

taxpayers could exclude \$4,050 off their income from personal exemptions, but personal exemptions are no longer accepted. To reduce your tax liability, deductions and credits must be applied instead.¹²⁸

Self-Employment Tax: If you work for someone else, your employer will generally calculate and deduct your payroll taxes from your wages for you; when you work for yourself, you have to do this for yourself. Self-employment taxes are the portion of your self-employment income you contribute to Social Security and Medicare.

Amended Return: If you realize after filing your tax return that you made a mistake, you can submit an amended tax return to the IRS with the form 1040X. However, you don't need to submit this form if you did the math wrong (the IRS will adjust that) or forgot a form (the IRS will contact you).

The IRS allows you to file an amended return to correct your filing status, your gross income, the number of dependents you claim, or to increase or decrease the number of deductions and credits you claimed on your original tax return.¹²⁹

Payroll: If you work for an employer, they are required to withhold taxes from your paycheck. When you file a state or federal income tax return, you will receive money back if you overpaid these payroll taxes. Alternatively, you will owe the government money if you underpaid your payroll taxes.

What taxes are withheld from my paycheck?

- Federal income tax (varies by income)
- State income tax, 9%
- Social Security tax, 6.2%
- Medicare, 1.45%
- Maybe additional local/state taxes
- Additional items: health insurance premiums, retirement plan contributions, union dues, child support, court orders

¹²⁸ Tina Orem. "Tax Exempt:What it Means & How it Works." *Nerd Wallet*, Oct. 5, 2021. <https://www.nerdwallet.com/article/taxes/what-are-tax-exemptions-and-how-do-they-work>

¹²⁹ "What Are Tax Amendments?" *Intuit TurboTax*, July 24, 2021. <https://turbotax.intuit.com/tax-tips/amend-return/what-are-tax-amendments/L0bvvaRd6J>

How to File an Income Tax Return¹³⁰

Step 1: Decide how you will file. Before you begin the process of filing your federal and state income tax returns, decide how you would like to file. You can 1) print the forms off the IRS website and mail them to the IRS office, 2) file online using the e-file forms on the IRS website or a guided tax preparation website, or 3) hire a tax professional to file for you.

Step 2: Gather forms. If you've decided to file yourself, you will begin by gathering the required documents. First, you will need IRS Form 1040, which you can access on the IRS website. If you decide to use a tax preparation software (like TurboTax, H&R Block, Tax Slayer, or Tax Act), the website will provide this form for you.

Next, you will need to know how much money you made the previous year. This can be done by gathering the required tax documents, as are applicable. These may include:

1. A W-2 form. This will be sent to you by your employer.
2. Tax forms that report other types of income such as Form 1099 or Form 1099-INT.
3. Receipts for charitable donations, medical expenses, child care expenses etc. if you are itemizing your deductions.
4. If you work in the gig economy, you'll need to report that income to the IRS by filling out and attaching a Schedule C form to your Form 1040. If you drive for ride sharing or food delivery services, you can deduct expenses like miles driven on this form.

Think about if you did anything in the last year that may impact your taxes, like changing your job, opening a savings account, selling stocks or mutual funds, or paying student loan interest or college tuition.

Step 3: Complete Form 1040. Follow the instructions on the form by the IRS, or answer the questions asked by the tax preparation software.

You will:

1. Choose your **filing status**.
2. Determine if you are claiming any **dependents**.
 - a. If you have young children or older children who you still support, you can claim them as a qualifying child or qualifying relative. If you live with your parents or if

¹³⁰ "5 Tips for How to File Taxes for the First Time." *Intuit TurboTax*, Sep. 8, 2021. <https://turbotax.intuit.com/tax-tips/general/tips-for-how-to-file-taxes-for-the-first-time/L6nNi6uJn>