



# 4491-X

## VITA/TCE Training Supplement

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

**2024 RETURNS**



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



## How to Get Technical Updates?

Updates to the volunteer training materials will be contained in Publication 4491-X, VITA/TCE Training Supplement. The most recent version can be downloaded at: [www.irs.gov/pub/irs-pdf/p4491x.pdf](http://www.irs.gov/pub/irs-pdf/p4491x.pdf)

### Volunteer Standards of Conduct

#### VITA/TCE Programs

The mission of the VITA/TCE return preparation program is to assist eligible taxpayers in satisfying their tax responsibilities by providing free tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

Annually all VITA/TCE volunteers must pass the Volunteer Standards of Conduct (VSC) certification test and agree that they will adhere to the VSC by signing and dating Form 13615, Volunteer Standards of Conduct Agreement – VITA/TCE Programs, prior to volunteering at a VITA/TCE site. In addition, return preparers, quality reviewers, coordinators, and tax law instructors must certify in Intake/Interview and Quality Review. Volunteers who answer tax law questions, instruct tax law classes, prepare or correct tax returns, or conduct quality reviews of completed returns must also certify in tax law prior to signing the form. Form 13615 is not valid until the sponsoring partner's approving official (coordinator, instructor, administrator, etc.) or IRS contact confirms the volunteer's identity, name and address, and signs and dates the form. Volunteers' names and addresses in Link & Learn Taxes must match their government issued photo identification. Advise volunteers to update their My Account page in Link & Learn Taxes with their valid name and address.

As a volunteer in the VITA/TCE programs, you must adhere to the following Volunteer Standards of Conduct:

**VSC 1 – Follow the Quality Site Requirements (QSR).**

**VSC 2 – Do not accept payment, ask for donations, or accept refund payments for federal or state tax return preparation from customers.**

**VSC 3 – Do not solicit business from taxpayers you assist or use the information you gained about them (their information) for any direct or indirect personal benefit for yourself, any other specific individual or organization.**

**VSC 4 – Do not knowingly prepare false returns.**

**VSC 5 – Do not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct considered to have a negative effect on the VITA/TCE programs.**

**VSC 6 – Treat all taxpayers in a professional, courteous, and respectful manner.**

Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE programs;
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely;
- Deactivation of your sponsoring partner's site VITA/TCE EFIN (electronic filing ID number);
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site;
- Termination of your sponsoring organization's partnership with the IRS;
- Termination of grant funds from the IRS to your sponsoring partner; and
- Referral of your conduct for potential TIGTA and criminal investigations.

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#### Confidentiality Statement:

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

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## Introduction

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This supplement contains changes, revisions, and additions to the October 2024 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.

## Changes to the Training and Site Publications

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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.
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.
3. Download the revised training materials with a January 2024 revision date from [www.irs.gov/forms-instructions](http://www.irs.gov/forms-instructions).

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

Page	Changes
15	No changes
16	Under heading, <b>Countries with Treaty Benefits for Scholarship or Fellowship Grants (income Code 16)</b> , replace the caution sentence with: U.S. – Russia Income Tax Treaty has been suspended for Foreign Students and Scholars, effective August 16, 2024. Volunteers need to find out when the scholarship or grant was allocated because money received before the treaty date is still covered under the old treaty with No Limit.
17	Under heading, <b>Countries with Treaty Benefits for Scholarship or Fellowship Grants (income Code 19)</b> , in column Country: Turkey, Maximum Dollar Amounts, <b>change</b> : No Limit to No Limit*** At the bottom of the page under the **statement, <b>add</b> : ***treaty exemption benefit is ONLY available when payments are received from abroad.
18	Under heading, <b>Countries with Treaty Benefits for Scholarship or Fellowship Grants (income Code 20)</b> , in column Country: Chile, Maximum Years in U.S., <b>change</b> : 2 to 2** Under heading, <b>Countries with Treaty Benefits for Scholarship or Fellowship Grants (income Code 20)</b> , in column Country: Chile, Maximum Dollar Amount, <b>change</b> : No Limit to No Limit*** At the bottom of the page under the * statement, <b>add</b> : **the 2-year limit is only for apprentices or business trainee ***Unlimited amount of payment is exempt from U.S. tax under the treaty provision, as long as the taxpayer received payment from a non-U.S. payor.
19	No changes
20	Under the heading, Capital Gains/Losses, at the bottom of the page, <b>replace</b> , the Caution statement with: U.S. – Russia Income Tax Treaty has been suspended for Foreign Students and Scholars, effective August 16, 2024. Volunteers need to find out when the Capital Gains occurred because gains before the treaty date is still covered under the old treaty with a tax rate of 0.

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

## Unique Treaty Provisions

### United States-India Income Tax Treaty, Article 21(2)

An Indian **student** or **apprentice** may take a **standard deduction** equal to the amount allowable on Form 1040 and may be able to claim the personal exemptions for a nonworking spouse and U.S. born-children. However, benefits will be limited to certain credits, as the allowable exemption deduction is currently -0- until 2025.

Treaty benefits for a **scholar** from India are very different from those for a **student**. The scholar benefit for income code 19 is lost retroactively if the visit exceeds 2 years.

Generally, the standard deduction for Single taxpayers and Married Filing Separately taxpayers in 2024 is \$14,600.

Nonresident aliens can't file a joint return. Even though a student from India may be able to take an exemption for a nonworking spouse, this is not considered a joint return. Thus, the standard deduction for married filing separately must be used. In determining their tax liability, they must use the tax tables or tax rate schedules for married filing separately.

### United States-People's Republic of China Treaty, Articles 19, 20(c)

Almost all U.S. tax treaties are limited to a specific number of years and may not be available for U.S. residents for tax purposes. An exception is the United States-People's Republic of China Treaty. Its provisions are not limited by year restrictions.

**Also:** This treaty is **not** applicable to Chinese citizens who are residents of Hong Kong, Macao, or Taiwan.

The United States-People's Republic of China Treaty provides that a scholar is exempt from tax on earned income for 3 years. After 2 years, a scholar will become a resident alien for tax purposes but is still entitled to 1 more year of tax benefits under the treaty. The treaty also provides that students have an exemption of up to \$5,000 per year for income earned while they are studying or training. In most cases, the student will become a resident for federal tax purposes in their sixth calendar year. Students from the People's Republic of China can continue to claim the treaty benefits on their resident alien tax return (if they still meet the definition of a student).

### United States-Canada Income Tax Treaty, Article 15

The students and scholars are permitted to use Article 15 of the tax treaty, which applies to dependent personal services.

Students and scholars making use of the treaty benefits for dependent and independent personal service income (Income Codes 17 and 18) remain **Out of Scope** for the VITA/TCE Foreign Student and Scholar Program and must be referred to a professional tax preparer.

The tax treaty with Canada is different from most other tax treaties because it (1) exempts all earned income if the nonresident earned not more than \$10,000 in the tax year, but (2) taxes all income if the nonresident earned more than \$10,000. This treaty benefit is lost if the nonresident becomes a resident for tax purposes.

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

## Countries with Treaty Benefits for Scholarship or Fellowship Grants (Income Code 16)

 U.S. – Russia Income Tax Treaty has been suspended for Foreign Students and Scholars, effective August 16, 2024. Volunteers need to find out when the scholarship or grant was allocated because money received before the treaty date is still covered under the old treaty with No Limit.

If a nonresident alien receives a grant that is not from U.S. sources, it is **not** subject to U.S. tax.

Scholarship or fellowship grants that cover tuition and fees (and books and supplies if required of all students) are **not** subject to U.S. tax. (Financial aid that is dependent on the performance of services, such as a teaching assistant, is treated as wages and subject to the code income 18, 19, or 20 provisions.)

**Scholarship or fellowship grants that cover room, board and other personal expenses are subject to U.S. tax unless a treaty benefit (as summarized below) exists.**

Country	Maximum Years in U.S.	Maximum Dollar Amounts	Treaty Article
Bangladesh	2 <sup>1</sup>	No Limit	21(2)
China, People's Republic of	No Limit	No Limit	20(b)
Commonwealth of Independent States <sup>2</sup>	5	Limited	VI(1)
Cyprus	5	No Limit	21(1)
Czech Republic	5	No Limit	21(1)
Egypt	5	No Limit	23(1)
Estonia	5	No Limit	20(1)
France	5	No Limit	21(1)
Germany	No Limit	No Limit	20(3)
Iceland	5	No Limit	19(1)
Indonesia	5	No Limit	19(1)
Israel	5	No Limit	24(1)
Kazakhstan	5	No Limit	19
Korea, South	5	No Limit	21(1)
Latvia	5	No Limit	20(1)
Lithuania	5	No Limit	20(1)
Morocco	5	No Limit	18
Netherlands	3	No Limit	22(2)
Norway	5	No Limit	16(1)
Philippines	5	No Limit	22(1)
Poland	5	No Limit	18(1)
Portugal	5	No Limit	23(1)
Romania	5	No Limit	20(1)
Slovak Republic	5	No Limit	21(1)
Slovenia	5	No Limit	20(1)
Spain	5	No Limit	22(1)
Thailand	5	No Limit	22(1)
Trinidad and Tobago	5	No Limit	19(1)
Tunisia	5	No Limit	20
Ukraine	5	No Limit	20
Venezuela	5	No Limit	21(1)

<sup>1</sup> 2-year limit applies to business or technical apprentices.

<sup>2</sup> Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan.) Generally, limited to \$10,000 p.a. of scholarship/fellowship income to provide ordinary living expenses

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

## Countries with Treaty Benefits for Teaching and Research (Income Code 19)



*The following is a quick-reference summary of treaty benefits. For more information about the application of these treaty benefits, see Publication 901.*

Country	Maximum Years in U.S.	Maximum Dollar Amounts	Treaty Article
Bangladesh	2	No Limit*	21(1)
Belgium	2	No Limit	19(2)
Bulgaria	2	No Limit	19(2)
China, People's Republic of	3	No Limit	19
Commonwealth of Independent States**	2	No Limit	VI(1)
Czech Republic	2	No Limit	21(5)
Egypt	2	No Limit	22
France	2	No Limit	20
Germany	2	No Limit	20(1)
Greece	3	No Limit	XII
India	2 <sup>L</sup>	No Limit	22
Indonesia	2	No Limit	20
Israel	2	No Limit	23
Italy	2	No Limit	20
Jamaica	2	No Limit	22
Japan	2	No Limit	20
Korea, South	2	No Limit	20
Luxembourg	2 <sup>L</sup>	No Limit	21(2)
Netherlands	2 <sup>L</sup>	No Limit	21(1)
Norway	2	No Limit	15
Pakistan	2 <sup>L</sup>	No Limit	XII
Philippines	2	No Limit	21
Poland	2	No Limit	17
Portugal	2	No Limit	22
Romania	2	No Limit	19
Slovak Republic	2	No Limit	21(5)
Slovenia	2	No Limit	20(3)
Thailand	2 <sup>L</sup>	No Limit	23
Trinidad and Tobago	2	No Limit	18
Turkey	2	No Limit***	20(2)
United Kingdom	2 <sup>L</sup>	No Limit	20A
Venezuela	2	No Limit	21(3)

\* 2-year limit applies to business or technical apprentices.

\*\* Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan.)

\*\*\* Treaty exemption benefit is ONLY available when payments are received from abroad.

<sup>L</sup> Treaty contains provisions that retroactively eliminates benefits if the allowable period in the U.S. or income amounts are exceeded as defined in the treaty.

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

## Countries With Treaty Benefits for Studying and Training (Income Code 20)



The following is a quick-reference summary of treaty benefits. For more information about the application of these treaty benefits, see Publication 901.

Country	Maximum Years in U.S.	Maximum Dollar Amounts	Treaty Article
Bangladesh	No Limit*	\$8,000	21(2)
Belgium	No Limit	9,000	19(1)(b)
Bulgaria	No Limit	9,000	19(1)(b)
Chile	2**	No Limit***	20
China, People's Republic of	No Limit	5,000	20(c)
Cyprus	5	2,000	21(1)
Czech Republic	5	5,000	21(1)
Egypt	5	3,000	23(1)
Estonia	5	5,000	20(1)
France	5	5,000	21(1)
Germany	4 <sup>L</sup>	9,000	20(4)
Iceland	5	9,000	19(1)
Indonesia	5	2,000	19(1)
Israel	5	3,000	24(1)
Korea, South	5	2,000	21(1)
Latvia	5	5,000	20(1)
Lithuania	5	5,000	20(1)
Luxembourg	2 <sup>L</sup>	No Limit	21(2)
Malta	No Limit	9,000	20(2)
Morocco	5	2,000	18
Netherlands	No Limit	2,000	22(1)
Norway	5	2,000	16(1)
Pakistan	No Limit	5,000	XIII(1)
Philippines	5	3,000	22(1)
Poland	5	2,000	18(1)
Portugal	5	5,000	23(1)
Romania	5	2,000	20(1)
Slovak Republic	5	5,000	21(1)
Slovenia	5	5,000	20(1)
Spain	5	5,000	22(1)
Thailand	5	3,000	22(1)
Trinidad and Tobago	5	2,000	19(1)
Tunisia	5	4,000	20
Venezuela	5	5,000	21(1)

\* 2-year limit applies to business or technical apprentices.

\*\* The 2-year limit is only for apprentices or business trainee

\*\*\* Unlimited amount of payment is exempt from U.S. tax under the treaty provision, as long as the taxpayer received payment from a non-U.S. payor.

<sup>L</sup> Treaty contains provisions that retroactively eliminates benefits if the allowable period in the U.S. or income amounts are exceeded as defined in the treaty.



Tax Treaty provisions allowed federally may not be honored by some states. Contact your state to see if treaty provisions are honored on the state return.

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

## Capital Gains / Losses

The only capital gains/losses within the scope of the Foreign Student & Scholar VITA program are related to the sale of U.S. stocks, generally considered NOT effectively connected with the taxpayer's U.S. trade or business. All other sales of property remain **Out of Scope**.

If a nonresident alien is physically present in the U.S. for less than 183 days during the tax year, none of the capital gains from these sales are taxable. The days counted for excludable gains consider all days of presence, regardless of exempt days based on visa status under IRC §7701(b).

If the nonresident is present in the U.S. for 183 days or more, generally the rate of tax on the gain is 30%. This income is reported on Form 1040-NR, U.S. Non Resident Alien Income Tax Return, Schedule NEC, Tax on Income Not Effectively Connected With a U.S. Trade or Business, NOT on Schedule D, Capital Gains and Losses, nor on the income section of Form 1040-NR. Capital losses of nonresident aliens may only offset other capital gains. (Capital losses of nonresident aliens cannot be used against other income, nor can they be carried forward to another tax year.)

Some tax treaties provide an exclusion from tax on various capital gains relating to stock sales. The following countries have a tax treaty with the U.S. If the table below indicates a potential 0% tax, review all paragraphs of the treaty article fully to ensure all conditions are met (reported on Schedule NEC). (Some treaties limit the percentage of stock ownership held or types of assets held by the corporation, etc.)

### Tax Treaties Taxation Rate – Capital Gains (from Sales of U.S. Stocks)

Treaty Country	Country Code	Capital Gains from U.S. Corporate Stock sales	
		Rate	Treaty Article Citation
Australia	AS	30%	none
Austria	AU	0	13(6)
Bangladesh	BG	0	13(4)
Barbados	BB	0	13(6)
Belgium	BE	30%	13(3)
Bulgaria	BU	0	13(8)
Canada	CA	0	XIII(4)
China, People's Republic of	CH	30%	12
Comm. of Independent States*	-	0	IIII(1)(b)
Cyprus	CY	0	16(1)
Czech Republic	EZ	0	13(6)
Denmark	DA	0	13(6)
Egypt	EG	30%	14(1)(d)
Estonia	EN	0	13(6)
Finland	FI	0	13(6)
France	FR	0	13(6)
Germany	GM	0	13(5)
Greece	GR	30%	none
Iceland	IC	0	13(6)
India	IN	30%	13
Indonesia	ID	30%	14(2)(b)
Ireland	EI	0	13(5)
Israel	IS	30%	15(1)(d)
Italy	IT	0	13(4)
Jamaica	JM	0	13(6)
Japan	JA	0	13(7)
Kazakhstan	KZ	0	13(6)
Korea, South	KS	0	13(6)

# 2024 Publication 4011, VITA/TCE Foreign Student & Scholar Volunteer Resource Guide

## Capital Gains / Losses

### Tax Treaties Taxation Rate - Capital Gains (from Sales of U.S. Stocks)

Treaty Country	Country Code	Capital Gains from U.S. Corporate Stock sales	
		Rate	Treaty Article Citation
Latvia	LG	0	13(6)
Lithuania	LH	0	13(6)
Luxembourg	MT	0	14(5)
Malta	MX	0	13(6)
Mexico	BE	0	13(7)
Morocco	MO	0	13(2)(c)(ii)
Netherlands	NL	0	14(7)
New Zealand	NZ	0	13(7)
Norway	NO	30%	12(1)(c)(ii)
Pakistan	PK	30%	none
Philippines	RP	0	14(2)
Poland	PL	0	14(7)
Portugal	PO	0	14(6)
Romania	RO	30%	13(1)(b)
Slovak Republic	LO	0	13(6)
Slovenia	SI	0	13(5)
South Africa	SF	0	13(5)
Spain	SP	0	13(7)
Sri Lanka	CE	0	13(7)
Sweden	SW	0	13(6)
Switzerland	SZ	0	13(5)
Thailand	TH	30%	13
Trinidad & Tobago	TD	30%	–
Tunisia	TS	0	13(5)
Turkey	TU	0	13(5)
Ukraine	UP	0	13(4)
United Kingdom	UK	30%	13
Venezuela	VE	0	13(5)
Other Countries	–	30%	–

\* Those countries to which the U.S.-U.S.S.R. income tax treaty still applies: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.



*Nonresident aliens residing in the U.S. for less than 183 days in the tax year, generally are exempt from tax on Capital gains from U.S. stock sales*



*U.S.-Russia Income Tax Treaty has been suspended for Foreign Students and Scholars, effective August 16, 2024. Volunteers need to find out when the Capital Gains occurred because gains before the treaty date is still covered under the old treaty with a tax rate of 0.*

# 2024 Publication 4012, VITA/TCE Volunteer Resource Guide

Page	Changes
<b>Scope of Service</b>	
vii	No changes
viii	<p><b>F(form) / S(schedule) Number above S 1, add:</b></p> <p>Column 1: S 1            Column 2: leave blank            Column 3: Yes            Column 4: Unnumbered line at top of Schedule 1 to report an amount from Form(s) 1099-K that was included in error or for personal items sold at a loss.            Column 5: leave blank</p>
xi	In row <b>SC</b> , under the <b>Scope Limitations</b> column, replace: \$35,000 with \$50,000
xii	No changes
<b>Tab A: Who Must File</b>	
A-5	No changes
A-6	<p>Under the heading, <b>Chart C – Other Situations When You Must File (continued)</b> under #6 add:</p> <p>7. You purchased a new or used clean vehicle from a registered dealer and reduced the amount you paid at the time of sale by transferring the credit to the dealer. See Form 8936 and Schedule A (Form 8936). (Out of Scope)</p>
<b>Tab B: Starting a Return and Filing Status</b>	
B-21	<p>Under the heading, <b>Entering Personal Information (continued)</b> replace the second sentence in statement #3 with:            This will automatically prevent the creation of Form 8880, Credit for Qualified Retirement Savings Contributions.</p>
B-22	<p>Under the heading, <b>Entering Personal Information (continued)</b>, after statement 9, <b>add:</b></p> <p><b>Note:</b> This screen contains a checkbox labeled Taxpayer is treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year. Check this box if the taxpayer was a U.S. citizen or resident at the end of the tax year who was married to a nonresident alien spouse, and they have elected to treat the spouse as a U.S. resident for the entire tax year. Volunteers may not advise on making this election. Choosing to make this election and preparing a required statement as described in Publication 519 is the responsibility of the taxpayer and spouse. For more details, see Tab L, Resident/NR Alien. Dual-status aliens are Out of Scope.</p>
<b>Tab D: Income</b>	
D-3	No changes
D-4	<p>Under heading Nontaxable Income, in <b>Table B – Examples of Nontaxable Income</b> in the second column under the first bullet <b>add:</b></p> <ul style="list-style-type: none"> <li>• Qualified Disaster Relief Payments (See Pub 525)</li> </ul>
D-25	No changes
D-26	<p>Under heading <b>Schedule C – Menu</b>, in the first caution posted on the page <b>replace:</b>            \$35,000 with \$50,000</p>
D-49	<p>Under the heading, <b>Calculate Taxable Amount: Simplified Method (continued)</b>, in the box labeled <b>Simplified Method Worksheet</b>, <b>add</b> a text box:</p> <p>This screen has changed since publication. TaxSlayer now calculates the annuitant's age at the start date of the pension (this may differ from the annuitant's age at the end of that year). For a joint and survivor annuity, check the box so that TaxSlayer will add the ages of both spouses on the start date.</p> <p>If TaxSlayer's calculated age must be adjusted (e.g. Joint &amp; Survivor annuity with someone other than the current spouse), enter a positive or negative adjustment in the adjustment box.</p>

Page	Changes
D-50	No changes
<b>Tab E: Adjustments to Income</b>	
E-3	No changes
E-4	<p>Under the heading, <b>Adjustments to Income (continued)</b> replace statement 13 with:</p> <p>13. Select <b>Other Adjustments</b> for:</p> <ul style="list-style-type: none"> <li>• Jury duty pay (Schedule 1, line 24a) turned over to employer.</li> <li>• Other adjustments not listed above (Schedule 1, line 24z). Enter Description and Amount to report a miscellaneous adjustment to income. Combine multiple adjustments into a single entry with their total entered in Amount.</li> </ul>
<b>Tab F: Deductions</b>	
F-3	No changes
F-4	<p>Under the heading, <b>Standard Deduction (continued)</b>, in the Standard Deduction Chart for People Born Before January 2, 1960 or Who are Blind under filing status Married filing jointly in the THEN your standard deduction is column <b>replace</b>:</p> <p>38,850 with 33,850</p>
F-5	<p>Under the heading, <b>Interview Tips – Itemized Deductions</b>, in <b>Step 6</b>, under <b>Action</b>, replace:</p> <p>13 with 12</p>
F-5	<p>Under the heading, <b>Interview Tips – Itemized Deductions</b>, in <b>Step 7</b>, under <b>Action</b>, replace:</p> <p>13 with 12</p>
F-5	<p>Under the heading, <b>Interview Tips – Itemized Deductions</b>, in <b>Step 8</b>, under <b>Action</b>, replace:</p> <p>13 with 12</p>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, in <b>Step 9</b>, under <b>Probe/Ask the taxpayer, change</b> the question to read:</p> <p>Is either of the following true?</p> <ol style="list-style-type: none"> <li>All of your home mortgages were taken out on or before October 13, 1987.</li> <li>All of your home mortgages taken out after October 13, 1987 were used to buy, build, or substantially improve your main or second home and all mortgage balances were \$750,000 or less (\$375,000 if MFS). See Note 5.</li> </ol>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, in <b>Step 9</b>, under <b>Action</b>, replace:</p> <p>13 with 10</p>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, remove:</p> <p><b>Step 12</b></p>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, under <b>Step</b>, rename:</p> <p>Step 13 as Step 12</p>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, in <b>Step 12</b> (previously 13), under <b>Action</b>, change the question to read:</p> <p>If <b>YES</b>, you must have a written record as described in Publication 526, Charitable Contributions, and then go to Step 13.  If <b>NO</b>, go to Step 13.</p>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, under <b>Step</b>, rename:</p> <p>Step 14 as Step 13</p>
F-6	<p>Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b>, in <b>Step 13</b> (previously 14), under <b>Action</b>, change the question to read:</p> <p>If <b>YES</b>, advise the taxpayer that generally he or she must have a written receipt from that particular organization. Go to Step 14. See Note 2.  If <b>NO</b>, Go to Step 14.</p>

Page	Changes
F-6	Under the heading, <b>Interview Tips – Itemized Deductions (continued)</b> , under <b>Step</b> , rename: Step 15 as Step 14
F-6	At the bottom of the page, <b>add</b> : Note 5
F-15	No changes
F-16	Under the heading, <b>Entering Schedule A – Charitable Contributions</b> on the left side of the page, <b>change</b> : paragraphs numbered 8, 9 and 10 to 1, 2 and 3.
<b>Tab H: Other Taxes, Payments, and Refundable Credits</b>	
H-7	Under the heading, <b>Other Taxes (continued)</b> in the Exception chart Line 22, at the end of the second sentence, <b>add</b> : the number "3" as a superscript.
H-7	Under the heading, <b>Other Taxes (continued)</b> in the Exception chart Line 23, at the end of the second sentence, <b>add</b> : the number "4" as a superscript.
H-8	Under the heading <b>Other Taxes (continued), Footnotes for previous table</b> , <b>add</b> Footnote #3 with: <sup>3</sup> Limited to the lesser of \$10,000 or 50% of the employee's nonforfeitable accrued benefit (vested accrued benefit) See <a href="#">Notice 2024-55</a> .
H-8	Under the heading Other Taxes (continued), Footnotes for previous table, <b>add</b> Footnote #4 with: <sup>4</sup> Emergency personal expense distributions are subject to three limitations: <ul style="list-style-type: none"><li>• no more than one distribution per calendar year is permitted to be treated as an emergency personal expense distribution by any individual.</li><li>• the limit is the lesser of \$1,000 or the employee's nonforfeitable accrued benefit (vested accrued benefit) balance amount by which the account exceeds \$1,000 as of the distribution date; e.g., if the account balance is \$1,300 at the time of the distribution, the maximum emergency expense distribution is \$300.</li><li>• rules limit taking subsequent emergency personal expense distributions.</li></ul> <ul style="list-style-type: none"><li>• See <a href="#">Notice 2024-55</a>.</li></ul>
<b>Tab L: Resident/NR Alien</b>	
L-5	Page updated, replace original page with these pages
L-6	No changes
<b>Tab P: Partner Resources</b>	
P-5	Under the heading, <b>IP PIN Guidance for Identity Theft Victims</b> , in the last block of the <b>Then</b> column at the end of #1 <b>add</b> : Alternatively, if the reject was due to the dependent SSN, verify dependent information is correct and taxpayer meets requirements to claim dependent. The primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it.
P-6	No changes
<b>Tab Q: TaxSlayer Admin</b>	
Q-9	Under heading <b>Top Reject Codes (continued)</b> , in code 506 under <b>Suggested Solutions</b> , <b>edit</b> the second sentence after "If correct" to read: the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file returns with duplicate claims for dependents. Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed this dependent.

Page	Changes
Q-9	<p>Under heading <b>Top Reject Codes (continued)</b>, in code 507 under <b>Suggested Solutions</b>, edit the second sentence after "If correct" to read:</p> <p>the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file returns with duplicate claims for dependents.</p> <p>Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed this dependent.</p>
Q-9	<p>Under the heading, <b>Top Reject Codes (continued)</b>, in the 4th row under, <b>Suggested Solutions</b>, in the second sentence, remove:</p> <p>The double t from "the"</p>
Q-9	<p>Under heading <b>Top Reject Codes (continued)</b>, in code 516 under <b>Suggested Solutions</b>, edit the sentence after "If correct" to read:</p> <p>the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file the return.</p> <p>Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed the taxpayer as a dependent.</p>
Q-9	<p>Under heading <b>Top Reject Codes (continued)</b>, in code 517 under <b>Suggested Solutions</b>, edit the third sentence after "If this dependent can be claimed by the taxpayer," to read:</p> <p>the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file the return.</p>
Q-10	No changes

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F(form) or S(schedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F 1040	13	Yes	<p>Qualified Business Income deduction</p> <p><b>In scope for:</b></p> <ul style="list-style-type: none"> <li>The 20% deduction for sole proprietors and taxpayers with qualifying REIT dividends</li> <li>Form 8995</li> </ul> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>Taxable income over \$191,950 (\$383,900 if MFJ)</li> <li>Publicly traded partnership income</li> <li>Form 8995-A</li> </ul>	
F 1040	16	Yes	<p>Tax</p> <p>See Schedule 2 for limitations</p>	
F 1040	19	Yes	Child tax credit or credit for other dependents	
F 1040	23	Yes	<p>Other taxes</p> <p>See limitations on Schedule 2</p>	
F 1040	25 a, b, c	Yes	Federal income tax withheld from Forms W-2, 1099, and other forms	
F 1040	26	Yes	Estimated tax payments and amount applied from prior year return	
F 1040	27, 28, 29	Yes	<p>Earned income credit, Additional child tax credit, American opportunity credit</p> <p>See Schedule 3 for limitations</p>	
F 1040	35 a, b, c, d	Yes	<p>Direct deposit of refund</p> <p>See also F 8888</p>	
F 1040	36	Yes	Refund applied to estimated tax	
F 1040	37	Yes	Amount you owe	
F 1040	38	No	Estimated tax penalty	
F 1040-ES		Yes	Estimated Tax for Individuals	
F 1040-NR		Yes	<p>U.S. Nonresident Alien Income Tax Return</p> <p><b>In scope (with Foreign Student certification only) for:</b></p> <ul style="list-style-type: none"> <li>Students on F, J, or M Visa</li> <li>Teacher on J or Q Visa/Trainee on J Visa</li> </ul> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>Trainee on Q Visa</li> <li>Individuals having a dual status for the tax year</li> <li>Nonresident aliens who do not meet the green card or substantial presence test and are not married to a U.S. citizen or resident alien</li> </ul>	Foreign Student certification required
F 1040-SP		Yes	<p>Declaracion de Impuestos de los Estados Unidos Sobre los Ingresos Personales</p> <p>See limitations for F 1040</p>	
F 1040-SR		Yes	<p>U.S. Income Tax Return for Seniors</p> <p>See limitations for F 1040</p>	
F 1040-SS		Yes	U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico)	Puerto Rico certification required
F 1040-X		Yes	<p>Amended U.S. Individual Income Tax Return</p> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>Original return was out of scope and is not brought into scope by the amendment</li> <li>Taxpayers who may qualify for an exception to the three-year time limit for filing an amended return except for applying for standard refund of tax on military disability payments</li> </ul>	Advanced certification required

# 2024 Publication 4012, VITA/TCE Volunteer Resource Guide

F(form) or S(schedule) Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
F W-2		Yes	<p>Wage and Tax Statement See Form 8615 limitations for children with unearned income</p> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>• Box 12 codes:           <ul style="list-style-type: none"> <li>◦ Q (<b>Military certification required</b>)</li> <li>◦ R, T</li> <li>◦ FF if premium tax credits are involved</li> <li>◦ W (<b>Advanced certification required</b>)</li> <li>◦ Z</li> </ul> </li> <li>• Ministers</li> <li>• Other members of the clergy who present issues such as: parsonage/housing allowance, whether earnings are covered under FICA or Self-Employed Contributions Act (SECA) or rules for determining exemption from coverage</li> </ul>	All certification levels International certification required for foreign employer compensation
F W-2G		Yes	<p>Certain Gambling Winnings</p> <p><b>Not in scope for:</b></p> <p>Professional gamblers who use Schedule C</p>	
F W-7		Yes	Application for IRS Individual Taxpayer Identification Number	
S 1		Yes	Unnumbered line at top of Schedule 1 to report an amount from Form(s) 1099-K that was included in error or for personal items sold at a loss	
S 1	1	Yes	Taxable refunds, credits or offsets of state or local income taxes	
S 1	2a, b	Yes	Alimony received, Date of original divorce or separation agreement	
S 1	3	Yes	Business income or loss See Schedule C limitations	Advanced certification required
S 1	4	No	Other gains or (losses)	
S 1	5	Yes	Rental real estate, royalties, partnerships, S corporations, trusts, etc. See Schedule E limitations	Military certification required active duty only
S 1	6	No	Farm income or (loss)	
S 1	7	Yes	Unemployment compensation	
S 1	8a–z	Yes	Other income See F 1099-MISC, F 1099-PATR, F 1099-Q, F 1099-QA, F 1099-SA, F 982 and F 2555 for limitations  <b>In scope for:</b> Cancellation of nonbusiness credit card debt Discharge of qualified principal residence indebtedness  <b>Not in scope for:</b> Cancellation of other debt income, Rental, hobby or other income when “not for profit,” Net operating loss deduction	Advanced certification required for discharge of principal residence indebtedness  International certification required for foreign earned income exclusion
S 1	11	Yes	Educator expenses	
S 1	12	Yes	Certain business expenses of reservists, performing artists and fee-basis government officials. See F 2106 limitations	Military certification required

## 2024 Publication 4012, VITA/TCE Volunteer Resource Guide

Form or Schedule Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
S A		Yes	<p>Itemized Deductions</p> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>• Investment interest</li> <li>• Taxpayers affected by a charitable contribution carryover</li> <li>• Taxpayers affected by limits on charitable deductions</li> <li>• See entry for F 8283 for scope limitations on noncash charitable contributions</li> <li>• Form 1098-C, Contributions of Motor Vehicles, Boats and Airplanes</li> <li>• Donation of property previously depreciated</li> <li>• Donation of capital gain property (such as securities or art work)</li> <li>• Casualty or theft losses</li> </ul>	Advanced certification required
S B		Yes	<p>Interest and Ordinary Dividends</p> <p>Out of scope if FinCEN Form 114, F 3520 or F 8938 are required</p> <p>See F 1099-INT, F 1099-DIV, and F 1099-OID for limitations</p>	
S C		Yes	<p>Profit or Loss from Business (Sole Proprietorship)</p> <p>See F 1099-K for limitations</p> <p>See F 1099-MISC for limitations</p> <p>See F 1099-NEC for limitations</p> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>• Hobby income or not for profit activity</li> <li>• Professional gamblers</li> <li>• Bartering</li> <li>• Any transactions involving digital assets</li> <li>• Method of accounting other than cash</li> <li>• Taxpayers who do not materially participate in the business</li> <li>• Payments made that require F 1099 to be filed</li> <li>• Returns and allowances</li> <li>• Cost of goods sold (inventory)</li> <li>• Total expenses over \$50,000</li> <li>• Vehicle expenses reported as actual expenses</li> <li>• Contract labor</li> <li>• Depletion</li> <li>• Depreciation or when F 4562 is required</li> <li>• Expenses for employees</li> <li>• Car rental or lease more than 30 days (use standard mileage rate method only)</li> <li>• Casualty losses, amortization</li> <li>• Business use of home</li> <li>• Net losses</li> </ul>	Advanced certification required

# 2024 Publication 4012, VITA/TCE Volunteer Resource Guide

Form or Schedule Number	Line or Box Number	In Scope? Y or N	Scope Limitations	Certification Levels
SD		Yes	<p>Capital Gains and Losses See F 8949 for limitations See F 1099-B for limitations</p> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>• Lines 4 and 11</li> <li>• Taxpayers who sold any assets other than stock, mutual funds, or a personal residence</li> <li>• Taxpayers who trade in options, futures, or other commodities, whether or not they disposed of any during the year</li> <li>• Taxpayers who have transactions using digital assets. If the taxpayer can check the No box to the digital asset question on Form 1040, the return is in scope. Refer to scope limitations for the digital assets question at the beginning of the scope of service chart.</li> <li>• Determination of basis issues: <ul style="list-style-type: none"> <li>◦ Basis of any asset acquired other than by purchase or inheritance, such as a gift or employee stock option, unless the taxpayer provides the basis and holding period</li> <li>◦ Basis of inherited property determined by a method other than the FMV of the property on the date of the decedent's death, unless the taxpayer provides the basis and holding period</li> </ul> </li> <li>• Like-kind exchanges and worthless securities</li> <li>• Reduced exclusion computations/determinations for the sale of a home</li> <li>• Married homeowners who do not meet all requirements to claim the maximum exclusion on the sale of a home</li> <li>• Decreases to basis, including deductible casualty losses and gains a taxpayer postponed from the sale of a previous home before May 7, 1997</li> <li>• Depreciation during the time the home was used for business purposes or as rental property</li> <li>• Taxpayers with "nonqualified use" issues</li> <li>• Sale of a home used for business purposes or as rental property</li> </ul>	Advanced certification required
SE		Yes	<p>Supplemental Income and Loss (Rental) See F 1099-MISC and S K-1 for limitations</p> <p><b>In scope for:</b></p> <ul style="list-style-type: none"> <li>• Royalties reported on Form 1099-MISC, if there are no associated expenses (Advanced)</li> <li>• Certain income from Schedules K-1 (Forms 1065, 1120S, and 1041) (Advanced)</li> <li>• Home rental (including Part I, lines 5-19) if <b>military certified</b> and taxpayer is active duty military</li> <li>• Rental of personal residence for less than 15 days for the year is not considered a rental activity and is not taxable income (Advanced) unless taxpayer is in the rental business or cleaning, linen, food or similar services were provided during the rental period (out of scope)</li> </ul> <p><b>Not in scope for:</b></p> <ul style="list-style-type: none"> <li>• Rental income and expenses for nonmilitary taxpayers</li> <li>• Taxpayers who rent their property at less than fair rental value</li> <li>• Rental-related interest expenses other than mortgage interest</li> <li>• The actual expense method (auto and travel expense deductions)</li> <li>• Casualty loss</li> <li>• Completing Form 8582 if volunteers are required to enter additional data in Form 8582 in the software</li> <li>• Completing Form 4562</li> <li>• Taxpayers who are unable to provide an amount for depreciation</li> <li>• Taxpayers who filed or need to file Form(s) 1099</li> </ul>	Advanced certification required for royalties reported on Form 1099-MISC and Schedule K-1  Military certification required for rental income

## Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax)

Children under age 18 and certain older children who are required to file a tax return and have unearned income over \$2,600 must file **Form 8615**. 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**, Wage and Tax Statement, unemployment compensation, alimony (if taxable), and income received as the beneficiary of a trust. Form 8615 is in scope for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends. For all other purposes, Form 8615 remains Out of Scope. To determine if Form 8615 must be filed, see the page titled Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax) in Tab H, Other Taxes, Payments, and Refundable Credits. A child filing Form 8615 does not make the parent's return out of scope.

 *Taxable scholarships and fellowship grants are considered as earned income for the purpose of determining if a dependent must file a tax return and for calculating the standard deduction for dependents. Taxable scholarships and fellowship grants not reported on Form W-2 are considered to be unearned income for the purpose of calculating kiddie tax.*

## Chart C – Other Situations When You Must File

You must file a return if any of the conditions below apply for 2024.

1. You owe any special taxes, including any of the following.
  - a. Alternative minimum tax (Out of Scope).
  - 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 (Out of Scope).
  - 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 Instructions for Form 1040, Schedule 2.
  - 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 Form 1040.
  - g. Recapture taxes. See the Instructions for Form 1040 (Out of Scope).
2. You (or your spouse, if filing jointly) received HSA distributions (in scope), Archer MSA distributions (Out of Scope), or Medicare Advantage MSA distributions (Out of Scope).
3. You had net earnings from self-employment of at least \$400. Net earnings are Sch C profit multiplied by 92.35%. There is no self-employment tax on Sch C profit of less than \$433.
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 (Out of Scope).
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 C – Other Situations When You Must File (continued)

6. You are required to include amounts in income under section 965 or you have a net tax liability under section 965 that you are paying in installments under section 965(h) or deferred by making an election under 965(i) (Out of Scope).
7. You purchased a new or used clean vehicle from a registered dealer and reduced the amount you paid at the time of sale by transferring the credit to the dealer. See Form 8936 and Schedule A (Form 8936). (Out of Scope)

## Chart D – Who Should File

**Even if a taxpayer is not required to file a federal income tax return, they should file if any of the following situations below apply.**

1. You had income tax withheld from your pay, pension, Social Security or other income.
2. You made estimated tax payments for the year or had any of your overpayment from last year's tax return 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 the Instructions for Schedule 8812, Credits for Qualifying Children and Other Dependents.
5. You qualify for a refundable American opportunity credit.
6. You qualify for the premium tax credit.
7. You receive a 1099-B, Proceeds From Broker and Barter Exchange Transactions, 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 are required to file a state return.
10. 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).
11. You qualify to file Form 4136, Credit for Federal Tax Paid on Fuels (Out of Scope).

## Entering Personal Information (continued)



### Basic Information>Personal Information

The input screens below gather the taxpayer's personal information.



*If a taxpayer is deceased, make the surviving spouse the primary taxpayer so their information will carryover in the next year.*

Taxpayer Information  
Primary taxpayer first name \*

TAXPAYER

MI

Last name \*  
EXAMPLE

Suffix (Jr, Sr, etc.)  
---

SSN *The IRS requires your Social Security Number for e-filing.\**

XX - XXX - XXXX **1**

Date of Birth \*  
5 ▾ 20 ▾ 1980 ▾

Occupation  
DRIVER

**2**  Taxpayer can be claimed as a dependent on someone else's return.

**3**  Taxpayer was over age 18 and a full-time student at an eligible educational institution.

Taxpayer is blind.

**4**  Taxpayer is deceased.

1. If you incorrectly entered the SSN when you started the return, you can correct it here.
2. Check the box if another taxpayer can claim this person as a dependent.
3. Check the box if the taxpayer is over age 18 and is a full-time student during some part of each of any 5 calendar months of the year. This will automatically prevent the creation of Form 8880, Credit for Qualified Retirement Savings Contributions.
4. Check the Taxpayer is deceased box to generate a Date of Death box, which must be completed. The word Deceased and the date of death will print next to the deceased person's name at the top of Form 1040 page 1, as required by the IRS.

## Entering Personal Information (continued)

<input type="checkbox"/> Taxpayer wishes to contribute \$3 to the Presidential Election Campaign Fund.	5
<input type="checkbox"/> Filing Married Filing Separate and meets the requirements to claim the EIC	6
<input type="checkbox"/> Taxpayer or Spouse served in a combat zone during the current tax year.	
<input type="checkbox"/> Taxpayer was a nonresident alien for any part of the year.	7
<input type="checkbox"/> Taxpayer or Spouse was affected by a natural disaster during the current tax year.	
<input type="checkbox"/> Taxpayer received, sold, exchanged, gifted, or disposed of a digital asset (or financial interest in a digital asset) in the current tax year.	8
<input type="checkbox"/> Taxpayer prefers to receive written communications from the IRS in a language other than English.	9
<input type="checkbox"/> Taxpayer prefers to receive written communications from the IRS in an accessible format.	9

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

5. Checking the “yes” box to contribute to the Presidential Election Campaign Fund does not increase the amount of tax that taxpayers owe, nor does it decrease any refund to which they are entitled.
6. This option will only appear if MFS filing status is selected. See Tab I, Summary of EIC Eligibility Requirements.
7. Do not mark the taxpayer was a nonresident alien box if taxpayer or spouse is married to a citizen or resident alien and they have elected to treat the non-resident alien as a resident alien. See footnotes in Tab L, Resident or Nonresident Alien Decision Tree/Chart.
8. The return is Out of Scope if the taxpayer must check the box. Taxpayers are not required to check the box if they held no virtual currency for the tax year or if the taxpayer’s only transactions involving digital assets (virtual currency) during the tax year were purchases of virtual currency with real currency.
9. Taxpayers may choose to receive written communications from IRS in a language other than English or in an accessible format. Check the box and select the language or format from the drop down menu.

 *This screen contains a checkbox labeled Taxpayer is treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year. Check this box if the taxpayer was a U.S. citizen or resident at the end of the tax year who was married to a nonresident alien spouse, and they have elected to treat the spouse as a U.S. resident for the entire tax year. Volunteers may not advise on making this election. Choosing to make this election and preparing a required statement as described in Publication 519 is the responsibility of the taxpayer and spouse. For more details, see Tab L, Resident/NR Alien. Dual-status aliens are Out of Scope.*

## Income Quick Reference Guide

This list is a quick reference and volunteers should refer to Publication 525, Taxable and Nontaxable Income, for more information. Don't rely on this list alone. Some of the income items on this chart are Out of Scope. Review the Scope of Service chart to identify Out of Scope items. 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. To determine taxability at the state level, check with your state's department of revenue.

**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)

• Wages, salaries, bonuses, commissions	• Farm income	• Railroad retirement—Tier I (portion may be taxable)
• Alimony (for divorce before 2019, see How/Where to Enter Income, later)	• Fees	• Railroad retirement—Tier II
• Annuities	• Gains from sale of property or securities	• Recovery of prior year deduction <sup>2</sup> (medical, property taxes, etc.)
• Awards	• Gambling winnings	• Refunds of State and local income tax (if reportable) <sup>2</sup>
• Back pay	• Hobby income	• Rents (gross rent)
• Breach of contract payment	• Grants to businesses, even disaster related, unless exempted by law	• Rewards
• Business income/Self-employment income	• Interest	• Royalties
• Cash income	• Interest on life insurance dividends	• Severance pay
• Compensation for personal services	• IRA distributions	• Self-employment (gross income)
• Canceled debts <sup>1</sup>	• Jury duty fees	• Social Security benefits (including SSDI) – portion may be taxable – (See Tab D, Income, Form SSA-1099/RRB-1099 Tier 1 Distributions)
• Director's fees	• Military pay (not exempt from taxation)	• Supplemental unemployment benefits
• Disability benefits (employer-funded)	• Military pension	• Taxable scholarships and grants
• Discounts	• Nonemployee compensation	• Tips and gratuities
• Dividends	• Notary fees	• Tribal per capita payments
• Employee awards	• Partnership, Estate and S-Corporation income (Schedule K-1s, Taxpayer's share)	• Unemployment compensation
• Employee bonuses	• Pensions	
• Estate and trust income	• Prizes	
	• Punitive damage award	

### Footnotes

<sup>1</sup>If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable, as is forgiveness of certain student loans

<sup>2</sup>If itemized in year paid and taxes were reduced because of deduction

## Nontaxable Income

**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"><li>• Child support</li><li>• Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated</li><li>• Damages for physical injury (other than punitive)</li><li>• Death payments</li><li>• Dividends on life insurance</li><li>• Federal Employees' Compensation Act payments</li><li>• Federal income tax refunds</li><li>• Gifts</li><li>• Grants to individuals if due to a qualified disaster (otherwise taxable unless exempted by law)</li><li>• Inheritance<sup>3</sup> or bequest</li><li>• Insurance proceeds (Accident, Casualty, Health, Life)</li><li>• Interest on tax-free securities</li><li>• Interest on EE/I bonds redeemed for qualified higher education expenses</li><li>• Meals and lodging for the convenience of employer</li><li>• Olympic and Paralympic Games medals and prizes<sup>4</sup></li></ul>	<ul style="list-style-type: none"><li>• Payments in lieu of worker's compensation</li><li>• Qualified Disaster Relief Payments (See Pub 525)</li><li>• Qualified Medicaid waiver payments</li><li>• Relocation payments</li><li>• Rebate/Patronage Dividends issued by co-ops for personal use are not taxable</li><li>• Reimbursements by employers or volunteer organizations for ordinary and necessary actual expenses</li><li>• Rental less than 15 days<sup>5</sup></li><li>• Rental allowance of clergyman</li><li>• Reverse mortgages</li><li>• Sickness and injury payments</li><li>• Social Security benefits – portion may not be taxable (See Tab D, Income, Form SSA-1099/RRB-1099 Tier 1 Distributions)</li><li>• Student loan forgiveness (2021-2026)</li><li>• Supplemental Security Income (SSI)</li><li>• Temporary Assistance for Needy Families (TANF)</li><li>• Terrorist or military action, certain payments received as a result</li><li>• Veterans' benefits</li><li>• Welfare payments (including TANF) and food stamps</li><li>• Worker's compensation and similar payments</li></ul>
---	--

### Footnotes

<sup>3</sup>An 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.

<sup>4</sup>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).

<sup>5</sup>If you use a dwelling unit as a home and you rent it less than 15 days during the year, you are not required to report the rental income and rental expenses from this activity. See Publication 527, Residential Rental Property. Reportable rental income is in scope for Military certification only.

## 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. See Publication 3, Armed Forces' Tax Guide, for additional information. To determine taxability at the state level, check with your state's department of revenue.

## Form 1099-K Frequently Asked Questions

For details about these or other FAQs, see [Form 1099-K Frequently Asked Questions](#) on IRS.gov.

**Is the gain or loss on the sale of a personal item used to compute my taxable income? Is that reported on a Form 1099-K?**

The **gain** on the sale of a personal item is taxable. Taxpayers must report the transaction (gain on sale) on Form 8949, Sales and Other Dispositions of Capital Assets, and Form 1040, U.S. Individual Income Tax Return, Schedule D, Capital Gains and Losses. This is Out of Scope.

The **loss** on the sale of a personal item is not deductible. If you receive a Form 1099-K for the sale of a personal item that resulted in a loss, you should use the simplified method to report the receipt of the form by entering the amount on the line at the top of Schedule 1 (Form 1040), Additional Income and Adjustments to Income.

**Example:** If you bought a refrigerator for \$1,000 (the purchase price) and sold it for \$600 (the sales price), you have a **loss** of \$400. Enter \$600 on the line at the top of Schedule 1 to report the personal item sold at a loss.

**How do I account for the fees I paid to an online marketplace related to the sale of my personal items?**

You should include all fees (e.g., selling fees, payment processing fees, etc.) associated with the sale of your personal items in your basis when computing your gain or loss on the sale.

**My friend and I went to a concert, and my friend reimbursed money to me for her concert ticket through an online application. If I get a Form 1099-K for the reimbursement, do I need to pay taxes on it?**

Because the money is not payment for the sale of goods or the provision of services, generally the reimbursement would not be taxable to you. If you cannot get the form corrected, the error should be reported on Schedule 1. Enter the amount reported in error on the appropriate line at the top of Schedule 1.

## Schedule C – Menu



TaxSlayer Navigation: Federal Section>Income>Form 1099-NEC; or Keyword "SC"

Businesses with inventory, employees, contract labor, depreciation, individual asset purchases exceeding \$2,500, business use of the home, expenses over \$50,000 or a net loss are Out of Scope.

1. Complete Basic Information About your Business and Questions About the Operation of Your Business for every Schedule C.
2. Select **Income** to enter any income for the business that was not reported on Form 1099-NEC, such as cash income or income from a Form 1099-K.
3. Most business expenses are entered in the General Expenses section.
4. See Schedule C – Car and Truck Expenses, later in this tab
5. Select **Other expenses** to enter any expenses not listed under General Expenses.
6. Qualified Business Income Deduction – See Tab F

If the business accepted credit or debit cards in payment or received payments via 3rd party network, it may receive Form 1099-K Payment Card and Third Party Network Transactions (see note below).

Schedule C	
Basic Information About Your Business	EDIT
Questions About the Operation of Your Business	BEGIN
Income  2	EDIT
Cost of Goods Sold  Out of scope	BEGIN
General Expenses  3	BEGIN
Car And Truck Expenses  4	BEGIN
Depreciation  Out of scope	BEGIN
Other Expenses  5	BEGIN
Qualified Business Income Deduction  6	BEGIN
Expenses for Business Use of Your Home  Out of scope	BEGIN
Restart Schedule C Guide	BEGIN
	CONTINUE

Taxable income reported on Form 1099-K is in scope if received for self-employment income (such as shared-economy driving). Make sure the total shown on the 1099-K is included, along with any cash income, on Schedule C income section. A Form 1099-K received for rental income is in scope for Military certification only. Forms 1099-K received for any other type of taxable income are Out of Scope.

Income from the manufacture, distribution, or trafficking of controlled substances (such as marijuana) is Out of Scope.

Taxpayers may elect to apply a de minimis safe harbor to amounts up to \$2,500 per invoice or item paid to acquire or produce tangible property used in the taxpayer's trade or business. To elect the de minimis safe harbor for the tax year, enter in Other Expenses. Attach a statement to the taxpayer's timely filed original tax return (including extensions) for the tax year when qualifying amounts were paid. See [Publication 334](#), Tax Guide for Small Business, for details.

## Calculate Taxable Amount: Simplified Method (continued)

3. 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 and 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.

For a joint and survivor annuity that starts:

- After the death of the employee, use only the survivor's age and do not check the box for Joint and Survivor Annuity.
- Before the death of either beneficiary, continue with the same exclusion amount after the first death.

4. 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 2024 tax year times the number of months prior to 2024. For annuitants who retired between July 2, 1986 and Dec. 31, 1986, enter zero.

5. If applicable, enter the amount of the PSO exclusion, up to \$3,000, from this distribution.

The taxable amount is calculated and carried to Box 2a on Form 1099-R.

### Form CSA 1099-R – Civil Service Retirement Benefits



*Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R; or Keyword: -R*

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.

*If you use TaxSlayer's simplified method worksheet, enter a note with the taxpayer's annuity start date, age at the start date, and amounts previously recovered to help next year's preparer. To make a note that will not be transmitted to the IRS but will stay with the file, select the pull-down arrow to the right of the taxpayer's name in top right corner. Choose Notes. Then give the note a name and enter details. This note will be attached to the page where you created it and it will also be accessible from the Client Search List.*

### Simplified Method Worksheet

CANCEL
CONTINUE

Gross distribution amount (from 1099-R)  
 \$24,000.00  
 Plan cost at annuity start date

MM
DD
YYYY

Check here if this is 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 2022 \*

Amounts previously recovered

Public Safety Officer Exclusion

This screen has changed since publication. TaxSlayer now calculates the annuitant's age at the start date of the pension (this may differ from the annuitant's age at the end of that year). For a joint and survivor annuity, check the box so that TaxSlayer will add the ages of both spouses on the start date.

If TaxSlayer's calculated age must be adjusted (e.g. Joint & Survivor annuity with someone other than the current spouse), enter a positive or negative adjustment in the adjustment box.

CANCEL
CONTINUE

## Form 1099-R Rollovers and Disability Under Minimum Retirement Age

 *Minimum retirement age generally is the age at which you can first receive a pension or annuity if you aren't disabled. Ask the taxpayer for the minimum retirement age. It may differ between employers.*

1. If any portion was rolled over, check to bring up #2 on the screen to enter the amount. This is required for all Box 7 codes, including code G. However, don't check this box if 100% of the rollover is taxable; e.g. for a Roth conversion rollover with no basis.
2. Ensure that your Box 2a entry excludes any nontaxable portion of the rollover. Then enter the rollover amount here as the difference between Box 1 and Box 2a.
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 reclassify the disability income as Other Earned Income on Form 1040. It will be considered earned income in the calculation of some credits.



*There is no cost recovery of employee contributions prior to minimum retirement age.*



*Two 1099-R's should be issued by the plan administrator for the year that minimum retirement age occurs. If not, preparer will have to prorate amount to be treated as wages based on the day the former employee reached the minimum retirement age during the year, then enter as two 1099-R forms into TaxSlayer.*

### Rollover – Key Points

- A taxpayer should not receive a Form 1099-R for a trustee-to-trustee transfer from one IRA to another (unless it is a Roth conversion), 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. Subtract the rollover amount from the gross distribution (Box 1) and enter the difference as the taxable amount in Box 2a.
- 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, trustee-to-trustee transfers between IRAs aren't limited and rollovers from traditional IRAs to Roth IRAs (conversions) aren't limited.
- Sometimes a distribution includes both a regular distribution (generally taxable) and a rollover (generally nontaxable). The Form 1099-R Rollover or Disability section is used to input the amount that won't be taxed and Box 2a needs to be adjusted.
- If taxpayer inadvertently missed the 60-day rollover deadline for one of several reasons, they can submit a certification to the trustee, and the amount can be considered a rollover on his tax return. See [Revenue Procedure 2020-46](#) for details.

### Internal Revenue Code 402(c)

Extended rollover period for plan loan offset amounts. Provides that the period during which a qualified plan loan offset amount may be contributed to an eligible retirement plan as a rollover contribution is extended from 60 days after the date of the offset to the due date (including extensions) for filing the Federal income tax return for the taxable year in which the plan loan offset occurs, that is, the taxable year in which the amount is treated as distributed from the plan. Qualified plan loan offset amounts are shown on Form 1099-R, Box 7 Code M.



*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.*

#### Rollover or Disability

- 1  Check here if all/part of the distribution was rolled over, and enter the rollover amount.  
Rollover Amount \*
- 2  \$
- 3  Check here to report on Form 1040, Line 1 (Distribution code must be a "3")

## Adjustments to Income



Deductions>Adjustments

### DEDUCTIONS

## Adjustments

- 1 MA MSAs, Archer MSAs and Long-Term Care Insurance Contracts**  
Report contributions and distributions—typically reported to you on Form 1099-SA, Form 5498-SA, or Form 1099-LTC

BEGIN

- 2 Educator Expenses**  
Report unreimbursed business expenses (professional development, classroom supplies, etc.)

BEGIN

- 3 Armed Forces reservists, qualified performing artists, certain fee-basis government officials, or those with impairment-related work expenses**  
Report job-related business expenses, vehicle usage, etc.

BEGIN

- 4 Health Savings Accounts HSAs**  
Report HSA contributions (not included on your W-2) and distributions; typically reported to you on Form 1099-SA or 5498-SA

BEGIN

- 5 Moving Expenses**  
Deduction for certain work-related moves

BEGIN

- 6 Contributions to SEP, Simple, and Qualified Plans**  
For self-employed individuals who contributed to personal and/or employee IRAs

BEGIN

- 7 Self-Employed Health Insurance Coverage**  
For self-employed individuals who paid premiums for medical, dental, or qualifying long-term care insurance coverage

BEGIN

1. In Scope only for Form 1099-LTC, Long-Term Care (LTC) Insurance Contracts. MSAs are Out of Scope.
2. In tax year 2024, eligible educators can deduct up to \$300 for materials and supplies used in the classroom.
3. In scope for Military certification only. See Employee Business Expenses, later in this tab.
4. Health Savings Account – select to open Form 8889, Health Savings Accounts.
5. Moving expenses apply to active duty military only. Must be Certified for Military. Check the box near the top of the form to indicate an Armed Forces PCS move.
6. Adjustments to income for contributions to Self-employed SEP, SIMPLE, and Qualified Plans – Out of Scope.
7. Self-employed health insurance deduction is in scope (Advanced certification required). Do not enter from this screen. See Schedule C – General Expenses in Tab D for details.

## Adjustments to Income (continued)

**8 Penalty on Early Withdrawal of Savings or Certificate of Deposit (CD)**  
Usually reported to you on Form 1099-INT and/or 1099-OID

BEGIN

**9 Alimony Paid**  
Only for divorces finalized before Jan. 1, 2019

BEGIN

**10 Traditional IRA Contributions**  
You may be able to claim a deduction based on your contributions

BEGIN

**11 Nondeductible IRAs**  
Report the basis of traditional and Roth IRAs, conversions, nondeductible contributions, and Roth IRA distributions

BEGIN

**12 Student Loan Interest**  
Usually reported to you on Form 1098-E and eligible for a deduction

BEGIN

**13 Other Adjustments**  
Jury duty pay, personal property rental expenses, certain attorney fees, etc.

BEGIN

8. Early withdrawal penalty auto-populates from Form 1099-INT.
9. If the taxpayer paid alimony to more than one person, add a second payee after entering the first. See Alimony Requirements, later in this tab, for post-2018 divorces.
10. Taxpayers have until the tax filing deadline (not including extensions) to make traditional IRA contributions.
11. Form 8606 Nondeductible IRAs is Out of Scope.
12. Taxpayers may deduct up to \$2,500 in student loan interest they paid. See Student Loan Interest Deduction at a Glance later in this tab.
13. Select **Other Adjustments** for:
  - Jury duty pay (Schedule 1, line 24a) turned over to employer.
  - Other adjustments not listed above (Schedule 1, line 24z). Enter Description and Amount to report a miscellaneous adjustment to income. Combine multiple adjustments into a single entry with their total entered in Amount.

## Standard Deduction

This chart provides the standard deduction amounts for tax year 2024.

**Standard Deduction Chart for Most People\***

If the taxpayer's filing status is...	Their standard deduction is ...
Single or married filing separate return	\$14,600
Married filing joint return or qualifying surviving spouse	\$29,200
Head of household	\$21,900

\*Don't use this chart if the taxpayer was born before January 2, 1960, or is blind, or if someone can claim the taxpayer as a dependent (or their spouse if married filing jointly). (See the chart on the following page.)

## Persons Not Eligible for the Standard Deduction

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

- Your filing status is married filing separately, and your spouse itemizes deductions on his or her return. It doesn't matter who files first.
- You are filing a tax return for a short tax year because of a change in your annual accounting period (Out of Scope)
- You are a nonresident or dual-status alien during the year. You are considered a dual-status alien if you were both a nonresident and resident alien during the year (Out of Scope).
- If you are a nonresident alien who is married to a U.S. citizen or resident alien at the end of the year, you can choose to be treated as a U.S. resident. (See Publication 519, U.S. Tax Guide for Aliens.) If you make this choice, you can take the standard deduction. See Tab L.



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

## Standard Deduction (continued)

### Standard Deduction Chart for People Born Before January 2, 1960 or Who are Blind

Don't use this chart if someone can claim you (or your spouse if filing jointly) as a dependent. Use the second worksheet below. **Note:** Blind is defined in Tab R, Glossary and Index

Standard Deduction Chart for People Who Were Born Before January 2, 1960, or Were Blind		
Don't use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet below.		
<input type="checkbox"/> You were born before January 2, 1960. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1960. <input type="checkbox"/> Spouse is blind.		
Enter the total number of boxes checked .....		► <input type="text"/>
<b>IF your filing status is ...</b>	<b>AND the number in the box above is ...</b>	<b>THEN your standard deduction is ...</b>
Single	1	\$ 16,550
	2	18,500
Married filing jointly	1	\$ 30,750
	2	32,300
	3	33,850
	4	35,400
Qualifying surviving spouse	1	\$ 30,750
	2	32,300
Married filing separately*	1	\$ 16,150
	2	17,700
	3	19,250
	4	20,800
Head of household	1	\$ 23,850
	2	25,800

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

### Standard Deduction Worksheet for Dependents

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

1. Check if:	<input type="checkbox"/> You were born before January 2, 1960. <input type="checkbox"/> You are blind. <input type="checkbox"/> Spouse was born before January 2, 1960. <input type="checkbox"/> Spouse is blind.	Total number of boxes checked ..... <b>1.</b> _____
2. Is your <b>earned income*</b> more than \$850?	<input type="checkbox"/> Yes. Add \$450 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$1,300.	
3. Enter the amount shown below for your filing status.	<ul style="list-style-type: none"> <li>• Single or married filing separately—\$14,600</li> <li>• Married filing jointly—\$29,200</li> <li>• Head of household—\$21,900</li> </ul>	<b>3.</b> _____
4. Standard deduction.	a. Enter the <b>smaller</b> of line 2 or line 3. If born after January 1, 1960, and not blind, stop here and enter this amount on Form 1040 or 1040-SR, line 12. Otherwise, go to line 4b ..... b. If born before January 2, 1960, or blind, multiply the number on line 1 by \$1,550 (\$1,950 if single or head of household) ..... c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12 ..... <b>4a.</b> _____ <b>4b.</b> _____ <b>4c.</b> _____	

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

## Interview Tips – Itemized Deductions

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

Step	Probe/Ask the taxpayer:	Action
1	<p>Do you have expenses in the following categories: medical and dental expenses, taxes you paid, home mortgage interest you paid, gifts to charity, gambling losses and expenses incurred in gambling activities (to the extent of gambling winnings) and work related expenses for disabled individuals that enables them to work.</p> <p><b>Note:</b> Casualty and theft losses are Out of Scope.</p>	<p>If YES, go to Step 2.</p> <p>If NO, generally speaking, you should take the standard deduction if eligible.</p>
2	<p>Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in Box 1 of the taxpayer's Form W-2) or were the expenses reimbursed by an insurance company?</p>	<p>If YES, you can't deduct reimbursed expenses. Go to Step 4.</p> <p>If NO, you can claim these expenses. Go to Step 3.</p>
3	<p>Were the medical and dental expenses more than 7.5% of your adjusted gross income?</p> <p><b>Note:</b> You can include medical and dental bills you paid for:</p> <ul style="list-style-type: none"> <li>• Yourself and your spouse</li> <li>• All dependents you claim on your return</li> <li>• Your child whom you don't claim as a dependent because of the rules for children of divorced or separated parents</li> <li>• Any person you could have claimed as a dependent on your return except that person received \$5,050 or more of gross income or filed a joint return</li> <li>• Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2024 return</li> </ul>	<p>If YES, you can claim qualified expenses. Go to Step 4.</p> <p>If NO, you can't deduct these expenses. Go to Step 4.</p> <p>For more information refer to Publication 502, Medical and Dental Expenses</p>
4	<p>Were the following taxes you paid imposed on you: state and local general sales tax, state or local income tax, real or personal property taxes?</p> <p><b>Note:</b> The itemized deduction for the total amount of these taxes is limited to \$10,000 (\$5,000 MFS) per return. This limit does not apply to foreign income taxes.</p>	<p>If YES, go to Step 5.</p> <p>If NO, you can't claim this expense as a deduction because you weren't obligated to pay the taxes. Go to Step 6.</p>
5	<p>Did you pay these taxes during this tax year?</p>	<p>If YES, you can claim these expenses and go to Step 6.</p> <p>If NO, you can't deduct taxes for this year that were paid in another year. Go to Step 6.</p>
6	<p>Are you legally liable for a home mortgage loan?</p>	<p>If YES, go to Step 7.</p> <p>If NO, you can't take an interest expense for a mortgage for which you aren't legally liable. Go to Step 12.</p>
7	<p>Was the mortgage a secured debt on a main or second home?</p> <p>For more information refer to Publication 936, Home Mortgage Interest Deduction</p>	<p>If YES, go to Step 8.</p> <p>If NO, you can't take an interest expense. Go to Step 12.</p>
8	<p>Did you pay the mortgage interest in this tax year?</p>	<p>If YES, go to Step 9.</p> <p>If NO, you can't take the mortgage interest deduction. Go to Step 12.</p>

## Interview Tips – Itemized Deductions (continued)

Step	Probe/Ask the taxpayer:	Action
9	Is either of the following true? a. All of your home mortgages were taken out on or before October 13, 1987. b. All of your home mortgages taken out after October 13, 1987 were used to buy, build, or substantially improve your main or second home <b>and</b> all mortgage balances were \$750,000 or less (\$375,000 if MFS). See Note 5.	If YES, your mortgage interest is fully deductible. Go to Step 10. If NO, follow the flowchart, “Is My Home Mortgage Interest Fully Deductible” in Publication 936, Home Mortgage Interest Deduction, to determine what is deductible. Go to Step 10. See Note 4
10	Did you pay premiums in 2024 for qualified mortgage insurance for a home acquisition debt that was issued after 2006?	If YES, you may be able to take a deduction on your state return. However, this does not affect the Federal return. Go to Step 11. If NO, go to Step 11.
11	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?	If YES, follow the “Are My Points Fully Deductible This Year” flowchart in Publication 936 and then go to Step 12. See Note 1. If NO, go to Step 12.
12	Did you make a cash contribution to a qualified organization?	If YES, you must have a written record as described in Publication 526, Charitable Contributions, and then go to Step 13. If NO, go to Step 13.
13	Did you make a noncash donation to a qualified organization? <b>Note:</b> Generally the value of a donation is the lesser of your cost or fair market value.	If YES, advise the taxpayer that generally he or she must have a written receipt from that particular organization. Go to Step 14. See Note 2. If NO, Go to Step 14.
14	Is the total of all noncash donations \$500 or less?	If YES, see Note 3 for more details. If NO, this is Out of Scope unless certified in Military. Refer taxpayer to a professional tax preparer.

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

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

 3: For more details on charitable contributions, see Publication 526, Charitable Contributions. To search for qualified organizations see [www.irs.gov/TEOS](http://www.irs.gov/TEOS).

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

 5: Interest on home equity loans and lines of credit are deductible only if the borrowed funds are used to buy, build, or substantially improve the taxpayer's home that secures the loan. The loan must be secured by the taxpayer's main home or second home (qualified residence), and meet other requirements.

## Entering Schedule A – Mortgage Interest Paid (continued)

FORM 1098

### Mortgage Interest Information

Let's get some details from your Form 1098.

[BACK](#)

[CONTINUE](#)

Before we begin, was the money from this loan used exclusively on this home?

- Yes, I've only used the loan to purchase, build, or upgrade the home it is secured by **1**
- No, I've used some or all of this loan on something other than the home it's secured by **2**

### Form 1098 Information

If a box is empty on your Form 1098, leave it blank below.

Lender's name \*

1 - Mortgage interest received from payer/borrower

\$ **3**

2 - Outstanding mortgage principal

\$

3 - Mortgage origination date

MM/DD/YYYY

4 - Refund of overpaid interest

\$ **4**

5 - Mortgage insurance premiums

\$ **5**

6 - Points paid on purchase of principal residence

\$ **6**

7 - Address of property securing mortgage is the same as payer's/borrower's address.

8 - Address or description of property securing mortgage

Country

United States

Address (street number & name)

Apartment, suite, unit number, etc.

ZIP code

City

State

Select

9 - Number of properties securing the mortgage

10 - Other

- Real estate taxes **7**
- Other
- None - box 10 is blank

11 - Mortgage acquisition date

2. If you selected No, then the deduction for home mortgage interest may be limited. See Is My Home Mortgage Interest Fully Deductible? in [Publication 936](#).
3. Enter the amount from Form 1098, Box 1.
4. Amounts in Box 4 may be taxable (if so, enter the taxable portion on the Other Income screen).
5. Private mortgage insurance premiums are not deductible for 2024 at the time this publication was printed.
6. Enter the deductible portion of Box 6 here. See second paragraph on the prior page.
7. Real estate taxes entered here will be added to any real estate taxes entered on the Taxes You Paid screen.

## Entering Schedule A – Charitable Contributions

 *Deductions>Itemized  
Deductions>Gifts to Charity; or  
Keyword: CHAR*

1. Enter amounts given by cash or cash equivalent under Cash Gifts to Charity. See Publication 526 for definitions.
2. Enter the value of noncash items (including miles (14 cents per mile) driven in service to a charity) donated under Noncash Gifts to Charity. Be careful to list them separately. The \$500 limit applies to the total, not each noncash contribution.
3. If noncash contributions are greater than \$500, Form 8283, Noncash Charitable Contributions must be completed and this form is Out of Scope (In Scope for Military certification, up to \$5,000).

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

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

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

To check if an organization is eligible to receive tax-deductible charitable donations, use the IRS Tax Exempt Organization Search Tool at [www.irs.gov/charities-non-profits/tax-exempt-organization-search](http://www.irs.gov/charities-non-profits/tax-exempt-organization-search)

### Gifts to Charity

Cash Gifts to Charity **1**

BEGIN

Non-Cash Gifts to Charity **2**

BEGIN

Non-Cash Donations (more than \$500) **3**

BEGIN

Limitation on Charitable Contributions Deduction

BEGIN

Declaration of Appraiser

BEGIN

Donee Acknowledgement

BEGIN

CONTINUE

### Charity Cash Contributions



To group all cash contributions as one single entry, select the "Override" button below.

OVERRIDE

Charity Name \*

Description

Date of Donation \*

 MM  DD  YYYY

Amount Donated \*

 \$

CANCEL

CONTINUE

## Other Taxes (continued)

Exception codes and explanations for early distributions from IRAs or other qualified retirement plans:

Do not rely on this list alone. For exceptions that apply to IRAs, see Publication 590-B for rules and details pertaining to each exception. For exceptions that apply to pensions or annuities, see Publication 575. See also Form 5329 Instructions.

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. Does not apply if the disability occurred after the distribution.
04	Distributions made on or after the date of 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) 7.5% of your adjusted gross income for the year. Expenses can also be entered on Schedule A.
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. <sup>1</sup>
08	IRA distributions up to the amount you paid for qualified higher education expenses during the year, unless paid with tax-free education aid or Pell grant.
09	IRA distributions made for purchase of a first home, up to \$10,000 per taxpayer and paid within 120 days of distribution.
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	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 59½ or older.
13	Distributions from a section 457 plan, which aren't from a rollover from a qualified retirement plan.
14	Distributions from a plan maintained by an employer if: <ul style="list-style-type: none"> <li>• You separated from service by March 1, 1986;</li> <li>• As of March 1, 1986, your entire interest was in pay status under a written election that provides a specific schedule for the distribution of your entire interest; and</li> <li>• The distribution is actually being made under the written election.</li> </ul>
15	Distributions that are dividends paid with respect to stock described in section 404(k).
16	Distributions from annuity contracts to the extent that the distributions are allocable to the investment in the contract before August 14, 1982. For additional exceptions that apply to annuities, see <i>Tax on Early Distributions</i> under <i>Special Additional Taxes</i> in Pub. 575.
17	Distributions that are phased retirement annuity payments made to federal employees. See Pub. 721 for more information on the phased retirement program.
18	Permissible withdrawals under section 414(w).
19	Qualified birth or adoption distributions. Include an explanation that provides the name, age, and TIN of the child or eligible adoptee. <sup>2</sup>
20	Distributions due to terminal illness. Distributions that are made after the date on which your physician has certified that you have an illness or physical condition that can reasonably be expected to result in death in 84 months or less after the date of the certification. See Form 5329 Instructions for requirements.
21	Corrective distributions of the income on excess contributions distributed before the due date of the tax return (including extensions).
22	Qualified distributions to victims of domestic abuse. A qualified distribution to a victim of domestic abuse is a distribution made from an applicable eligible retirement plan and made to an individual during the 1-year period beginning on any date on which the individual is a victim of domestic abuse by a spouse or domestic partner. <sup>3</sup>
23	Distributions for eligible emergency expense distributions. A distribution from an applicable eligible retirement plan for the purposes of meeting the unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses. <sup>4</sup>
99	Enter this code if more than one exception applies. To aid in QR, add a preparer's note in TaxSlayer listing the amount of each exception.

See next page for footnotes

## Other Taxes (continued)

### Footnotes for previous table

<sup>1</sup>Medical insurance for yourself, your spouse, and your dependents (no 7.5% of AGI reduction). All of the following conditions must apply:

- You lost your job.
- You received unemployment compensation paid under any federal or state law for 12 consecutive weeks because you lost your job.
- You receive the distributions during either the year you received the unemployment compensation or the following year.
- You receive the distributions no later than 60 days after you have been reemployed.

<sup>2</sup>An IRA owner or a participant in a workplace defined contribution plan, such as a 401(k) or 403(b) plan, can withdraw up to \$5,000 for the birth or adoption of a child without incurring the usual 10% additional tax on early distributions. The distribution must be made within one year after the child is born or the adoption is finalized and cannot be from a defined benefit plan. Individuals may repay qualified birth or adoptions distributions at any time during the 3-year period beginning on the day after the date on which the distribution was received. For distributions made on or before December 29, 2022, repayment must be made before January 1, 2026.

<sup>3</sup>Limited to the lesser of \$10,000 or 50% of the employee's nonforfeitable accrued benefit (vested accrued benefit) See [Notice 2024-55](#).

<sup>4</sup>Emergency personal expense distributions are subject to three limitations:

- no more than one distribution per calendar year is permitted to be treated as an emergency personal expense distribution by any individual.
- the limit is the lesser of \$1,000 or the employee's nonforfeitable accrued benefit (vested accrued benefit) balance amount by which the account exceeds \$1,000 as of the distribution date; e.g., if the account balance is \$1,300 at the time of the distribution, the maximum emergency expense distribution is \$300.
- rules limit taking subsequent emergency personal expense distributions.

See [Notice 2024-55](#).

## Additional Taxes on HSAs

Additional taxes for HSA distributions not used for qualified medical expenses are reported on Form 1040 Schedule 2, Additional Taxes. All other additional taxes on HSAs are Out of Scope. See Instructions for Form 8889, Health Savings Accounts (HSAs).

The additional 20% tax does not apply to distributions made after the account beneficiary:

- Dies,
- Becomes disabled, or
- Turns age 65

## Substantial Presence Test? – Decision Tree (continued)

### Substantial Presence Test? – Decision Chart 2 (Teacher or Trainee)

The chart on this page is an alternative (508 Compliant) to the flowchart on the prior page, but the information is the same.

If you are temporarily present in the United States as a Teacher on J or Q Visa, or Trainee on J Visa, use this chart to determine if you are an exempt individual for the Substantial Presence Test (SPT).

Step	Probe / Ask the Taxpayer – Teacher J or Q/Trainee J Visa	Action
1	Are you a student?	YES – Go to Decision Chart 1, starting at Step 1 NO – Go to Step 2
2	Are you in substantial compliance with your visa?	YES – Go to Step 3
3	Were you exempt as a teacher, trainee, or student for any part of 2 of the preceding 6 calendar years?	YES – Go to Step 4 NO – Go to Step 5
4	Were you exempt as a teacher, trainee, or student for any part of 3 (or fewer) of the 6 preceding years, AND Did a foreign employer pay all your compensation during the tax year in question, AND Were you present in the U.S. as a teacher or trainee in any of the preceding 6 years, AND Did a foreign employer pay all your compensation during each of the preceding 6 years you were present in the U.S. as a teacher or trainee?	YES – Go to Step 5 NO – Go to Step 6
5	You are an exempt individual for the Substantial Presence Test and will file Form 1040-NR	
6	*You must apply the Substantial Presence Test using the Resident or Nonresident Alien Decision Tree	

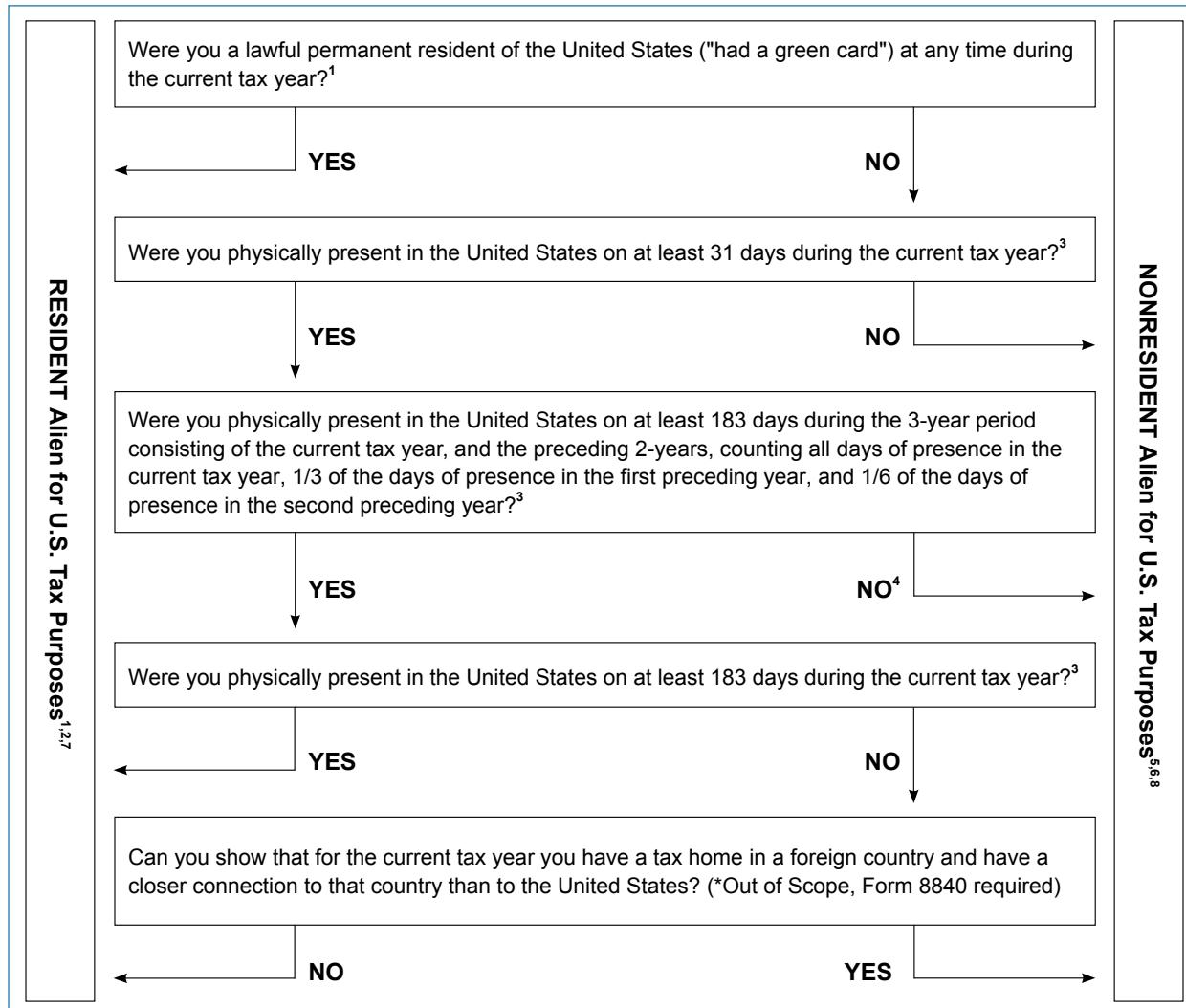
 *Do not count the following as days of presence in the United States for the substantial presence test:  
Days you are an exempt individual.*

 *If additional days of presence due to COVID-19 travel restrictions cause the taxpayer to become a "resident" using the physical presence test rules, see possible exceptions allowed in Revenue Procedure 2020-20.*

 *Trainees on a Q visa are Out of Scope for the Foreign Student and Scholar program.*

## Resident or Nonresident Alien Decision Tree

Determine residency status for federal income tax purposes.



<sup>1</sup>If this is your first or last year of residency, you may have a dual status for the year. See Dual Status Aliens in Pub 519, U.S. Tax Guide for Aliens. (**Out of Scope**)

<sup>2</sup>In some circumstances you may still be considered a nonresident alien and eligible for benefits under an income tax treaty between the U.S. and your country. See Effect of Tax Treaties in Publication 519 and check the provision of the treaty carefully. (**Out of Scope**)

<sup>3</sup>See Days of Presence in the United States in Publication 519 for days that do not count as days of presence in the U.S. (Exempt individuals such as students, scholars, and others temporarily in the U.S. under an F, J, M, or Q visa's immigration status do not count their days of presence in the U.S. for specified periods of time.) Foreign Student and Scholar certification is required to prepare a return for these individuals.

<sup>4</sup>If you meet the substantial presence test for the following year, you may be able to choose treatment as a U.S. resident alien for part of the current tax year. See Substantial Presence Test under Resident Aliens and First Year Choice under Dual Status Aliens in Publication 519. (**Out of Scope**)

<sup>5</sup>Nonresident students from Barbados and Jamaica, as well as trainees from Jamaica, may qualify for an election to be treated as a U.S. Resident for tax purposes under their tax treaty provisions with the U.S. A formal, signed, election statement must be attached to the Form 1040 (**preparation of the statement is Out of Scope**). (It continues until formally revoked.)

## IP PIN Guidance for Identity Theft Victims

Being sensitive towards victims of identity theft is critical to assisting taxpayers through a confusing and frustrating situation. Remember victims of identity theft are:

- Victimized by identity thieves, mostly through no fault of their own, and
- Trying to comply with tax laws, file a tax return and pay their fair share of taxes

Taxpayers can receive IP PINs in two ways. From mid December through early January, the IRS mails Notice CP01A to taxpayers previously identified as identity theft victims. The notice includes a 6-digit Identity Protection Personal Identification Number (IP PIN) to be entered on the tax return. Taxpayers are mailed Notice CP01A every year as long as the identity theft indicator remains on their account. Taxpayers may also Opt-In to receive an IP PIN. (See Voluntary Opt-In IP PIN later in this section, for more information).

### Use the most recent IP PIN regardless of the tax year.

Use the chart below when assisting taxpayers who are victims or may be victims of identity theft.

If...	Then...
Identity Protection PIN (IP) PIN was issued to primary and/or, secondary and/or dependent taxpayer(s)	Ensure the IP PIN is input correctly on the tax return.
Taxpayer received an IP PIN but didn't bring it with them	<ol style="list-style-type: none"><li>1. Complete a tax return for the taxpayer.</li><li>2. Provide the taxpayer with a complete copy of the tax return. (Provide two copies – one copy to keep for their records and the other copy if the taxpayer will mail the tax return.)</li><li>3. Refer to Lost, Misplaced or Non-Receipt of IP PIN on the following page.</li><li>4. If the taxpayer wants to e-file, arrange for the taxpayer to provide the IP PIN by returning to the site or via telephone.<sup>1</sup></li></ol>
Taxpayer received an IP PIN but misplaced or lost it	<ol style="list-style-type: none"><li>1. Complete a tax return for the taxpayer.</li><li>2. Provide the taxpayer with a complete copy of the tax return. (Provide two copies – one copy to keep for their records and the other copy if the taxpayer will mail the tax return.)</li><li>3. Refer to Lost, Misplaced or Non-Receipt of IP PIN on the following page.</li><li>4. If the taxpayer receives original or a reissued IP PIN and wants to e-file, arrange for the taxpayer to provide the IP PIN by returning to the site or via telephone.<sup>1</sup></li></ol>
Taxpayer didn't receive IP PIN but IRS rejected the e-filed tax return because the IP PIN wasn't entered.	<ol style="list-style-type: none"><li>1. Refer to Lost, Misplaced or Non-Receipt of IP PIN on the following page.</li><li>2. Provide the taxpayer with two complete copies of the tax return.</li><li>3. If the taxpayer receives the original or a reissued IP PIN and the taxpayer wants to e-file, advise the taxpayer to provide the IP PIN by returning to the site or via telephone.<sup>1</sup></li><li>4. If IRS doesn't provide the IP PIN, advise the taxpayer to follow IRS instructions in mailing the tax return. There may be processing delays as IRS verifies the taxpayer's identity.</li></ol>
IRS rejected the taxpayer's tax return because the taxpayer's primary/secondary/dependent SSN was previously used.	<ol style="list-style-type: none"><li>1. Advise the taxpayer to contact the IRS for assistance. If required, they will advise the taxpayer to complete Form 14039, Identity Theft Affidavit, and to mail it with their tax return to the IRS. Taxpayers can electronically complete and submit Form 14039, Identity Theft Affidavit. Use a fillable form at IRS.gov, print, then attach the form to your return and mail your return according to instructions. The IRS will respond in approximately 30 days after all the necessary information is received.<sup>2</sup> Alternatively, if the reject was due to the dependent SSN, verify dependent information is correct and taxpayer meets requirements to claim dependent. The primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it.</li><li>2. Provide the taxpayers two copies of their tax return. One copy for the taxpayer to keep for their records and the other copy to mail.</li></ol>

### Footnotes:

<sup>1</sup>Taxpayer must return to the site to sign Form 8879 (IRS e-file Signature Authorization) if they did not already do so.

<sup>2</sup>Do not file Form 14039 if the taxpayer received any of the following IRS identity verification letters: Letters 4883C or 6330C, 5071C or 6331C, 5447C, 5747C. Their return may not get processed until the taxpayer follows the instructions in the letter.

## IP PIN Guidance for Identity Theft Victims (continued)

### Lost, Misplaced or Non-Receipt of IP PIN

If a taxpayer didn't receive his/her new IP PIN or the taxpayer misplaced it, the taxpayer has two options:

1. Register and create a user profile to get his/her current IP PIN. The registration process will require the taxpayer to provide specific personal information and answer a series of questions to validate his/her identity. Go to [Retrieve Your Identity Protection PIN \(IP PIN\)](http://www.irs.gov/retrieveippin) at [www.irs.gov/retrieveippin](http://www.irs.gov/retrieveippin).
2. Contact IRS at 1-800-908-4490 to request his/her IP PIN to be reissued by mail if the taxpayer is unable or unwilling to create an account on the IRS website.

The taxpayer will need to mail a paper tax return without the IP PIN if either of the following situations apply:

1. The taxpayer has moved since January 1 of this year, or
2. It's after October 14 and the taxpayer hasn't filed his/her current or prior year tax return.

Existing IP PIN users seeking to retrieve their numbers should not apply for a new IP PIN with Form 15227. The Form 15227 application process is only for taxpayers who are newly opting into the program and do not already have an IP PIN requirement.

IRS will review the return to confirm the taxpayer's identity which may delay a refund.

 *Basic Information>IRS Identity Protection PIN or Federal Section>Miscellaneous Forms>IRS Identification PIN; or Keyword: PIN*

### IRS Identity Protection PIN

Enter an Identity Protection PIN for each person who received one from the IRS. Leave fields blank for individuals who did not receive a PIN from the IRS.

Taxpayer Sample (XXX-XX-9996)

Spouse Carolina (XXX-XX-6666)

[Recover a lost Identity Protection PIN](#)

## Top Reject Codes (continued)

<b>Top Reject Codes</b>	<b>Suggested Solutions</b>
<b>503</b> Last name for the secondary taxpayer on the return does not match the IRS Master File and/or SSA records.	Verify the name, SSN or ITIN. Ask to see the Social Security card of the spouse. Check for spelling and transposition errors. If the data entered is incorrect, make the corrections and retransmit the return.
<b>504</b> Dependent's SSN must match data from the IRS Master File.	Verify name and SSN or ITIN. Check spelling and data entry. Have the client contact Social Security Administration (SSA) to verify information. Ask to see the Social Security card(s).
<b>506</b> Qualifying child's SSN listed for the purpose of claiming Earned Income Tax Credit (EITC) has been used on another tax return.	Verify SSN of the dependent. If correct, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file returns with duplicate claims for dependents.  Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed this dependent.
<b>507</b> Dependent's SSN on the Form 1040 was previously used for the same purpose.	Verify SSN of the dependent. If correct, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file returns with duplicate claims for dependents.  Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed this dependent.
<b>516</b> SSN is listed on another return as a dependent. Verify SSN.	If correct, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file the return.  Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed the taxpayer as a dependent.
<b>517</b> Dependent's SSN was listed as the taxpayer's/spouse's SSN on another return without the box checked that someone can claim that taxpayer/spouse as a dependent.	Verify SSN of the dependent. This rejection is common on the returns of parents who are still claiming a young adult who also files their own tax return. If this dependent can be claimed by the taxpayer, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file the return (and the dependent will need to file an amended return indicating they can be claimed as someone's dependent).
<b>535</b> Qualifying SSN on Schedule EIC and the corresponding Year of Birth must match data received from the SSA.	Verify birthday, name and SSN of each child.
<b>541</b> Taxpayer must be older than qualifying child on Schedule EIC.	Verify birthdays of taxpayer and child.
<b>901, 941</b> The Taxpayer's or Spouse's SSN has been locked because the Social Security Administration records indicate the number belongs to a deceased individual.	Verify SSN. If correct, but the individual is not deceased, then have the taxpayer contact the SSA to correct their records (wait at least 2 weeks after SSA is contacted before reattempting to e-file, otherwise return must be mailed). If the individual is deceased, then the return will need to be mailed.

**2024 Publication 4012, VITA/TCE Volunteer Resource Guide**

## Notes:

# 2024 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

Page	Changes
<b>Volunteer Standards of Conduct Test</b>	
15	In Question #7, replace the email address <a href="mailto:wi.voltax@irs.gov">wi.voltax@irs.gov</a> with: <a href="mailto:ts.voltax@irs.gov">ts.voltax@irs.gov</a>
16	No changes
<b>Volunteer Standards of Conduct Retest</b>	
17	No changes
18	In Question #7, replace the email address <a href="mailto:wi.voltax@irs.gov">wi.voltax@irs.gov</a> with: <a href="mailto:ts.voltax@irs.gov">ts.voltax@irs.gov</a>
<b>Basic Test Questions</b>	
55	Under Test Question 23, <b>replace</b> the answer for "a" with: <b>c.</b> Yes, because Wendy meets the relationship/member of the household test
56	No changes
<b>Foreign Student Test for Volunteers</b>	
192	Under <b>Scenario 1: Gabriel Alvarez Test Questions</b> , Test Question 15, <b>replace</b> : 365 with 366
193	No changes

# 2024 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

- c. Thank the taxpayer, and explain that you **cannot** accept any payment for your services.
  - d. Refer the taxpayer to the tip jar located at the quality review and print station.
4. Jake is an IRS tax law-certified volunteer preparer at a VITA/TCE site. When preparing a return for Jill, Jake learns that Jill does **not** have a bank account to receive a direct deposit of her refund. Jill is distraught when Jake tells her the paper refund check will take three to four weeks longer than the refund being direct deposited. Jill asks Jake if he can deposit her refund in his bank account and then turn the money over to her when he gets it. What should Jake do?
- a. Jake can offer to use his account to receive the direct deposit, and turn the money over to Jill once the refund is deposited.
  - b. Jake should explain that a taxpayer's federal or state refund **cannot** be deposited into a VITA/TCE volunteer's bank account and she will have to open an account in her own name to have the refund direct deposited.
  - c. Jake can suggest she borrow a bank account number from a friend because the taxpayer's name does **not** need to be on the bank account.
5. Max prepares a tax return for Ali at a VITA/TCE site. He finds out during the interview that Ali has no health insurance. After Ali leaves the site, Max writes her name and contact information down to take home to his wife who sells health insurance for profit. Which of the following statements is **true**?
- a. There is no violation to the Volunteer Standards of Conduct (VSC) unless Max's wife makes a big commission on the sale of health insurance to Ali.
  - b. Max has violated the VSC because he is using the information he gained about Ali to further his own or another's personal benefit.
  - c. Max is doing Ali a favor by using her personal information to secure business for his wife.
  - d. Information a taxpayer provides at a VITA/TCE site can be used for the volunteer's personal gain.
6. Bob, an IRS tax law-certified volunteer preparer, told the taxpayer that cash income **does not** need to be reported because the IRS **does not** know about it. Bob indicated **NO** cash income on Form 13614-C. Bob prepared a tax return excluding the cash income. Jim, the designated quality reviewer, was unaware of the conversation and therefore unaware of the cash income and the return was printed, signed, and e-filed. Who violated the Volunteer Standards of Conduct?
- a. Bob, the tax law-certified volunteer who prepared the return.
  - b. Jim, the designated quality reviewer who was unaware of the cash income when he reviewed the return.
  - c. Betty, the coordinator.
  - d. No one has violated the Volunteer Standards of Conduct.
7. Sue, a VITA/TCE coordinator, was watching the local news when she saw Aaron, a new tax law-certified volunteer, in a story about several bank employees being arrested for suspicion of embezzlement. She saw Aaron being led out of the bank in handcuffs. Three days later, Sue is shocked when she sees Aaron show up at the site ready to volunteer, apparently out on bond. She pulls Aaron aside and explains that his arrest on suspicion of embezzlement could have a negative effect on the site and therefore she must ask him to leave the site. Sue removed his access to the software, she then uses the external referral process to report the details to SPEC headquarters by sending an email to [ts.voltax@irs.gov](mailto:ts.voltax@irs.gov). Did Sue take appropriate actions as the coordinator?
- a. Yes
  - b. No

## 2024 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

8. Sam is assigned to prepare a taxpayer's return. The taxpayer has been waiting for a long time due to the volume of taxpayers needing service. The taxpayer is agitated when they sit with Sam. How should Sam interact with the taxpayer?
  - a. Keep calm.
  - b. Create a peaceful and friendly atmosphere.
  - c. Remain professional and courteous.
  - d. All of the above.
9. VITA/TCE sites and volunteers must not solicit business from taxpayers or use taxpayer information for personal or business benefit.
  - a. True
  - b. False
10. Ben is preparing a tax return and the taxpayer has a dependent listed. The dependent is the child of the taxpayer's cousin. The child lived with the taxpayer a few months. Ben prepared the return and indicated on Form 13614-C the child lived with the taxpayer all year. Did Ben violate the VSC?
  - a. Yes, Ben knowingly prepared the return with false information.
  - b. Yes, but the return was accepted so everything is fine.
  - c. No, the cousin gave permission.
  - d. No, the cousin wasn't filing a return.

## Volunteer Standards of Conduct Retest Questions

### Directions

Using your resource materials, answer the following questions:

1. Which volunteers must pass the Volunteer Standards of Conduct (VSC) certification test?
  - a. Coordinators
  - b. Quality reviewers and tax return preparers
  - c. Greeters or client facilitators
  - d. All VITA/TCE site volunteers must pass the VSC certification test
2. Failure of a VITA/TCE volunteer to comply with the Volunteer Standards of Conduct could result in which of the following?
  - a. The volunteer's removal from the VITA/TCE program.
  - b. The volunteer's inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely.
  - c. Termination of the sponsoring organization's partnership with the IRS.
  - d. All of the above may be considered an appropriate action depending on the type of violation and the sponsoring organization's corrective actions.
3. Is having a donation/tip jar at the quality review station within the VITA/TCE site a violation of the Volunteer Standards of Conduct?
  - a. Yes
  - b. No
4. Maggie wants her tax refund quickly; however, she doesn't have a bank account for direct deposit. She asks Josh, the tax law-certified preparer, to deposit her refund into his checking account and turn the funds over to her when received. If Josh agrees to do this, has he violated any of the Volunteer Standards of Conduct?
  - a. Yes
  - b. No
5. Pat is a paid tax preparer in the community; he also gives back to the community by serving as an IRS tax law-certified volunteer tax preparer at a VITA/TCE site. While conducting the interview with the taxpayer, Pat discovers the taxpayer's small business will generate a loss, making the return out of scope for the VITA/TCE program. Pat explains to the taxpayer that the tax return **cannot** be prepared at the VITA/TCE site, but he will offer the taxpayer a discount at his paid tax preparation business down the road. Did Pat violate the Volunteer Standards of Conduct (VSC)?
  - a. Yes, it is a violation of the VSC for Pat to solicit business from any taxpayer at the VITA/TCE site.
  - b. No, it is **not** a violation since the return **cannot** be prepared at the site.
  - c. No, none of the VSC addresses soliciting business while volunteering at the VITA/TCE site.

# 2024 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

6. Ann, an IRS tax law-certified tax preparer, told the taxpayer that cash income does **not** need to be reported because the IRS will never know about it. Ann indicated **NO** cash income on Form 13614-C. Ann prepared the return without the cash income. The designated quality reviewer was unaware of the conversation and therefore unaware of the cash income and the return was printed, signed, and e-filed. Did the designated **quality reviewer** violate the Volunteer Standards of Conduct?
- Yes
  - No
7. Jan, a greeter, overheard an IRS tax law-certified volunteer, Jim, trying to sell insurance to a taxpayer he was helping. Jim is an insurance agent in the community. Jan feels like Jim was pushy, made the taxpayer uncomfortable, and violated Volunteer Standard of Conduct #3. What should Jan do?
- Make an announcement to the taxpayers in the waiting room to ignore Jim if he tries to sell them insurance.
  - Tell the coordinator what she heard, so they can immediately remove Jim from the site and report the incident using the external referral process by sending an email to [ts.voltax@irs.gov](mailto:ts.voltax@irs.gov).
  - Mind her own business and do nothing.
8. VITA/TCE volunteers must remain professional and courteous when working with taxpayers.
- True
  - False
9. During tax preparation the volunteer notices the taxpayer's type of income is out of VITA/TCE scope per Publication 4012. The volunteer refers the taxpayer to their sister's tax preparation services. Was a VSC violated?
- No, the taxpayer asked for help in finding a tax preparer.
  - Yes, the volunteer cannot recommend a specific person or company's services.
  - No, the volunteer is helping promote a family business.
  - No, the volunteer is helping the taxpayer get the service they need.
10. A volunteer prepared a return that contains fraudulent Earned Income Credit (EIC) to help a family member who is financially struggling. The volunteer did not violate the VSC.
- True
  - False

# 2024 Publication 6744, VITA/TCE Volunteer Assistor's Test/Retest

## Basic Scenario 8: Test Questions

20. Amy's disability pension is reported as earned income wages.
  - a. True
  - b. False
21. The most advantageous filing status that Amy can claim is?
  - a. Single
  - b. Married Filing Separately
  - c. Head of Household
  - d. Qualifying Surviving Spouse (QSS)
22. Which of Amy's children qualifies her to claim the Earned Income Tax Credit?
  - a. Wendy
  - b. Kyle
  - c. Both Wendy and Kyle
  - d. Neither Wendy nor Kyle
23. Can Amy claim Wendy as a dependent?
  - a. Yes, because Wendy meets the relationship/member of the household test
  - b. Yes, because Amy provided more than half of Wendy's total support
  - c. Yes, because Wendy's gross income is less than \$5,050
  - d. All of the above
24. Amy anticipates a balance due for next year. What actions should she take to prevent having a balance due?
  - a. Submit a revised W-4P to increase her withholding
  - b. Make estimated tax payments
  - c. Do nothing and file her return as usual
  - d. Both a and b

## Basic Scenario 9: Irene Sanders

### Directions

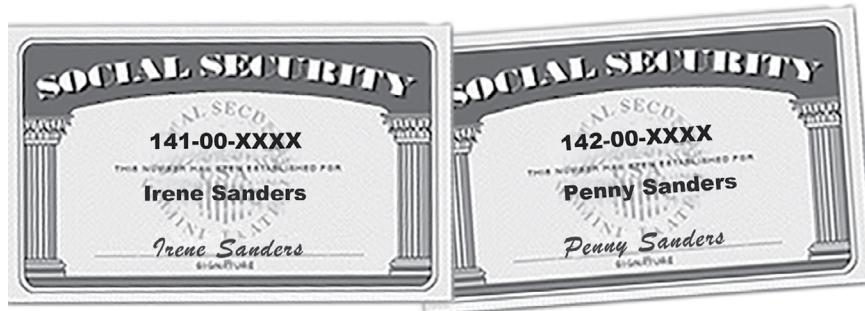
Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.



*When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.*

### Interview Notes

- Irene is 33 years old and was married to Joel. Joel passed away on March 15, 2022. Irene has not remarried.
- Irene's 10-year-old daughter, Penny, lived with her the entire year.
- Irene paid more than half the cost of keeping up a home and support for Penny.
- Irene took a distribution from her traditional IRA in June to pay for her family vacation.
- Irene was a full-time elementary school art teacher and earned \$47,500 in wages. Irene purchased art supplies for her class out of her own pocket totaling \$350.
- Irene received a 1099-E for student loan interest she paid in 2024.
- Irene received a W-2G in the amount of \$3,600 from the local casino.
- Irene paid child and dependent care expenses for Penny while she worked.
- Irene and Penny are U.S. citizens and have valid Social Security numbers. They lived in the United States for the entire year.
- If Irene is entitled to a refund, she would like to deposit half into her checking account and half into her savings account. Documents from Adelphi Bank and Trust show that the routing number for both accounts is 111000025. Irene's checking account number is 123456789 and her savings account number is 987654321.



## Scenario 1: Gabriel Alvarez

Use the following information to prepare Form 8843.

- Gabriel Alvarez came to the U.S. to study on August 1, 2021, in F-1 immigration status. His passport number is 4682936 and it was issued by his home country, Peru. His home address is 31 Rue de Santos, Lima, 07001, Peru. His address at school is Stanford University, 450 Jane Stanford Way, Stanford, CA 94305. His U.S. taxpayer identification number is XXX-XX-XXXX.
- Gabriel is attending Stanford University, 450 Jane Stanford Way, Stanford, CA 94305, telephone 612-555-XXXX. His specialized program is Alternative Fuel Systems and the director is Professor Marri M. Young, also at 450 Jane Stanford Way, Stanford, CA 94, telephone 612-555-XXXX ext. 1267.
- Gabriel has not taken steps to apply for permanent residency. Gabriel had no income, so he is not required to file any other tax forms. Gabriel has not left the U.S. since arriving.
- After completing the required tax form, review the scenario and resource materials, and answer each of the test questions

## Scenario 1: Gabriel Alvarez Test Questions

To answer the following multiple choice questions, refer to the Form 8843 you completed for Gabriel Alvarez.

- 14.** Gabriel reports his most current nonimmigrant status on line 1a.
  - a. True
  - b. False
- 15.** Gabriel should put 366 days on line 4b, for days of exempted presence for 2024.
  - a. True
  - b. False
- 16.** What parts of Form 8843 does Gabriel need to complete?
  - a. Part I
  - b. Parts I and III
  - c. Parts I and II
  - d. Part II
- 17.** Gabriel must submit his Form 8843 for tax year 2024 by April 15, 2025?
  - a. True
  - b. False

## Taxability of Income, ITINs, and Credits

### Introduction

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

Allow approximately 45 minutes to complete this segment.

- 18.** Jenna, who is a nonresident alien and is in the United States in J-1 immigration status, spent \$4,400 on qualifying education expenses. She is eligible to claim an education credit on her tax return.
  - a.** True
  - b.** False
  
- 19.** Lacey received \$100 of dividend income on U.S. stocks she purchased online. She is an international student from Canada in F-1 immigration status. She arrived in the United States in 2023. How much of Lacey's dividend income will be taxed at 30%?
  - a.** \$0, it's taxed at the ordinary rate
  - b.** \$0, Per Publication 4011, the correct tax rate is 15%
  - c.** \$100
  
- 20.** Tonya and Paul are a married nonresident alien couple from France. Both are in the U.S. in F-1 immigration statuses and arrived in 2024. They paid \$3,700 in childcare expenses, while attending school, for their child who was born in the United States and is a U.S. citizen. They are eligible to claim the child and dependent care credit on their Form 1040-NR.
  - a.** True
  - b.** False
  
- 21.** Jaden is a student in J-1 immigration status from Latvia. He earned \$2,300 in wages in 2024. His wages are reported to him on Form 1042-S (Box 1, Income Code 20). Should Jaden report his wages on Form 1040-NR, Schedule OI?
  - a.** Yes
  - b.** No
  
- 22.** Cyril is a student in the U.S. in J-1 immigration status as of October 15, 2024. Under the terms of his visa, he is permitted to work in the U.S. Cyril qualifies for a Social Security number and should not apply for an ITIN.
  - a.** True
  - b.** False

# 2024 Publication 5683, VITA/TCE Handbook for Partners and Site Coordinators

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Page	Changes
<b>Filing Basics</b>	
99	No changes
100	Under heading <b>Forms and Publications Links</b> , below Publication 3676-A (zh-t), insert: <b>Publication 3753</b> , If you want to improve the IRS – Speak Up (add hyperlink)

# 2024 Publication 5683, VITA/TCE Handbook for Partners and Site Coordinators

- RM forwards the approved templates back to the partner in PDF format. This approval process can take one to two weeks.

## Partners using the IRS logo on their website:

If a partner wants to add the IRS logo to their webpage, they must send a request through their local SPEC territory office for review and approval. The partner must share where and how logo placement will occur on the webpage.

Once the RM at the local SPEC territory office receives all the details, the review and approval process will begin. This approval process can take up to two weeks.

The IRS logo placed on a partner's website must direct users to the IRS.gov home page.



### Key Reminders:

The partner must obtain **annual** approval to use the IRS template(s) or partner product(s) with the IRS logo. Any changes to a product after IRS approval, must be resubmitted for review and approval. SPEC encourages partners to review the Publication 5176 and follow the instructions included if they are interested in using any of the templates.

## Social Media

The IRS uses social media to share the latest updates on tax changes, scam alerts, initiatives, products, and services. Connect with the IRS through social media platforms Twitter, Instagram, and YouTube. Go to [IRS Social Media](#) for more information on IRS's social media presence.

Social media is at the top of the list when trying to help people get the information they need or want on demand. The IRS realizes social media is a great resource to deliver accurate and consistent outreach to millions of people instantly. SPEC knows that partners actively use social media to promote the work of the VITA/TCE program and encourages all partners to continue expanding its use for outreach and share the IRS key messages on a regular basis. SPEC encourages partners to "follow," "like," "retweet" and "share" messages issued from the IRS social media accounts.

# 2024 Publication 5683, VITA/TCE Handbook for Partners and Site Coordinators

## Forms and Publications Links

- [Form 1040, US Individual Income Tax Return](#)
- [Instruction 1040, Instructions for Form 1040 \(and Form 1040-SR\)](#)
- [Form 1040 Schedule LEP, Request for Change in Language Preference](#)
- [Form 3911, Taxpayer Statement Regarding Refund](#)
- [Form 4506-T, Request for Transcript of Tax Return](#)
- [Form 6729-D, VITA/TCE Site Review Sheet](#)
- [Form 6744, VITA/TCE Volunteer Assistor's Test/Retest](#)
- [Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return](#)
- [Form 8879, IRS e-file Signature Authorization](#)
- [Form 13206, Volunteer Assistance Summary Report](#)
- [Form 13533, VITA/TCE Partner Sponsor Agreement](#)
- [Form 13614-C, Intake/Interview and Quality Review Sheet](#)
- [Form 13614-C, Intake/Interview and Quality Review Sheet \(available in multiple languages\)](#)
- [Form 13614-NR, Nonresident Alien Intake and Interview Sheet](#)
- [Form 13615, Volunteer Standards of Conduct Agreement – VITA/TCE Programs](#)
- [Form 13715, Volunteer Site Information Sheet](#)
- [Form 14157, Return Preparer Complaint](#)
- [Form 14157 \(sp\), Return Preparer Complaint \(Spanish Version\)](#)
- [Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit](#)
- [Form 14446, Virtual VITA/TCE Taxpayer Consent](#)
- [Form 14446, Virtual VITA/TCE Taxpayer Consent \(available in multiple languages\)](#)
- [Form 15272, VITA/TCE Security Plan](#)
- [Publication 17, Your Federal Income Tax \(For Individuals\)](#)
- [Publication 1101, Application Package and Guidelines for Managing a TCE Program](#)
- [Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns](#)
- [Publication 1546, Taxpayer Advocate Service - We Are Here to Help You](#)
- [Publication 1546-EZ, The Taxpayer Advocate Service Is Your Voice at the IRS](#)
- [Publication 1546-EZ, The Taxpayer Advocate Service Is Your Voice at the IRS \(available in multiple languages\)](#)
- [Publication 3112, IRS e-file Application and Participation](#)
- [Publication 3676-A \(en-sp\), IRS Certified Volunteers Providing Free Tax Preparation \(English-Spanish Version\)](#)
- [Publication 3676-A \(vie\), IRS Certified Volunteers Providing Free Tax Preparation \(Vietnamese Version\)](#)
- [Publication 3676-A \(zh-t\), IRS Certified Volunteers Providing Free Tax Preparation \(Traditional Chinese Version\)](#)
- [Publication 3753, If you want to improve the IRS – Speak Up](#)
- [Publication 4011, VITA/TCE Foreign Student and Scholar Volunteer Resource Guide](#)
- [Publication 4012, VITA/TCE Volunteer Resource Guide](#)
- [Publication 4053 \(en-sp\), Your Civil Rights are Protected Poster for IRS Assisted Programs \(VITA/TCE/LITC\) \(English & Spanish Version\)](#)
- [Publication 4053, Your Civil Rights are Protected \(available in multiple languages\)](#)
- [Publication 4134, Low Income Taxpayer Clinics \(LITC\) List](#)
- [Publication 4134 \(sp\), Low Income Taxpayer Clinics List \(Spanish version\)](#)
- [Publication 4299, Privacy, Confidentiality, and Civil Rights - A Public Trust](#)
- [Publication 4390, VITA/TCE Computer Loan Program - Guidance and Resources](#)
- [Publication 4454, Your Civil Rights Are Protected](#)
- [Publication 4473, Computer Loan Program - Welcome Package](#)
- [Publication 4491, VITA/TCE Training Guide](#)
- [Publication 4491-X, VITA/TCE Training Supplement](#)
- [Publication 4555-E, VITA/TCE e-Instructor Guidance](#)
- [Publication 4671, Helping You Help Others VITA Grant Program Overview and Application Instructions](#)
- [Publication 4695, VITA/TCE Puerto Rico Volunteer Test](#)
- [Publication 4696, VITA/TCE Puerto Rico Resource Guide](#)
- [Publication 4836, VITA/TCE Free Tax Programs](#)

## 2024 Publication 4189, Volunteer Test/Retest Answers

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Page	Changes
<b>Basic Retest</b>	
3	Change the correct answer to question 2 to d.

## 2024 Publication 4491, VITA/TCE Training Guide

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Page	Changes
<b>Income – Business</b>	
9-1	Under heading <b>Introduction</b> , in the third sentence <b>change</b> : \$35,000 to \$50,000
9-2	No changes
9-3	No changes
9-4	Under heading <b>What is in scope for VITA/TCE?</b> , in the first bullet point, <b>change</b> : \$35,000 to \$50,000
9-13	No changes
9-14	Under heading <b>What situations are out of scope for the VITA/TCE programs?</b> , in the third bullet point, <b>replace</b> : \$35,000 to \$50,000 Under heading <b>EXERCISE Answers</b> , in Answer 3, <b>replace</b> : \$35,000 to \$50,000

## Income – Business



### Introduction

This lesson will help you prepare an accurate return for taxpayers who have business income, including self-employment income. Form 1040 is used to report income from a business or profession operated as a sole proprietor or independent contractor.

Preparation of tax returns with Schedule C, Profit or Loss From Business (Sole Proprietorship), are in scope for VITA/TCE under certain limited conditions and with expenses of \$50,000 or less.

This lesson covers recordkeeping requirements for taxpayers with business income and expenses. Refer to Publication 334, Tax Guide for Small Business and Publication 583, Starting a Business and Keeping Records, for more information. You will learn how business income is determined and how it affects eligibility for certain tax credits.

### Objectives

At the end of this lesson, using your resource materials, you will be able to:

- Determine how to report business income
- Determine what business expenses are within the scope for the VITA/TCE programs
- Identify “red flags” when preparing a Schedule C return with earned income credit (EIC)
- Determine what records should be maintained

### Where do I get business income information?

Business income information may come from the following:

- Forms 1099-MISC, Miscellaneous Income
- Forms 1099-NEC, Nonemployee Compensation
- Forms W-2, Wage and Tax Statement, with Statutory Employee checked in Box 13
- Taxpayer’s books and records
- Forms 1099-K, Payment Card and Third Party Network Transactions

#### What do I need?

- Form 13614-C
- Publication 4012
- Publication 334
- Publication 463
- Form 1099-K
- Form 1099-MISC
- Form 1099-NEC
- Schedule C
- Schedule C Instructions
- Schedule SE

#### Optional:

- Publication 583

Based on your interview and the completion of the taxpayer’s intake and interview sheet, you may discover that the taxpayer or spouse had business income from being self-employed or working as an independent contractor. Taxpayers are self-employed if they carry on an unincorporated trade or business as a sole proprietor or independent contractor. These taxpayers may not have income statements for their business income and expenses. The information to prepare their tax return comes from their records.

Carefully review the intake and interview sheet and ask follow-up questions to determine if the taxpayer or spouse had business income. Taxpayers may not think of themselves as “self-employed” if they have a small home business or work part-time as an independent contractor.



*Any transactions involving digital assets (virtual currency), such as a disposition, sale, exchange or transfer, are Out of Scope.*

# 2024 Publication 4491, VITA/TCE Training Guide



Taxpayers who must answer **Yes** to the digital asset (virtual currency) question on Form 1040 should be referred to a professional tax preparer. Identify these situations as early in the interview as possible. Refer to Scope of Service in Publication 4012, VITA/TCE Resource Guide and Instructions for Form 1040 for details on digital assets.



Income received from all sources in a self-employed taxpayer's business must be reported, unless excluded by law.

## Cash Income

Some taxpayers may indicate that they received cash income for self-employment activity. This income must be reported, unless excluded by law.

If taxpayers do not have adequate records of the cash income they received, you may be able to assist them with simple record reconstruction. See the section on reconstructing records later in this lesson.

## Form 1099-NEC, Nonemployee Compensation

Taxpayers who are independent contractors should receive Form 1099-NEC showing the income they earned from payers who are required to file Forms 1099. The amount from Form(s) 1099-NEC, along with any other business income payments, are reported on their tax return.

A taxpayer does not have to conduct regular full-time business activities to be self-employed. Having a part-time business in addition to a regular job or business may be self-employment. Ask for any Form(s) 1099-NEC that document this income. During the interview, confirm the taxpayer's activities are a business and not a hobby. Subcontractors or individuals (including for-hire drivers) who receive less than \$600 may not receive Form 1099-NEC, but still must report all their income. Also ask for documentation of any business income that was not reported on Form W-2 or Form 1099-NEC (e.g., payments received from individual clients who do not need to file Form 1099).



*Tim works as an independent contractor for ABC Construction Company. The company sent Tim a Form 1099-NEC that shows he received \$15,000 for the work he did for them. He also received cash payments of \$4,000 from several different individuals for the work he completed. He did not receive Forms 1099-NEC for the \$4,000. Tim must include the \$4,000 cash payments as self-employment income along with the \$15,000 from Form 1099-NEC.*

## Form 1099-MISC, Miscellaneous Income

Taxpayers may receive other business income on Form 1099-MISC, Boxes 2 and 3. Refer to Schedule C instructions for more information. Box 2 royalties from the taxpayer's own personal services are generally reported on Schedule C. Examples include authors and composers. If from another person's services, they are generally reported as other income in Box 3. An example is inherited royalties.



*Bartering is an exchange of property or services. Bartering is beyond the scope of the VITA/TCE Programs.*

## Form 1099-K, Payment Card and Third Party Network Transactions

Form 1099-K is used by third-party networks (such as Visa, Mastercard, or others) to report transactions processed for taxpayers, including those who use their automobiles for hire or ride share services such as Uber, Lyft, Sidecar, etc., also known as the Gig Economy. Taxpayers may not receive the Form 1099-K if the amount is less than \$600, but the amount received must still be reported. For additional information regarding Gig Economy, see Gig Economy Tax Center at [www.irs.gov/sharing](http://www.irs.gov/sharing).



*Darryl used his car only for personal purposes during the first 6 months of the year. During the last 6 months of the year, he drove the car a total of 18,000 miles. Of those miles, 15,000 miles were driven*

# 2024 Publication 4491, VITA/TCE Training Guide

providing transportation through a ride-sharing service. He received a Form 1099-K showing the income he received from the ride-sharing business. Darryl can deduct the 15,000 miles using the standard mileage rate as well as any other ordinary and necessary business expenses, such as supplies, a cell phone, food and drinks for passengers, parking fees, tolls, roadside assistance plans, business insurance, and taxes.



*Volunteer sites may see more Forms 1099-K than in the past because the form filing threshold has been substantially reduced. Due diligence is needed to ascertain the correct reporting of these proceeds, if any.*

## Qualified Medicaid Waiver Payments

Qualified Medicaid waiver payments **may be excluded from gross income**. To be qualified Medicaid waiver payments, the care provider and the care recipient must reside in the same home. When the care provider and the care recipient do not live together in the same home, the Medicaid waiver payments are fully taxable.

A taxpayer may choose to include qualified Medicaid waiver payments in the calculation of earned income for the earned income credit (EIC) and additional child tax credit (ACTC). The taxpayer may include qualified Medicaid waiver payments in earned income even if the taxpayer chooses to exclude those payments from gross income.

- A taxpayer may not choose to include or exclude only a portion of qualified Medicaid waiver payments. Either include all or none of the qualified Medicaid waiver payments for the taxable year in earned income.
- If the taxpayer chooses to include qualified Medicaid waiver payments in earned income, that amount will be included in the calculation for both the EIC and the ACTC.

Refer the Volunteer Resource Guide, Tab D, Income, Entering the Medicaid Waiver Payments.

## How is business income reported?

### Form 1040, Schedule C

Form 1040, Schedule C, is used to report income from a business operated or a profession practiced as a sole proprietor. Schedule C shows the income and expenses and the net income amount is carried to Form 1040. An activity qualifies as a business if the primary purpose for engaging in the activity is for income or profit and the taxpayer is involved in the activity with continuity and regularity. For example, a sporadic activity or a hobby does not qualify as a business. A hobby is an activity typically undertaken for pleasure during leisure time.

To report income from an activity not for profit, see the instructions for Form 1040 and Publication 17, Other Income. This topic is out of scope. Refer any taxpayers with not-for-profit activity to a professional tax preparer.

Form 1040, Schedule C, is also used to report wages and expenses the taxpayer had as a statutory employee or certain income shown on Form 1099-MISC or Form 1099-NEC.



*Some employers misclassify workers as independent contractors and report their earnings on Form 1099-MISC or Form 1099-NEC. Taxpayers who believe they have been misclassified should contact the IRS and ask for help.*



*Volunteer tax preparers who have Advanced certification can assist with preparation of the limited Schedule C.*



*The tax software calculates net profit after income and expense entries are made. Next, the software transfers the net profit to the applicable line on Schedule SE, Self-Employment Tax, to compute the self-employment tax. The software will also transfer the net profit to Form 8995 to compute the qualified business income deduction. Amounts are then transferred to the applicable lines of Form 1040.*

# 2024 Publication 4491, VITA/TCE Training Guide

The following terms are used in the preparation of business returns:

Definition of Terms	
Business expenses	Business expenses are amounts that are ordinary and necessary to carry on the business.
Cash method of accounting	The cash method of accounting reports all income when received and deducts all expenses when paid.
Inventory	Inventory is the items the taxpayer buys or makes for resale to others. Taxpayers with inventories should be referred to a professional tax preparer.
Depreciation	The cost of items that are expected to last more than a year should be spread over a period of years rather than deducted in the year of purchase. If the taxpayers have such a cost, they should be referred to a professional tax preparer.
Election to expense business assets	An election is available to immediately expense qualifying business assets, known as a "179 deduction". Taxpayers who wish to expense business assets should be referred to a professional tax preparer.

## What is in scope for VITA/TCE?

Volunteers can assist taxpayers who have returns that require Schedule C with certain limits:

- Have less than \$50,000 in business expenses
- Use the cash method of accounting
- Have no inventory at any time during the year
- Did not have a net loss from the business
- Have no employees during the year and did not pay contract labor for services (out of scope issue)
- Are not required to file Form 4562, Depreciation and Amortization, for this business (depreciation and the election to expense business assets are out of scope for the VITA/TCE programs), but see the de minimis expense election below
- Do not deduct expenses for business use of a home

During the interview, if you discover taxpayers have issues that fall outside the scope of the VITA/TCE programs, refer them to a professional tax preparer.



*More than one Schedule C can be prepared if the taxpayers have more than one business or to report each spouse's share of the business if it is jointly operated and filing a joint return.*

The net profit or loss will be reported on Form 1040. The net profit will also need to be shown on Schedule SE in order to calculate the self-employment tax. Schedule SE will be covered in a later lesson.

## Taxpayer Interview and Tax Law Application

As you review the intake and interview sheet with taxpayers, ask questions to determine if they have any self-employment income, their accounting method, and their business expenses, as shown in this sample interview:

### Sample Interview

Volunteer Says...	Jason Responds...
What kind of business do you have and were you the sole owner?	I install air conditioners and, yes, I own the business myself. No partners or employees.
Do you have a record of your business income and expenses for last year?	Yeah, I've got a separate checking account for my business. I had a pretty decent first year actually.
Do you use the cash method of accounting?	Yes. I have a printout of my year-end summary here.
And what were your expenses?	Well, I do the installations myself; I spend a lot of money on parts, tools that last less than a year, and equipment repairs. My expenses for the year were \$2,212.

# 2024 Publication 4491, VITA/TCE Training Guide

The statute of limitations is the time period in which a taxpayer can amend a return to claim a credit or refund, or the IRS can assess additional tax. For more information on recordkeeping see Publication 583, Starting a Business and Keeping Records.

## Taxpayer Interview and Tax Law Application

Remember our taxpayer, Dana, with a babysitting business? She said she made \$14,000 in net profit from her business, and wants to claim the EIC. After careful interviewing, the volunteer has determined the return cannot be completed without record reconstruction. The volunteer asked Dana to go home and return with some documentation to support her claims.

Based on the taxpayer's materials and additional questions, you can now determine if Dana should be claiming expenses for the business use of her home. If she can, refer the taxpayer to a professional tax preparer.

### Sample Interview

Volunteer Says...	Dana Responds...
Nice to see you again, and I see you have some additional materials. What kind of documentation were you able to put together?	As you suggested, I completed a calendar that shows the number of children that I cared for on each date.
That sounds great. First, let's multiply the number of children that you cared for by the corresponding charged rate to confirm your income figure. Did you also bring documents to support your business expenses?	Yes, I have some grocery store receipts, canceled checks, bank statements, and credit card statements. I have highlighted the regular purchases I made for my business.
OK, then we'll calculate a reasonable estimate of expenses incurred.	Good. I'm sure my first estimate of \$14,000 business income is not accurate after all. I appreciate learning what I need to do to keep track of my income and expenses.

## What about self-employment tax?

A taxpayer must file Schedule SE if he or she has net earnings from self-employment of \$400 or more. The tax is computed on Schedule SE and transferred to Form 1040, and is added to other taxes owed. The Schedule SE is attached to Form 1040, and is discussed in the Other Taxes lesson.

Self-employed taxpayers may claim an adjustment to income for part of their Social Security and Medicare taxes.



*Taxpayers who file Schedule C may be able to take a deduction for self-employment health insurance. For more information, see the Adjustments to Income lesson.*



*Self-employment tax and the deductible part of self-employment tax are automatically calculated. The software then enters these amounts on the applicable lines of Form 1040.*

## Summary

This lesson explained:

- Where to get business income and expense information
- Cash income must be reported
- Subcontractors or individuals who receive less than \$600 may not receive Form 1099-MISC, Form 1099-NEC, or Form 1099-K, but still must report all cash income
- Additional inquiries about the taxpayer's income and expenses may be necessary to ensure an accurate return

# 2024 Publication 4491, VITA/TCE Training Guide

- Certain situations involving Schedule C and EIC should raise “red flags”
- How business income or loss is reported (a loss would make the return out of scope)
- What business expenses are within scope for the VITA/TCE programs
- How to complete Schedule C
- The records that should be maintained
- How to complete a simple record reconstruction

## What situations are out of scope for the VITA/TCE programs?

The following are out of scope for this lesson. While this list may not be all inclusive, it is provided for your awareness only.

Schedule C with:

- Hobby income or not-for-profit activity
- Bartering income
- Expenses over \$50,000
- Returns and allowances
- Cost of goods sold (inventory)
- Expenses for employees
- Business use of home
- Contract labor
- Casualty losses
- Vehicle expenses reported as actual expenses
- Depreciation or the election to expense business assets (other than the de minimis expense safe harbor election)
- Rental or lease expenses – vehicle leases of more than 30 days (other than leased vehicles for which the standard mileage method is used)
- Accounting methods other than the cash method
- Net losses
- A “No” response that indicates the taxpayer does not meet any of the tests for material participation, or is uncertain about materially participating in a business
- A “Yes” response indicating there is a requirement to file Form(s) 1099
- Income from the manufacture, distribution, or trafficking of controlled substances (such as marijuana)
- Taxpayers who must answer **Yes** to the digital asset question on Form 1040



*To gain a better understanding of the tax law, complete the practice return(s) for your course of study using the practice lab on L&LT.*



## EXERCISE Answers

**Answer 1:** a, Yes. Jason meets all requirements to be considered in scope for the VITA/TCE programs.

**Answer 2:** a, Yes. The cash payments must be included in Daniel's gross receipts the same as the \$13,000 reported on Form 1099-NEC. Cash payments are compensation for his services and must be reported on his Schedule C.

**Answer 3:** a, Yes. Ellen's business expenses are under \$50,000.

## 2024 Link & Learn Taxes

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Slide	Changes
<b>Income – Business</b>	
8	<b>Replace:</b> \$35,000 with \$50,000 in both instances
26	<b>Replace:</b> \$35,000 with \$50,000 in the answer to the question
28	Under the heading <b>Out of Scope Situations for VITA/TCE</b> , in bullet #2, <b>Replace:</b> \$35,000 with \$50,000
32	Under the heading <b>Certification Warmup: Drill &amp; Practice</b> , in question #2, <b>Replace:</b> \$35,000 with \$50,000

# Link & Learn Taxes

**Link & Learn Taxes** is web-based training designed specifically for VITA/TCE volunteers. Each volunteer's ability to prepare complete and accurate returns is vital to the credibility and integrity of the program. Link & Learn Taxes, as part of the complete volunteer training kit, provides the path to achieving this high level of quality service.

Link & Learn Taxes and Publication 4012, VITATCE Volunteer Resource Guide, work together to help volunteers learn and practice.

## Link & Learn Taxes for 2024 includes:

- Access to all VITA/TCE courses
- Easy identification of the VITA/TCE courses with the course icons
  - As you progress through a lesson, the content for Basic, Advanced, Military, or International will display, depending on the level of certification you selected
- PowerPoint presentations that can be customized to fit your classroom needs
- VITA/TCE Central to provide centralized access for certification, training materials, and reference links
- The Practice Lab
  - Gives volunteers practice with an early version of the IRS-provided tax preparation software
  - Lets volunteers complete sample practice problems
  - Lets volunteers prepare test scenario returns for the test/retest



Go to [www.irs.gov](http://www.irs.gov), type “Link & Learn” in the Keyword field and click Search. You’ll find a detailed overview and links to the courses.

**FSA (Facilitated Self Assistance)** empowers taxpayers to prepare their own returns with the assistance of a certified volunteer. Taxpayers complete their own returns using interview-based software supplied by leaders in the tax preparation industry. Volunteers assist taxpayers with tax law questions.

**Virtual VITA/TCE** model includes any site where face-to-face activities are not used during the tax preparation process. That is, the intake specialist, IRS-tax law certified preparer (who prepares the return) and/or the quality reviewer are not face-to-face with the taxpayer. By incorporating this flexibility partners can provide taxpayers with more convenient locations to file their taxes.

For more information contact your SPEC Relationship Manager to see if you should start a FSA or Virtual VITA/TCE site in your community.



IRS.gov

## Your online resource for volunteer and taxpayer assistance

### Partner and Volunteer Resource Center

[www.irs.gov/Individuals/Partner-and-Volunteer-Resource-Center](http://www.irs.gov/Individuals/Partner-and-Volunteer-Resource-Center)

- What's Hot!
- Site Coordinator's Corner

### Quality and Tax Alerts for IRS Volunteer Programs

[www.irs.gov/individuals/quality-and-tax-alerts-for-irs-volunteer-programs](http://www.irs.gov/individuals/quality-and-tax-alerts-for-irs-volunteer-programs)

- Volunteer Tax Alerts

### Volunteer Training Resources

[www.irs.gov/Individuals/Volunteer-Training-Resources](http://www.irs.gov/Individuals/Volunteer-Training-Resources)

### Outreach Connection

[www.irs.gov/Individuals/Outreach-Corner](http://www.irs.gov/Individuals/Outreach-Corner)

### Interactive Tax Assistant (ITA)

[www.irs.gov/help/ita](http://www.irs.gov/help/ita)

### Online Services and Tax Information for Individuals

[www.irs.gov/Individuals](http://www.irs.gov/Individuals)

### Tools & Applications

- Document upload tool ([www.irs.gov/help/irs-document-upload-tool](http://www.irs.gov/help/irs-document-upload-tool))
- Your account ([www.irs.gov/your-account](http://www.irs.gov/your-account))
- IRS Free File ([www.irs.gov/irs-free-file-do-your-taxes-for-free](http://www.irs.gov/irs-free-file-do-your-taxes-for-free))
- Where's My Refund ([www.irs.gov/wheres-my-refund](http://www.irs.gov/wheres-my-refund))
- Pay Directly From Your Bank Account ([www.irs.gov/payments/direct-pay](http://www.irs.gov/payments/direct-pay))
- Get Your Tax Records ([www.irs.gov/individuals/get-transcript](http://www.irs.gov/individuals/get-transcript))
- Identity Protection Pin (IP PIN) ([www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin](http://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin))
- Tax Withholding Estimator ([www.irs.gov/individuals/tax-withholding-estimator](http://www.irs.gov/individuals/tax-withholding-estimator))
- Taxpayer Assistance Center Locator ([www.irs.gov/help/contact-your-local-irs-office](http://www.irs.gov/help/contact-your-local-irs-office))

### eBooks

Want to view our training products on your mobile or tablet devices? Click here to access our eBooks: [www.irs.gov/individuals/site-coordinator-corner](http://www.irs.gov/individuals/site-coordinator-corner)

### Mobile App

Another device to use for additional information is IRS2Go. Click here to download IRS2Go mobile app: [www.irs.gov/newsroom/irs2goapp](http://www.irs.gov/newsroom/irs2goapp)

### and much more!

Your direct link to tax information 24/7: [www.irs.gov](http://www.irs.gov)