

## THE CHALLENGE

Ava earned \$4,500 at her part-time job last year. Since she's below the \$13,850 filing threshold, she assumed she didn't need to file taxes. But her employer withheld \$450 in federal income tax from her paychecks. By not filing, Ava is leaving \$450 on the table—money that's rightfully hers. Meanwhile, Ben earns \$32,000 at his retail job plus \$5,000 from freelance graphic design, but didn't realize his freelance income triggers additional filing requirements.

**How do you determine if you need to file taxes, and when might filing benefit you even if it's not required?**

### Learning Objectives

- Determine who needs to file a tax return based on income, age, and filing status.
- Identify common tax forms including W-2s, 1099s, and Form 1040.
- Recognize important tax deadlines and consequences of missing them.

## CORE CONCEPTS

Term	Definition
W-2 Form	Document from your employer reporting your annual wages and taxes withheld.
1099 Form	Reports income from non-employment sources (freelance work, interest, dividends).
Form 1040	The primary form individuals use to file their annual federal income tax return.
Filing Threshold	Minimum income level at which you're required to file a tax return.
Tax Refund	Money returned when your tax payments (withholding) exceed your actual tax liability.

**2023 Filing Thresholds:** Single (under 65): \$13,850 | Head of Household: \$20,800 | Married Filing Jointly: \$27,700. However, you MUST file if: self-employment income exceeds \$400, you owe special taxes, or you received advance health insurance credits. You SHOULD file if taxes were withheld (to get a refund) or you qualify for refundable credits.

## APPLY IT

### PART A: WHO NEEDS TO FILE?

For each person, determine if they are REQUIRED to file, SHOULD file (beneficial), or DON'T NEED to file.

#### Person 1: Ava (Age 17)

Part-time barista. Earned \$4,500. Employer withheld \$450 in federal taxes. No other income.

Filing Status: \_\_\_\_\_ (Required / Should / Don't Need)

Why: \_\_\_\_\_

#### Person 2: Ben (Age 24)

Full-time retail (\$32,000) + freelance graphic design (\$5,000). Receives both W-2 and 1099-NEC.

Filing Status: \_\_\_\_\_ (Required / Should / Don't Need)

Why: \_\_\_\_\_

#### Person 3: Maya (Age 22)

Recent graduate. First job started in October. Total 2023 earnings: \$11,500. Taxes withheld: \$920.

Filing Status: \_\_\_\_\_ (Required / Should / Don't Need)

Why: \_\_\_\_\_

**Remember:** Even if you're below the filing threshold, file to recover withheld taxes! Ava's \$450 won't come back unless she files.

### PART B: MATCH THE TAX FORM

Match each situation to the correct tax form they would receive.

Situation	Form (W-2 / 1099-NEC / 1099-INT / 1099-DIV)
1. Working as an employee at a restaurant	
2. Earning \$200 interest from a savings account	
3. Doing freelance photography (\$2,500)	
4. Receiving \$150 in stock dividends	

### PART C: DEADLINE AND PENALTY ANALYSIS

### Scenario: Late Filing Consequences

Chris owes \$2,000 in taxes but files 3 months late without requesting an extension.

Calculate the penalties Chris will face:

Failure-to-file penalty: 5% per month  $\times$  3 months  $\times$  \$2,000 = \$\_\_\_\_\_

Failure-to-pay penalty: 0.5% per month  $\times$  3 months  $\times$  \$2,000 = \$\_\_\_\_\_

**Total penalty:** \$\_\_\_\_\_

**4.** What could Chris have done differently to reduce or avoid these penalties?

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### CHECK YOUR UNDERSTANDING

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**1.** Which form reports your wages and taxes withheld from employment?

- A. Form 1040
- B. W-2
- C. 1099-NEC
- D. Schedule C

**2.** Why should someone file a tax return even if their income is below the filing threshold?

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**3.** A single person under 65 earned \$12,000 in wages and \$600 from freelance work. Are they required to file? Why?

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**4.** What is the standard tax filing deadline, and what should you do if you can't file by that date?

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**5. Reflection:** Based on your current situation (part-time job, no income yet, gig work), what tax forms do you expect to receive, and do you think you'll need to file? Why?

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