WORKSHOP NINE: HOW TO FILE TAXES & RESOURCES FOR DOING SO

Advanced Preparations for Workshop 9:

Set-up: Prepare room for class with adequate chair/table arrangement and sign-in sheets. Set up projector and PowerPoint slides. If facilitating an online session, set up the slides and Zoom meeting room.

Materials Needed For This Class:

1. Attendance sheet
2. Whiteboard (or virtual whiteboard)
3. Facilitator Guide
4. Student Guide: Workshop 9
5. Laptop & Projector
6. PowerPoint slides: Workshop 9
7. Paper and pens or pencils
8. "Tips to Take the Stress Out of Tax Season" Handout
9. "IRS Free File" Handout
10. "6 Steps for First Time Tax Filers" Handout
11. "The Three Basic Tax Types" Handout
12. "Credits and Deductions" Handout
13. "Common Tax Write-Offs" Handout
14. "8 Things to Know about Oregon's Tax System" Handout
15. Common Tax Forms

Learning Objectives:

Upon conclusion of Workshop 9, participants will:

- Have a basic understanding of why we file taxes and the differences between state and federal taxes
- Have a basic understanding of common tax forms and common tax terms
- Understand the process of filing federal income tax returns and the information required to do so
- Know new resources to help them file taxes
- Know the different options for paying federal income taxes
- Know how to get a tax extension and know the dangers of back taxes.

Updates & Sharing

Facilitator:

Suggested time: 10 minutes

Materials: Attendance sheet; PowerPoint slides; whiteboard; Community Agreements

Teaching:

Welcome back the participants. Take attendance. Briefly go over the Community Agreements and the day's agenda, acknowledging that taxes can be a difficult and uncomfortable subject for many.

Discussion:

Begin sharing with one facilitator going first. Sharing should include how the week has gone with issues around finances and how the money saving ideas are going. If there has been any savings as a result of using the ideas, this should be shared, with an estimated dollar amount. Ask participants to share how their budgets are going. Give each participant, and the facilitators, 2-3 minutes to share.

Tax Basics

Facilitator:

Suggested time: 15-20 minutes

Materials: PowerPoint slides; Student Guide p. 155-158; pens/pencils,; whiteboard; Workshop 9 Handouts 1, 4, 7

Teaching/Discussion:

Begin the workshop by discussing, as a class or in small groups, some of the ways the stress and confusion of tax season may impact a person's mental health. For many, the stress and pressure to do their taxes may bring about feelings of stress, shame, confusion, anxiety, or guilt. Pass out the "IRS Tips to Take the Stress out of Tax Season" handout.

Let participants know that this workshop is designed to relieve some of the stress and negative emotions associated with taxes by providing information, tools, and resources. Like all of the topics presented in this course, the goal is that participants feel empowered by learning new information and resources.

Activity:

Ask the participants to take a few minutes to respond to the questions in the Student Guide: *What, if any, has your experience been with filing and paying taxes? How have taxes affected your mental health?*

Invite sharing. This can be accomplished in small groups or as a class Facilitators should also share their experiences with filing and paying taxes and the impact of tax season on their mental health taxes. Facilitators can discuss whether filing tax returns has ever affected their mental health and if their mental health has ever affected their ability to do their taxes.

Note: Facilitators should emphasize from the beginning of this conversation that they are **not** tax experts. **This is a legal requirement.** Make it clear that you will share information and resources with the class but are *not* able to provide legal advice and may not have the knowledge or expertise to answer all tax-related questions. Because of this, it may be helpful to do a little research before class to find and share a few websites with participants where they can find tax experts or legal advice in their area if they need it.

Teaching:

Using the information in the Student Guide, discuss why we pay taxes, where the money goes, the different categories of taxes, and the differences between state and federal income taxes. Ask the class to list examples of government infrastructure and public services paid for by taxes, and write these on the whiteboard or Jam Board. Using this list and the information in the Student Guide, explain the importance of tax revenue.

Go through the section on progressive and regressive taxes and local, state, and federal taxes. If you are facilitating this course in Oregon, there is some very brief information in the Student Guide on Oregon's tax system. There are also some handouts and resources in the Facilitator Toolkit that are specific to Oregon.

If you are facilitating this course outside of Oregon, research if your state requires an income tax return and plan accordingly. You will need to do some advanced preparations before this workshop to gather information on taxes in your state. Information is included in the Student Guide for Oregon's tax system, which you can use as an example. Pass out the "Three Basic Tax Types" and "8 Things to Know about Oregon's Tax System" handouts (if you're facilitating in Oregon).

Common Tax Forms & Terms

Facilitator: **Suggested time:** 10 minutes **Materials:** PowerPoint slides; Student Guide p. 159-161; pens/pencils,; whiteboard; virtual copies of Form 1040, W-2 Form, and W-4 Form

Next, you will discuss the most common tax forms that a person will use to file their federal and state income tax returns. These include forms 1040, W-2, and W-4. Share these forms on the screen as you go through each of their definitions and uses in the Student Guide. Allow time for questions.

After this, go through the common tax terms and definitions in the Student Guide one-by-one, leaving space for questions or comments. You can ask the participants to take turns reading each term aloud. Pay special attention to the definitions for deductions and credits.

How to File an Income Tax Return; Tax Resources

Facilitator: **Suggested time:** 20 minutes **Materials:** PowerPoint slides; Student Guide p. 162-166; whiteboard; Workshop 9 Handouts 2, 3, 5, 6

Teaching:

Write down the steps to filing an income tax return on the whiteboard:

Step 1: Decide whether you will be hiring a tax professional, using tax software, or filing by mail.

Step 2: Gather forms, such as W-2 forms, 1099 forms, and form 1040.

Step 3: Complete form 1040 by:

a. Choosing your filing status
b. Determining whether you are claiming any dependents
c. Considering tax deductions and credits

Step 4: Submit your federal (and state, if applicable) tax return online or by mail before the tax deadline.

Discuss each step in detail, using the Student Guide. Pay special attention to deductions and credits and go through the information in the Student Guide on claiming deductions and credits (when to take the standard deduction and when to itemize, common credits one can claim etc.). Pass out the "Credits and Deductions" and "Common Tax Write-Offs You Can Claim" handouts as additional resources. Pass out the "6 Steps for First-Time Tax Filers" handout and read through it together. Ask participants if they have any questions on what has been covered thus far.

An essential part of this workshop is the section on resources. Emphasize that there are a number of free resources for filing taxes available to lower-income individuals and households. These include:

- Guided tax preparation websites, which partner with the IRS to provide tax assistance for free. These can be found on the IRS Free File website;
- Volunteer Income Tax Assistance (VITA), which is a form of free tax assistance by trained volunteers for lower-income people, people with disabilities, or people who have limited English proficiency;
- Tax Counseling for the Elderly (TCE), similar to VITA, this is free tax assistance by volunteers specifically for senior citizens.

Pass out the "IRS Free File" handout. Emphasize that if participants have access to a computer and secure internet access, filing online using the free tax assistance websites recommended by the IRS is most likely the easiest, cheapest, and most efficient way to file federal and state income tax returns. These websites do the math for you and fill out Form 1040 by asking you questions. However, note that these websites can sometimes be difficult to navigate and contacting a VITA volunteer may be helpful.

Owing and Paying Taxes

Facilitator:

Suggested time: 15 minutes

Materials: PowerPoint slides; Student Guide p. 167; whiteboard

Teaching/Discussion:

Discuss as a group some situations that may lead a person to owe a lot in income taxes. Some situations include: withholding too little from their paychecks, filing late, changes in tax code, an increase in income, or changes in deductions. Invite conversation and questions.

Using the information in the Student Guide, go through the different options for paying taxes, writing them on the whiteboard as they come up:

1. Pay the IRS in full with a debit or credit card, by mailing a check, or direct deposit
2. Arrange a payment plan with the IRS
3. Request a temporary delay in the collection process
4. Submit an Offer in Compromise form to the IRS, which allows you to settle your tax dent for less than the full amount you owe
5. Take out a private loan to pay your tax obligation. This is a last-resort option and is not recommended

Brainstorm as a group pros and cons to each. Pay special attention to payment plans, which are the recommended option if you can't pay your tax debt in fill. Ask if there are any questions.

Important Things to Keep in Mind

Facilitator:

Suggested time: 10 minutes

Materials: PowerPoint slides; Student Guide p. 168; whiteboard

Teaching:

Remind participants that the deadline to file income tax returns is always around April 15. Check the IRS website to determine when Tax Day is for the current year.

Using the information in the Student Guide, discuss the possibility of requesting an extension from the IRS, how it works, and why you may need one. Brainstorm pros and cons to tax extensions. Leave space for questions.

Finally, go over the definition of back taxes, emphasizing how serious they can become. Discuss ways to avoid the interest, penalties, and possibility of asset seizure from back taxes. Ask the participants if they have any questions.

Wrap-up

Facilitator:

Suggested time: 10 minutes

Materials: PowerPoint slides; Student Guide p. 22

Teaching:

Go over the Homework Assignments for this week:

1. Ask participants to choose one more money saving idea and commit to this for the week. Facilitators will commit to an additional idea as well.
2. Encourage participants to revisit their budgets and revise them if needed. Ask them to commit to their budget for another week.
3. Ask participants to think about if there are any small, achievable financial goals they'd like to save up money towards, such as buying a bike, taking a short vacation, etc. Ask them to brainstorm possible goals for next class and write them down.

Discussion:

Ask if anyone has any questions. Thank everyone for their participation and let them know that the facilitators are available via phone and email between classes if anyone has any questions or issues.

After Class:

1. Facilitators fill out class reflection forms at the end of each class.
2. Facilitators should plan to meet in advance of the next class to plan, practice, and compare notes from the previous class.

FACILITATOR REFLECTION

This form should be filled out by both facilitators immediately upon conclusion of the class while impressions and details are still fresh.

Thoughts about the class:
Lessons learned: