Take your VITA/TCE training online at www.irs.gov (keyword: Link & Learn Taxes). Link to the Practice Lab to gain experience using tax software and take the certification test online, with immediate scoring and feedback.
# Table of Contents

Introduction  ............................................................................................................................................. 2

Changes to the Training and Site Publications ......................................................................................... 2

2017 Publication 4012, VITA/TCE Volunteer Resource Guide .............................................................. 2

2017 Publication 4491, VITA/TCE Training Guide .................................................................................. 35

2017 Publication 4696(PR), VITA/TCE Puerto Rico Resource Guide ....................................................... 41

2017 Publication 4704FS, VITA/TCE Foreign Student and Scholar Test .................................................... 42

2017 Publication 4942, VITA/TCE Specialty Course – Health Savings Accounts (HSA) .................... 45

2017 Form 6744 VITA/TCE Volunteer Assistor’s Test/Retest ................................................................. 51

2017 Form 4189, VITA/TCE Test and Retest Answers ............................................................................. 61
Introduction

This supplement contains changes, revisions, and additions to the October 2017 versions of the VITA/TCE training publications.

**TIP** The answers to the comprehensive problems and exercises in Publication 4491W can be accessed under Other Technical Resources and Training Products on the Volunteer Training Resources page on www.irs.gov.

These changes impact all of the VITA/TCE courses. VITA/TCE tax preparers must review this supplement before assisting taxpayers with tax law questions or preparing their returns. Quality reviewers must also review this document before performing quality reviews.

**CAUTION** At the time this publication was finalized, the provisions contained in the Legislative Extenders lesson and tab in Publications 4491 and 4012 were expired for 2017. If any changes are necessary due to pending or future legislation, a product alert will be issued.

Changes to the Training and Site Publications

The following changes have been made to the listed publications. You may:

1. Use this list to make pen-and-ink changes to your printed training publications.

2. Print out the corrected pages that follow this list and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.


2017 Publication 4012, VITA/TCE Volunteer Resource Guide

<table>
<thead>
<tr>
<th>Topic</th>
<th>Details</th>
</tr>
</thead>
</table>
| D-35 | Add the following at the bottom of the page:  
Note: Tax Law for Hurricane Victims  
Participants in 401(k)s and similar employer-sponsored retirement plans can make loans and hardship distributions to an individual whose principal place of abode is located in the hurricane disaster area and who has sustained an economic loss by reason of Hurricane Harvey, Irma, or Maria. Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017, which was passed September 29, 2017, allows for Hurricane Harvey, Irma, or Maria impacted individuals to obtain tax-favored withdrawals from retirement plans, by providing an exception to the 10 percent early retirement plan withdrawal penalty for qualified hurricane relief distributions, providing favorable repayment terms over 3 years, and allowing taxpayers the option of spreading out income inclusion resulting from such withdrawals over a 3-year period. These options require the completion of Forms 8915 and/or 8606 and are out of scope for the VITA/TCE programs.  
For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page. For information on government-wide relief efforts, visit www.usa.gov/hurricane-harvey or www.usa.gov/hurricane-irma. |
| D-36 | No change. |
| D-39 | 1. Add the following to the end of the 2nd bullet: Subtract the rollover amount from the gross distribution (Box 1) and enter the difference as the taxable amount in Box 2a.  
2. Add the following to the end of the 4th bullet: and Box 2a needs to be adjusted. |
| D-40 | No change. |
| D-61 | No change. |
| D-62 | 1. For Scenario A, add a period after the words “and other credit calculations.” and delete the wording to the end of the scenario (including the information in the parentheses).  
Then add the following: 
If filing MFJ and the Medicaid Waiver income belongs to the spouse, confirm that any child and dependent care credit has been calculated correctly.  
2. Add two notes to the page: 
Note 1: For the income to be excludable, the care must be in provider’s home.  
Note 2: If the income is NOT reported, do not do anything. It is excludable income. A taxpayer may not choose to include in gross income difficulty of care payments that are excludable from gross income under § 131 as provided in Notice 2014-7. |
| F-5 | No change. |
| F-6 | 1. Add an arrow to “Additional State and Local Income Tax” and the following text:  
Enter amount paid with last year’s state return and any other payments not entered elsewhere.  
2. Change the note on the upper right hand side to:  
Medical and dental floor percentage is 7.5%.  
3. Add the following:  
Note: In general, whether a taxpayer is allowed a deduction for the prepayment of state or local real property taxes in 2017 depends on whether the taxpayer makes the payment in 2017 and the real property taxes are assessed prior to 2018. A prepayment of anticipated real property taxes that have not been assessed prior to 2018 are not deductible in 2017. State or local law determines whether and when a property tax is assessed, which is generally when the taxpayer becomes liable for the property tax imposed. See IRS Advisory IR-2017-210 for examples.  
| F-7 | No change. |
| F-8 | Add the following at the bottom of the first box on the right-hand side:  
Certain qualified contributions made for relief efforts in disaster areas are not subject to the AGI limitation. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters. |
| G-1 | Change the left-hand box under the screen shot to:  
Complete this screen if taxpayer (or spouse) made any contributions to a qualified retirement plan. |
| G-2 | No change. |
| G-11 | No change. |
G-12 Add a note at the bottom of the page:

**Note:** Disaster relief – Qualifying taxpayers can elect to substitute earned income from tax year 2016 for the calculation of EITC and CTC. Puerto Rico taxpayers can substitute Social Security taxes paid for earned income. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.

H-17 Add the following note:

**Note:** Notice 2017-74 provides that for purposes of the affordability exemption, if an individual resides in a rating area served by a Marketplace that does not offer a bronze plan, the individual generally should use as his or her applicable plan the lowest cost metal-level plan available in the Marketplace serving the rating area in which the individual resides that would cover all nonexempt members of the individual's family.

H-18 No change.

I-1 No change.

I-2 Add a note at the bottom of the page:

**Note:** Disaster relief – Qualifying taxpayers can elect to substitute earned income from tax year 2016 for the calculation of EITC and CTC. Puerto Rico taxpayers can substitute Social Security taxes paid for earned income. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.

I-3 Add a note at the bottom of the page:

**Note:** Disaster relief – Qualifying taxpayers can elect to substitute earned income from tax year 2016 for the calculation of EITC and CTC. Puerto Rico taxpayers can substitute Social Security taxes paid for earned income. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.

I-4 No change.

I-5 Change the note at the bottom of the page to:

Subject to these tiebreaker rules, you and the other person may be able to choose which of you claims the child as a qualifying child.

I-6 No change.

K-3 No change.

K-4 Add (above 3rd party designee):

**Estimated Tax Penalty:** Out of scope

P-1 Delete the URLs for the two American Sign Language videos on this page. Add the following above the list of videos:

The new URL for each video listed below, can be found at American Sign Language (ASL) Videos | Internal Revenue Service. https://www.irs.gov/newsroom/videos-american-sign-language-asl

After the second video in the list, add:

3. **ASL: Understanding Your Tax Return** – provides information on completing the tax form 1040 and goes through the free tax return preparation process at VITA/TCE sites.

P-2 No change.

Q-5 - Q-8 Replace index.

Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.
Box 5 on the document may be current year’s amount of employee contributions or insurance premiums. If Box 5 is the same as Box 1, none of the distribution is taxable. If the payer has calculated the taxable amount of the pension in Box 2, generally the difference between Boxes 1 and 2 will appear in Box 5. If Box 5 is the amount of health insurance premiums, (typically only on a CSA 1099-R) you must MANUALLY carry the amount to the Schedule A, Itemized Deductions.

Box 9b shows the total employee contributions and may be needed if Box 2 has no entry – usually requires Worksheet (see Box 2a).

Note: Tax Law for Hurricane Victims
Participants in 401(k)s and similar employer-sponsored retirement plans can make loans and hardship distributions to an individual whose principal place of abode is located in the hurricane disaster area and who has sustained an economic loss by reason of Hurricane Harvey, Irma, or Maria. Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017, which was passed September 29, 2017, allows for Hurricane Harvey, Irma, or Maria impacted individuals to obtain tax-favored withdrawals from retirement plans, by providing an exception to the 10 percent early retirement plan withdrawal penalty for qualified hurricane relief distributions, providing favorable repayment terms over 3 years, and allowing taxpayers the option of spreading out income inclusion resulting from such withdrawals over a 3-year period. These options require the completion of Forms 8915 and/or 8606 and are out of scope for the VITA/TCE programs.
For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page. For information on government-wide relief efforts, visit www.usa.gov/hurricane-harvey or www.usa.gov/hurricane-irma.
**Taxable Amount Not Determined**

(Special Circumstances)

**TaxSlayer Navigation:** Federal Section>Income>IRA/Pension Distributions>Add or Edit a 1099-R>Calculate taxable amount; 1040 View Line 15a, 15b, 16a or 16b; or Keyword “1099-R”

---

**Calculate Taxable Amount**

Simplified General Rule Worksheet

Public Safety Officers Distribution

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**Public Safety Officers Distribution**

Public Safety Officer Exclusion for Health Insurance Premiums

$  

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**Distributions Used To Pay Insurance Premiums for Public Safety Officers**

If you are an eligible retired public safety officer (police/law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew), you can elect to exclude from income distributions made from an eligible retirement plan that are used to pay the premiums for accident or health insurance or long-term care insurance. The premiums can be for coverage for you, your spouse, or dependents. The distribution must be made directly from the plan to the insurance provider. You can exclude from income the smaller of the amount of the insurance premiums or $3,000. You can only make this election for amounts that would otherwise be included in your income. The amount excluded from your income can’t be used to claim a medical expense deduction.

---

Enter the amount of PSO health insurance premiums paid from the pension (up to $3,000). Deduct any amount of premiums paid in excess of $3,000 as an Itemized Deduction.
Rollovers and Disability Under Minimum Retirement Age

If any portion was rolled over, check to bring up screen to enter the amount. Even if Box 7 is Code G, this entry must be made.

**Rollover or Disability**

- Check here if all/part of the distribution was rolled over, and enter the rollover amount.

  **Rollover Amount**

  $ 

- Check here to report on Form 1040, Line 7 (Distribution code must be a "G")

Check if Code 3 is in box 7 and the taxpayer is disabled and under the minimum retirement age* of the employer’s plan. This will put this disability income as wages on Line 7 of Form 1040, instead of Line 16. It will be considered earned income in the calculation of some credits.

*Minimum retirement age generally is the age at which you can first receive a pension or annuity if you aren’t disabled.

**Rollovers**

- A taxpayer should not receive a Form 1099-R for a trustee-to-trustee transfer from one IRA to another, but should receive a Form 1099-R for a trustee-to-trustee direct rollover from an employer qualified plan to an IRA with code G.

- A rollover that involves a distribution of funds to the participant isn’t taxable if the funds are deposited into an IRA (or the same IRA) or an employer plan within 60 days. Form 1099-R will have either a code 1 or code 7. Subtract the rollover amount from the gross distribution (Box 1) and enter the difference as the taxable amount in Box 2a.

- A participant is allowed only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs owned. However, you can continue to make unlimited trustee-to-trustee transfers between IRAs because it is not considered a rollover.

- Sometimes a distribution includes both a regular distribution (generally taxable) and a rollover (generally non-taxable). The Form 1099-R Rollover or Disability section is used to input the amount that won’t be taxed and Box 2a needs to be adjusted.

- If taxpayer inadvertently missed the 60-day rollover deadline for one of several reasons, he can submit a certification to the trustee, and the amount can be considered a rollover on his tax return. See Revenue Procedure 2016-47 for details.

Note: The above applies to pre-tax accounts (e.g. traditional IRAs) and to post-tax accounts (e.g. Roth IRAs) within each group. If rolling or converting from pre-tax to post-tax, the amount will generally be taxable.
Basis of distributed property. The basis of property distributed from a Roth IRA is its fair market value (FMV) on the date of distribution, whether or not the distribution is a qualified distribution.

You don’t include in your gross income qualified distributions or distributions that are a return of your regular contributions from your Roth IRA(s).

Distributions from a Roth IRA are tax free and may be excluded from income if the following requirements are met:

• The distribution is made after the 5-year period beginning with the first day of the first taxable year for which a contribution was made to a Roth IRA set up for the taxpayer’s benefit, and

• The distribution is:
  - Made on or after age 59½, or
  - Made because the taxpayer was disabled, or
  - Made to a beneficiary or to an estate, or
  - To pay certain qualified first-time homebuyer amounts (up to a $10,000 lifetime limit)

Figure 2-1. Is the Distribution From Your Roth IRA a Qualified Distribution?

Start Here

Has it been at least 5 years from the beginning of the year for which you first set up and contributed to a Roth IRA?

Yes

Were you at least 59½ years old at the time of the distribution?

No

Is the distribution being used to buy or rebuild a first home as explained in Publication 590, First Home under Early Distributions in chapter 1?

No

Is the distribution due to your being disabled (defined Publication 590, under Early Distributions in chapter 1)?

No

Was the distribution made to your beneficiary or your estate after your death?

Yes

The distribution from the Roth IRA is a qualified distribution. It isn’t subject to tax or penalty. This distribution is in scope. This will generally be designated by code Q on Form 1099-R.

No

See the lists Roth IRA distribution codes that are in scope and out of scope for the VITA/TCE programs.

No

The distribution from the Roth IRA isn’t a qualified distribution. The portion of the distribution allocable to earnings may be subject to tax and it may be subject to the 10% additional tax. This return is out of scope. Refer taxpayer to a professional tax preparer.
Entering Other Compensation in TaxSlayer®

Scholarships and grants used to pay for tuition, fees and course-related expenses are NOT taxable. Use this link to report only amounts that were used for non-qualifying expenses. “SCH” will appear on the dotted line next to line 7 on Form 1040. Taxable scholarship is considered “unearned” income.

Enter wages received as a household employee for which the taxpayer did not receive a Form W-2 because the employer paid less than $2,000 in 2017. “HSH” will appear on the dotted line next to line 7 on Form 1040.

Enter foreign earned income (wages, salaries, etc.) paid by a foreign employer for work performed while the taxpayer lived in a foreign country.

Enter the amount received for work while an inmate in a penal institution. For purposes of the Earned Income Credit, this isn’t considered “earned” income. This includes amounts received for work performed while in a work release program or while in a halfway house. “PRI” will appear on the dotted line next to line 7 on Form 1040. This entry is made in addition to entering the Form W-2 from the penal institution.

When entering compensation on a joint return, be careful to indicate whether the income belonged to the taxpayer or the spouse.
Entering Medicaid Waiver Payments

Scenario A:
If income is reported on Form W-2 (and payer will not change), enter the Form W-2 as provided. Then, go to line 21>Other income not reported elsewhere>enter Notice 2014-7 in the description field and the amount as a negative number. Then, go to Other Income>Other Compensation and enter the income as Medicaid Waiver wages. This will remove the income from EIC and other credit calculations. If filing MFJ and the Medicaid Waiver income belongs to the spouse, confirm that any child and dependent care credit has been calculated correctly.

Scenario B:
If income is reported on a Form 1099-MISC, go to line 21>Other income not reported elsewhere>enter Notice 2014-7 in the description field and $0 in the amount field.

Scenario C:
If income is reported on a Form 1099-MISC and you are in the business of providing home care services, enter the full amount of payments under Gross Receipts in the Schedule C Income section. In Other Expenses, enter Notice 2014-7 as the description and the amount as a positive number.

Note 1: For the income to be excludable, the care must be in provider’s home.

Note 2: If the income is NOT reported, do not do anything. It is excludable income. A taxpayer may not choose to include in gross income difficulty of care payments that are excludable from gross income under § 131 as provided in Notice 2014-7.
Schedule A – Itemized Deductions

**TaxSlayer Navigation:** line 40 from 1040 View>Medical and Dental Expenses or click on Deductions from Federal Section>Itemized Deductions>Medical and Dental Expenses

If itemizing deductions, select itemized deductions. If MFS and spouse itemizes, taxpayer must also itemize. Standard deduction can’t be used. It doesn’t matter which spouse files first. Select to force itemized deduction.

Select to enter medical expenses.

Select to enter state and local taxes paid during the tax year in addition to income tax withheld.

### Schedule A Deductible and Non Deductible Medical Expenses

<table>
<thead>
<tr>
<th>You can include:</th>
<th>You can’t include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Bandages</td>
<td>• Baby sitting and childcare</td>
</tr>
<tr>
<td>• Birth control pills prescribed by your doctor</td>
<td>• Bottled water</td>
</tr>
<tr>
<td>• Body scan</td>
<td>• Contributions to Archer</td>
</tr>
<tr>
<td>• Braille books</td>
<td>• MSAs (see Pub. 969)</td>
</tr>
<tr>
<td>• Breast pump and supplies</td>
<td>• Diaper service</td>
</tr>
<tr>
<td>• Capital expenses for equipment or improvements to your home needed for medical care (see the worksheet in Pub. 502)</td>
<td>• Expenses for your general health (even if following your doctor’s advice) such as—</td>
</tr>
<tr>
<td>• Diagnostic devices</td>
<td>—Health club dues</td>
</tr>
<tr>
<td>• Expenses of an organ donor</td>
<td>—Household help (even if recommended by a doctor)</td>
</tr>
<tr>
<td>• Eye surgery—to promote the correct function of the eye</td>
<td>—Social activities, such as dancing or swimming lessons</td>
</tr>
<tr>
<td>• Fertility enhancement, certain procedures</td>
<td>—Trip for general health improvement</td>
</tr>
<tr>
<td>• Guide dogs or other animals aiding the blind, deaf, and disabled</td>
<td>• Flexible spending account reimbursements for medical expenses (If contributions were on a pre-tax basis)</td>
</tr>
<tr>
<td>• Hospital services fees (lab work, therapy, nursing services, surgery, etc.)</td>
<td>• Funeral, burial, or cremation expenses</td>
</tr>
<tr>
<td>• Lead-based paint removal</td>
<td>• Health savings account payments for medical expenses</td>
</tr>
<tr>
<td>• Legal abortion</td>
<td>• Operation, treatment, or medicine that is illegal under federal or state law</td>
</tr>
<tr>
<td>• Legal operation to prevent having children such as a vasectomy or tubal ligation</td>
<td>• Life insurance or income protection policies, or policies providing payment for loss of life, limb, sight, etc.</td>
</tr>
<tr>
<td>• Long-term care contracts, qualified</td>
<td>• Maternity clothes</td>
</tr>
<tr>
<td>• Meals and lodging provided by a hospital during medical treatment</td>
<td>• Medical insurance included in a car insurance policy covering all persons injured in or by your car</td>
</tr>
<tr>
<td>• Medical services fees (from doctors, dentists, surgeons, specialists, and other medical practitioners)</td>
<td>• Medicines you buy without a prescription</td>
</tr>
<tr>
<td>• Medicare Part D premiums</td>
<td>• Nursing care for a healthy baby</td>
</tr>
<tr>
<td>• Medical and hospital insurance premiums</td>
<td>• Prescription drugs you brought in (or ordered shipped) from another country, in most cases</td>
</tr>
<tr>
<td>• Nursing services</td>
<td>• Nutritional supplements, vitamins, herbal supplements, “natural medicines,” etc., unless recommended by a medical practitioner as a treatment for a specific medical condition diagnosed by a physician</td>
</tr>
<tr>
<td>• Oxygen equipment and oxygen</td>
<td>• Surgery for purely cosmetic reasons</td>
</tr>
<tr>
<td>• Part of life-care fee paid to retirement home designated for medical care</td>
<td>• Toothpaste, toiletries, cosmetics, etc.</td>
</tr>
<tr>
<td>• Physical examination</td>
<td>• Teeth whitening</td>
</tr>
<tr>
<td>• Pregnancy test kit</td>
<td>• Weight-loss expenses not for the treatment of obesity or other disease</td>
</tr>
<tr>
<td>• Prescription medicines (prescribed by a doctor) and insulin</td>
<td>• Psychiatric and psychological treatment</td>
</tr>
<tr>
<td>• Psychiatric and psychological treatment</td>
<td>• Social security tax</td>
</tr>
<tr>
<td>• Social security tax</td>
<td>• Medicare tax, FUTA, and state employment tax for worker providing medical care (see Wages for nursing services below)</td>
</tr>
<tr>
<td>• Medicare tax, FUTA, and state employment tax for worker providing medical care</td>
<td>• Special items (artificial limbs, false teeth, eye-glasses, contact lenses, hearing aids, crutches, wheelchairs, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Special education for mentally or physically disabled persons</td>
</tr>
<tr>
<td></td>
<td>• Stop-smoking programs</td>
</tr>
<tr>
<td></td>
<td>• Transportation for needed medical care</td>
</tr>
<tr>
<td></td>
<td>• Treatment at a drug or alcohol center (includes meals and lodging provided by the center)</td>
</tr>
<tr>
<td></td>
<td>• Wages for nursing services</td>
</tr>
<tr>
<td></td>
<td>• Weight loss, certain expenses for obesity</td>
</tr>
</tbody>
</table>

**Caution:** Taxpayers cannot include expenses paid for controlled substances.
Schedule A - Itemized Deductions (continued)

Note: Medical and dental floor percentage is 7.5%. Some senior residences have an amount in the monthly cost which is a medical expense.

Schedule A - Medical Deductions

Note: You can continue over the following:
- Medicare premiums paid in your 1095-A (Social Security).
- Self-employed health insurance you have already entered.

Amount paid:
- $ for medical insurance
- $ for prescription drugs
- $ for nursing care
- $ for hospital care
- $ for alcohol
- $ for medical supplies
- $ for medical transportation

Other medical expenses:

Add/Er/That Long-Term Care Premiums:

Schedule A - Taxes You Paid

State and Local Tax amounts are automatically pulled from W-2, 1099, W-2G, and Estimates. PLEASE DO NOT include any of these amounts in any of the boxes below or your calculations will NOT be correct.

Enter amount paid with last year's state return and any other payments not entered elsewhere.

Taxes you cannot deduct: utilities, fees/licenses (drivers, marriage, dog); assessments for improvements that increase property value; assessments for services to the property (sewer, trash collection, etc.).

Note: In general, whether a taxpayer is allowed a deduction for the prepayment of state or local real property taxes in 2017 depends on whether the taxpayer makes the payment in 2017 and the real property taxes are assessed prior to 2018. A prepayment of anticipated real property taxes that have not been assessed prior to 2018 are not deductible in 2017. State or local law determines whether and when a property tax is assessed, which is generally when the taxpayer becomes liable for the property tax imposed. See IRS Advisory IR-2017-210 for examples.


F-6 1/2018
Schedule A - Itemized Deductions (continued)

Schedule A Interest

Mortgage Interest Reported on Form 1098
Mortgage Interest Not Reported on Form 1098
Points Not Reported on Form 1098
Private Mortgage Insurance (PMI) Deduction

Select for mortgage interest reported on Form 1098. Enter amount from Form 1098, box 1 (and box 2, if applicable).

Points from refinancing must be spread over the life of the mortgage unless used to remodel (see Publication 17, Points). Enter loan origination fee from closing statement as Points not reported on Form 1098 if not included as points on Form 1098.

If there are multiple mortgages, make additional Schedule A Interest entries.

Real Estate Taxes (Non-Business Property)

Select for mortgage interest reported on Form 1098. Enter amount from Form 1098, box 1 (and box 2, if applicable).

If there are multiple mortgages, make additional Schedule A Interest entries.

These types of donations are not deductible: political; country club/fraternal lodge; chambers of commerce; raffle, bingo, or lottery tickets; tuition; value of time/services; gifts to lobby groups; civic leagues, social clubs; labor unions, homeowners association dues.
The cost of charitable raffles, bingos etc are not deductible as charitable donations but can be deducted as gambling losses to the extent of winnings.

Note: Enter amounts given by cash or check under Cash Gifts to Charity. The 30% & 50% refer to the percentage of your AGI that can be deducted this year. See Publication 17 for definitions. Enter the value of noncash items (including miles driven in service to a charity) donated under Non-Cash Gifts to Charity. Be careful to list them separately. If Non-Cash contributions are greater than $500 Form 8283 must be completed and this form is out of scope.

Certain qualified contributions made for relief efforts in disaster areas are not subject to the AGI limitation. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.

Gambling losses up to the amount of winnings are deducted here. You can’t deduct gambling losses that are more than the taxpayers winnings reported on Line 21.

Non deductible Miscellaneous expenses: commuting; home repair; rent; loss from sale of home; personal legal expenses; lost/misplaced cash or property; fines/penalties.
Nonrefundable Credits

Hint: Remember, the nonrefundable credits can't exceed the taxpayer's federal income tax.

Form 8863
TaxSlayer Navigation: Federal Section>Deductions>Credit Menu>Education Credits Form 1098-T. For complete education credit information refer to Tab J - Education Benefits

Schedule R
If taxpayer qualifies for the credit for the elderly or the disabled, open Schedule R. Refer to the Elderly or Disabled Decision Tree on the last page of this tab.
Only the Simplified Limitation Election for the foreign tax credit is in scope for Advanced certification. To be eligible for this election, qualified foreign taxes must be $300 ($600 if MFJ) or less, all foreign source income is passive category (such as interest and dividends) and taxpayer meets the other requirements as explained in the Form 1116 Instructions. Do not enter amounts from Forms 1099-INT or 1099-DIV, box 6. The software will include these in the foreign tax credit calculation.
Don't include any of the following as distributions:

- Military pensions
- Distributions not taxable as the result of a rollover or a trustee-to-trustee transfer
- Distributions from your IRA (other than a Roth IRA) rolled over or converted to your Roth IRA
- Loans from a qualified employer plan treated as a distribution
- Distributions of excess contributions or deferrals (and income allocable to such contributions or deferrals)
- Distributions of contributions made during a tax year and returned (with any income allocable to such contributions) on or before the due date (including extensions) for that tax year
- Distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k)
- Distributions that are taxable as the result of an in-plan rollover to your designated Roth account
- Distributions from an inherited IRA by a nonspousal beneficiary

The credit is calculated using the following percentages:

<table>
<thead>
<tr>
<th>If AGI is—</th>
<th>And your filing status is—</th>
<th>Married filing jointly</th>
<th>Head of household</th>
<th>Single, Married filing separately, or Qualifying widow(er)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over—</td>
<td>But not over—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>$18,500</td>
<td>.5</td>
<td>.5</td>
<td>.5</td>
</tr>
<tr>
<td>$18,500</td>
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<td>$20,000</td>
<td>$27,750</td>
<td>.5</td>
<td>.5</td>
<td>.1</td>
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<tr>
<td>$27,750</td>
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<td>$30,000</td>
<td>$31,000</td>
<td>.5</td>
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<td>.1</td>
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<tr>
<td>$31,000</td>
<td>$37,000</td>
<td>.5</td>
<td>.1</td>
<td>.0</td>
</tr>
<tr>
<td>$37,000</td>
<td>$40,000</td>
<td>.2</td>
<td>.1</td>
<td>.0</td>
</tr>
<tr>
<td>$40,000</td>
<td>$46,500</td>
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<td>.0</td>
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<tr>
<td>$46,500</td>
<td>$62,000</td>
<td>.1</td>
<td>.0</td>
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</tr>
<tr>
<td>$62,000</td>
<td>---</td>
<td>.0</td>
<td>.0</td>
<td>.0</td>
</tr>
</tbody>
</table>
The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit.

### Qualifying child:

1. Under age 17 at the end of the tax year.
2. A U.S. citizen or U.S. national* or resident alien of the United States. See the ITIN Returns tab.
3. Claimed as your dependent.**
4. Your:
   - a. son or daughter, adopted child, stepchild, eligible foster child, or a descendant of any of them
   - b. brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew)
5. Didn’t provide over half of his or her own support.
6. Lived with the taxpayer for more than half of the tax year. (See Interview Tips for Child Tax Credit for Exception to Time Lived with You section if the child didn’t live with the taxpayer for more than half the year.)

* National is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.

**Refer to the tables on page C-3 for the rules governing who may be claimed as a dependent.

### Additional Child Tax Credit – General Eligibility

Note: Make sure the taxpayers credit hasn’t been disallowed previously. If previously disallowed see Form 8862 in the EITC tab.

The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit.

- Taxpayers with more than $3,000 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.

Schedule 8812 is used to calculate the allowable additional child tax credit.

See Tab C, Exemptions/Dependency, and the worksheet in the instruction booklet for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).

Note: No credit or refund for an overpayment for a taxable year shall be made to a taxpayer before the 15th day of the second month following the close of the taxable year (generally February 15th) if the taxpayer claimed the EITC or additional child tax credit on the tax return.

Note: Taxpayers claiming the Child Tax Credit must now have a valid identification number by the due date of the tax return (including extensions). Taxpayers may not file an amended return to retroactively claim the additional child tax credit for a qualifying child if a valid TIN for the child is issued after the due date of the tax return.

Note: You must claim the child as a dependent on your return to qualify for the Child Tax Credit

Note: If you claim the foreign earned income exclusion, the housing exclusion, or the housing deduction on Form 2555 or Form 2555-EZ, you can’t claim the additional child tax credit.

Note: See Disallowance of Certain Refundable Credits in the EIC tab if the taxpayer received a letter saying they had to complete Form 8862.

Note: Disaster relief – Qualifying taxpayers can elect to substitute earned income from tax year 2016 for the calculation of EITC and CTC. Puerto Rico taxpayers can substitute Social Security taxes paid for earned income. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.
### Marketplace Coverage Affordability Worksheet

This worksheet is used only if there is no offer of employee coverage.

**TIP:** If the **lowest cost bronze plan (LCBP)** costs less than 8.16% of income (above), there is an affordable offer of coverage. No Code A exemption is available. (The Marketplace presented affordable coverage and the marketplace affordability exemption does not apply)

**LCBP:** Go to the taxpayer’s Marketplace, such as www.healthcare.gov.

**NOTE:** The look up tool asks about tobacco use. Tobacco use is the use of a tobacco product 4 or more times per week within no longer than the past 6 months by legal users of tobacco products (generally those 18 and older).

**LINE 1:** LCBP - Asks for the **lowest cost bronze plan (LCBP)** for everyone in the tax household who is:

- Not offered employer sponsored coverage, and
- Not otherwise exempt.

Find this value using the Tax Tool for your Marketplace. Remember: Include people who are covered through Medicare or Medicaid!

If married: Include people who are covered through Medicare or Medicaid! If married filing separately, enter LCBP here and on Line 12 (skip lines 2-11).

---

**1.** Enter the monthly premium for the lowest cost bronze plan that covers everyone in your tax household for whom a personal exemption deduction is claimed, who isn't eligible for employer coverage, and who doesn't qualify for another coverage exemption for the month. To find the lowest cost bronze plan go to www.HealthCare.gov/tax-tool or the Marketplace for your area. If you are married and file a separate return, enter the monthly premium here and on line 12. Don't complete lines 2-11.

2. Enter your household income (see Household income).

3. Enter the total of all nontaxable social security benefits received by you, your spouse, and each claimed dependent who must file a tax return.*

4. Add lines 2 and 3.

5. Enter the federal poverty line for the number of individuals in your tax household less any dependents not claimed. See the instructions for Form 8962, line 4.

6. Divide line 4 by line 5. If the result (without rounding) is less than 1.0 or more than 4.0, skip lines 7 through 10 and enter -0- on line 11.

7. Multiply line 6 by 100 and round to the nearest whole number. Enter the applicable figure for the result from the table in the instructions for Form 8962, line 7.

8. Multiply line 4 by line 7.

9. Divide line 8 by 12.0.

10. Enter the monthly premium for the second lowest cost silver plan premium that covers everyone in your tax household for whom a personal exemption deduction is claimed, who isn't eligible for minimum essential coverage (other than coverage in the individual market), and who doesn't qualify for another coverage exemption for the month. To find the second lowest cost silver plan go to www.HealthCare.gov/tax-tool or the Marketplace for your area.

11. Subtract line 9 from line 10. If zero or less, enter -0-.

12. Subtract line 11 from line 1. If zero or less, enter -0-. This is the individual's required contribution for the month.

13. Is the individual eligible for this coverage for every month of the year?  

   - Yes, Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space on the Affordability Worksheet.
   - No, Multiply line 12 by 12.0. This is the annualized premium. Enter this amount in the space on the Affordability Worksheet for each month the individual was eligible for the coverage being tested.

---

**Line 13:** Enter the appropriate amount on the Affordability Worksheet as directed. Compare this amount to the affordability threshold.

- If the annualized premium costs less than 8.16% of income, no exemption applies.
- If the annualized premium costs more than 8.16% of income, Code A applies.

**Line 10:** Second lowest cost silver plan (SLCSP): Go to the Marketplace at https://www.healthcare.gov/tax-tool/.

Do not include individuals in your tax household that are eligible for other employer sponsored or government sponsored MEC, or who are otherwise exempt.

For example, that means that the SLCSP cost would **NOT INCLUDE** the taxpayer or spouse who is enrolled in or eligible for Medicare or Medicaid. (This is different from line 1).

If the taxpayer is unsure whether they or their dependents were eligible for Medicaid, see https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-eligibility-levels/index.html.

---

**TIP:** Note that more than one marketplace coverage affordability worksheet may be needed if circumstances changed during the year.

Note: Notice 2017-74 provides that for purposes of the affordability exemption, if an individual resides in a rating area served by a Marketplace that does not offer a bronze plan, the individual generally should use as his or her applicable plan the lowest cost metal-level plan available in the Marketplace serving the rating area in which the individual resides that would cover all nonexempt members of the individual’s family.

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1/2018
How to Use the Healthcare.gov Tax Tool

WHO SHOULD USE THIS TOOL?
Taxpayers who live in federal marketplace (Healthcare.gov) states, or in a state that uses the Healthcare.gov technology. If you live in a state with a state-based marketplace, contact the marketplace by phone or online.
To begin, go to https://www.healthcare.gov/tax-tool/.
• Select “Claim an ‘affordability’ exemption”

These instructions focus on using the tool to claim the affordability exemption but the tool also allows a taxpayer to find their SLCSP to complete or correct Column B of the Form 1095-A.

The Tax Tool will ask you to enter all members of the household, even those with other coverage or an exemption.

Step 1 for each family member determines whether someone will be included in the lowest cost bronze plan (LCBP), which you will enter on Line 1 of the ACA Marketplace Coverage Affordability Worksheet.

Follow the instructions closely! Check the boxes for the months the person was:
• Eligible for employer-sponsored coverage (from their own employer or a member of their family on the same tax return)
• Eligible for another exemption
Leave the boxes unchecked if those circumstances don’t apply.
## Earned Income Table

<table>
<thead>
<tr>
<th>Earned Income for EIC</th>
<th>Doesn’t include</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes</td>
<td>Doesn’t include</td>
</tr>
<tr>
<td>Taxable wages, salaries, and tips</td>
<td>Interest and dividends</td>
</tr>
<tr>
<td>Union strike benefits</td>
<td>Social security and railroad retirement benefits</td>
</tr>
<tr>
<td>Taxable long-term disability benefits received prior to minimum retirement age</td>
<td>Welfare benefits</td>
</tr>
<tr>
<td>Net earnings from self-employment</td>
<td>Workfare payments</td>
</tr>
<tr>
<td>Gross income of a statutory employee</td>
<td>Pensions and annuities (except if disability pension and taxpayer is under minimum retirement age)</td>
</tr>
<tr>
<td>Household employee income</td>
<td>Veteran's benefits (including VA rehabilitation payments)</td>
</tr>
<tr>
<td>Nontaxable combat pay election</td>
<td>Workers' compensation benefits</td>
</tr>
<tr>
<td>Non-Employee compensation</td>
<td>Alimony</td>
</tr>
<tr>
<td>The rental value of a home or a housing allowance provided to a minister as part of the minister's pay (Out of Scope)</td>
<td>Child support</td>
</tr>
<tr>
<td>Nontaxable foster-care payments</td>
<td>Taxable scholarship or fellowship grants that aren't reported on Form W-2</td>
</tr>
<tr>
<td>Unemployment compensation</td>
<td>Earnings for work performed while an inmate at a penal institution or on work release*</td>
</tr>
<tr>
<td>Disability payments</td>
<td>Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan)</td>
</tr>
<tr>
<td>Excludable dependent care benefits (line 24 of Form 2441)</td>
<td>The value of meals or lodging provided by an employer for the convenience of the employer</td>
</tr>
<tr>
<td>Salary reductions such as under a cafeteria plan</td>
<td>Disability Insurance payments</td>
</tr>
<tr>
<td>Excludable employer-provided educational assistance benefits (may be shown in box 13 of Form W-2)</td>
<td>Excludable dependent care benefits (line 24 of Form 2441)</td>
</tr>
</tbody>
</table>
| Anything else of value received from someone for services performed, if it isn't currently taxable, which include Medicaid waiver payments that have been excluded from income. | *

## Common EIC Filing Errors

- Claiming a child who doesn't meet the residency and relationship requirements
- Married taxpayers incorrectly filing as a single or head of household
- Incorrectly reporting income, particularly income and expenses from self employment
- Incorrect social security numbers

*Note: This particular income is entered as other income on the return and not counted as earned income.
**Summary of EIC Eligibility Requirements**

<table>
<thead>
<tr>
<th>Part A</th>
<th>Part B</th>
<th>Part C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rules for Everyone</strong></td>
<td><strong>Rules If You Have a Qualifying Child</strong></td>
<td><strong>Rules If You Don’t Have a Qualifying Child</strong></td>
</tr>
<tr>
<td>Taxpayers &amp; qualifying children must all have SSN that is valid for employment by the due date of the return (including extensions).</td>
<td>Child must meet the relationship, age, residency test and joint return tests but not the support test. The child doesn’t have to be your dependent. If child is married, see Note below.</td>
<td>Must be at least age 25 but under age 65 as of December 31.*</td>
</tr>
<tr>
<td>Filing status can’t be married filing separately.</td>
<td>Qualifying child can’t be used by more than one person to claim the EIC.</td>
<td>Can’t be the dependent of another person.</td>
</tr>
<tr>
<td>Must be a U.S. citizen or resident alien all year.</td>
<td>The taxpayer can’t be a qualifying child of another person.</td>
<td>Must have lived in the United States more than half the year.</td>
</tr>
<tr>
<td>Can’t file Form 2555 or Form 2555-EZ (relating to foreign earned income).</td>
<td></td>
<td>Can’t be a qualifying child of another person.</td>
</tr>
<tr>
<td>Investment income must be $3,450 or less.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can’t be a qualifying child of another person.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Part D**  
**Earned Income and AGI Limitations**  
You must have earned income to qualify for this credit.  
Your earned income and AGI must be less than:
- $48,340 (53,930 for married filing jointly) if you have three or more qualifying children,  
- $45,007 ($50,597 for married filing jointly) if you have two qualifying children,  
- $39,617 ($45,207 for married filing jointly) if you have one qualifying child, or  
- $15,010 ($20,600 for married filing jointly) if you don’t have a qualifying child.

**Note:** To meet the joint return test, the child cannot file a joint return for the year unless it’s to only claim a refund of income tax withheld or estimated tax paid.

**Caution:** Taxpayers cannot file an amended return to claim the credit for a year they did not originally have a valid social security number.

**Note:** Disaster relief – Qualifying taxpayers can elect to substitute earned income from tax year 2016 for the calculation of EITC and CTC. Puerto Rico taxpayers can substitute Social Security taxes paid for earned income. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.
**EIC General Eligibility Rules**

Probe/Action: Ask the taxpayer:

<table>
<thead>
<tr>
<th>Step</th>
<th>Question</th>
<th>YES Action</th>
<th>NO Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Calculate the taxpayer’s earned income and adjusted gross income (AGI) for the tax year. Are both less than:</td>
<td>If YES, go to Step 2. If NO, STOP. You can’t claim the EIC.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $48,340 ($53,930 married filing jointly) with three or more qualifying children;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $45,007 ($50,597 married filing jointly) with two qualifying children;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $39,617 ($45,207 married filing jointly) with one qualifying child; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• $15,010 ($20,600 married filing jointly) with no qualifying children?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?*</td>
<td>If YES, go to Step 3. If NO, STOP. You can’t claim the EIC.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> Answer “no” if the taxpayer’s social security card has a “NOT VALID FOR EMPLOYMENT” imprint, and if the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Is your filing status married filing separately?</td>
<td>If YES, STOP. You can’t claim the EIC. If NO, go to Step 4.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Are you (or your spouse, if married) a nonresident alien?</td>
<td>If YES and you are either unmarried or married but not filing a joint return, STOP. You can’t claim the EIC. If NO, go to Step 5.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> Answer “no” if the taxpayer is married filing jointly, and one spouse is a citizen or resident alien and the other is a nonresident alien.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555-EZ (Foreign Earned Income) to exclude income earned in a foreign country?</td>
<td>If YES, STOP. You can’t claim the EIC. If NO, go to Step 6.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Is your investment income (interest, tax exempt interest, dividends &amp; capital gains) more than $3,450?</td>
<td>If YES, STOP. You can’t claim the EIC. If NO, go to Step 7.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Are you (or your spouse, if filing jointly) the qualifying child of another taxpayer?</td>
<td>If YES, STOP. You can’t claim the EIC. If NO, go to the interview tips for EIC—With a Qualifying Child or EIC—Without a Qualifying Child.</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** If your Social Security card says **VALID FOR WORK ONLY WITH DHS AUTHORIZATION**, you can use your Social Security number to claim EITC if you otherwise qualify.

**Note:** Disaster relief — Qualifying taxpayers can elect to substitute earned income from tax year 2016 for the calculation of EITC and CTC. Puerto Rico taxpayers can substitute Social Security taxes paid for earned income. See Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page and the Fact Sheet for Federally Declared Disasters.
# EIC With a Qualifying Child

**Probe/Action:** Ask the taxpayer:

<table>
<thead>
<tr>
<th>Step</th>
<th>Question</th>
<th>Yes Response</th>
<th>No Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Does your qualifying child have an SSN that allows him or her to work?</td>
<td>If YES, go to Step 2. If NO, STOP. You can't claim the EIC on the basis of this qualifying child.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> Answer NO if the child's social security card says &quot;NOT VALID FOR EMPLOYMENT&quot; and his or her SSN was only obtained to get a federally funded benefit.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them?</td>
<td>If YES, go to Step 3. If NO, STOP. This child isn’t your qualifying child. Go to interview tips for EIC without a Qualifying Child.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Was the child any of the following at the end of the tax year:</td>
<td>If YES, go to Step 4. If NO, STOP. This child isn’t your qualifying child. Go to interview tips for EIC without a Qualifying Child.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Under age 19 and younger than the taxpayer (or spouse, if filing jointly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Under age 24 and a full-time student and younger than the taxpayer (or spouse, if filing jointly), or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Any age and permanently and totally disabled?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Did the child file a joint return for the year?¹</td>
<td>If NO, go to Step 5. If YES, STOP. This child isn’t your qualifying child (failed the joint return test). Go to interview tips for EIC without a Qualifying Child.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> Answer NO if the child and his or her spouse filed a joint return only as a claim for a refund.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Did the child live with you in the United States for more than half (183 days for 2017) of the tax year?</td>
<td>If YES, go to Step 6. If NO, STOP. This child isn’t your qualifying child. Go to interview tips for EIC without a Qualifying Child.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> Active duty military personnel stationed outside the United States are considered to live in the United States for this purpose.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Is the child a qualifying child of another person?</td>
<td>If YES, explain to the taxpayer what happens when more than one person claims the EIC using the same child (Qualifying Child of More than One Person rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC worksheets. If NO, compute the EIC using the appropriate EIC worksheet.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> There may be a case when a qualifying child can’t be claimed by anyone. <strong>Example:</strong> The only parent that the child lives with doesn’t work nor files a tax return and another adult can’t meet the general eligibility rules. In this example no one qualifies to claim this child as a qualifying child for EIC.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ If your child was married at the end of the year, he or she doesn’t meet the joint return test unless you can claim the child’s exemption or you can’t claim the child’s exemption because you gave that right to the child’s other parent.
EIC Without a Qualifying Child

Probe/Action: Ask the taxpayer:

<table>
<thead>
<tr>
<th>Step</th>
<th>Question</th>
<th>Yes/No Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Can you (or your spouse, if filing jointly) be claimed as a dependent by another person?</td>
<td>If NO, go to Step 2. If YES, STOP. You can't claim the EIC.</td>
</tr>
<tr>
<td>2</td>
<td>Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year? Taxpayers born on January 1st are considered to be of age as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.</td>
<td>If NO, STOP. You can't claim the EIC. If YES, go to Step 3.</td>
</tr>
<tr>
<td>3</td>
<td>Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183 days) of the tax year?</td>
<td>If NO, STOP. You can't claim the EIC. If YES, compute EIC using the appropriate EIC worksheet.</td>
</tr>
</tbody>
</table>

*Taxpayers turning 25 on January 1st are considered to be 25 as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.

Note 1: Taxpayers meeting the above age criteria should file a paper return to avoid a potential rejected electronic filed return AND IN YEAR TAXPAYER TURNS 65 IF DEATH OCCURS BEFORE BIRTHDAY.

Qualifying Child of More than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child. The following rules apply if multiple taxpayers claim the same qualifying child. Review all of the conditions to see which one applies.

- If only one of the persons is the child’s parent, the child is treated as the qualifying child of the parent.
- If the parents don’t file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2017. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2017.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2017.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2017, but only if that person’s AGI is higher than the highest AGI of any of the child’s parents who can claim the child.

Note: If you can’t claim the EIC because your qualifying child is treated under the tiebreaker rules as the qualifying child of another person for 2017, you may be able to take the EIC using a different qualifying child, or take the EIC if they qualify using the rules for people who don’t have a qualifying child.

Note: Subject to these tiebreaker rules, you and the other person may be able to choose which of you claims the child as a qualifying child.
Form 8862, *Information to Claim Certain Refundable Credits After Disallowance* must be completed for any taxpayer whose EIC, child tax credit (CTC)/additional child tax credit (ACTC), or American opportunity tax credit was previously reduced or disallowed and the taxpayer received a letter saying they had to complete and attach Form 8862 to claim the credit(s) the next time.

If the IRS determined a taxpayer claimed the credit(s) due to reckless or intentional disregard of the rules the taxpayer can’t claim the credit(s) for 2 tax years. If the error was due to fraud, then the taxpayer can’t claim the credit(s) for 10 tax years.
Completing the e-File Section (continued)

**Split Refund Option**

When the taxpayer elects to direct deposit his or her refund into two or three accounts or to purchase saving bonds, you will need to answer additional questions in the e-file section.

First, someone with Administrator privileges needs to go to Configuration>Office Setup and mark the box for Offer 8888.

This will allow all preparers at that site to offer Form 8888.

When you wish to go back to double-entry of bank routing and account numbers, the Administrator must uncheck this box.

**Office Configuration**

- Print Digital Signatures on 1040
- Disable Third Party Designee Prefill
- Offer 8888
- Hide Preparer Name on 1040 Print

**Bank Accounts**

Enter bank account information where you would like your refund deposited.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Bank Name</th>
<th>Routing Number</th>
<th>Account Number</th>
<th>Deposit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td></td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>Checking</td>
<td></td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>Checking</td>
<td></td>
<td></td>
<td></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**Paper Check Allocation**

Allocate portion of the refund to be issued as a paper check.

- $0.00

**Purchase Savings Bonds**

You can purchase up to 3 savings bonds with the remainder of your refund.

Bond amounts must be in $50 increments.
Completing the e-File Section (continued)

**Purchase Savings Bonds**
From Split Refund Screen, savings bonds can be purchased.

**Purchase Savings Bonds**
You can purchase up to 3 savings bonds with the remainder of your refund.
Bond amounts must be in $50 increments

<table>
<thead>
<tr>
<th>Purchase A Bond</th>
<th>I do not want to purchase this bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount to be used for bond purchase for yourself</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase another bond for yourself or someone else</th>
<th>I do not want to purchase this bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Amount</td>
<td>$0.00</td>
</tr>
<tr>
<td>Enter the owner’s name (First then Last) for the bond registration</td>
<td></td>
</tr>
<tr>
<td>If you would like to add a co-owner or beneficiary, enter the name here (First then Last)</td>
<td></td>
</tr>
</tbody>
</table>

Is Beneficiary? 

Afterwards, if you wish to go back to double-entry of bank routing and account numbers, the Administrator must uncheck the 8888 box in Configuration>Office Setup.

**Estimated Tax Penalty:** Out of scope

**Third Party Designee Info**

This information is optional

<table>
<thead>
<tr>
<th>Designee First Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designee Last Name</td>
</tr>
<tr>
<td>Designee Phone</td>
</tr>
<tr>
<td>Designee Pin</td>
</tr>
</tbody>
</table>

Click checkbox to easily remove the data from each field

Third party designee info can be completed if the taxpayer wishes, but the designee is never the volunteer preparer.
Information for Assisting People with Disabilities

It is important to read and understand Publication 5192 Ten Key Points for Communicating with People with Disabilities (refer to the link below) because there are many misconceptions (often benevolent but misguided) about interacting with people with disabilities. Therefore, if one wants to show concern and respect for a person with a disability, it is worth considering the guidelines in Publication 5192.


The following videos describe the taxpayer experience at free tax preparation sites and explain basic information about the return preparation process. This information is beneficial for the volunteers who serve as American Sign Language interpreters at the sites across the country and useful for anyone who wants to better understand the tax preparation process.

The new URL for each video listed below, can be found at American Sign Language (ASL) Videos | Internal Revenue Service. https://www.irs.gov/newsroom/videos-american-sign-language-asl

1. **ASL: Get Free Tax Help** – provides an introduction to the free tax preparation services available to qualified taxpayers.

2. **ASL: What to Bring at Tax Time** – focuses on the process of completing the Intake/Interview & Quality Review Sheet, and documents necessary for taxpayers to bring to VITA/TCE sites.

3. **ASL: Understanding Your Tax Return** – provides information on completing the tax form 1040 and goes through the free tax return preparation process at VITA/TCE sites.

**Financial Coaching for Veterans**

Veterans can receive free financial coaching services. This initiative focuses on helping Veterans reach their financial goals, providing support, encouragement, accountability, and tools to assist making informed decisions. Financial coaches are available through the dedicated toll-free number, 844-904-6257 and provide virtual coaching or tele-coaching.

**Veterans Crisis Line**

The Veterans Crisis Line connects Veterans in crisis and their families and friends with qualified, caring Department of Veterans Affairs responders through a confidential toll-free hotline, online chat, or text. Veterans and their loved ones can call 1-800-273-8255 and Press 1, chat online, or send a text message to 838255 to receive confidential support 24 hours a day, 7 days a week, 365 days a year. Support for deaf and hard of hearing individuals is available. For more information go to www.veteranscrisisline.net

**IRS Taxpayer Assistance Center - Appointment Service**

The IRS offers appointments at 44 Taxpayer Assistance Center (TAC) locations throughout the United States. Taxpayers will call a new toll-free number to make an appointment for face-to-face service. Taxpayers requiring an appointment at a TAC location should call 1-844-545-5640.
Identity Theft Job Aid for Volunteers

Being sensitive towards victims of identity theft is critical to assisting taxpayers through a confusing and frustrating situation. Remember victims of identity theft are:

- Victimized by identity thieves—mostly through no fault of their own, and
- Trying to comply with tax laws—file tax return and pay their fair share of taxes

Every December, the IRS Identity Protection Specialized Unit (IPSU) mails Notice CP01A to taxpayers previously identified as identity theft victims. The notice includes a 6-digit Identity Protection Personal Identification Number (IP PIN) to be entered on the tax return. Taxpayers are mailed Notice CP01A every year as long as the identity theft indicator remains on their account (usually 3 years). Use the most recent IP PIN regardless of the tax year. When assisting taxpayers who are victims or may be victims of identity theft at VITA/TCE site:

<table>
<thead>
<tr>
<th>If...</th>
<th>Then...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Identity Protection PIN (IP) PIN was issued to primary and/or, secondary and/or dependent taxpayer(s)</strong></td>
<td>Ensure the IP PIN is input correctly on the tax return.</td>
</tr>
</tbody>
</table>
| **Taxpayer received an IP PIN but didn’t bring it with them** | 1. Complete a tax return for the taxpayer.  
2. Provide taxpayer with a complete copy of the tax return. (Provide two copies if the taxpayer will mail the tax return.)  
3. Refer to Replacing Lost or Missing IP PIN below.  
4. If taxpayer wants to e-file, arrange for the taxpayer to provide the IP PIN by returning to the site or via telephone. |
| **Taxpayer received an IP PIN but misplaced or lost it** | 1. Complete a tax return for the taxpayer.  
2. Provide taxpayer with a complete copy of the tax return. (Provide two copies if the taxpayer will mail the tax return.)  
3. Refer to Replacing Lost or Missing IP PIN below.  
4. If the taxpayer receives original or a replacement IP PIN and wants to e-file, arrange for the taxpayer to provide the IP PIN by returning to the site or via telephone. |
| **Taxpayer didn’t receive IP PIN but IRS rejected the e-filed tax return because the IP PIN wasn’t entered.** | 1. Refer to Replacing Lost or Missing IP PIN below.  
2. Provide taxpayer with two complete copies of the tax return.  
3. If the taxpayer receives the original or a replacement IP PIN and taxpayer wants to e-file, advise the taxpayer to provide the IP PIN by returning to the site or via telephone.  
4. If IPSU doesn’t provide the IP PIN, advise taxpayer to follow IPSU instructions in mailing the tax return. There may be processing delays as IRS verifies the taxpayer’s identity. |
| **IRS rejected the taxpayer’s tax return because the taxpayer’s primary/secondary/dependent SSN was previously used.** | 1. Advise the taxpayer to contact the IPSU for assistance. If required, the IPSU will advise the taxpayer to complete Form 14039 and to mail it with their tax return to the IRS.  
2. Provide the taxpayers two copies of their tax return. |

**Replacing a Lost or Missing IP PIN**
If a taxpayer didn’t receive his/her new IP PIN or the taxpayer misplaced it, the taxpayer has two options:

1. A taxpayer can register and create a user profile to get his/her current IP PIN at https://www.irs.gov/individuals/get-an-identity-protection-pin. The registration process will require the taxpayer to provide specific personal information and answer a series of questions to validate his/her identity.
2. Contact IPSU at 1-800-908-4490, to request his/her IP PIN to be mailed.
Index

EIC
Disallowed..........................I-6
Qualifying Child of More
than One Person......C-4, I-5
Requirements......................I-2
Employee Transportation
Expenses ............................F-12
Entering Basic Information......B-18
Entering Dividend Income........D-11
Entering Education Benefits......J-7
Entering Other Compensation in
TaxSlayer............................D-61
Estimated Tax Payment..........K-18
Exception to Early
Distribution Penalty..............H-2
Exclusion of Gain on Sale
of Home .............................D-28
Exemptions ..........................C-1
Dependent............................C-3
Qualifying Child ...................C-4
Qualifying Relative ..............C-6
Personal .............................C-2
Expenses
50% Limit ............................F-11
Business ..................D-20, F-9
Entertainment.......................F-10
Job Hunting .........................F-4
Medical .............................F-6
Miscellaneous .......................F-8
Transportation ........................F-11-F-13
Travel ..................................F-9
Extension, Requesting ............M-7
Frequent Taxpayer Inquiries ......P-3
Filing Requirements ...............A-1
Children ..............................A-2
Dependants ..........................A-2
Other Situations ....................A-3
Filing Status Decision
Head of Household
Qualifying Person ..........B-10
Tree .................................B-8
First-time Homebuyer Credit ....H-1
Foreign Address ....................B-16, D-54
Foreign Earned Income ..........D-57
Foreign Earned Income
Exclusion ............................D-56
Foreign Tax Credit ...............G-2
Form
1040 .................................B-1
1099-B ...............................D-23
1099-DIV .............................D-11
1099-INT .............................D-7
1099-K ...............................O-6
1099-MISC .........................D-14
1099-R ...............................D-34
1116 .................................G-2
13614-C .............................B-3
2441 .................................G-7
2555 .................................D-54
2848 .................................K-13
4137 .................................D-5
4868 Extension ........................M-7
5329 .................................H-2
8332 .................................C-8
8379 .................................P-3
8453 .................................K-6
8863 .................................J-7
8879 .................................K-6
8880 .................................G-10
8889 .................................E-3
1040-ES .............................K-18
CSA 1099-R.........................D-37
K-1 .................................D-53, N-47
RRB-1099-R ...............D-44, N-46
SSA 1099 ............................D-45, N-44
W-2 .................................D-4, N-25
W-4 .................................K-17
W-4P .................................K-17
Foster child ........................C-1
Gains and Losses .................D-22
Gross Income .......................D-1
Head of Household ...............B-10
Health Insurance Premiums ......F-6
Health Savings Account ..........E-3
Home, Sale of .......................D-28
How to Use The Calculator ......N-10
How to Use This Guide (4012) .......5
Household Employee Income ....D-53
HSA ....................................E-3
Identity Theft .......................P-2
Income
Armed Forces .......................D-2
Business .............................D-13
Earned (for EIC) ....................I-1
Form 1099-R .......................D-34, N-40
Form 1099-R Disability ....D-39, N-43
Gambling Winnings .................D-1, D-53
Gross .................................D-1
IRA Distribution ....................D-33
K-1 .................................N-47
Military .............................D-2
Other Compensation .............D-53
Other Income .......................D-53, N-50
Pension and Annuity ............D-33
Quick Reference Guide ..........D-1
Rental ...............................D-50
Royalties .............................D-51
Self-employment ...................D-13
Taxable and Non-taxable ..........D-1
Where to Enter .....................D-3
Income Documents .................D-3
Information for Assisting People
with Disabilities .................P-1
Injured Spouse Relief .........P-3
Innocent Spouse Relief ..........P-3
Insolvency Worksheet ..........D-64
Installment Agreement ...........K-16
Insurance Premiums
Health ...............................F-6
Long Term Care ........................F-6
Intake and Interview Sheet ....B-3
Interactive Tax Assistant (ITA) ....P-6
Interest ..............................D-7
Mortgage Interest
Received .............................D-10
Municipal Bond .....................D-9
OID .................................D-8
Student Loan Interest Paid ....E-8
Tax-exempt ..........................D-9
You Paid .............................F-7
Interest and/or Dividend ........N-28
IRA
Contribution .......................E-7
Distributions .......................D-33
Rollover .............................D-39
ITA ....................................P-6
Itemized Deductions ..............F-5
Interview Tips .......................F-3
Who Must Itemize .................F-1
ITIN ....................................L-2
Applying for ........................L-3
Creating a Return without
ITIN ....................................L-3
Job Aid ...............................B-1
Form 1040 Job Aid .................B-1
Job Hunting Expenses ..........F-4
K-1 .................................D-47-D-49
Keeping Up a Home, Cost of ....B-11
Last name, determining .........B-13
Legislative Extenders
Discharge of Qualified Principal
Residence Indebtedness ....EXT-1
Publication 4731-A Foreclosure
and COD ............................EXT-2
Entering Forgiveness of
Qualified Principal Residence
Index

Indebtedness .................................EXT-4
Tuition and Fees Deduction ..........EXT-6
Residential Energy Credits ...............EXT-7
Lifetime Learning Credit .....................J-4
Logging On
  Pro Online .................................O-1
Long Term Care Insurance .................F-6
Medical Expenses ............................F-6
Mileage
  Business ..................................D-21
  Medical ....................................F-6
Mileage Diagram ..............................F-12
Military Income ..............................D-2
Miscellaneous Deductions .....................F-8
Monthly Payments, Making .................K-16
Mortgage Insurance
  Premiums ..................................F-7
  Mortgage Interest Paid .................F-7
Municipal Bond Interest ......................D-9
Navigating TaxSlayer Pro Desktop N-1
Navigating TaxSlayer Pro Online ........O-3
Nonrefundable Credits ......................G-1
Nonresidence Decision Tree .................L-1
Nontaxable Income ...........................D-43
Offer in Compromise ........................K-16
Office of Personnel
  Management ................................D-37
  OID Interest ................................D-8
  OPM Retirement ..........................D-37
  Other Income .............................D-53
  Other Taxes and Payments ...............H-1
  Out of Scope Topics .......................8
Private Activity Bond (PAB) ...............D-8
Paper Return ................................K-13
Payment Agreements .........................K-16
Pension and Annuity Income ...............D-34
Personal Exemptions ........................C-2
Personal Information .........................N-13
Personal Information
  -Dependents ...............................N-16
  Personal Representative .................K-12
  PIN Guidelines ................................K-6
  Points paid ..................................F-7
  Power of Attorney ..........................K-13
Practitioner PIN
  Guidelines ..................................K-21
Preparing a Tax Return .....................B-5
Printing from Desktop .......................N-11
Printing the Return
  TaxSlayer Pro Desktop .....................N-11
  TaxSlayer Pro Online .......................K-13, O-5
Priority Year Returns .......................M-5
Prisoner Earned Income .....................D-61
Property Taxes ...............................F-6
Pro Online Home ..............................O-1
Publication
  4731 ........................................D-63, EXT-2-EXT-3
  4885 ........................................E-5
Qualifying Child .............................C-3
  Child Tax Credit ..........................G-12
  EIC ..........................................I-2
  For EIC ......................................I-4
  Of More Than One Person .................C-4
Qualifying Relative ..........................C-6
Quality Review ..............................K-7
Quality Site Requirements .................11
Railroad Retirement .........................D-44
Real Estate Taxes ............................F-6
Recordkeeping, Business Travel ..........F-13
Refund
  Direct Deposit .............................K-5
  Savings Bond ..............................K-15
  Split ........................................K-15
  Refund of State Income Tax .............D-12
  Reject Codes ..............................Q-4
Rental Income ...............................D-50
Residency Status Decision Tree ..........L-1
Residential Energy Credit ..................EXT-7
Resident/Non Resident
  Definitions ...............................L-2
  Retirement and Pension income for EIC ....D-39
  Retirement and Pension Income ..........D-34
  Retirement Savings Credit ................G-9
Rollover of
  IRA or 401(k) .............................D-39
  ROTH IRA, Contribution ..................G-6-G-7
Routing Numbers ............................K-15
Royalty Income ..............................D-50
Sale of a Home ..............................D-28
Sale of Stock ...............................D-23
Sales Tax ......................................F-6
Savings Bond with Refund .................K-15
Schedule
  A ...........................................F-5
  A Detail .................................F-6-F-8
  B ...........................................D-7
  C ...........................................D-18, D-32
  Schedule C or C-EZ/1099 MISC .........N-30
  D ...........................................D-22, N-37
  D-Loss Carryover and Sale of Main Home...D22-D-28,N-38
  E ...........................................D-50
  K-1 .........................................D-47
  R ...........................................G-15
Sale of Main Home ...........................D-28, N-39
  Scholarships and Grants ..................F-12
  Scope of Service ..........................8
  Section 121 Exclusion ....................EXT-2
  Self-employed Transportation Expenses ...F-12
  Separated Parents, Children of ..........C-8
Setting TaxSlayer Pro Online as a Favorite ..O-1
Signatures .....................................K-12
Child's Return ...............................K-12
Deceased Taxpayer .........................K-12
Simplified Method ...........................D-37
Social Security Benefits ....................D-45
Split Refund .................................K-15
Standard Deduction .........................F-1
  For Dependents ............................F-2
  For Over 65 or Blind .......................F-2
Standards of Conduct .......................Inside front cover
Starting a New Return
  TaxSlayer Pro Online .......................B-5
  TaxSlayer Pro Desktop .....................N-4
State and Local Refund
  Worksheet .................................D-12
  State Returns, Creating ..................O-4
  Student for EIC Qualifying Child ......I-4
  Student Loan Interest .....................E-8
  Support Worksheet ........................C-9
Taxable and Non-taxable Income ...........D-1
  Taxes You Paid ............................F-6
  Tax-exempt Interest .......................D-9
Taxpayer Civil
  Rights .................................Inside back cover
TaxSlayer® Entries .........................O-6-O-13
Temporary absence ........................C-5
  Tie-breaker .................................C-4
  Tip Income .................................D-5
Transportation Expense .....................F-12
Travel Expenses .............................F-9
Tuition and Fees Deduction .................EXT-6
Unmarried Parents, Children of ............C-8
<table>
<thead>
<tr>
<th>Topic</th>
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<tbody>
<tr>
<td>Unreported Social Security and Medicare Tax</td>
<td>H-1</td>
</tr>
<tr>
<td>Vehicle Registration Tax</td>
<td>F-6</td>
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<td>View Form Option</td>
<td>N-9</td>
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<td>Volunteer Agreement</td>
<td>Inside front cover</td>
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<td>Wages</td>
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<td>What’s New</td>
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<td>Where’s My Refund</td>
<td>P-6</td>
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<td>Who Must File</td>
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<td>Most People</td>
<td>A-1</td>
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<td>Other Situations</td>
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<td>Who Should File</td>
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<td>D-8</td>
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<td>On 1099-INT</td>
<td>D-8</td>
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<td>Adjustments/Revisions</td>
<td>K-17</td>
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<tr>
<td></td>
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<tr>
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</tr>
<tr>
<td><strong>Income - Retirement Income</strong></td>
<td></td>
</tr>
<tr>
<td><strong>12-1</strong></td>
<td>No change</td>
</tr>
<tr>
<td><strong>12-2</strong></td>
<td>Replace the text under the heading <strong>New: Tax Law for Hurricane Victims</strong> with the following: Participants in 401(k)s and similar employer-sponsored retirement plans can make loans and hardship distributions to an individual whose principal place of abode is located in the hurricane disaster area and who has sustained an economic loss by reason of Hurricane Harvey, Irma, or Maria. Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017, which was passed September 29, 2017, allows for Hurricane Harvey, Irma, or Maria impacted individuals to obtain tax-favored withdrawals from retirement plans, by providing an exception to the 10 percent early retirement plan withdrawal penalty for qualified hurricane relief distributions, providing favorable repayment terms over 3 years, and allowing taxpayers the option of spreading out income inclusion resulting from such withdrawals over a 3-year period. These options require the completion of Forms 8915 and/or 8606 and are out of scope for the VITA/TCE programs. For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page. For information on government-wide relief efforts, visit <a href="http://www.usa.gov/hurricane-harvey">www.usa.gov/hurricane-harvey</a> or <a href="http://www.usa.gov/hurricane-irma">www.usa.gov/hurricane-irma</a>.</td>
</tr>
<tr>
<td><strong>21-1</strong></td>
<td>No change</td>
</tr>
<tr>
<td><strong>21-2</strong></td>
<td>Under the heading, <strong>What medical and dental expenses are deductible?</strong>, change the second sentence to: …that exceeds 7.5% of their Adjusted Gross Income (AGI).</td>
</tr>
</tbody>
</table>
Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.
Income – Retirement Income; Form 1040, Lines 15-16

Introduction

This lesson will help you identify and report the taxable portion of retirement income received by the taxpayer. To do this, you must understand the types of retirement income and the forms used to report them. You should also be able to recognize when taxpayers should adjust their withholding and determine which form to use.

This lesson does not cover Social Security benefits or tier 1 railroad retirement benefits (Social Security equivalent benefits), which are discussed in the Social Security Benefits lesson.

For more information on the topics discussed in this lesson, see Publication 575, Pension and Annuity Income; Publication 590-B, Individual Retirement Arrangements (IRAs); Publication 721, Tax Guide to U.S. Civil Service Retirement Benefits; and Publication 939, General Rule for Pensions and Annuities.

Objectives

At the end of this lesson, using your resource materials, you will be able to:

- Identify how retirement income is reported to the taxpayer using Form 1099-R series
- Calculate the taxable portion of different types of retirement income
- Determine how to report retirement income on the tax return
- Determine when an adjustment to withholding should be made

What is retirement income?

Retirement income can include Social Security benefits as well as benefits from annuities, retirement or profit sharing plans, insurance contracts, IRAs, etc. Retirement income may be fully or partially taxable. For information about Social Security benefits and tier 1 railroad retirement benefits, see the Social Security Benefits lesson.

Where can I get information about a taxpayer’s retirement income?

To determine if the taxpayer must report retirement income, review the taxpayer’s completed intake and interview sheet, particularly the Income section. If the taxpayer had retirement income, you may need to ask additional questions to clarify the type of plan, whether the taxpayer’s contributions to the plan were before-tax or after-tax dollars, etc. This is explained later in this lesson.
Be considerate when probing for the information you need to complete the return. When taxpayers cannot provide the required information (and have not retained the packet of “retirement papers” they received when they retired), suggest that they contact their former employer or annuity administrator. You may even give the taxpayer a written list of questions that need to be resolved.

**New: Tax Law for Hurricane Victims**

Participants in 401(k)s and similar employer-sponsored retirement plans can make loans and hardship distributions to an individual whose principal place of abode is located in the hurricane disaster area and who has sustained an economic loss by reason of Hurricane Harvey, Irma, or Maria. Public Law 155, H.R. 3823 Disaster Tax Relief and Airport and Airway Extension Act of 2017, which was passed September 29, 2017, allows for Hurricane Harvey, Irma, or Maria impacted individuals to obtain tax-favored withdrawals from retirement plans, by providing an exception to the 10 percent early retirement plan withdrawal penalty for qualified hurricane relief distributions, providing favorable repayment terms over 3 years, and allowing taxpayers the option of spreading out income inclusion resulting from such withdrawals over a 3-year period. These options require the completion of Forms 8915 and/or 8606 and are out of scope for the VITA/TCE programs.

For more information about other tax relief related to Hurricane Harvey, Hurricane Irma, and other disasters, see the IRS disaster relief page. For information on government-wide relief efforts, visit www.usa.gov/hurricane-harvey or www.usa.gov/hurricane-irma.

**Form 1099-R Series**

Retirement income can be reported on:

- Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.,
- Form CSA 1099-R, Statement of Annuity Paid (civil service retirement payments),
- Form CSF 1099-R, Statement of Survivor Annuity Paid, and
- Form RRB 1099-R, Annuities or Pensions by the Railroad Retirement Board

If Form 1099-R is for an IRA-type distribution, it will be indicated in box 7.

Examples of these forms can be found in Publication 4491-W. These forms indicate such information as the amount received, the taxable portion, and the taxpayer’s cost (investment) in the plan.

If the taxable amount is indicated, Basic certified volunteers can complete the return. In general, if the taxable amount is not indicated, volunteers with Advanced certification must calculate the taxable portion using the Simplified Method Worksheet covered later in this lesson.

Qualified disability income reported on Form 1099-R with a Distribution Code 3 in Box 7, is reported as earned income wages on Form 1040, line 7, until the minimum retirement age is met.
Introduction

This lesson will assist you in determining if a taxpayer should itemize deductions. Generally, taxpayers should itemize if their total allowable deductions are higher than the standard deduction amount.

Objectives

At the end of this lesson, using your resource materials, you will be able to:

- Determine if a taxpayer should itemize deductions
- Determine the type of expenses that qualify as itemized deductions
- Report accurately itemized deductions on Schedule A, Itemized Deductions
- Explain the recordkeeping requirements for claiming charitable contributions

What are itemized deductions?

Itemized deductions are subtractions from a taxpayer’s Adjusted Gross Income (AGI) that reduce the amount of income that is taxed. Most taxpayers have a choice of taking a standard deduction or itemizing deductions. Taxpayers should use the type of deduction that results in the lowest tax.

Who should itemize?

Taxpayers who have a standard deduction of zero should itemize their deductions. Taxpayers who normally fall within this category are:

- Married, filing a separate return, and their spouse is itemizing
- Filing a return for a short tax year due to a change in the annual accounting period
- Considered to be nonresident aliens or dual status aliens during the year (and not married to a U.S. citizen or resident at the end of the tax year)

How do I decide if a taxpayer should itemize deductions?

In general, taxpayers who have mortgage interest or a very large amount of unreimbursed medical/dental expenses compared to their income would benefit from itemizing their deductions.

Use the Interview Tips – Itemized Deductions in the Volunteer Resource Guide, Deductions tab, to determine if itemizing deductions would be more beneficial for the taxpayer. If you think the taxpayer may benefit from itemizing, enter the qualified expenses on Schedule A. The tax software will automatically select the larger of itemized versus standard deduction.

What do I need?

- Form 13614-C
- Publication 4012
- Publication 17
- Publication 4491-W
- Form 1040
- Schedule A

Optional:

- Publication 502
- Publication 526
- Publication 529
- Publication 530
- Publication 936
Itemized deductions include amounts paid for qualified:

- Medical and dental expenses
- Certain taxes paid
- Mortgage interest
- Gifts to charity
- Casualty and theft losses
- Miscellaneous deductions

**Caution:** Casualty and theft losses are outside the scope of the VITA/TCE programs. Refer taxpayers with these losses to a professional tax preparer.

**Tip:** For taxpayers using the Married Filing Separately status, if one spouse itemizes, the other must also itemize (even if their itemized deduction amount is zero).

**Tax Software Hint:** For software entries, go to the Volunteer Resource Guide, Deductions tab.

**What medical and dental expenses are deductible?**

Taxpayers must be able to itemize in order to deduct medical and dental expenses. Taxpayers can deduct only the amount of unreimbursed medical and dental expenses that exceeds 7.5% of their Adjusted Gross Income (AGI).

**Tax Software Hint:** Review the Deductions tab in the Volunteer Resource Guide.

**Tip:** The standard mileage rate allowed for out-of-pocket expenses for a car when used for medical reasons can be found in Publication 17. Taxpayers can also deduct parking fees and tolls.

**Whose expenses are covered?**

Qualified medical and dental expenses paid by the taxpayer during the tax year can be included for:

- The taxpayer
- The taxpayer’s spouse
- Dependents claimed at the time the medical services were provided or at the time the expenses were paid
- Individuals who could be the taxpayer’s dependent except:
  - They do not meet the gross income test, or
  - They do not meet the joint return test, or
  - The taxpayers, or their spouse if filing jointly, could be claimed as a dependent on someone else’s return

**Tip:** If a child of divorced or separated parents is claimed as a dependent on either parent’s return, each parent may deduct the medical expenses that they individually paid for the child.
<table>
<thead>
<tr>
<th>Publication 4696(PR)</th>
</tr>
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<tbody>
<tr>
<td>15</td>
</tr>
<tr>
<td>Add the following information above the heading <strong>Presence Test</strong>: Notice 2017-56 provides relief to residents of Puerto Rico and the U.S. Virgin Islands who evacuated or couldn’t return because of Hurricane Irma or Hurricane Maria. Most such individuals may otherwise lose their status as “bona fide residents” of Puerto Rico or the U.S. Virgin Islands for tax filing and reporting purposes. Notice 2017-56 extends the usual 14-day absence period to 117 days, beginning September 6, 2017 and ending December 31, 2017, for the presence test for residency under the tax rules. Further, an individual who is absent from either U.S. territory on any day during this 117-day period will be treated as leaving or being unable to return to the relevant U.S. territory as a result of Hurricane Irma and Hurricane Maria on such day.</td>
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No corrected pages are provided for this publication. Please make note of the change above in your printed training publication.
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<tr>
<th>No.</th>
<th>Publication 4704FS</th>
</tr>
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<tbody>
<tr>
<td>3</td>
<td>Foreign Student Test, question #2. Change third sentence to:</td>
</tr>
<tr>
<td></td>
<td>He re-entered the United States on December 20, 2016 in J-1 immigration status.</td>
</tr>
<tr>
<td>4</td>
<td>No change.</td>
</tr>
</tbody>
</table>

Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.
Residency Status, Form 8843, and Filing Status

Introduction

This section of the VITA/TCE certification Foreign Student test covers determining residency status, the use of Form 8843, and filing status. It consists of 13 true/false questions and 4 scenario-based multiple choice questions.

Allow approximately 20 minutes to complete this segment.

1. Hans entered the U.S. on December 15, 2012 in F-1 immigration status. He had never been to the United States before and he did not change immigration status during 2017. For federal income tax purposes, Hans is a nonresident alien for 2017.
   a. True
   b. False

2. Abshir is a visiting professor at the local university. Abshir was a graduate student from August 2011 to July 2013 in F-1 immigration status. He re-entered the United States on December 20, 2016 in J-1 immigration status. For federal income tax purposes, Abshir is a resident alien for 2017.
   a. True
   b. False

3. Juan served as a visiting scholar in F-1 immigration status from December 2011 through June 2014. In January of 2016, Juan returned to the United States as a graduate student. For federal income tax purposes, Juan is a resident alien for 2017.
   a. True
   b. False

4. Emil came to the United States in F-2 immigration status with his wife on August 20, 2016. He has not changed his immigration status. For federal income tax purposes, Emil is a resident alien for 2017.
   a. True
   b. False

5. Tamera lived with her parents in F-2 immigration status in the United States from August 2007 to June 2011. She returned to the U.S. to attend college in F-1 immigration status on May 1, 2016. Tamera does not need to file Form 8843 for 2017.
   a. True
   b. False
   a. True
   b. False

7. Isniino and Aaden from Question 6 had a child while here in the U.S. on July 4, 2017. Isniino and Aaden need to file Form 8843 for their child for 2017.
   a. True
   b. False

8. Flora and Tomas have been in the U.S. in F-1 immigration status, since August 2016. Their son, Lorenzo, joined them under F-2 status in May 2017. Flora and Tomas must file Form 8843 for Lorenzo for 2017.
   a. True
   b. False

9. Lukas is from Austria and is a Ph.D. student in astrophysics who is going to defend his dissertation in June. He arrived in the U.S. as a student on May 28, 2016. Lukas is a resident alien for tax purposes in 2017.
   a. True
   b. False

10. Aarav is a junior majoring in marine biology. He is in the U.S. in F-1 immigration status from India. He transferred from an Indian school and arrived in the U.S. on September 1, 2015. Aarav worked in a lab on campus and as a summer intern for a company in New York. He will graduate in May, 2018. The company issued him Form 1099-MISC.
    For tax purposes, Aarav is required to be a resident alien since the company issued him a Form 1099-MISC.
    a. True
    b. False

11. Mai is a nursing student from Singapore who first arrived in F-1 immigration status on April 10, 2016. She does not have a TIN and she did not work or receive a scholarship in 2017.
    Mai must file Form 8843. Since she is only required to file Form 8843, she has until June 15, 2018 to file the form.
    a. True
    b. False
2017 Publication 4942, VITA/TCE Specialty Course – Health Savings Accounts (HSA)

<table>
<thead>
<tr>
<th>Publication 4942</th>
</tr>
</thead>
</table>
| **35** | HSA Test Scenario 1 interview notes, change seventh bullet to:  
| | • In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA.  
| | Change Question #2, answer C to:  
| | C. $1,900 |
| **36** | No change. |
| **45** | No change. |
| **46** | HSA Retest Scenario 1 interview notes, change seventh bullet to:  
| | • In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA. |
Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.
Directions
The first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario and use your training and resource materials to answer the questions.

HSA Scenario 1: Leo Williams

Interview Notes

- Leo Williams is single and 45 years old.
- Leo works as an IT manager and his Form W-2 shows wages of $47,250.
- Leo participated in his employer’s self-only coverage High Deductible Health Plan (HDHP) all year.
- Leo does not have any other health coverage.
- Leo has had an HSA for two years.
- Leo’s employer contributed $1,500 in 2017 to Leo’s HSA.
- In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA.
- Leo is a U.S. citizen and has a valid Social Security number.

HSA Scenario 1: Test Questions

1. Is Leo an eligible individual for HSA purposes even though he did not make his own contributions?
   a. Yes
   b. No

2. What amount will Leo use to compute his HSA deduction on Form 1040, line 25?
   a. $0
   b. $1,500
   c. $1,900
   d. $3,500

3. Employer contributions to Leo’s HSA are reported on his Form W-2, box 12, code W.
   a. True
   b. False
HSA Scenario 2: Ed and Christine Martinez

Interview Notes

• Ed and Christine are married and will file a joint return.
• Ed is 47 years old, and Christine is 56 years old.
• Both were enrolled in self-only coverage High Deductible Health Plans (HDHPs) through their employers for the entire year of 2017.
• Ed and Christine each have an HSA.
• Both have contributed the maximum amounts to their HSAs in 2017.
• Ed and Christine are both U.S. citizens and have valid Social Security numbers.

HSA Scenario 2: Test Questions

4. The amount that can be contributed to an HSA depends on the following:
   a. Taxpayer’s age and type of HDHP coverage
   b. Date the taxpayer became eligible
   c. Date taxpayer ceases to be eligible
   d. All of the above

5. Ed and Christine are both eligible to make catch-up contributions to their individual HSAs.
   a. True
   b. False
## Retest Answer Sheet

Instructions: Volunteers with a Basic or Advanced certification may certify on Health Savings Accounts (HSA). HSA is an optional specialty training and certification test available on Link & Learn Taxes. Volunteers must achieve a minimum of 80% to be certified.

**CAUTION:** The Test scenarios are provided electronically in a PDF format for information purposes only. The questions on the online test may be either from the test or retest. Students should read each question on the online test carefully before answering.

<table>
<thead>
<tr>
<th>HSA Scenario 1</th>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>7.</td>
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<td>8.</td>
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<td>10.</td>
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<td>11.</td>
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<td>13.</td>
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<tr>
<td>14.</td>
<td></td>
<td></td>
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<tr>
<td>15.</td>
<td></td>
<td></td>
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</table>

**Total Answers Correct:**

**Total Questions:** 15

**Passing Score:** 12 of 15
Directions
These first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario and use your training and resource materials to answer the questions.

HSA Scenario 1: Leo Williams

Interview Notes

- Leo Williams is single and 45 years old.
- Leo works as an IT manager and his Form W-2 shows wages of $47,250.
- Leo participated in his employer’s self-only coverage High Deductible Health Plan (HDHP) all year.
- Leo does not have any other health coverage.
- Leo has had an HSA for two years.
- Leo’s employer contributed $1,500 in 2017 to Leo’s HSA.
- In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA.
- Leo is a U.S. citizen and has a valid Social Security number.

HSA Scenario 1: Retest Questions

1. For Leo to be an eligible individual and qualify for an HSA, which of the following must be true?
   a. He cannot be claimed as a dependent on someone else’s return.
   b. He must have an HDHP and cannot be enrolled in Medicare
   c. He cannot have any other health coverage.
   d. All of the above

2. Where on Form 1040 would Leo report his HSA deduction?
   a. Payments section
   b. Income section
   c. Adjusted Gross Income section
   d. None of the above

3. Employer contributions to an HSA are reported on an employee’s Form W-2.
   a. True
   b. False
<table>
<thead>
<tr>
<th>Page</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>91</td>
<td>No change</td>
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<tr>
<td>92</td>
<td>This page was unintentionally left blank in the printed version. Please replace with Schedule D – Worksheet for Capital Loss Carryovers for Quincy and Marian Pike.</td>
</tr>
</tbody>
</table>
| 147  | HSA Test Scenario 1 interview notes, change seventh bullet to:  
• In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA.  
Change Question #2, answer C to:  
C. $1,900 |
| 148  | No change. |
| 157  | HSA Retest Scenario 1 interview notes, change seventh bullet to:  
• In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA. |
| 158  | No change. |
| 181  | No change. |
| 182  | Foreign Student Test, question #2. Change third sentence to:  
He re-entered the United States on December 20, 2016 in J-1 immigration status. |
Print out the corrected pages that follow and replace the erroneous pages in your printed training publications. On the reverse side of each revised page is the continuing page.
ABC INVESTMENTS
456 Pima Plaza
Your City, YS ZIP

2017 TAX REPORTING STATEMENT
Quincy and Marian Pike
388 Noble Circle
Your City, YS ZIP
Account No. 111-222
Recipient ID No. 317-00-XXXX
Payer’s Fed ID Number: 40-200XXXX

FORM 1099-B* 2017 Proceeds from Broker and Barter Exchange Transactions
Copy B for Recipient OMB NO. 1545-0715

Short-term transactions for which basis is reported to the IRS
Report on Form 8949 with Box A checked and/or Schedule D, Part I
(This Label is a Substitute for Boxes 1c & 6)

<table>
<thead>
<tr>
<th>Description</th>
<th>1a Date of Sale or Exchange</th>
<th>1b Date of Acquisition</th>
<th>1e Quantity Sold</th>
<th>2a Sales Price of Stocks, Bonds, etc. (a)</th>
<th>3 Cost or Other Basis (b)</th>
<th>5 Wash Sale Loss Disallowed</th>
<th>4 Federal Income Tax Withheld</th>
<th>13 Federal Tax Withheld</th>
<th>15 State Tax Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dakota Co. Common Stock</td>
<td>03/01/2017</td>
<td>09/01/2016</td>
<td>250.000</td>
<td>3,150.00</td>
<td>1,600.00</td>
<td>1,550.00</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
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</tbody>
</table>

FORM 1099-B* 2017 Proceeds from Broker and Barter Exchange Transactions
Copy B for Recipient OMB NO. 1545-0715

Long-term transactions for which basis is not reported to the IRS
Report on Form 8949 with Box E checked and/or Schedule D, Part II
(This Label is a Substitute for Boxes 1c & 6)

<table>
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<tr>
<th>Description</th>
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<th>1b Date of Acquisition</th>
<th>1e Quantity Sold</th>
<th>2a Sales Price of Stocks, Bonds, etc. (a)</th>
<th>3 Cost or Other Basis (b)</th>
<th>5 Wash Sale Loss Disallowed</th>
<th>4 Federal Income Tax Withheld</th>
<th>13 Federal Tax Withheld</th>
<th>15 State Tax Withheld</th>
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</thead>
<tbody>
<tr>
<td>Iowa Co. Common Stock</td>
<td>02/01/2017</td>
<td>06/23/2004</td>
<td>200.000</td>
<td>3,200.00</td>
<td>2,384.00</td>
<td>816.00</td>
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</tbody>
</table>

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
### US Schedule D
#### Worksheet for Capital Loss Carryovers or Sale of Your Home

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Result</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Amount from Form 1040, line 41, or Form 1040NR, line 38</td>
<td>34,372</td>
</tr>
<tr>
<td>2</td>
<td>Loss shown on Schedule D, line 21 as a positive amount</td>
<td>3,000</td>
</tr>
<tr>
<td>3</td>
<td>Combine lines 1 and 2. If -0- or less, enter -0-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Smaller of line 2 or line 3</td>
<td>3,000</td>
</tr>
<tr>
<td>5</td>
<td>Loss shown on Schedule D, line 7 as a positive amount</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Gain, if any, shown on Schedule D, line 15</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Add lines 4 and 6</td>
<td>3,000</td>
</tr>
<tr>
<td>8</td>
<td>Short-term capital loss carryover.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Subtract line 7 from line 5. If -0- or less, enter -0-</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Gain, if any, shown on Schedule D, line 7</td>
<td>3,450</td>
</tr>
<tr>
<td>11</td>
<td>Subtract line 5 from line 4. If -0- or less, enter -0-</td>
<td>3,000</td>
</tr>
<tr>
<td>12</td>
<td>Add lines 10 and 11</td>
<td>3,000</td>
</tr>
<tr>
<td>13</td>
<td>Long-term capital loss carryover. Subtract line 12 from line 9. If -0- or less, enter -0-</td>
<td>450</td>
</tr>
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</table>

**Name:** Quincy and Marian Pike  
**SSN:** 316-00-XXXX

---

92 Advanced Scenarios
Directions
The first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario and use your training and resource materials to answer the questions.

HSA Scenario 1: Leo Williams

Interview Notes

- Leo Williams is single and 45 years old.
- Leo works as an IT manager and his Form W-2 shows wages of $47,250.
- Leo participated in his employer’s self-only coverage High Deductible Health Plan (HDHP) all year.
- Leo does not have any other health coverage.
- Leo has had an HSA for two years.
- Leo’s employer contributed $1,500 in 2017 to Leo’s HSA.
- In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA.
- Leo is a U.S. citizen and has a valid Social Security number.

HSA Scenario 1: Test Questions

1. Is Leo an eligible individual for HSA purposes even though he did not make his own contributions?
   a. Yes
   b. No

2. What amount will Leo use to compute his HSA deduction on Form 1040, line 25?
   a. $0
   b. $1,500
   c. $1,900
   d. $3,500

3. Employer contributions to Leo’s HSA are reported on his Form W-2, box 12, code W.
   a. True
   b. False
HSA Scenario 2: Ed and Christine Martinez

Interview Notes

- Ed and Christine are married and will file a joint return.
- Ed is 47 years old, and Christine is 56 years old.
- Both were enrolled in self-only coverage High Deductible Health Plans (HDHPs) through their employers for the entire year of 2017.
- Ed and Christine each have an HSA.
- Both have contributed the maximum amounts to their HSAs in 2017.
- Ed and Christine are both U.S. citizens and have valid Social Security numbers.

HSA Scenario 2: Test Questions

4. The amount that can be contributed to an HSA depends on the following:
   a. Taxpayer’s age and type of HDHP coverage
   b. Date the taxpayer became eligible
   c. Date taxpayer ceases to be eligible
   d. All of the above

5. Ed and Christine are both eligible to make catch-up contributions to their individual HSAs.
   a. True
   b. False
Directions
These first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario and use your training and resource materials to answer the questions.

HSA Scenario 1: Leo Williams

Interview Notes

• Leo Williams is single and 45 years old.
• Leo works as an IT manager and his Form W-2 shows wages of $47,250.
• Leo participated in his employer’s self-only coverage High Deductible Health Plan (HDHP) all year.
• Leo does not have any other health coverage.
• Leo has had an HSA for two years.
• Leo’s employer contributed $1,500 in 2017 to Leo’s HSA.
• In 2017, Leo’s Aunt contributed $1,900 to Leo’s HSA.
• Leo is a U.S. citizen and has a valid Social Security number.

HSA Scenario 1: Retest Questions

1. For Leo to be an eligible individual and qualify for an HSA, which of the following must be true?
   a. He cannot be claimed as a dependent on someone else’s return.
   b. He must have an HDHP and cannot be enrolled in Medicare
   c. He cannot have any other health coverage.
   d. All of the above

2. Where on Form 1040 would Leo report his HSA deduction?
   a. Payments section
   b. Income section
   c. Adjusted Gross Income section
   d. None of the above

3. Employer contributions to an HSA are reported on an employee’s Form W-2.
   a. True
   b. False
HSA Scenario 2: Ed and Christine Martinez

Interview Notes

- Ed and Christine are married and will file a joint return.
- Ed is 47 years old, and Christine is 56 years old.
- Both were enrolled in self-only coverage High Deductible Health Plans (HDHPs) through their employers for the entire year of 2017.
- Ed and Christine each have an HSA.
- Both have contributed the maximum amounts to their HSAs in 2017.
- Ed and Christine are both U.S. citizens and have valid Social Security numbers.

HSA Scenario 2: Retest Questions

4. Ed and Christine can have a joint HSA.
   a. True
   b. False

5. Because Christine is age 55 or older, she is eligible to increase her HSA contribution by $_______.

Welcome to the Link & Learn Taxes Foreign Student Test. The test requires you to prepare four tax returns using Form 1040NR-EZ and/or Form 8843 and then answer 50 online questions. You must successfully complete the test at an overall 80% proficiency to earn VITA/TCE certification.

Please complete this test on your own for an accurate assessment of your skills and knowledge. You may use any reference materials available to you as a volunteer to complete this test.

Volunteers who use tax preparation software to complete the test need to make sure they are using the final 2017 version.
Residency Status, Form 8843, and Filing Status

Introduction

This section of the VITA/TCE certification Foreign Student test covers determining residency status, the use of Form 8843, and filing status. It consists of 13 true/false questions and 4 scenario-based multiple choice questions.

Allow approximately 20 minutes to complete this segment.

1. Hans entered the U.S. on December 15, 2012 in F-1 immigration status. He had never been to the United States before and he did not change immigration status during 2017. For federal income tax purposes, Hans is a nonresident alien for 2017.
   a. True
   b. False

2. Abshir is a visiting professor at the local university. Abshir was a graduate student from August 2011 to July 2013 in F-1 immigration status. He re-entered the United States on December 20, 2016 in J-1 immigration status. For federal income tax purposes, Abshir is a resident alien for 2017.
   a. True
   b. False

3. Juan served as a visiting scholar in F-1 immigration status from December 2011 through June 2014. In January of 2016, Juan returned to the United States as a graduate student. For federal income tax purposes, Juan is a resident alien for 2017.
   a. True
   b. False

4. Emil came to the United States in F-2 immigration status with his wife on August 20, 2016. He has not changed his immigration status. For federal income tax purposes, Emil is a resident alien for 2017.
   a. True
   b. False

5. Tamera lived with her parents in F-2 immigration status in the United States from August 2007 to June 2011. She returned to the U.S. to attend college in F-1 immigration status on May 1, 2016. Tamera does not need to file Form 8843 for 2017.
   a. True
   b. False
2017 Form 4189, VITA/TCE Test and Retest Answers

The following changes are due to Public Law 115-97, signed into law on December 22, 2017:

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<thead>
<tr>
<th>Form 4189</th>
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<tbody>
<tr>
<td>A-5</td>
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<tr>
<td>A-7</td>
</tr>
<tr>
<td>A-41</td>
</tr>
<tr>
<td>A-108</td>
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No corrected pages are provided for this publication. Please make note of the changes above in your printed training publication.