

Get Right With Your Taxes

Facilitator's Guide for Prisoner Re-entry Educational Program



 **LIFECYCLE**SERIES

Estimated Time: 15 minute video presentation, optional question and answer session as time allows

Methods of Instruction: DVD video presentation with optional question and answer session

Participant Materials: "Get Right With Your Taxes" Brochure, Publication 4925

Equipment and Supplies: Computer with DVD player, data show projector, screen, and speakers for adequate sound or TV/DVD combination

Facilitator References:

- **Publication 4924**, Facilitator's Guide
- **Publication 4931(DVD)**, Get Right With Your Taxes" DVD
- **Publication 4925**, Get Right With Your Taxes" Brochure

Other Optional References:

Additional information about the topics discussed in the video can be found in the following optional forms and publications, available at **www.irs.gov**.

- **Publication 334**, Tax Guide for Small Business
- **Publication 505**, Tax Withholding and Estimated Tax
- **Publication 525**, Taxable and Nontaxable Income
- **Publication 583**, Starting a Business and Keeping Records
- **Publication 17**, Your Federal Income Tax (For Individuals).
- **Publication 1779**, Independent Contractor or Employee
- **Form 4506-T**, Request for Transcript of Tax Return
- **Form SS-8**, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding
- **Form W-4**, Employee's Withholding Certificate
- **Small Business Taxes: The Virtual Workshop**

Target Audience: Prisoners in the re-entry educational program

Pre-requisite: Please familiarize yourself with the "Get Right With Your Taxes", Publication 4931(DVD) video, prior to showing it to your audience. You may choose to show the video in its entirety, or you may want to pause it at certain points between topics to elaborate, discuss or take questions. Additionally, review the "Get Right With Your Taxes" brochure, Publication 4925, as well as this guide, including the Frequently Asked Questions. Facilitators should also coordinate technology for audience viewing of the video.

Overview: This session will include the viewing of the "Get Right With Your Taxes", Publication 4931(DVD) video, followed by an optional question and answer session. The purpose of this presentation is to educate the prisoners in the re-entry educational program about their tax responsibilities.

Objectives:

- Introduce the societal benefits of paying tax
- Identify the individual benefits of filing a tax return
- Identify resources helpful in filing tax returns
- Discuss tax credits and other benefits*

- Review the tax effects of being an employee or an independent contractor
- Discuss the implications of tax avoidance schemes
- List payment options available to you if you owe taxes

*Please note, the dollar amounts mentioned in the “Get Right With Your Taxes”, Publication 4931(DVD) are based on the 2010 Earned Income Tax Credit (EITC) threshold. Earned income limits and the maximum credit amount are adjusted each year.

Notes to Facilitator: Here are some helpful hints to assist you during this training session:

- Set up for the proper number of participants in advance of the session
- Order copies of the “Get Right With Your Taxes” Brochure, Publication 4925, for all participants
- Make photocopies of the Frequently Asked Questions (FAQ) pages from this guide for all participants (optional)
- Test equipment prior to the start of the presentation
- State or display objectives
- Conduct a question and answer session using the Frequently Asked Questions resource found on pages 3-5 of this guide (optional).

Role of the Facilitator: The facilitator’s role is to help participants explore the reasons for and benefits of tax compliance. The following are suggestions that may help you with this delivery:

- Welcome participants to the educational session, “Get Right With Your Taxes”
- Make an introductory or opening statement that covers the objectives of the training session
- Distribute the accompanying brochure, and FAQs (if desired) to participants at the beginning of the program
- Remain neutral
- Allow all participants to discuss issues openly and candidly without interjecting negative opinions
- If questions are raised or additional assistance is needed, contact your local IRS representative or send an e-mail to: partner@irs.gov

Suggested Outline for Delivery:

- I. Welcome
- II. Distribute Handouts
- III. Opening statement
 - Expectations
 - State objectives
- IV. Show video – If desired, pause between topics to elaborate, discuss or take questions.
- V. Question and Answer session
- VI. Closing – Review objectives, re-emphasize importance of tax responsibilities, refer participants to the additional resources listed in the “Get Right With Your Taxes” Brochure, Publication 4925.

Provide Feedback:

Your comments or suggestions about any of the prisoner re-entry products are welcomed and will be considered in future revisions of the materials. Please send your feedback to partner@IRS.gov. Be sure to include the title or publication number of the product in your e-mail.

FREQUENTLY ASKED QUESTIONS

1. QUESTION: I was incarcerated 2 years ago. The year I was incarcerated I worked 2 months but never filed a federal tax return and do not have any documents to show that I worked. What should I do?

ANSWER: If your former employer cannot provide the information, you should request a copy of your Form W-2, Wage and Tax Statement, or Form 1099-NEC, Nonemployee Compensation, from the IRS for the year you worked. There are several options to obtain this information: download Form 4506-T, Request for Transcript of Tax Return, from www.irs.gov, call 1-800-829-1040, or visit the IRS Taxpayer Assistance Center near you. Once you receive all of the forms, you can take advantage of one of the free resources to file your return.

2. QUESTION: How do I get a copy of a tax return I previously filed?

ANSWER: There are several options. The IRS can provide a tax return transcript for many returns free of charge. The transcript provides most of the line entries from the original tax return and usually contains the information that a third party (such as a mortgage company) requires. To request a transcript online, go to www.irs.gov, Keyword, "Transcript". To order by phone, call 1-800-908-9946 and follow the prompts in the recorded message. To order by mail or fax, use Form 4506-T, Request for Transcript of Tax Return.

If you need a copy of your Form 1040 and all attachments as originally submitted to the IRS, use Form 4506, Request for Copy of Tax Return. There is a fee for each return when using this form.

3. QUESTION: Before I was incarcerated I owed the IRS money for back taxes. I cannot pay the money. What should I do?

ANSWER: The first thing you should to do is call 1-800-829-1040 and talk to a customer representative. He or she will discuss your payment options based on your current financial situation. Several options are available to you including:

- a. An Installment Agreement to pay off the balance due over a specified period of time.
- b. An Offer in Compromise which allows you to make an offer of a lesser amount. If the amount is accepted by IRS you will not owe the rest of the money unless you do not continue to meet future filing requirements.
- c. If it is determined that your current financial situation does not allow you to make payments, they may temporarily suspend collection on the account, however interest and the failure-to-pay penalty continue to accrue.

4. QUESTION: What if I believe I do not owe the amount the IRS states that I owe?

ANSWER: You can contact 1-800-829-1040 to discuss how the IRS calculated your balance due. If a discrepancy exists, the representative will advise you how to correct it. You may need to file an amended return, an appeal, or take some other action. If you cannot get the matter resolved and need additional help you can contact the Taxpayer Advocate Office (1-877-777-4778) or a Low Income Taxpayer Clinic (check www.irs.gov or 1-800-829-1040 to determine if a Low Income Taxpayer Clinic is in your area).

FREQUENTLY ASKED QUESTIONS (CONTINUED)

5. QUESTION: My employer is paying me cash and I do not get any pay stubs or tax documents. What should I do about my taxes?

ANSWER: Generally, payments you receive for providing services are taxable and should be included in your income unless specifically exempted by law. Income that is taxable must be reported on your return and is subject to tax even if your employer does not provide you with tax documents, such as a Form W-2, Wage and Tax Statement. See Publication 525, Taxable and Nontaxable Income, for more information.

6. QUESTION: My employer is not withholding income taxes from my wages. What should I do?

ANSWER: If no income tax is withheld from your wages, you may owe tax at the end of the year, or risk owing penalties for paying too little tax upfront. If you submitted a Form W-4, Employee's Withholding Certificate, when you started working, your employer should be using the information from this form to determine the amount of federal income tax to withhold from your pay. You should use the IRS Tax Withholding Estimator on www.irs.gov to help you figure out the amount you should be having withheld and see if you need to submit a new Form W-4 to your employer. Visit www.irs.gov or call 1-800-829-3676 to get a copy of Form W-4.

If the business you do work for did not ask you to complete a Form W-4, Employee's Withholding Certificate, then they are most likely treating you as an independent contractor and should give you a Form 1099-NEC, Nonemployee Compensation, at year end. Basically, this means that you're self-employed and are responsible for paying all of your own taxes – federal, state, Social Security and Medicare. You'll be expected to make estimated tax payments to the IRS every three months.

For additional information about worker classification, refer to IRS Publication 1779, Independent Contractor or Employee. If you think you are being misclassified, a Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, can be filed to ask the IRS to verify your worker status for federal tax purposes. Visit www.irs.gov or call 1-800-829-3676 to get a copy of Form SS-8 or Publication 1779. For more information on worker classification or Form SS-8, visit www.irs.gov or call 1-800-829-1040.

7. QUESTION: What are the benefits of filing a tax return?

ANSWER: No one likes to pay taxes, but it is the price we all pay to live in this great nation. First, it is a legal obligation if your income meets the filing requirements. But there are also benefits to filing. You may be entitled to certain tax credits (such as the Earned Income Tax Credit and Additional Child Tax Credit) and receive a refund from these credits and the taxes withheld from your paychecks only if you file a tax return. Filing provides proof of income for renting apartments, attending school, buying a car, home or other credit applications. Filing will also ensure that Social Security payments will be credited to your account timely, especially if you are self-employed. That way, you get all the retirement benefits you are entitled to and your family is provided for financially upon your death. It's not always easy, but you can get help when you need it, and you'll have peace of mind.