

EBOOK \\\\\\

Form 1040

Key takeaways and additional information



What is your goal?

Choose a goal below and reflect on why it is important to you.

1. Qualify for an Intuit role
 2. Start a side gig
 3. Advance your career

Keeping your personal goal in mind will provide powerful motivation and focus as you progress through your learning journey.



Effective learning & note-taking tips

- **Summarize in your own words:** After learning about a new topic, pause and try to explain it in your own words. If you can't, that's a sign to review the material again.
- **Review your notes:** Spend 15-20 minutes after each session reviewing the notes you took and the answers you wrote in your learning journal.
- **Teach someone:** The best way to know if you truly understand something is to try and explain it to someone else. Find a friend or family member and explain a concept you just learned.



Introduction

Form 1040

The [IRS 1040](#) form is one of the official documents that U.S. taxpayers use to file their annual income tax returns. Form 1040 is divided into sections where taxpayers report their income and deductions to determine the amount of tax they owe or the refund they can expect to receive. Depending on the type of income you report, it may be necessary to attach additional schedules and forms.

Why are there different versions of Form 1040?

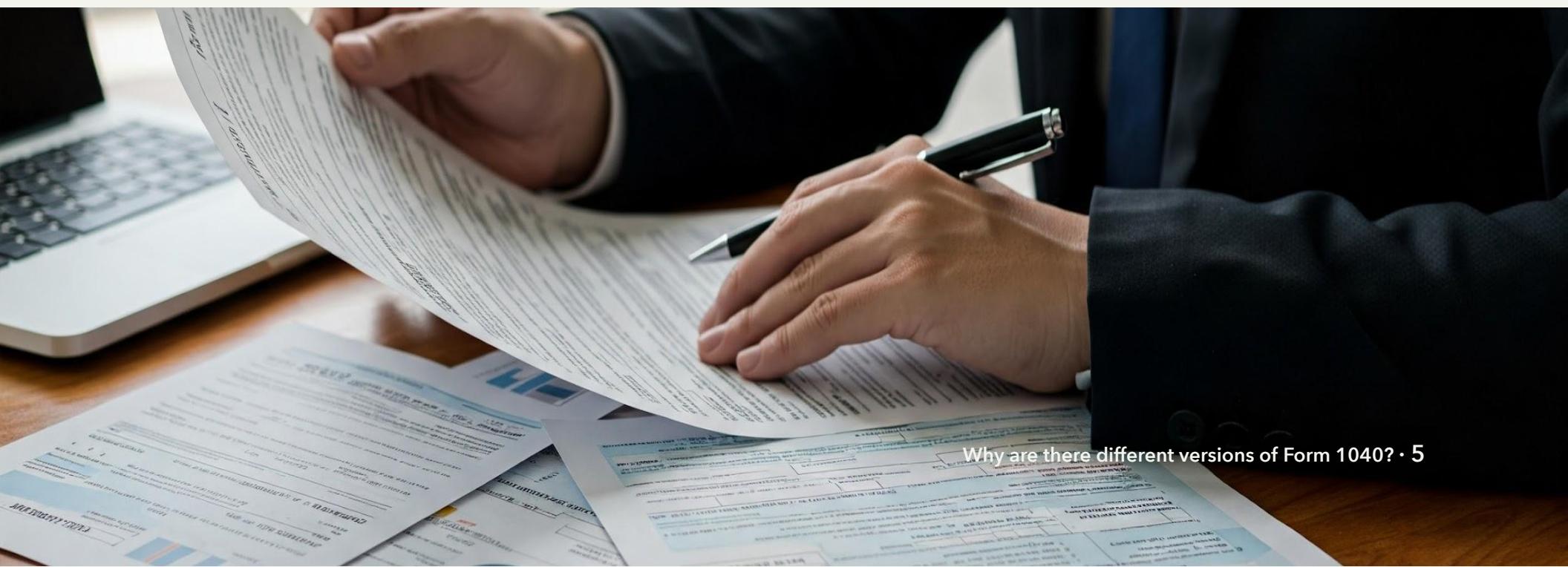
There are now four variations of Form 1040 (1040A and 1040EZ no longer exist):

Form 1040: This is the primary form of taxpayers use to report income, determine tax liability, and any possible refund or additional tax incurred.

Form 1040-SR: This version is for senior taxpayers (age 65 and older). Form 1040-SR is nearly identical to Form 1040 but is printed using a larger font and includes a chart for determining the taxpayer's standard deduction.

Form 1040-NR: This form is for non-U.S. citizens who do not hold a green card and is several pages longer than the other 1040 form versions.

Form 1040-X: This form is for taxpayers who must amend their tax returns after filing Form 1040.



What is the purpose of a 1040?

Taxpayers use the federal 1040 form to calculate taxable income. One of the first steps is to determine Adjusted Gross Income (AGI) by reporting total income and claiming any allowable adjustments, also known as "above-the-line" deductions. AGI is important as many deduction limits depend on it.

AGI is reported on line 11 on the Form 1040. Taxpayers can then reduce AGI with either the standard deduction or itemized deductions from Schedule A. Itemized deductions include expenses including, but not limited to:

- mortgage interest
- state and local income taxes or sales taxes
- charitable contributions
- medical expenses more than 7.5% of AGI

Suppose the total of the taxpayer's itemized deductions does not exceed the standard deduction for their filing status. In that case, their taxable income will usually be lower if the taxpayer claims the standard deduction.



What are the most recent changes to Form 1040?

Change	Details
Standard deduction	<p>For 2024, the standard deduction amount has been increased for all filers. The amounts are:</p> <ul style="list-style-type: none">• Single or Married filing separately—\$14,600• Married filing jointly or Qualifying surviving spouse—\$29,200• Head of household—\$21,900
Form 8812	The amount that may be refundable for the Advanced Child Tax Credit is \$1,700.
New clean vehicle credit	The credit for new qualified plug-in electric drive motor vehicles has changed. This credit is now known as the clean vehicle credit. The maximum amount of the credit and some of the requirements to claim the credit have changed. The credit is still reported on Form 8936 and Schedule 3, line 6f.
New lines on Schedule 3	This year Schedule 3 has new lines. <ul style="list-style-type: none">• Line 5 has been separated into lines 5a and 5b so that the residential clean energy credit and the energy-efficient home improvement credit reported on Form 5695 each have their own line.• New line 6m was added to report the credit for previously owned clean vehicles from Form 8936.• Line 13c will be used to report the elective payment election amount from Form 3800.

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Alternative motor vehicle credit	The alternative motor vehicle credit has expired.
Self-employed health insurance deduction	If you can take the self-employed health insurance deduction on Schedule 1, line 17, and you can't use the Self-Employed Health Insurance Deduction Worksheet in these instructions, you will now use Form 7206, instead of Pub. 535, to figure your deduction.
Qualified charitable one-time election	Beginning in 2024, you can elect to make a one-time distribution of up to \$53,000 from an individual retirement account to charities through a charitable remainder annuity trust, a charitable remainder unitrust, or a charitable gift annuity each of which is funded only by qualified charitable distributions.
Increase in required minimum distribution age	If you reach age 73 in 2024, the required beginning date for your first required minimum distribution (RMD) is April 1, 2025. This change is part of the SECURE 2.0 Act, which increased the RMD age from 72 to 73 starting in 2023.
Insurance premiums for retired public safety officers	Eligible retired public safety officers can exclude from income up to \$3,000 of distributions from their eligible retirement plan that is paid directly to them and is used to pay for health insurance premiums. For more information, see Insurance Premiums for Retired Public Safety Officers, later.

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Change	Details
Exception to the 10% additional tax for early distributions	<p>The exception to the 10% additional tax for early distributions includes the following.</p> <ul style="list-style-type: none">• Distributions from a retirement plan in connection with federally declared disasters.• Distributions from a retirement plan made to someone who is terminally ill.• Distributions to certain firefighters who meet the age or years of service requirement.
Direct File	<p>The IRS is taking steps to implement a Direct File pilot during the 2025 filing season. This pilot will give eligible taxpayers an option to prepare and electronically file their 2024 federal tax returns directly with the IRS for free. The Direct File pilot will be offered to eligible taxpayers in participating states who have relatively simple tax returns reporting only certain types of income and claiming limited credits and deductions.</p>

What are the different schedules used with Form 1040?

Even though Form 1040 is relatively short, there are various schedules and forms that help taxpayers calculate items reported on Form 1040.

Schedule	Explanation
Schedule 1	Taxpayers use this form to report several additional income sources or adjustments to income. Some common items reported on Schedule 1 include alimony, gains or losses from selling business property, unemployment compensation, educator expenses, and health savings account contributions.
Schedule 2	Taxpayers use this two-part form to report additional taxes. The first part is to report alternative minimum tax and repayments of excess premium tax credits for health insurance purchased through the health insurance marketplace. The second part is to report self-employment taxes, unreported social security and Medicare tax, additional tax on IRAs or other tax-favored accounts, household employment taxes, repayment of first-time home buyer credit, and for foreign corporations.
Schedule 3	This form is for reporting additional credits and payments and is divided into two parts. Part I includes nonrefundable credits such as the foreign tax credit, credit for child and dependent care expenses, and the retirement savings contribution credit. Part II includes other payments and refundable credits such as the net premium tax credit, excess social security and tier 1 RRTA tax withheld, and deferred amount of net 965 tax liability.

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Schedule	Explanation
Schedule A	Taxpayers use this form to enter all itemized deductions, including medical and dental expenses, mortgage interest, state and local taxes, charitable donations, and casualty and theft losses from a federally declared disaster.
Schedule B	This form is used to report interest and dividend income that is greater than \$1,500, with amounts reported carrying to Form 1040 Lines 2 and 3. No Schedule B is required when amounts reported are under \$1,500, however interest and dividend amounts must still be reported on Form 1040 even when a Schedule B is not required.
Schedule C	Sole proprietors, independent contractors, and other self employed taxpayers use Schedule C to report income or loss from their business. It includes sections for reporting income, expenses, cost of goods sold, vehicle information, and other expenses, which help calculate net profit or loss. The net profit or loss is then transferred to the Form 1040 Line 3.
Schedule D	This schedule is used for reporting capital gains and losses from investments.

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Schedule	Explanation
Schedule E	Taxpayers with income or losses from rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, or other pass-through entities will report those amounts on this form.
Schedule F	This form is for reporting additional credits and payments and is divided into two parts. Part I includes nonrefundable credits such as the foreign tax credit, credit for child and dependent care expenses, and the retirement savings contribution credit. Part II includes other payments and refundable credits such as the net premium tax credit, excess social security and tier 1 RRTA tax withheld, and deferred amount of net 965 tax liability.
Schedule H	This form is used by taxpayers with household workers, such as a nanny or caretakers. Since the taxpayer is responsible for withholding income for social security and Medicare taxes, those are reported here.
Schedule J	This form is used by farmers and fishermen who choose to figure their income tax by averaging their three previous years' worth of taxes to distribute tax liability more evenly.

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Schedule	Explanation
Schedule R	Use Schedule R to figure the credit for the elderly or the disabled.
Schedule EIC	Schedule EIC: Taxpayers who claim the earned income credit use this schedule to give the IRS information about the qualifying child.
Schedule SE	This form is used to calculate self-employment tax for business owners or independent contractors who make a profit of \$400 or more.
<u>Schedule 8812</u>	This form is used to calculate both refundable and nonrefundable credits for Qualifying Children and Qualifying Relatives. Note that this schedule has changed drastically over the past two years. For 2023, the form is separated into two parts. Part I is used to calculate the non-refundable portion of the Child Tax Credit as well as the Credit for Other Dependents in its entirety and is carried to Form 1040 Line 19, while Part II is used to calculate the refundable portion of the Child Tax Credit and carried to Form 1040 Line 28.



Key takeaways: Facts about Form 1040

- Individual taxpayers use Form 1040 to file their taxes with the IRS.
- The form determines whether the taxpayer owes more taxes or is eligible for a tax refund.
- On Form 1040, you will be required to provide personal information such as your name, address, Social Security number, and the number of dependents you have.
- As a taxpayer, it is necessary to declare earnings from wages, salary, taxable interest, capital gains, pensions, Social Security benefits, as well as any other sources of income.
- Depending on the individual tax situation, the taxpayer might have to submit additional schedules and forms with their Form 1040.



Your learning journal

Consider these questions and jot down your thoughts.

- 1. A core skill of a tax expert is quickly identifying a client's needs. Looking at the various schedules described in this course for different types of income and deductions (like Schedule A, C, D, or E), what key questions would you build into your client intake process to ensure no relevant schedule is overlooked?**
 - 2. How would you explain the purpose of these extra forms to a client who thought they "just" needed a simple 1040?**



Your learning journal

Consider these questions and jot down your thoughts.

1. This course covered several recent updates, such as changes to the standard deduction, vehicle credits, and retirement distribution rules. As a tax professional, what is your responsibility to your clients regarding these annual changes?
 2. What practical steps or systems could you implement each year to proactively find new tax-saving opportunities or identify new compliance requirements for your existing clients based on the latest laws?



CONGRATULATIONS

You have completed
this ebook.