step.

C. Provide explanation of changes in Form 1040X

17. Click on **1. Questions & Explanations**.
18. Next, click on **9. Explanation** and enter explanation of changes; click Ok when done.
19. **Exit** next two screens to return to the Form 1040 screen.

Caution: Please see the Amended Returns Guide posted on 12/6/2016 to the VITA/TCE Blog at <https://vitablog.taxslayerpro.com>

Amended Returns (continued)

D. Print Return and assemble the Form 1040X package to be mailed

20. At Form 1040 screen, click on **11. View Results**; then click on **2. Print Return**.
21. At Select Print Option screen, double-click **2. Two Copies Federal and State**.
22. Answer **Yes** to message that asks, "Would you like to Print..."
23. Next screen allows you to select which printer to use from a drop-down menu.
24. From the printed pages, pick out Form 1040X and only those schedules and forms that need to be attached as explained in 25 below.
25. Attachments to Form 1040X should include any new or corrected document(s). For example, previously missing source documents (Forms W-2, 1099s, 1095s, etc.), Form 1040 schedules and supporting forms that changed as a result of amending the return (e.g., a recomputed Schedule EIC after adding a qualifying child). **Don't attach a copy of the original tax return.**
26. Have the taxpayer sign the amended return and provide them with the mailing address given in the *Where to File* section of Form 1040X Instructions

Filing for an Extension Using TaxSlayer®?

Form 4868 - Application for Extension

How To File Your Extension

1. Enter your Information: Fill out all of the information in the “Required Extension Information” section below. Click “Continue”.
2. E-File Your Extension: Start by selecting efile from the navigation bar. You will then be given the option to file your return (Form 1040 and supporting schedules), or to file your extension (Form 4868). Complete the extension e-file process. You should get an acknowledgement regarding your extension (whether the IRS accepted or rejected it) by email within the 24-48 hours of filing.
3. Pay the Amount Paid with Extension: You will need to pay the amount due that you enter for “Amount Paid with Extension”. You can do this in one of 3 ways
 - a. Pay by Electronic Withdrawal from your checking account: You can choose to pay your “payment” amount as an electronic withdrawal from your checking account. Once you enter the amount you would like to pay, check the box that appears to select this option. You will then enter your banking information, the date you would like the transaction to take place and re-enter the amount to pay for confirmation. When you submit your extension, the withdrawal information will be sent.
 - b. Pay by Credit Card: You can use your credit card and pay by phone by contacting one of the IRS approved service providers. See link below.
 - c. Mail in your payment with your Form 4868: The form will print with your draft tax return. Mail the form with your payment by check or money order.

Required Extension Information

Tax Information

Tax Liability

Tax Payments

Amount Paid with Extension

Navigating TaxSlayer® Pro Online (continued)

- **Paper Return** - If the client wishes to mail their tax return, select this option. The return should be mailed to the IRS processing center assigned to the client's state of residence. See the **Partner Resources tab** for a list of states and their assigned processing centers.

For returns containing a federal amount due:

- **Electronic Balance Due** – If there is a balance due on the federal return, select this option to generate Form 1040-V, Payment Voucher. The return will be filed electronically, and voucher should be mailed with the accompanying payment to the address indicated on the top half of the form.
- **Electronic Direct Debit** – If there is a balance due on the federal return, select this option to have the amount automatically debited out of a checking or savings account. You will be prompted to enter the name of the bank, the type of account (checking or savings), the bank routing transmit number and the bank account number. You will also be prompted to enter the amount of the payment, the requested payment date and the client's day-time phone number. Note: If the requested payment date is after April 15th, or the due date of the return, you must enter the current date.
- **Paper Return** – If the client wishes to mail their tax return, select this option. The return, payment and payment voucher should be mailed to the IRS processing center assigned to the client's state of residence. See the **Partner Resources tab** for a list of states and their assigned processing centers.

State Electronic Filing Menu: Choose how the taxpayer would like to receive their state refund or pay their state balance due.

Once you have verified all the State e-File Information is correct, select the “**Next**” button to continue with the e-File process. At this point, you should be complete with the e-file process and ready to continue to the e-file Summary. Do this by selecting the “**Save**” button.

Submission: The last step of the IRS e-File process is to submit the return from the e-File Summary screen. From this screen you will have the option to print the tax return and Form 8879 (federal and state). All previously entered e-file information will also be displayed on this page.

Navigating TaxSlayer® Pro Online (continued)

Completing the E-file Section (continued)

Return Type

← Back
✓ Save

E-File

Return Type

Your return is now ready to be e-Filed to the IRS.

Please make sure that all information you enter below is correct.

In order for us to transmit your client's return to the IRS you must complete all Steps in the e-File Process.

CAUTION: Your client's return will not be sent to the IRS unless you complete ALL steps. None of the information is saved until all information is entered and the "Continue" button below is clicked.

To continue the e-File process, please first select a return type and the form will ask for all required information.

Refund summary

Federal Return Type

Please Select

- Electronic Mailed
- Direct Deposit
- Paper Return with Direct Deposit
- Paper Return

ERO Information

Efin#: _____

EroName#: Practice Lab

Next

Select a return type for the federal return.

Return Types with a Refund

Electronic Mailed = E-filed with refund check mailed to taxpayer

Direct Deposit = E-filed with direct deposit

Paper Return with Direct Deposit

Paper Return = Paper return with check mailed to taxpayer

← Back
✓ Save

E-File

Return Type

Tax Preparation and E-File Information

State Return(s)

Choose how you would like to file your state returns:

| State | Refund/Due | Return Type |
|-------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ID | Refund: \$ 232.00 | <div style="border: 1px solid gray; padding: 2px; display: inline-block;">Direct Deposit</div> |
| MT | Due: \$ 268.00 | <div style="border: 1px solid gray; padding: 2px; display: inline-block;"> Not Selected Paper Return Electronic State Balance Due Direct Debit </div> |

Next

Select a return type for each state return.

Return Types with an Amount Owed

Paper Return = Paper return to be mailed with a check

Electronic Balance Due = E-filed with a voucher, check to be mailed.

Direct Debit = E-filed with direct debit

Navigating TaxSlayer® Pro Online (continued)

Completing the E-file Section (continued)

Bank Information

For direct deposit or debit, enter bank routing and account numbers twice.

E-File Back Save

Return Type

Tax Preparation and E-File Information

State Return(s)

Taxpayer Bank Account Information

Note: This bank information MUST be accurate for your return to process correctly.

Name of Bank

Type of Account
Checking
Savings

Routing Transit Number

Confirm Routing Transit Number

Bank Account Number

Confirm Bank Account Number

Next

TIP: Take care to look at the check and not the screen while entering the numbers the second time.

Third Party Designee

E-File Back Save

Return Type

Tax Preparation and E-File Information

State Return(s)

Taxpayer Bank Account Information

Third Party Designee Info

This information is optional

Designee First Name

Designee Last Name

Designee Phone () -

Designee Pin

Click checkbox to easily remove the data from each field

Next

Third party designee info can be completed if the taxpayer wishes, but the designee is never the volunteer preparer.

Navigating TaxSlayer® Pro Online (continued)

Submission

You can't e-file. However, you can still mark the return complete and save your work.

Please review all information on this screen. To finalize your return please click on the submit button located below.

One Copy - Federal and State

Electronic Signature

Taxpayer:

Spouse:

ERO Information

Efn: 369258
Company Name: Support

Client Information

Client Name: Mr Taxpayer
Email Address:

Return Information

Type of Return: State Only - Federal Return is NOT being submitted to the IRS
Federal Refund: \$4,774.00

Tax Preparation Charges:

Preparer Fee: 50.00
Electronic Filing Fee: 50.00
Total Fees: 50.00

Mark Paid
 Mark Complete

Form 8879

Taxpayer's Pin: 16661
Spouse's Pin: 16662
ERO's Pin: 98765

State Return Information

GA: Due: \$691.00 Paper Return

Referrer

Select Referrer: No Answer

Other:

Review/Retransmit Status

Ready for Retransmit
 Ready For Review

Review Status

Use this status to mark the return for Quality Review

e-filing a State Only Return

Under most circumstances, both the federal and state returns are electronically filed together. There may be occasions when it is necessary to electronically file only the state portion of a tax return. To e-file a state-only return, place a checkmark in the **Send State Only** box on the "Return Type" section of the e-File process and select "Next". **Note: Federal Return Type must be selected even though you are filing State Only.**

Index

| | | | | |
|------------------------------------|----------------------------------------|-------------------|-------------------------------------|----------|
| 401(k) | Recordkeeping | F-13 | Day Care—See Child Care ... | G-3, G-4 |
| Contribution..... | Cancellation of Debt | | Death of Taxpayer or Spouse | K-8 |
| Distribution | Credit Card..... | D-48 | Deceased Taxpayer | |
| Rollover | Principal Residence | D-49 | Claiming a Refund..... | K-13 |
| ACA | Capital Gains and Losses..... | D-37 | Signature..... | K-23 |
| 2016 Federal Tax Filing | Carry Forward | D-36 | Decision Tree, Residency | |
| Requirement Thresholds .. | Capital Gains or Losses Sale of | | Status | L-1 |
| 2016 Federal Tax Filing | Main Home | D-41 | Deductions..... | F-1 |
| Requirement Thresholds- | Carry Forward Data | | Dependent | |
| Dependents | Pro Online | N-5 | Interview Tips for | |
| Allocation of Policy | Charitable Contributions | F-8 | Qualifying Child..... | C-5 |
| Amounts..... | Child and Dependent Care | | Interview Tips for | |
| ACA-19 | Credit | | Qualifying Relative | C-6 |
| Alternative Calculation for Year | Decision Tree..... | G-4 | Dependent Care Benefits | G-4 |
| of Marriage Eligibility..... | Tip: Child & Dependent Care ... | G-3 | Dependent, Rules for Claiming..... | C-3 |
| ACA-20 | Child Tax Credit | G-8 | Deposit slip | K-14 |
| Exemptions: Overview..... | Children of Divorced or Separated | | Determining Qualified | |
| ACA-5 | Parents | C-8 | Education Expenses | J-6 |
| Federal Poverty Lines | Civil Rights..... | Inside back cover | Determining Residency Status | L-1 |
| ACA-12 | Civil Service Retirement | D-18 | Determining Support Worksheet ... | C-9 |
| Health Care Coverage | Classroom Expenses for | | Direct Debit..... | K-16 |
| Exemption..... | Teachers..... | E-2 | Direct Deposit of Refund | K-14 |
| ACA-7 | COD Credit Card | D-48 | Disabilities Information | P-3 |
| Health Insurance | COD Principal Residence..... | D-49 | Disabled Person, EIC for | I-4 |
| Introduction | Codes | | Disallowed EIC | I-2 |
| ACA-1 | 1099-R Box 7 | D-23 | Distributing Copies of the Return | K-25 |
| Marketplace Coverage Affordability | 5329 | H-2 | Dividends..... | D-12 |
| Worksheet..... | Basis Adjustment | D-39 | Capital Gain | D-13 |
| ACA-11 | Exception to Code 1 Penalty | H-2 | Exempt Interest | D-14 |
| Minimum Essential | W-2 | D-10 | Non-dividend Distributions | D-15 |
| Coverage | Commuting diagram | F-12 | Ordinary | D-15 |
| ACA-4 | Commuting Expense | F-12 | Private Activity Bond | D-15 |
| Premium Tax Credit..... | Contact Numbers..... | Back cover | Qualified..... | D-15 |
| ACA-14 | Contributions to Charity | F-8 | Divorced or Separated | |
| Repayment Limitation | Contingency Plans for Maintaining Site | | Parents, Children of..... | C-8 |
| ACA-18 | Operations..... | P-1 | Earned Income | I-1 |
| Shared Responsibility | Cost of Keeping Up a Home | B-4 | Earned Income Credit Rules | I-3 |
| Payment Worksheet..... | Credits | | Education Credit..... | J-5 |
| ACA-13 | Screen Shot | G-1 | Education Expense..... | J-6 |
| ACH | Additional Child Tax..... | G-8 | Education Loan, Interest Paid | E-6 |
| K-19 | American Opportunity | J-5 | Education Tax Benefits | |
| Ad Valorem Taxes | Child and | | Education Benefits | J-8 |
| F-6 | Dependent Care | G-3, G-4 | Summary..... | J-3 |
| Additional Child Tax | Child Tax..... | G-8 | Educator Expenses | E-2 |
| Credit..... | Earned Income..... | Tab I | E-file | N-8 |
| G-8 | Education | J-1 | E-Filing with ITIN | L-2 |
| Additional Tax on IRAs..... | For the Elderly or the | | EIC | |
| H-1 | Disabled..... | G-11 | Checksheet | I-6 |
| Address, Foreign | Lifetime Learning..... | J-5 | Disallowed..... | I-2 |
| K-9 | Residential Energy Credit | G-10 | Interview Tips | I-3 |
| Adjustments To Income | Retirement Savings..... | G-6 | Qualifying Child of More | |
| E-1 | Credit Card Debt, | | than One Person..... | C-4, I-5 |
| Alien Taxpayer | Cancellation of | D-48 | | |
| L-1 | | | | |
| Alimony Requirements | | | | |
| E-5 | | | | |
| Amended Returns | | | | |
| M-1 | | | | |
| American Opportunity | | | | |
| Credit..... | | | | |
| J-5, J-10 | | | | |
| Student Under Age 24..... | | | | |
| J-10 | | | | |
| Armed Forces Income | | | | |
| D-2 | | | | |
| Auto Registration Tax..... | | | | |
| F-6 | | | | |
| Automatic Debit | | | | |
| K-19 | | | | |
| Balance Due | | | | |
| K-16 | | | | |
| Basic Steps in Preparing a | | | | |
| Tax Return..... | | | | |
| K-7 | | | | |
| Basis Adjustment Codes | | | | |
| D-39 | | | | |
| Birth date | | | | |
| K-8 | | | | |
| Broker's Statement | | | | |
| D-38 | | | | |
| Business Mileage | | | | |
| D-35 | | | | |
| Business Expense | | | | |
| D-34, F-9 | | | | |

Index

| | | | | | |
|-----------------------------------|-----------|---------------------------------|---------------|-------------------------------------|-------|
| Requirements..... | I-2 | 2441 | G-5 | Installment Agreement..... | K-17 |
| Employee Transportation | | 2555 | G-9, I-2 | Insurance Premiums | |
| Expenses | F-12 | 2848 | K-23 | Health..... | F-6 |
| Entering Dividend Income | D-15 | 4137 | D-9 | Long Term Care | F-6 |
| Entering Education Benefits | J-8 | 4868 Extension | M-5 | Intake and Interview Sheet..... | K-3 |
| Entering Other Compensation in | | 5329 | H-1 | Interactive Tax Assistant | P-8 |
| TaxSlayer..... | D-45 | 8332 | K-22 | Interest..... | D-12 |
| Estimated Tax Payment | H-3 | 8379 | P-5 | Mortgage Interest | |
| Direct Debit | K-19 | 8453 | K-22 | Received..... | D-13 |
| Exception to Early | | 8863 | J-7 | Municipal Bond..... | D-14 |
| Distribution Penalty | H-2 | 8879 | K-21 | OID..... | D-13 |
| Exclusion of Gain on Sale | | 8880 | G-7 | Student Loan Interest Paid..... | E-6 |
| of Home..... | D-39 | 8889 | E-1 | Tax-exempt..... | D-14 |
| Exemptions..... | C-1 | ACH..... | K-19 | You Paid | F-7 |
| Dependent..... | C-3 | CSA 1099-R..... | D-18 | IRA | |
| Interview Tips for | | K-1..... | D-3 | Contribution..... | E-5 |
| Qualifying Child..... | C-5 | RRB-1099-R..... | D-26 | Distributions | D-18 |
| Interview Tips for | | SSA 1099..... | D-27 | Rollover | D-20 |
| Qualifying Relative | C-6 | W-2..... | D-9 | ITA | P-8 |
| Personal | C-2 | W-4..... | K-18 | Itemized Deductions | Tab F |
| Expenses | | W-4P | K-18 | Interview Tips | F-3 |
| 50% Limit | F-11 | Foster child..... | C-1 | Screen Shots..... | F-5 |
| Business..... | D-32, F-9 | Gains and Losses..... | D-36 | Who Must Itemize | F-1 |
| Employee | F-12 | Gross Income | D-1 | ITIN..... | L-3 |
| Entertainment..... | F-10 | Head of Household..... | B-3 | Applying for | L-3 |
| Job Hunting..... | F-4 | Health Insurance Premiums | F-6 | Creating a Return without | |
| Medical..... | F-6 | Health Savings Account | E-3, E-4 | ITIN E-filing | L-2 |
| Miscellaneous | F-8 | Home, Sale of..... | D-41 | Job Aid..... | K-3 |
| Transportation | F-12 | How to Use This Guide..... | 8 | Form 1040 Job Aid..... | K-1 |
| Travel..... | F-9 | Household Employee Income..... | D-42 | Job Hunting Expenses..... | F-2 |
| Extension, Requesting..... | M-5 | HSA | E-3, E-4 | K-1 | D-53 |
| Frequent Taxpayer Inquiries | P-5 | Identity Theft..... | P-4 | Keeping Up a Home, Cost of..... | B-4 |
| Filing Requirements..... | A-1 | Income | | Last name, determining..... | K-5 |
| Children..... | A-2 | Armed Forces..... | D-2 | Lifetime Learning Credit | J-5 |
| Dependents..... | A-2 | Business..... | D-29 | Logging On | |
| Other Situations | A-3 | Earned | I-1 | Pro Online | N-1 |
| Filing Status Decision | | Gambling Winnings ... | D-1, D-3, D-5 | Long Term Care Insurance | F-6 |
| Head of Household | | Gross..... | D-1 | Medical Expenses | F-6 |
| Qualifying Person..... | B-3 | IRA Distribution | D-18 | Mileage | |
| Tree | B-1 | Military..... | D-2 | Business..... | D-14 |
| First-time Homebuyer Credit..... | H-1 | Pension and Annuity | D-17 | Medical..... | F-7 |
| Foreign Address | K-9 | Quick Reference Guide | D-1 | Mileage Diagram | F-12 |
| Foreign Earned Income | D-45 | Rental..... | D-53 | Military Income | D-2 |
| Foreign Earned Income | | Royalties..... | D-53 | Miscellaneous Expenses | F-8 |
| Exclusion..... | D-55 | Self-employment | D-30 | Monthly Payments, Making..... | K-16 |
| Foreign Tax Credit | G-2 | Taxable and Non-taxable..... | D-1 | Mortgage Insurance | |
| Form | | Where to Enter..... | D-7 | Premiums..... | F-7 |
| 1099-B..... | D-16 | Income Documents..... | D-3 | Mortgage Interest Paid | F-7 |
| 1099-DIV | D-15 | Information for People with | | Municipal Bond Interest..... | D-14 |
| 1099-INT | D-12 | Disabilities | P-3 | Navigating TaxSlayer Pro Online ... | N-7 |
| 1099-MISC | D-30 | Injured Spouse | P-5 | Nonrefundable Credits..... | G-1 |
| 1099-R | D-18 | Innocent Spouse..... | P-5 | Nonresidence Decision Tree..... | L-1 |
| 1116 | G-2 | Insolvency Worksheet..... | D-47 | Nontaxable Income..... | D-25 |
| 13614-C | K-3 | | | | |

Index

| | | | | | |
|-----------------------------------|------------------|--------------------------------------|------------|--------------------------------|--------------------|
| Offer in Compromise | K-17 | Rental Income | D-53 | Standards of | |
| Office of Personnel | | Residency Status Decision | | Conduct..... | Inside front cover |
| Management | D-18 | Tree | L-1 | Starting a New Return | N-4 |
| OPM Retirement..... | D-18 | Residential Energy Credit..... | G-10 | State and Local Refund | |
| Optional Contingency Plans for | | Resident/Non Resident | | Worksheet | D-11 |
| Maintaining Site Operations ... | P-1 | Definitions | L-1 | State Returns, Creating..... | K-13 |
| Other Income..... | D-44 | Retirement and Pension | | Student for EIC | I-6 |
| Other Taxes Payments..... | H-1 | income for EIC | D-18 | Student Loan Interest | E-6 |
| Out of Scope Topics..... | 9 | Retirement and Pension | | Support Worksheet..... | C-9 |
| Paper Return | N-9, K-25 | Income | D-22 | Tax Topics | P-8 |
| Payment Agreements | K-16 | Retirement Savings | | Tax Trails..... | P-8 |
| Penalty, Estimated Tax..... | H-3 | Credit..... | G-6 | Taxable and | |
| Pension and Annuity Income | D-18 | Rollover of IRA or 401(k) | D-20 | Non-taxable Income | D-1 |
| Personal Exemptions..... | C-2 | ROTH IRA, Contribution | D-22, E-5 | Taxes You Paid..... | F-6 |
| Personal Representative | K-22 | Routing Numbers..... | K-14 | Tax-exempt Interest | D-14 |
| PIN Guidelines..... | K-21 | Royalty Income | D-53 | Taxpayer Civil | |
| Points paid..... | F-7 | Sale of a Home..... | D-41 | Rights | Inside back cover |
| Power of Attorney | K-24 | Sale of Stock | D-37 | TaxSlayer® Entries | D-3 |
| Practitioner PIN Guidelines | K-21 | Sales Tax | F-5 | Temporary absence | C-5 |
| Preparing a Tax Return..... | K-7 | Savings Bond with Refund | K-15 | Tie-breaker | C-4 |
| Printing the Return | | Schedule | | Tips..... | D-9 |
| TaxSlayer Pro Online..... | N-7, N-14 | A..... | F-5 | Transportation Expense..... | F-12 |
| Prior Year Returns | M-3 | A Detail..... | F-7 | Travel Expenses | F-9 |
| Prisoner Earned Income..... | D-45 | B..... | D-12 | Tuition Fees | J-4 |
| Property Taxes..... | F-6 | C..... | D-30, D-32 | Unmarried Parents, | |
| Pro Online Home | N-1 | C-EZ..... | D-30, D-33 | Children of..... | C-8 |
| Publication | | D..... | D-36 | Unreported Social Security | |
| 4731 | D-46, D-50, D-51 | E..... | D-56 | and Medicare Tax | H-1 |
| 4885 | E-4 | EIC | I-6 | Vehicle Registration Tax | F-5 |
| Qualifying Child | C-3 | K-1..... | D-53 | Volunteer | |
| Child Tax Credit | G-8, G-9 | R..... | G-11 | Agreement | Inside front cover |
| EIC | I-2 | Scholarships and | | Wages | D-6 |
| For EIC..... | I-4 | Grants | D-45, J-1 | What's New..... | New-1 |
| Interview Tips | C-5 | Scope of Service | 9 | Where's My Refund | P-8 |
| Of More Than One Person | C-4 | Section 121 Exclusion | D-50 | Who Must File | |
| Qualifying Relative..... | C-3 | Self-employed Transportation | | Children..... | A-2 |
| Interview Tips | C-6 | Expenses | F-12 | Dependents..... | A-2 |
| Quality Review..... | K-26 | Separated Parents, | | Most People | A-1 |
| Quality Site Requirements..... | 12 | Children of..... | C-8 | Other Situations | A-3 |
| Railroad Retirement..... | D-26 | Setting up TaxSlayer Pro Online | N-1 | Who Should File | A-3 |
| Real Estate Taxes..... | F-6 | Signatures | K-23 | Withholding..... | K-18 |
| Recordkeeping, | | Child's Return..... | K-23 | On 1099-B..... | D-13 |
| Business Travel | F-13 | Deceased Taxpayer..... | K-23 | | |
| Refund | | Simplified Method | D-19 | | |
| Direct Deposit..... | K-14 | Social Security Benefits..... | D-27 | | |
| Savings Bond | K-15 | Split Refund | K-15 | | |
| Split | K-15 | Standard Deduction..... | F-1 | | |
| Refund of State Income Tax | D-11 | For Dependents | F-2 | | |
| Reject Codes..... | Q-7 | For Over 65 or Blind..... | F-2 | | |

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2016 Publication 4491, Link & Learn Taxes

| What's New | |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| vii | Add the following: ITINs will be renewed using the original issuance date, and taxpayer will be allowed to claim CTC and AOTC credits for any gap years that returns were not filed. |
| viii | Text reflow due to change on previous page. |

| Affordable Care Act | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3-3 | Add a TIP: Notice 2016-70 extends the due date for certain 2016 information-reporting requirements. Specifically, this notice extends the due date for furnishing to individuals the 2016 Form 1095-B, Health Coverage, and the 2016 Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, from January 31, 2017 to March 2, 2017. |
| 3-4 | Last sentence under heading Short Coverage Gap: Change the word October to November |
| 3-5 | Replace the text after the heading Unaffordable Coverage with: The required contribution is more than 8.13% of household income. |
| 3-6 | Under the heading What is the Shared Responsibility Payment? change the last sentence of the 6th paragraph to: The resulting amount is capped at the National Average Bronze Plan Premium. |
| 3-9 | No change. |
| 3-10 | Delete the second-to-last sentence in the last paragraph. |

Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.

| Income – Business; Form 1040, Line 12 | |
|---------------------------------------|------------------------------|
| Link & Learn Taxes Slide 22 | The correct answer is \$2520 |

- Taxpayers claiming the American opportunity credit must now have an SSN or an ITIN by the due date of the tax return (including extensions). Further, the student claimed for the credit must have an SSN, an ITIN, or an Adoption Taxpayer Identification Number (ATIN) by the due date (including extensions). **Taxpayers cannot make retroactive claims for the credit for a period that the taxpayer and student did not have a required identification number.**
- Taxpayers claiming the **child tax credit** must now have an SSN or an ITIN by the due date of the tax return (including extensions). Further, the child claimed for the credit must have an SSN, an ITIN, or an ATIN by the due date (including extensions). **Taxpayers cannot make retroactive claims for the credit for a period that the taxpayer did not have a required identification number.**
- Employer Identification number required for taxpayers claiming the American opportunity tax credit.
- Under the PATH Act, any ITIN that is not used on a federal tax return for three consecutive tax years, either as the ITIN of an individual who files the return or as the ITIN of a dependent included on a return, will expire on December 31 of the third consecutive tax year of nonuse. For example, an individual applied for and received an ITIN in 2015 that is used in 2015 on the individual's 2014 federal income tax return. If the individual does not file or is not claimed as a dependent on a tax return in 2016, 2017, and 2018, the ITIN will expire on December 31, 2018. This rule applies to all ITINs regardless of when the ITIN was issued.
- ITINs issued prior to January 1, 2013 that have been used on a tax return in the last three consecutive years are set to expire based on a multi-year schedule. Under the PATH Act, this schedule is based on the date that an ITIN was issued. However, many ITIN holders may not know when their ITIN was issued and previously had no reason to keep a record of the date an ITIN was issued. To simplify the renewal process and allow for the effective administration of the program, the IRS will administer the renewal of ITINs on a schedule that is different from the schedule in the PATH Act. The IRS will renew ITINs based upon the fourth and fifth digits (middle digits) in the ITIN. ITINs that contain the middle digits of 78 or 79 will no longer be in effect beginning January 1, 2017. The expiration and renewal schedules for ITINs with middle digits other than 78 or 79 will be announced in future guidance. See Notice 2016-48 for more information. ITINs will be renewed using the original issuance date, and taxpayer will be allowed to claim CTC and AOTC credits for any gap years that returns were not filed.
- Adds credit disallowance period for child tax credits or American opportunity tax credits improperly claimed. Requires taxpayers to demonstrate eligibility after the CTC or AOTC is disallowed using deficiency procedures (existing requirement for EITC).
- 20% penalty on erroneous claims on refundable portion of credits.
- Higher education information reporting only include qualified tuition & related expenses actually paid. Applies to expenses paid after December 31, 2015. Following the enactment of PATH, numerous eligible educational institutions informed the IRS that implementation of the law change will require computer software reprogramming and other changes that cannot be implemented in time to meet the applicable filing and furnishing due dates for Form 1098-T for calendar year 2016. In light of this, the IRS will not impose penalties with respect to 2016 Forms 1098-T solely because the eligible educational institution reports the aggregate amount billed for qualified tuition and related expenses for the 2016 calendar year. Thus, eligible educational institutions will continue to have the option of reporting either the amount of payments of qualified tuition and related expenses received or the amount of qualified tuition and related expenses billed for the 2016 calendar year without being subject to penalties.
- Expands definition of qualified higher education expenses for 529 plans to include computer equipment and technology.
- ABLE accounts to be established in any state.



EXERCISES

Please use the Minimum Essential Coverage Chart in Publication 4012, ACA tab, and this text to answer the following questions.

Question 1: Sandy is covered under health insurance offered by her spouse's employer. Does she have MEC? Yes No

Question 2: Keith and Kathy are married with dependent children. Must they all be covered under the same policy or plan to have MEC? Yes No

Question 3: James is retired and too young to be eligible for Medicare. He received his health coverage through a retiree health insurance plan offered by his former employer. Is the retiree plan MEC? Yes No

Question 4: Valerie is a local government employee and she enrolls in group health insurance coverage offered by her employer. Does she have MEC? Yes No

Question 5: Jessie is 20 years old, going to school full-time and working to support herself (she provides more than half of her own support), although Jessie still lives with her parents. Is Jessie responsible for her health coverage under ACA? Yes No

Question 6: (Continuing from Question 5) If Jessie's parents provided more than half of Jessie's support, are they responsible for Jessie's health coverage under ACA? Yes No

How do I know if taxpayers have MEC?

While conducting an interview with taxpayers using Form 13614-C, Intake/Interview & Quality Review Sheet, you will determine whether taxpayers, their spouse (if filing a joint return), and their dependents had MEC for the entire year, part of the year, or not at all. Taxpayers may have insurance cards or receive Forms 1095-A, 1095-B, or 1095-C from the Marketplace, their insurance provider, or employer. These forms may indicate the taxpayer or a member of the tax household had MEC for some or all months during the year, but volunteers should rely primarily on their interview with the taxpayer.

Form 1095-A, Health Insurance Marketplace Statement

- The Health Insurance Marketplace sends this form to individuals who enrolled in coverage through the Marketplace. The form includes information about the coverage, who was covered, and when.

Form 1095-B, Health Coverage

- Health insurance providers send this form to individuals they cover, with information about who was covered and when (e.g., private insurers, Medicaid, Medicare, etc.).

Form 1095-C, Employer-Provided Health Insurance Offer and Coverage

- Certain large employers send this form to certain employees, with information about what coverage the employer offered. Employers that offer health coverage referred to as "self-insured coverage" send this form to individuals they cover, with information about who was covered and when. Note that the offer amounts shown on Form 1095-C are for employee-only coverage. If the employer made an offer for spousal or family coverage, the taxpayer will need to provide those offer amounts.



Notice 2016-70 extends the due date for certain 2016 information-reporting requirements. Specifically, this notice extends the due date for furnishing to individuals the 2016 Form 1095-B, Health Coverage, and the 2016 Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, from January 31, 2017 to March 2, 2017.

The deadline for the marketplaces, insurers, other coverage providers, and certain employers to provide these forms to taxpayers is January 31. Taxpayers expecting to receive a Form 1095-A should wait to file their income tax return until they receive that form. Some taxpayers may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their tax return. While the information on these forms may assist in preparing a return, they are not required; it is not necessary to wait for Forms 1095-B or 1095-C in order to file. These forms may indicate the taxpayer or a member of the tax household had MEC for some or all months during the year, but volunteers should rely primarily on their interview with the taxpayer.

TIP

Be sure to complete the ACA preparer section of Form 13614-C, Intake/Interview & Quality Review Sheet. Note MEC and coverage exemptions as applicable for the taxpayer, spouse, and dependents.

What are the health coverage exemptions?

Members of the tax household may be eligible to claim an exemption from the requirement to have MEC. Some exemptions apply to the entire tax household for the tax year:

- Household income below the return filing threshold – The taxpayer’s household income is below the taxpayer’s minimum threshold for filing a tax return. Include the Modified Adjusted Gross Income (as defined in the glossary) of any dependent who has a filing requirement.
- Gross income below the filing threshold – Gross income of taxpayer (and spouse if Married Filing Jointly) is below the filing threshold (do not include income of dependents).

The following exemptions apply to each member of the tax household individually and generally apply on a monthly basis:

- **Short coverage gap** – The individual went without coverage for **less than** three consecutive months during the year. The exemption is only valid for a 1- or 2-month gap in insurance coverage, which can be sandwiched in between months of coverage or other types of exemptions. For example, if someone was incarcerated in March through the end of the year, they could claim the gap exemption for January and February and then claim the incarceration exemption for March through December.

There is a look-back rule for gaps of coverage at the start of the year. In order to claim the short coverage gap exemption, you must consider gaps at the end of the prior year. So someone without coverage from October 2015 through February 2016 (who is not eligible for another exemption for October through December 2015) does not qualify for the coverage gap exemption for tax year 2016 since it was not less than 3 months. There is no “look forward rule” at the end of the tax year, so gaps from November 2016 through January 2017 would qualify for the exemption for tax year 2016.

- **Citizens living abroad and certain noncitizens** – The individual was:
 - A U.S. citizen or resident who spent at least 330 full days outside of the U.S. during a 12-month period;
 - A U.S. citizen who was a bona fide resident of a foreign country or U.S. territory;
 - A resident alien who was a citizen of a foreign country with which the U.S. has an income tax treaty with a nondiscrimination clause, and was a bona fide resident of a foreign country for the tax year;
 - A nonresident alien; or
 - Not a U.S. citizen, not a U.S. national, and not an individual lawfully present in the U.S. For more information about who is treated as lawfully present for purposes of this coverage exemption, visit www.healthcare.gov.
- **Incarceration** – The individual was in a jail, prison, or similar penal institution or correctional facility after the disposition of charges. Does not include time in jail pending disposition of charges (being held but not convicted of a crime), time in probation, parole, or home confinement.

- **Resident of a state that did not expand Medicaid** – Taxpayer’s household income was below 138% of the federal poverty line for the family size and at any time in 2016 the individual resided in a state that didn’t participate in the Medicaid expansion under the Affordable Care Act.
- **Member of tax household born, adopted, or died** – During 2016, a child was added to a taxpayer’s household by birth or adoption, or a member of the tax household died during the year, and the taxpayer cannot check the full-year coverage check-box on the tax return.
- **Members of federally recognized Indian tribes** – The individual was a member of a federally recognized Indian tribe, including an Alaska Native Claims Settlement Act (ANCSA) Corporation Shareholder (regional or village), or was otherwise eligible for services through an Indian health care provider or the Indian Health Service.
- **Unaffordable coverage** – The required contribution is more than 8.13% of household income.
- **Aggregate self-only coverage considered unaffordable** – Two or more family members’ aggregate cost of self-only employer-sponsored coverage was more than 8.13% of household income, as was the cost of any available employer-sponsored coverage for the entire family.



See Publication 5157-A, Affordable Care Act – Taxpayer Scenarios, for detailed instructions on claiming the affordability exemptions.

There are other coverage exemptions granted by the Marketplace:

- **General hardship** – Taxpayers experienced hardships that prevented them from obtaining coverage under a qualified health plan. Refer to the Volunteer Resource Guide, ACA tab, for a complete list of hardships identified by the Marketplace.
- **Members of certain religious sects** – The individual was a member of a religious sect in existence since December 31, 1950, that is recognized by the Social Security Administration (SSA) as conscientiously opposed to accepting any insurance benefits, including Medicare and Social Security.
- **Coverage considered unaffordable based on projected income** – Taxpayer did not have access to coverage that is considered affordable based on the taxpayer’s projected household income.

If taxpayers think they qualify for a coverage exemption, how do they obtain it?

How taxpayers can receive a coverage exemption depends upon the type of exemption for which they are eligible. Some exemptions are granted only by the Marketplace, others are claimed only on a tax return, and some exemptions may be obtained from the Marketplace or claimed on the tax return.

Taxpayers whose gross income is below their applicable minimum threshold for filing a federal income tax return are exempt from the individual shared responsibility provision and are not required to file a federal income tax return to claim the coverage exemption. However, if the taxpayer files a return anyway (for example, to claim a refund), he or she can claim a coverage exemption with his or her tax return.



Some Marketplace exemptions based on hardship may be retroactive.

Coverage exemptions are claimed on Form 8965, Health Care Coverage Exemptions.

How are health care coverage exemptions reported?

Taxpayers who are granted a coverage exemption from the Marketplace will receive exemption certificate numbers (ECNs) from the Marketplace. Enter their ECNs in Part I (Marketplace-Granted Coverage Exemptions for Individuals) of Form 8965, column c. Taxpayers will use Part II (Coverage Exemptions for Your Household Claimed on Your Return) of Form 8965 to claim a coverage exemption based on household or gross income below the filing threshold. All other coverage exemptions may be claimed in Part III (Coverage Exemptions for Individuals Claimed on Your Return) of Form 8965. Use a separate line for each individual and exemption type claimed on the return.

TIP

If the Marketplace has not processed an individual application for a coverage exemption before the tax return is filed, complete Form 8965, Part I and enter “pending” in column c for each applicable individual.

**EXERCISES** (continued)

Question 7: Randy was covered by Medicaid until February 23rd. He started a new job and his employer-sponsored health coverage started on May 1st. Does an exemption apply? Yes No

What is the shared responsibility payment (SRP)?

If a taxpayer (or anyone the taxpayer can claim as a dependent) doesn't have MEC and doesn't qualify for a coverage exemption, they will need to make an SRP when filing their tax return.

The software will compute the SRP based on the entries you make. The payment computation, to put it as simply as possible, is the greater of a percentage of income or a flat dollar amount, but no more than the national average premium for bronze level coverage.

The percentage of income amount is the percentage of the excess portion of household income over the federal income tax filing threshold for the primary tax filer (or joint filers) in the family. The percentage increases to 2.5% for 2016 and is adjusted for years after 2016.

The “flat dollar amount” is \$695 for tax year 2016. After that, a cost-of-living adjustment will apply to the flat dollar amount each year. These figures are halved if the individual without coverage is under age 18 as of the beginning of the month.

The maximum flat dollar amount for a family cannot exceed 300% of the amount for one adult no matter how many dependents are in the family. For 2016, it's \$2,085 per household or \$695 x 3.

Compare the flat dollar amount and the income percentage amount and use the greater of the two amounts. The resulting amount is capped at the National Average Bronze Plan Premium.

The individual shared responsibility payment is the greater of the flat dollar amount or the percentage of income amount, but never more than the national average premium for the bronze level plan.

This ensures that the payment amount is never more than the approximate cost of basic coverage for a year.

In the example below, determine the SRP due for 2016. These amounts will be indexed for inflation for years after 2016.



EXERCISES (continued)

Question 8: Jocelyn and Larry file jointly and claim their child, Hank. Hank has a part-time job and earns \$5,000. Hank will file a return to get a refund of the tax that was withheld from his paychecks.

Will Jocelyn and Larry include Hank's \$5,000 as part of their Household Income for ACA purposes?

Yes No

Question 9: (Continuing from Question 8) If Hank earned \$7,000, would Jocelyn and Larry include Hank's income as part of their Household Income for ACA purposes? Yes No

In general, only taxpayers and families whose household income for the year is between 100 percent and 400 percent of the FPL for their family size may be eligible for the PTC. A taxpayer who meets these income requirements must also meet the other eligibility criteria to claim PTC.

TIP

Please see the Volunteer Resource Guide, ACA tab, for the current year Poverty Guidelines.

Are taxpayers allowed a PTC for all enrolled family members?

A taxpayer is allowed a PTC only for months that a member of the taxpayer's tax family is (1) enrolled in a policy offered through the Marketplace and (2) not eligible for minimum essential health coverage (other than individual market coverage) for one or more months of enrollment. Also, the taxpayer is not allowed a PTC for a month unless the portion of the enrollment premiums for which the taxpayer is responsible has been paid by the unextended due date of the taxpayer's return. The taxpayer's tax family consists of the taxpayer, the taxpayer's spouse if filing jointly, and all other individuals for whom the taxpayer claims a personal exemption deduction. The tax family members who meet the above two requirements (enrolled in coverage through the Marketplace and not eligible for other MEC) are the taxpayer's "coverage family." The importance of the tax family and coverage family in computing the PTC is explained later.

Are taxpayers allowed a PTC if offered coverage from an employer?

Generally, a person who is eligible for employer-sponsored coverage is not eligible for a PTC for coverage purchased in the Marketplace for those months, even if he or she turns down the employer's coverage. This includes the employee or a family member of the employee who is eligible to enroll in the employer coverage as a result of a relationship to the employee. A person may be eligible for a PTC despite an offer of employer coverage if the employer's coverage is unaffordable or fails to meet a minimum value standard (employers will provide employees with information concerning whether the minimum value standard is met).

In general, Marketplace determines whether the employer coverage is affordable by comparing the employee's cost of the employer coverage for self-only coverage to household income. If for 2016, the employee's cost for the employer coverage is more than 9.66 percent of household income, the Marketplace will conclude that the employer coverage is unaffordable. The affordability test used by the Marketplace for family members who are eligible for coverage from the employer is the same as the test for an employee (compare the cost of the employee's self-only coverage to household income). However, if a Marketplace determines that, based on projected household income, the employer coverage would be unaffordable (this determination is made when the Marketplace determines whether an individual is eligible by, for example, granting APTC), the employer coverage is considered unaffordable for the employer's plan year even if it would have been affordable based on the household income reported on the tax return. This is referred to as the employee safe harbor.

If a household member actually enrolls in the employer plan, he or she is ineligible for a PTC for the months of enrollment, regardless of the affordability or minimum value of the plan. That means that a PTC is not allowed for this individual's coverage for the months the individual is enrolled in employer coverage.

example

Cedric is single and has no dependents. When enrolling through the Marketplace during open enrollment, Cedric was not eligible for employer-sponsored coverage.

In August of the tax year, Cedric began a new job and became eligible for employer-sponsored coverage on September 1st. Since Cedric became eligible for employer-sponsored coverage on September 1st, he may be able to claim a PTC only for the months January through August.

example

Maria is single and has no dependents. Her employer offers health insurance, but she didn't enroll because she felt it was too expensive. The Marketplace determined that the employer offer was not affordable, and Maria enrolled in Marketplace coverage and received APTC. At the end of the year, she received both a Form 1095-A from the Marketplace and a Form 1095-C from her employer indicating that the coverage was affordable. Because of the employee safe harbor rule, Maria is not considered eligible for the employer coverage because in good faith she provided the Marketplace information about her employer offer that was determined to be unaffordable.

Are taxpayers allowed the PTC if they are eligible for coverage through a government-sponsored program?

An individual eligible for coverage through a government-sponsored program such as Medicaid, Medicare, CHIP or TRICARE, is not a member of the coverage family for the months in which the individual is eligible for government-sponsored coverage. Therefore, a PTC is not allowed for this individual's coverage for the months the individual is eligible for the government-sponsored coverage. However, an individual is treated as not eligible for Medicaid, CHIP, or a similar program for a period of coverage under a qualified health plan if, when the individual enrolls in the qualified health plan, the Marketplace determines or considers the individual to be not eligible for Medicaid or CHIP.

If a Marketplace makes a determination or assessment that an individual is ineligible for Medicaid or CHIP and eligible for APTC when the individual enrolls in a qualified health plan, the individual is treated as not eligible for Medicaid or CHIP for purposes of the premium tax credit for the duration of the period of coverage under the qualified health plan (generally, the rest of the plan year). Accordingly, if the taxpayer was enrolled in both Medicaid coverage and in a qualified health plan for which APTC were made for one or more months of the year following a Marketplace determination or assessment that they were ineligible for Medicaid, the taxpayer can claim the PTC for these months, if otherwise eligible. The Marketplace may periodically check state Medicaid data to identify consumers who may be dual-enrolled, and direct them to return to the Marketplace to discontinue their APTC. If you believe that the taxpayer may currently be enrolled in both Medicaid and a qualified health plan with advance credit payments, you should advise the taxpayer to contact the Marketplace immediately.

A taxpayer may have a limited time to obtain Medicare, during which time they remain eligible for PTC. See Publication 974 for details.

If APTC is being paid for coverage in a qualified health plan and the taxpayer becomes eligible for government coverage that is effective retroactively (such as Medicaid or CHIP), the taxpayer will not be considered eligible for the government coverage until the following month after the date of approval. The taxpayer can get the PTC for coverage until the first day of the first calendar month after he or she is approved for the government coverage

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2016 Publication 4011, Foreign Student and Scholar Volunteer Resource Guide

| Publication 4011 | |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | <p>Change the note under the definition of Individual Taxpayer Identification Number (ITIN) to:</p> <p>All ITINs not used on a federal tax return at least once in the last three years will no longer be valid for use on a tax return as of Jan. 1, 2017. Additionally, all ITINs issued before 2013 will begin expiring this year, starting with those with middle digits of 78 and 79 (Example: (9XX-78-XXXX). Expired ITINs must be renewed in order to avoid delays in processing the tax return. For more information, visit www.irs.gov/itin.</p> |
| 24 | <p>Change the last box in the “Then” column to:</p> <p>All ITINs not used on a federal tax return at least once in the last three years will no longer be valid for use on a tax return as of Jan. 1, 2017. Additionally, all ITINs issued before 2013 will begin expiring this year, starting with those with middle digits of 78 and 79 (Example: (9XX-78-XXXX).</p> <ul style="list-style-type: none"> Expired ITINs must be renewed in order to avoid delays in processing the tax return. For more information, visit www.irs.gov/itin. |

Corrected pages not available.

2016 Form 6744 VITA/TCE Volunteer Assistor’s Test/Retest

| Form 6744 | |
|-----------|----------------------------------------------------------------------------------------------------------------------|
| 181 | <p>Foreign Student Test question 14, change answers C (correct) and D:</p> <p>C. Line 1a and 1b</p> <p>D. Line 2</p> |
| 182 | No change. |
| 191 | <p>Foreign Student Test question 32, change to:</p> <p>What amount is entered on line 13 of Form 1040NR-EZ?</p> |
| 192 | No change. |

Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.

Scenario 1: Tao X. Ku Test Questions

Directions

To answer the following multiple choice questions, refer to the Form 8843 you completed for Tao X. Ku.

14. On what line should Tao report his most current immigration status?
 - a. Leave blank
 - b. Line 1a only
 - c. Line 1a and 1b
 - d. Line 2

15. On line 4b, how many days of exempted presence did Tao have for 2016?
 - a. 153
 - b. 366
 - c. 0

16. What sections will Tao need to complete?
 - a. Parts I and III
 - b. Parts I, II, and III
 - c. Part III only
 - d. Part I only

17. What is the due date of Tao's Form 8843 for tax year 2016?
 - a. April 18, 2017
 - b. June 15, 2017
 - c. October 16, 2017
 - d. December 31, 2017

Introduction

This segment of the VITA/TCE certification test includes 7 true/false and 14 scenario-based multiple choice questions on taxability of income, ITINs, and credits.

Allow approximately 45 minutes to complete this segment.

- 18.** Valda, who is a nonresident alien and is in the United States in J-1 immigration status, spent \$4,000 on qualifying tuition and educational expenses. She is eligible to claim an education credit on her tax return.
- a. True
 - b. False
- 19.** Hammond received \$182 of interest on his personal bank account. He is an international student from Hong Kong in F-1 immigration status. He arrived in the United States in 2016. Hammond's interest income is taxable.
- a. True
 - b. False
- 20.** Loren and Bob are a married nonresident alien couple. Both are in the U.S. in F-1 immigration statuses and arrived in 2016. They paid \$1,500 in child care expenses for their child who was born in the United States and is a U.S. citizen. They can file and claim these expenses on a joint U.S. tax return.
- a. True
 - b. False
- 21.** Mei is in J-1 student immigration status from the People's Republic of China. She earned \$4,995 in wages in 2016. Her wages are reported to her on Form 1042-S (box 1, Income Code 20). Mei will not have to report these as taxable wages.
- a. True
 - b. False
- 22.** Ron is here in J-1 student immigration status as of August 1, 2016. Under the terms of his visa, he is permitted to work in the U.S. Ron must request an ITIN to report his income.
- a. True
 - b. False

Scenario 3: Vadin Patel Test Questions

Directions

To answer the following questions, refer to the Form 1040NR-EZ you completed for Vadin Patel.

- 30.** What amount is entered on line 3 of Form 1040NR-EZ?
- a. \$21,000
 - b. \$20,100
 - c. \$0
 - d. \$27,200
- 31.** What amount is entered on line 11 of Form 1040NR-EZ?
- a. \$900
 - b. \$6,200
 - c. \$6,300
 - d. \$10,150
- 32.** What amount is entered on line 13 of Form 1040NR-EZ?
- a. \$16,900
 - b. \$2,100
 - c. \$2,700
 - d. \$4,050
- 33.** What amount is entered on line 18a of Form 1040NR-EZ?
- a. \$900
 - b. \$0
 - c. \$2,900
 - d. \$3,800
- 34.** What is the amount of the refund on Form 1040NR-EZ?
- a. \$2,900
 - b. \$900
 - c. \$815
 - d. \$830

Scenario 4: Sumon Azim

Use the following information to prepare Form 1040NR-EZ.

Sumon Azim is a resident of Bangladesh (visa number 987654321). He arrived in the United States in F-1 immigration status on September 1, 2015 as a full-time student. Sumon is 27 years old and single. His address in Bangladesh is 15 Charity Street, Bhola.

Sumon has not taken any affirmative steps to apply for permanent residence in the United States.

He will not be taxed by the Bangladesh government on the income he has earned in the United States. Assume Sumon has already completed his Form 8843, and prepare his federal income tax return with the following Form W-2. College Town University reports all student income on Form W-2. They do not issue Forms 1042-S.

After completing the required tax form, review the scenario and resource materials, and answer each of the test questions.

| | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------|------------------|
| a Employee's social security number XXX-XX-XXXX | | Safe, accurate, FAST! Use  | | Visit the IRS website at www.irs.gov/efile | |
| b Employer identification number (EIN) XX-XXXXXXX | | 1 Wages, tips, other compensation 11,560.00 | 2 Federal income tax withheld 780.00 | | |
| c Employer's name, address, and ZIP code COLLEGE TOWN UNIVERSITY 23 SOUTHWEST STREET COLLEGE TOWN, VA 23000 | | 3 Social security wages | 4 Social security tax withheld | | |
| | | 5 Medicare wages and tips | 6 Medicare tax withheld | | |
| | | 7 Social security tips | 8 Allocated tips | | |
| d Control number | | 9 | 10 Dependent care benefits | | |
| e Employee's first name and initial Last name Suff. SUMON AZIM 10 MAIN STREET INTERNATIONAL STUDENT HALL COLLEGE TOWN, VA 23000 | | 11 Nonqualified plans | | 12a See instructions for box 12 | |
| | | 13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | | 12b | |
| | | 14 Other | | 12c | |
| | | | | 12d | |
| f Employee's address and ZIP code | | | | | |
| 15 State Employer's state ID number VA XX-XXXXXXX | 16 State wages, tips, etc. 11,560.00 | 17 State income tax 110.00 | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |

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

2016

Department of the Treasury—Internal Revenue Service

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

2016 Publication 4189, VITA/TCE Volunteer Test/Retest Answers

| Publication 4189 | |
|------------------|----------------------------------------------------------------|
| A-5 | Foreign Student Test question 21: Change answer from B to A |
| A-6 | No change. |

Corrected pages not available.

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