

EBOOK \\\\\\\\\\\\\\\\\

Filing status



Introduction

Tax experts must be familiar with the different filing statuses, residency statuses, the definition of a qualifying dependent, and the basic requirements for tax return filing. This knowledge enables them to support the taxpayers they work with and help determine whether or not a taxpayer can claim their dependents on their tax returns.

Because tax experts play such an important role in helping taxpayers determine whether or not they need to file a federal tax return, this ebook provides key takeaways and resources for the various tax filing statuses and residency statuses. You can utilize this resource to help guide taxpayers to make the most appropriate tax return filing decisions based on their individual situations.



Tax return filing requirements

Whether or not an individual needs to file a return for the tax year depends on the combination of their:

- Filing status
- Age range
- Gross income

Not everyone needs to file a return.

- If an individual's gross income is less than the [threshold set by the IRS](#) for their filing status and age range, then they are not required to file a return for that year.
- If the individual's gross income is equal to or more than the [threshold set by the IRS](#) for their filing status and age range, then they are required to file a return for that year.



Key takeaways

Not all taxpayers are required to file a tax return. Filing status, age range, and gross income are all factors that impact whether or not an individual must file a return.

Even if an individual is not required to file a return based on their income threshold, they may choose to file. Doing so enables the individual to receive benefits that would otherwise not be available to them without filing.



Hints and resources

Tax return filing chart can be adjusted annually. Always make sure you're looking at the most recent version by visiting one of these resources:

- [IRS: Check if you need to file a tax return](#)
- [How much do you have to make to file taxes?](#)



Residency status

According to the U.S. immigration service, **residency status** is a foreign national's legal status in a country where they are not a citizen.

Two immigration statuses that grant authorization to live and work in the U.S. permanently:

- Lawful permanent resident (LPR)
- Green card holder

Three tax residency statuses for non-U.S. citizens:

- Resident aliens
- Nonresident aliens
- Dual-status aliens

Residency status

Qualification of each residency status is largely determined by:

- The non-U.S. citizen's immigration status
- The non-U.S. citizen's physical location throughout a predetermined period of time.

U.S. citizens who live and work outside of the U.S. must still file their U.S. tax returns annually.





Key takeaways

Non-U.S. citizens who work in the U.S. must still file taxes.

- **Resident aliens:** all income must be reported on a Form 1040 regardless of where it was earned and from what source.
- **Nonresident aliens:** may or may not be required to file taxes, depending on situation. If required, report income on Form 1040NR.
- **Dual-status aliens:** may be required to file both a Form 1040 for the duration in which they are a resident alien and a Form 1040NR for the duration in which they were a nonresident alien.





Tax filing statuses

When someone files taxes, they must choose a filing status. The five tax filing statuses include:

- Married Filing Jointly
- Married Filing Separately
- Single
- Head of Household
- Qualifying Surviving Spouse

Each filing status has specific rules about who can select that status. For instance:

- Who lives with you?
- Who pays the home expenses?

On the next page, you'll find a helpful flowchart of questions to ask the taxpayer in order to determine their filing status.

Determining filing status



**Filing status:**

Single, Head of Household, or Qualifying Surviving Spouse

Choosing the right status can be tricky because many things affect that choice. Some taxpayers have multiple points to consider when picking the most appropriate filing status.

Each category has specific requirements the taxpayer must meet to claim that filing status, including what people live in the household and who contributes financially.

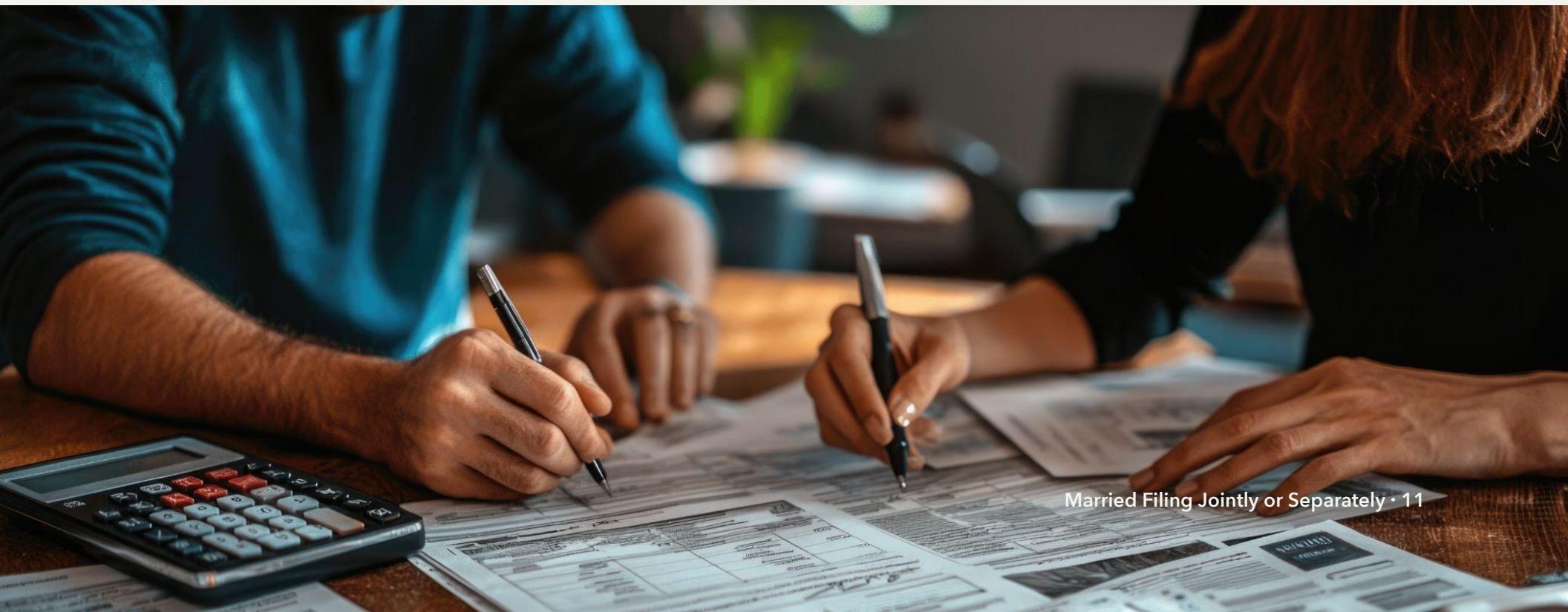
For example, a person is Head of Household if they live with a qualifying person. (If the qualifying person is a parent, they are not required to live in the same household.)

Refer to the "Determine filing status" flowchart, on the previous page, for questions to ask to help you identify the most appropriate filing status for individual taxpayers.

Married Filing Jointly or Separately

Most spouses file joint returns together. If one spouse chooses to file separately, then both spouses must file separately.

Filing separately has tax rates similar to Single tax rates, and limits credits and deductions. Some income can be taxed at higher levels, such as Social Security.





Key takeaways

If you're married as of December 31st

You can choose to file your taxes together with your spouse (Married Filing Jointly) or each file on your own (Married Filing Separately).

Married Filing Jointly

When married couples file together, they often get bigger tax breaks and can potentially pay less in taxes than if they filed separately.

Determine filing status

Follow the flowchart and ask questions to help select the most appropriate tax filing status.



Hints and resources

- [What filing status deducts the most taxes?](#)
- [What is my tax filing status \(single, married, etc.\)?](#)
- [Understanding taxes: Filing status](#)
- [IRS.gov Filing Status](#)

Did you know?

The IRS has an interactive tool to examine every filing status and the criteria for each. Give it a try:

- [What is my filing status?](#)



Your learning journal

Consider these questions and jot down your thoughts.

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- 1. Determining a client's correct filing status requires asking personal questions about marriage, living arrangements, and who pays for the home. How would you approach this sensitive conversation to make a client feel comfortable, while still gathering the specific facts needed to accurately determine if they qualify for a more beneficial status like Head of Household or Qualifying Surviving Spouse?**



Your learning journal

Consider these questions and jot down your thoughts.

- 1. While most married couples receive bigger tax breaks by filing jointly, they also have the option to file separately. As their tax expert, in what specific circumstances might you advise a couple to consider filing separately, even if it means losing some deductions and credits?**

- 2. How would you guide them through the pros and cons to help them make the most informed decision for their unique situation?**



CONGRATULATIONS

You have completed
this ebook.