

United Way Volunteer Tax Training (VITA)

Tax Year 2024

Contact for Tax Certification Test Questions: 205-458-2088 (Judy Allen),
Contact for Volunteer Coordination: 205-251-5131 ext 5645 (Waneka Johnson)
or email: taxvol@uwca.org (reaches both of us)

I. Tax Law Review:

- A. **If you are not familiar with tax law:** Review this package, including selected pages from Publication 4012
1. Complete Publication 4012 available online at <https://www.irs.gov/pub/irs-pdf/p4012.pdf>
 2. Complete VITA/TCE Training Guide <https://www.irs.gov/pub/irs-pdf/p4491.pdf>
 3. Additional training materials are posted on <https://www.linklearncertification.com>
 4. Full printable copy of test <https://www.irs.gov/pub/irs-pdf/f6744.pdf>

II. How to use TaxSlayer Software to Prepare Returns that are part of the test:

A. Set up an account in the TaxSlayer Practice Lab:

Use Google Chrome or Microsoft Edge, but not Mozilla Firefox.

1. <https://vita.taxslayerpro.com/IRSTraining>. There also links on the LinkLearnCertification page.
2. The page will say “Practice Lab” at the top.
Enter Password in all caps – TRAINPROWEB.
3. Set up your User Name and Password. Hopefully you can use the same User Name for both the Practice Lab and the Test. It will ask for our **SIDN =S66017881**.
4. Returning volunteers can use the password they used last year, if they still have their package, or reset the password.
5. Make note of what you set up:
User ID: _____
Password _____ (use one that you remember easily)
6. There are video tutorials on preparing returns in TaxSlayer, available for you to watch.
7. If you have a copy of the test, start preparing the tax returns from the test here, starting with Basic Scenario 7. For Social Security numbers and other Tax ID#’s the 4th and 5th digits will be zeros. You can make up the last four digits.
8. If do not have a printed copy of the tests,

Be sure to look up the answers for both test and retest questions while you have the tax return open, and mark in your book.

Link and Learn Certification Test (*Where you log in to take the actual test*)

www.linklearncertification.com.

BE SURE TO LIST YOUR NAME AS IT IS LISTED ON YOUR DRIVERS LICENSE OR OTHER ID

Link and Learn Test User ID _____

Link and Learn Test Password _____

This USER ID and Password will be sent to your e-mail. If it is lost, you can register for a new one, but you will not be able to access your work under the original user ID.

You only get **two tries** to pass the test, with a score of **80 or higher**. Prepare the questions in the Test sections of your book, to be prepared to enter your answers to the same questions on the online test.

Have your book ready as you take the test, and read the questions carefully. Take your time. You can log out and in again, and can go back to edit answers of previous questions until move forward from the last question.

****Before pressing submit, print the summary page with the list of your answers, so that you can refer back to this to see how you answered the questions you missed. (You will not be able to retrieve this information again once the test is scored.)**

If you do not pass, email us at taxvol@uwca.org to review your responses to clear up missed questions before trying a second time!

WHEN YOU PASS EACH TEST – EMAIL US YOUR VOLUNTEER AGREEMENT to taxvol@uwca.org ! We are targeting getting certifications until

See the illustration for instructions to submit your agreement. Be sure to check the box to electronically sign the agreement.

When you complete the Certification Test, check the box in Link and Learn to sign the Volunteer Agreement, then print and save as a .pdf

Send Volunteer Agreement to United Way of Central Alabama

- **By E-mail to taxvol@uwca.org. (*Preferred-Mailbox specifically for receiving certifications*)**
- Please include your daytime telephone number with the e-mail.

Study Supplement – VITA Volunteer Standards of Conduct TY2024

Review Volunteer Standards of Conduct Course available at this link, <http://www.irs.gov/pub/irs-pdf/p4961.pdf> or after logging in to the in the lower right corner on www.linklearncertification.com

Highlights of Volunteer Standards of Conduct Agreement:

All volunteers must pass the test with a score of 80% or higher prior to volunteering, and sign Form 13615, Volunteer Standards of Conduct Agreement: Greeters, Tax Preparers, Quality Reviewers, Site Coordinators

Violations of Volunteer Standards of Conduct can result in 1) Removal/being barred from VITA/TCE program, 2) Criminal Investigation, 3) Elimination of Grant Funds, and 4) Deactivation of EFIN (electronic filing number)

Do not solicit accept tips, payment or donations – politely decline. As a VITA site, we cannot solicit or accept gifts or payment for our services. (If customer wishes to donate to United Way, they can visit www.uwca.org after they leave the tax site, but it must not be connected to their tax appointment, so that there is no sense that the quality of service they receive is influenced by their donation.)

For Direct Deposit, the customer must have their name on the account receiving the deposit. Do not offer to direct deposit refund to your account, and do not advise customer to direct deposit to another family members account if the customer is not a signor on the account.

Do not use taxpayer information to solicit business, dates, or any personal gain for yourself, any family member, or any other organization.

Volunteers knowingly preparing a false return, for example by excluding cash income from tax return, or misstating the number of months a dependent lived in the home are in violation of standards of conduct. Volunteers who make an honest mistake are not in ethical violation, but will be provided feedback on the mistake and how to avoid in the future.

Volunteers whose activity inside or outside of tax site would have a negative impact on taxpayer trust in the program will be asked to leave, and the details will be reported to IRS-SPEC by sending an email to WI.VolTax@IRS.gov.

All volunteers are required to use the Intake/Interview Process including fully completing each question on form 13614-C for each taxpayer; to discuss the taxpayer's response, ask follow up questions and note responses; and to match the return to be prepared to the certification level of the volunteer.

During Quality Review, taxpayer should 1) actively participate and 2) be reminded that they are responsible for the information on their tax return.

Each site is required to have a process to ensure that the taxpayer is assigned to a preparer with the appropriate certification. At our site this takes place during the Intake/Interview: in reviewing the intake sheet, if an item is marked that is Advanced, match the taxpayer with a person with that certification. Use additional detailed information from discussion with the taxpayer and review of

documents to determine whether the return will require Basic, Advanced. Both Preparers and Quality Reviewers for a return requiring Advanced Certification must have Advanced Certification.

To prevent identity theft, photo ID is required for taxpayer and spouse, along with verification of Social Security number for all family members on return, using Social Security card, or SSA1099.

Study Supplement – VITA Intake/Interview and Quality Review Certification TY2024

Volunteer programs must use 13614-C Intake/Interview Sheet along with an effective interview for every return prepared at the site.

Before starting the return, the volunteer preparer should:

- Verify each response on the 13614-C
- For every box that is unchecked, write “No” or “N/A”
- Determine the certification level required to prepare the return.

Tip income that is not already listed on the W2 in Box 7 will require a volunteer with Advanced Certification to prepare.

Marital Status – a date must be entered on Form 13614-C Part II Marital Status to determine when status legally changed for taxpayers who are Divorced, Legally Separated or Widowed.

To determine if a return is within scope of the VITA program, refer to Publication 4012, page vi. As part of intake each site is required to: Have a process to ensure a return is within the scope of the VITA/TCE program, identify the certification level required to prepare a return, and have a process to ensure volunteers have the certification needed for the returns they prepare.

Every return must have Quality Review by a separate person than the volunteer who prepared the return, with the appropriate certification level for the return. Quality Review is an effective way to ensure the accuracy of the completed tax return.

To prevent identity theft, each taxpayer should provide photo identification; exceptions must be approved by Site Coordinator. (NOTE Current Drivers License or Non-Driver ID required to efile an AL return.)

As soon as possible, verify that taxpayers have 1)Photo ID, 2)Social Security Cards for each family member in order to prevent possibility of identity theft, 3)All income statements including W-2, 1099-R, etc. prior to beginning return.

The taxpayer should not sign the return until the Quality Review is complete and the taxpayer has been advised of their responsibility for the return.

The Quality Reviewer must have at least the same certification level as was required to prepare the return. Quality Review is an effective tool for preparing an accurate tax return. Self-review is never an acceptable substitute.

Remember, there is more to being a VITA volunteer than passing the test. The test shows a very limited sampling of possible client situations. The more you review/practice the more you will know, the more comfortable and confident you will be—it's a great feeling!

Turn the certification test into the best learning experience you can by following these steps—

For all scenarios:

- **Are you selecting the correct and best filing status?** See **PUB 4012 pages B13-16** to determine which status(s) they qualify for and **page A-3** for a brief breakdown of the standard deductions for each—always select the **BEST ONE THEY QUALIFY FOR**. More on Standard Deductions can be found **F3-F4**
- **Can they claim a dependent?** Don't assume they can or can't. Use **PUB 4012 Section C**.

Make sure to bookmark or flag your PUB 4012 with post-it notes on these pages: PUB 4012 pages B13-16 and page C-3

For Basic scenarios 1-6:

- Read the scenario carefully, mark what you think the answer might be, then go to PUB 4012 to review the topic covered. Do you now have a better understanding and feel confident your answer is correct?
 - Make sure you familiarize yourself with PUB 4012 in print and/or as a PDF—in real life, you need to know how to look up things in this book. irs.gov/pub/irs-pdf/p4012 (Use Control Find feature to locate this using keywords) For print book—use the tabs, table of contents, or glossary to locate topics. ***Get comfortable with learning the book now so you will be comfortable in how to look things up when a taxpayer is in front of you. This is an awesome tool—learn to use it!***
 - Read each question carefully, what are they asking you for? I personally read each question 2-3 times. Don't assume you know the answer—especially with Filing Status and who can be claimed as a dependent.
 - Don't forget, vitaresources.net is a great resource for information on all topics covered on the test—click on training checklist!
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Basic Scenario 1: Bradley Cushion

- Remember entering the filing status wrong can have a huge impact on the outcome. Please USE YOUR DECISION TREE or tables **PUB 4012 page B13-B15** as appropriate. *Follow from the top-don't skip a step.*
 - See Standard deductions in **PUB 4012 pages F3-F4**
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Basic Scenario 2: David and Ellen Farmer—For both of these questions, understanding this powerful credit is helpful & how to look up the qualifications. **PUB 4012 Section I** is all about the Earned Income Credit. **Note: If the taxpayer does not qualify for the EITC on the tax return, Taxslayer software will show you a message on the Summary page as to any reason why they did not qualify for the credit. Very Helpful!**

- See PUB 4012 Section page I-4 for Eligibility Requirements
 - See PUB 4012 Section page I-3 for Earned Income for EITC; Also think about the definition of *earned income-- money derived from paid work*.
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Basic Scenario 3: Felix and Gabriela Garcia – Spend time reviewing **PUB 4012 Section G**—the taxpayer may qualify for one of these credits for every dependent claimed (and for some dependents they may get 2 of these credits). You will see relationship, age, type of identifying tax number for each dependent, and income will determine type and amount of credits received.

(Note---If you enter all your dependents information correctly into the software, the system will automatically select the correct credits. Plus—the 1040 tax return will show what credit the dependents qualify for on page 1 with a check box indicating the type of credit next to their name—and page 2 shows the amount!)

5. Review **PUB 4012 page G-4 through G-7** for information on Child Tax Credit, Additional Child Tax Credit, and Credit for Other Dependents.
 6. The question is asking what is the maximum amount of the credit they *could get* not what will they actually get—don't over think it. This value of this credit has changed just a little bit since last year. **See PUB 4012 page G-5**
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Basic Scenario 4: Kevin and Ella Henderson—For both of these questions, understanding the credits is important—review **PUB 4012 Section G4-G7 for dependent credits and Section I for Earned Income Credits**. Remember-the system will automatically calculate how much of each credit they are entitled to—so that makes it easy!

7. Review PUB 4012 page G4-G7 for information on Child Tax Credit, Additional Child Tax Credit, and Credit for Other Dependents.
 8. Visit PUB 4012 section I for EITC eligibility requirements.
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Basic Scenario 5: Kendall Holmes Did you know that one reason why the VITA tax program started is that there were many credits people were entitled to that were not claimed (like the Earned Income Tax Credit). Many who did not legally have to file a tax return did not file—not realizing they *should* have filed—billions of dollars in credits have gone unclaimed-this still happens today!

9. Visit PUB 4012 section I for EITC eligibility requirements.
 10. To answer this question think about who MUST file and Who SHOULD File-See PUB 4012 pages A3-6, and visit PUB 4012 Section I again.
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Basic Scenario 6: Matt Urban

11. If unsure, a good place to reference would be **PUB 4012 D3-4** - look at the chart of taxable and non-taxable income.
 12. It is best to look at the qualifications for each of these credits and see if Matt qualifies (don't just assume you know the answer):
 - Earned Income Credit See **PUB 4012 Section I**
 - Lifetime Learning Credit and/or American Opportunity Credit? See **PUB 4012 Section J Education Credits**
 13. Student loan interest deduction information can be found in **PUB 4012 page E-17** *Did you know an Adjustment to Income is not a credit, but instead it acts like a coupon? The amount allowed to be claimed is subtracted(or adjusted) from the total income *before the tax is calculated*. (I like to compare it to giving a cashier a coupon at the grocery store).
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For Basic Scenarios 7 -9

To get the most out of these scenarios, I suggest the following:

- Do not read the interview notes first. In real life, people do not come in with a printed-out interview note sheet.
- Instead, look at the intake form and tax forms provided by the client first. Based on the forms, **what other information might we need** based on the type of income, their ages, marital status, the dependents listed, other forms provided?
- Use PUB 4012 to guide you in determining the questions to ask.
- Then read the intake interview notes.
 - Make any notes on the intake form that are needed for you and the Quality Reviewer to complete this return. Remember, in real life you don't have the interview notes.
- **After you complete the return in Taxslayer—go back and make sure you have addressed EVERYTHING noted on the Intake Form**—is all the income entered and all possible credits given? Do this in real life with every return you do—it is easy to forget something—that is why we write it down!

Remember, just because a taxpayer tells you they supported someone, doesn't mean they can claim them as a dependent. Also, just because the taxpayer wants to claim a credit, it doesn't mean they can-- each credit has its own set of eligibility requirements--so review them in your book (you do not need to memorize anything).

These next scenarios will cover a lot of different little situations to put as much stuff in one return as possible. So, don't rush. Once you do a few it will be easy peasy, I promise!

Also—please note Practice Lab does not have all the functions as the real site does—you can't submit anything by accident-- so don't worry about messing anything up—get in there, get used to it—play and have fun!

****For seasoned/returning volunteers—before starting scenarios 7-9, I suggest looking at the intake form and tax documents provided—then try to answer the test questions *BEFORE* you enter the return in the software. This is, of course just a suggestion, but I find it really gets my mind back into the swing of VITA. And even if I can answer the questions without entering the return, I still will enter it in the software to refamiliarize myself with the software and see the changes that had been made by Taxslayer.****

Practice Lab Tips:

- Not sure **where** to find a form? Use the Form Finder Search box on the top left.
- Not sure **how** to enter something?—Your PUB 4012 has screen shots. At a tax site you will be working with an amazing team--ask someone, they will be glad to help!
- Make sure to get to the end and mark **Ready For Review**—you are not done with the return until you do that!
- When you have finished entering the return—generate a PDF of the return to see what you have created and to help answer the test questions.
- **Do not rely on the SCREEN SUMMARY VIEW OF THE 1040 in Practice Lab as it usually is not correct as they have a lot of re-programming to do each year. Numbers will be misaligned, not calculate correctly on the screen, but the PDF is usually fine.**
- If you need information on using Practice lab: vitaresources.net/practicelab

TIP: Don't just answer the test questions, look to see how all the information you entered flowed from the forms to the schedules, to the 1040 page 1 to the end results on page 2. Do this by looking at the PDF—all the schedules. See an example of someone going over a tax return line by line like it should be explained vitaresources.net/explainingreturns.html

Basic Scenario 7: Paul and Lisa Alexander

In this scenario:

- Simple wages, social security income, retirement, dividend, and scholarship income along with education expenses.
 - Can they claim a dependent? **PUB 4012 Page C3**
 - Education expenses—Do they qualify for an education credit, if so, which credit they might be eligible for, and what expenses are allowable? **See PUB 4012 Section J**
14. You can find the answer on the PDF of the tax return you generated—**Form 1040 Line 12**. You can also look in **PUB 4012 pages F3-4**
 15. Read the question carefully and remember each education credit has its own rules. Review **PUB 4012 section J**
 16. To see if the system allowed your taxpayers this credit, simply look at the **dependent section on Form 1040 page 1** that generated, it shows little check boxes as to what credit entitled to, and on page 2 of the Form 1040 it shows the amounts, if any, issued. Information on Child Tax Credit & Credit for Other Dependent can be found in **PUB 4012 pages G4-G7**.
 17. Federal Withholdings—the question is asking, how much in income tax was withheld from their pay throughout the year. This would be income tax withheld from any jobs worked or disbursements from any retirement or social security payments. You can add the amounts withheld/paid on all the forms (W2s and 1099s) provided by the taxpayers, and you can also view the value you entered on the PDF of the 1040 Line 25d.
 18. The taxable amount of the social security can be found on the Form 1040 Line 6b. Yes, Social Security Income **can** be taxed—I know it doesn't seem fair, but this is the rule. If it is taxed, and how much of it can be taxed, all depends on the client's filing status and total income. The system does all the calculations for you! **It will NEVER BE 100% TAXED. The maximum amount that can be taxed is 85%.**
 19. See **PUB 4491 page 8-12** for a description/definition of what qualified dividends are irs.gov/pub/irs-pdf/p4491; the system calculates the taxable amount—you just key on the form as it appears.
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Basic Scenario 8: Amy Yager

In this scenario:

- Amy has two children she supports, that have earned wages and lived at home. Look at the tables **PUB 4012 page C3-C4**. Can she claim them? Don't ever assume, use your tools!
 - It says Amy received disability **pension** benefits, but she has not reached the minimum retirement age of her employer's plan. Look at the 1099-R then look at **PUB 4012 page D50 and D52** ****watch what happens to the retirement income on the Form 1040 Page 1! (In real life—you would have to ask the client if they have reached retirement age for their company yet—there are no interview notes provided)**
20. Look at your Form 1040, Line 1 Wages and Line 5 Pensions—where did the money from the 1099-R end up? See bullet point above for more information
 21. Which filing status would you choose? See Filing Status Decision Tree **PUB 4012 page B-13-15**; which status(es) does Amy qualify for? Which one is the best (see tables page **F3-4** ****some people can qualify for 2 statuses--- not always. *We want to give them the one with the highest standard deduction they are rightfully eligible for.***
 22. Look at the PDF of the tax return you generated- look to see if a **Schedule EIC** printed in the PDF. If so, see which dependents are listed there. *(Random note about EITC in general-- EITC maxes out at 3*

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children, so if you have a family with more than 3 kids, only 3 will show up on this schedule—there will not be an additional schedule or page listing the other children for that credit). See **PUB 4012 Section I**

23. Go through the tables **PUB 4012 page C-3** and also look at the intake form and interview notes. Based on the rules, can Amy claim both kids? Just one? Or none? Who is on the 1040 page 1, under the dependent section of the return you generated?
 24. If you are not sure about this answer, please see **PUB 4012 page K-27**; key phrase here--the taxpayer anticipates owing--and is looking for a way to prevent it. What can they do?
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Basic Scenario 9: Irene Sanders

In this Scenario:

- We have a spouse, passing away in 2022; What will be the filing status for this return? See Decision Tree or table **PUB 4012 pages B13-B15**; make sure to always start at the beginning of the chart/table!
 - Irene took money from her IRA account in June to pay for vacation.
 - Has she reached retirement age?
 - Will she get penalized? If so, is there an exception she qualifies for to avoid a penalty?
 - Look up 1099-R Box 7 Code on **PUB 4012 page D50** then go to **PUB 4012 page H7** to see if there are exceptions ****Tip-write this page number on page D-50 for easy reference during tax season. *Please Note: If someone is entitled to have penalty waived—you must enter Form 5329 on the return—it is not automatic. I suggest you add this note to the top of H7. Put post it notes on these pages too!***
 - Irene was a teacher and purchased supplies for her class. See **PUB 4012 page E-8** to see if she qualifies to claim the expense—there are rules that have to be followed and limits to what and how much can be claimed. There are questions you would ask the client...
 - Gambling winnings—See **PUB 4012 page D3-4**, Does gambling have to be reported? Then See **PUB 4012 page D65**
 - Day care expenses **PUB 4012 pages G12-G16**. Who qualifies, what expenses are allowed.
25. See **PUB 4012 page D3-4 and D65**
 26. Which filing status did you choose? See Filing Status Decision Tree and Tables **PUB 4012 page B13-15**; which statuses does Irene qualify for? Which one is the best? (see tables **PUB 4012 page F3-F4** ****some people can qualify for 2 statuses--- not always. We want to give them the one with the highest standard deduction they are rightfully eligible for.**
 27. Look at your Form 1040 Schedule 2 Line 8; See notes from the bullet above about early distribution from retirement, should she be charged a penalty?
 28. Look at your Form 1040 page 1-dependent section. What boxes are checked in the dependent section? **PUB 4012 page G4-7** (Note-If you enter all your dependents information correctly into the software, the system will automatically select the correct credits based on age and qualifications.)
 29. Look at the PDF of the tax return—where do you see the bank account information? See **PUB 4012 pages K22-K23** to learn more. This is my absolute favorite tax form!!! I encourage my taxpayers to split their refund all the time!
 30. When you entered this return, how much did you enter? Look at your Form 1040 Schedule Line 11. See **PUB 4012 page E-8**

Now that you have your answers ready—check them using the tool found on vitaresources.net/studyguide BEFORE you submit them to the IRS. Feedback is given so you can review, learn, and make corrections.

Happy VITA-ing Everyone!

I hope this was a useful tool for you! Disclaimer: If I need to make changes to this study guide, I will post them on vitaresources.net/studyguides

Please consider taking the Advance Certification too--You can help so many more people!

What is the difference between Basic and Advanced Certification?

- Self Employment, Schedule C; Simple ones with no employees
- Capital Gains (stocks and sale of main home),
- and Marketplace Health Insurance Form 1095A—yes Marketplace—a HUGE amount of taxpayers we see have Marketplace and it is so simple to enter—but must be Advanced to do 😞
- Training for these 3 topics is available on vitaresources.net –please consider being Advanced certified

Questions? Do not hesitate to reach out to me. I want to help!

Mary Meador, Senior Volunteer Engagement and VITA Program Manager

For SWFL volunteers: marym@unitedwaylee.org

For volunteers with other VITA or TCE programs: maryvitataxes@gmail.com

**Make sure to visit vitaresources.net for more tools and training resources
for all things VITA!**

Study Guide Advanced Test TY2024 in 2025
Test Book irs.gov/pub/irs-pdf/f6744.pdf page 75

Remember, there is more to being a VITA volunteer than passing the test. The test shows a very limited sampling of possible client situations. The more you review/practice the more you will know, the more comfortable and confident you will be—it's a great feeling!

Turn the certification test into the best learning experience you can by following these steps—

For all scenarios:

- **Are you selecting the correct and best filing status?** See **PUB 4012 pages B13-16** to determine which status(s) they qualify for and **page A-3** for a brief breakdown of the standard deductions for each—always select the **BEST ONE THEY QUALIFY FOR**. More on Standard Deductions can be found **F3-F4**
- Can they claim a dependent? Don't assume they can or can't. Use **PUB 4012 Section C**.

Make sure to bookmark or flag your PUB 4012 with post-it notes on these pages: PUB 4012 pages B13-16 and page C-3

For Advanced Scenarios 1-6:

1. Read the scenario carefully, mark what you think the answer might be, then go to PUB 4012 to review the topics covered. Do you now have a better understanding and feel confident your answer is correct?
2. Make sure you familiarize yourself with PUB 4012 in print and/or as a PDF—in real life, you need to know how to look up things in this book. irs.gov/pub/irs-pdf/p4012 (Use Control Find feature to locate this using keywords) For print book—use the tabs, table of contents, or glossary to locate topics. **Get comfortable with learning the book now so you will be comfortable in how to look things up when a taxpayer is in front of you. This is an awesome tool—learn to use it! Also PUB 4491 Training Book**
3. Read each question carefully, what are they asking you for? I personally read each question 2-3 times. Don't assume you know the answer—especially with Filing Status and who can be claimed as a dependent.
4. Don't forget, vitaresources.net is a great resource for information on all topics covered on the test—click on training checklist!

Advanced Scenario 1: Sharon Smith

1. Remember entering the filing status wrong can have a huge impact on the outcome. Please USE YOUR DECISION TREE or tables in **PUB 4012 pages B13-15** as appropriate. Follow from the top—don't skip a step.
2. Look at the requirements/qualifications for Earned Income Tax Credit **PUB 4012 section I (I refer to page I-4 a lot)**. This is a wonderful credit—designed to boost people out of poverty—if they qualify. Does she?
3. Look at the income tables in **PUB 4012 pages D3-4** to learn about taxable and non-taxable income.

Advanced Scenario 2: Jeff and Jane Spring

4. What is the question actually asking? Watch the wording--what is the maximum amount they are eligible for—not how much are they actually going to get. Don't over think this. Learn more in **PUB 4012 pages G4-7**.
5. To find who qualifies to take this credit, look in **PUB 4012 G12-16**. There are specific rules/criteria. You need to know where to find the rules and what questions to ask.

Advanced Scenario 3: Mary Wood

- To learn about Health Savings Accounts, visit **PUB 4012 pages E10-14** and **PUB 4491 pages 17-9 to 17-12**.

- HSA certification information was combined in the Advanced Certification about 4 years ago. I think that information is still helpful, so I still keep my slide show from that practice class updated. Learn about HSA's vitaresources.net/hsa.html here (I took information from IRS Link&Learn and modified it, so I hope is easier to understand.)
 - I also recommend you look at an actual form to see what it looks like. irs.gov/pub/irs-dft/f8889-dft.pdf
6. See **PUB 4012 page E12**. This question is asking, in general, is she able to contribute more because of her age? And if so, what is the maximum EXTRA amount she can contribute?
 7. You should look at the actual . irs.gov/pub/irs-dft/f8889-dft.pdf to see how it is laid out. See also **PUB 4012 pages E10-14** and **PUB 4491 pages 17-9 to 17-12**.
 8. What are considered qualified expenses? See the presentation mentioned above or **PUB 4491 pages 17-9 through 17-12**; What are considered qualified expenses?

Advanced Scenario 4: Cheryl Brown

- 9 **PUB 4012 section C** is the dependent section; read the overview pages then start on the first table and work through the tables (never go out of order)***Really pay attention to **PUB 4012 page C-3** info on Qualifying Child of More Than One Person. *Note--the question asks who COULD claim Cary, not who is, who will, or who should... but who COULD.*
- 10 Earned Income Tax Credit is an amazing credit designed to boost people out of poverty. It is important to know the rules of who qualifies. The system will automatically give the credit to the taxpayer if filing status, relationship, residency, and income requirements are met. Learn requirements **PUB 4012 Section I**. *Note: if you do a tax return and the taxpayer does NOT qualify for the EITC credit—you will see a message on top of the Summary page that explains why they did NOT get the credit.*

Advanced Scenario 5: Elizabeth Greene

If you want to learn about itemized deductions and what qualify go to **PUB 4012 pages F5-F14** and **PUB 4491 pages 20-1 through 20-13**—but don't even attempt to memorize—just know where to find 😊 ****With standard deductions being so high now, hardly any of our taxpayers will itemize (but you should know where to find the information in case you have a possible one. **Also, some states give credits based on some information on the Itemized deduction screen—so while entering the information on the Itemized Screen may not help the Federal Tax Return Florida does not have state income tax, but many others do.

11. See **PUB 4012 pages F5-F14** and **PUB 4491 pages 20-1 through 20-13**
12. See **PUB 4012 pages F5-F14** and **PUB 4491 pages 20-1 through 20-13**

Advanced Scenario 6: David Stone

13. See **PUB 4012 Section J** for information on the 2 types of education credits, what expenses are allowed for each, and what their requirements to claim are. Education credits are wonderful.
14. When someone takes money from a retirement account before the age of 59 ½, they **might** be subject to a 10% Early Withdrawal penalty. If your taxpayer is under 59 ½, and the system calculates the penalty, a message will appear on the screen after you hit [Continue], make sure you ask your taxpayer why they withdrew the funds, then review the table in **PUB 4012 page H-7**; if they are entitled to an exception-based on the list, **you MUST add Form 5329 on the return to waive the penalty**—see instructions **PUB 4012 page H-6**. I suggest putting a post-it note on these pages for easy reference.

For Advanced Scenarios 7 -9

To get the most out of these scenarios, I suggest the following:

- Do not read the interview notes first. In real life, people do not come in with a printed-out interview note sheet.
- Instead, look at the intake form and tax forms provided by the client first. Based on the forms, **what other information might we need** based on the type of income, their ages, marital status, the dependents listed, other forms provided?
- Use PUB 4012 to guide you in determining the questions to ask.
- Then read the intake interview notes.
 - Make any notes on the intake form that are needed for you and the Quality Reviewer to complete this return. Remember, in real life you don't have the interview notes.
- **After you complete the return in Taxslayer—go back and make sure you have addressed EVERYTHING noted on the Intake Form—is all the income entered and all possible credits given? Do this in real life with every return you do—it is easy to forget something—that is why we write it down!**

Remember, just because a taxpayer tells you they supported someone, doesn't mean they can claim them as a dependent. Also, just because the taxpayer wants to claim a credit, it doesn't mean they can-- each credit has its own set of eligibility requirements--so review them in your book (you do not need to memorize anything).

These next scenarios will cover a lot of different little situations to put as much stuff in one return as possible. So, don't rush. Once you do a few it will be easy peasy, I promise!

Also—please note Practice Lab does not have all the functions as the real site does—you can't submit anything by accident-- so don't worry about messing anything up—get in there, get used to it—play and have fun!

****For seasoned/returning volunteers—before starting scenarios 7-9, I suggest looking at the intake form and tax documents provided—then try to answer the test questions *BEFORE* you enter the return in the software. This is, of course just a suggestion, but I find it really gets my mind back into the swing of VITA. And even if I can answer the questions without entering the return, I still will enter it in the software to refamiliarize myself with the software and see the changes that had been made by Taxslayer.****

Practice Lab Tips:

- Not sure **where** to find a form? Use the **Form Finder Search** box on the top left. Also see **PUB 4012 page O10-14** to see navigation tips
- Not sure **how** to enter something?—Your PUB 4012 has screen shots. At a tax site you will be working with an amazing team--ask someone, they will be glad to help!
- Make sure to get to the end and mark **Ready For Review**—you are not done with the return until you do that!
- When you have finished entering the return—generate a PDF of the return to see what you have created and to help answer the test questions.
- **Do not rely on the SCREEN SUMMARY VIEW OF THE 1040 in Practice Lab as it usually is not correct as they have a lot of re-programming to do each year. Numbers will be misaligned, not calculate correctly on the screen, but the PDF is usually fine.**
- If you need information on using Practice lab: vitaresources.net/practicelab

TIP: Don't just answer the questions, look to see how all the information you entered flowed from the forms to the schedules, to the 1040 page 1 to the end results on page 2. See an example of someone going over a tax return line by line like it should be explained vitaresources.net/explainingreturns.html

Advanced Scenario 7: Vincent and Faith Hunter

In this scenario:

- We have a schoolteacher that had spent money on classroom supplies. Can they claim the expense? **Check PUB 4012 page E-8** and see what are the requirements & do they meet it—you have to ask the taxpayer questions in real life to determine this—know where to find this in your book—flag it!
- You have a 1099-R with BLANK box 2a. This is a special type of situation. Information on 1099-Rs can be found in **PUB 4012 pages D44-50**; Focus on See **PUB 4012 pages D48-49*** The easiest way to calculate the taxable portion is to visit vitaresources.net **scroll down Annuity Calculator

Colorado Tax-Aide
Annuity Calculator
This tool is Amazing!

- Read about Cancellation of Debt **PUB 4012 pages D71-73**
- Jury duty income **PUB 4012 page D-65** ([See PUB 4491 page 17-17 for interesting note](#))
- For Education expenses **See PUB 4012 Section J** for types of credits, qualifications, allowable expenses and how to enter.

Take your time, refer to the interview notes AND the intake form—have fun entering the return! My favorite part! Then print your return as a PDF and review it, and then answer these questions:

- See scenario note above—what did you enter as the taxable portion of Faith's retirement?
- Print the PDF of the return you just entered, on the 1040 page 1, Dependent Section, you will see a box checked for the type of credit the dependent gave the taxpayer. Then look on page 2 of the 1040 tax return. How much did they get for that credit? You can learn more about these credits in PUB 4012 Section G.
- Make sure you have entered everything mentioned in the scenario—check your intake form! Print the **PDF of the 1040, See your Schedule 1 (Line 10)** which also carries over to the 1040 Line 8.
- See notes above, and print the tax return to a PDF-- See your **1040 Schedule 1 (Line 11)**. Are the expenses allowed? If so, what was there a maximum amount the system let you enter for this credit?
- Print the PDF--See your **1040 Line 12**. Filing status can be found on **PUB 4012 page B-13**, and information on Standard Deduction Amounts can be found in **PUB 4012 pages F3-F4**.
- Review **PUB 4012 section J** to see what is a qualified expense for the different types of education credit. What did you enter?
- Look at the PDF of your tax return—what is on the **1040 line 6b?**
- Print the PDF--See your **1040 Line 25d**. You can also manually calculate the total withholdings—amount of income tax the client paid to the IRS **during the tax year** from all W2s and 1099s.

Advanced Scenario 8: Stephanie Winter

In this scenario we have:

- Consolidated broker's statement. See **PUB 4012 page D32-D39**—**Tip: Don't get overwhelmed, get a highlighter and breakout all the forms you see, and all the data needs to be entered **a consolidated statement is just multiple forms as part of one report—do each form one by one in order, check them off as you do them so you don't miss one. Go in order and keep papers organized and in order.**
- Self-employment: reported income from cash, 1099-K & 1099-NEC, expenses & mileage See **PUB 4012 D21-31**; **Tip: when looking at expenses—are they reasonable, ordinary, and necessary to run the business—or are they more personal in nature?**
- When someone takes money from a retirement account before the age of 59 ½, they **might** be subject to a 10% Early Withdrawal penalty. If your taxpayer is under 59 ½, and the system calculates the penalty, a message will appear on the screen after you hit [Continue], make sure you ask your taxpayer why they withdrew the funds, then review the table in **PUB 4012 page H-7**; if they are entitled to an exception-based on the list, **you MUST add Form 5329 on the return to waive the penalty**—see instructions **PUB 4012 page H-6**. I suggest putting a post-it note on these pages for easy reference. Was the reason she took the money out an allowable exception from penalty?
- Education Expenses See **PUB 4012 Section J**
- Payment of Student Loan Interest **PUB 4012 page E17**

The image shows three screenshots of tax forms. The top form is Form 1099-DIV (2021 Dividends and Distributions) with a total of \$150.00. The middle form is Form 1099-B (2021 Proceeds from Broker and Barter Exchange) for Iowa Co. Common Stock, showing a sale of 200,000 shares at \$2.00 per share, resulting in a total of \$400.00. The bottom form is Form 1099-MISC (2021 Miscellaneous Income) for Iowa Co. Common Stock, showing a total of \$400.00.

When you finish entering the return, print it as a PDF and review the return and all accompanying schedules. Then start the questions.

- Print your PDF—Look at the question carefully—what is it asking for? Look at the **Schedule D** that generated with your return.
- Look at scenario notes above-- when looking at expenses given by taxpayer—are they reasonable, ordinary, and necessary to run the business? Which are not but are more personal? You have to distinguish the 2 apart from each other.
- There are limits to how much can be claimed and who can claim the credit and for what, so make sure to do a quick review of **PUB 4012 page E-17**. Can she?
- Print the PDF of your return and look at **Schedule C**. How many miles did you enter on Schedule C (see page 2 of Schedule C) and what was that worth as a business expense in dollars? See Schedule C Line 9 Car & Truck Expense. Note: Do you know what the mileage rate for 2024 is? It changes every year—the system will do all the calculations for you. (**See D31**—great resource to share with taxpayers)
- Print the PDF—Education credits generate on **Form 8863**, then carry to **Schedule 3 Line 3**, and **1040 Line 29**—depending on the type of credit, amount of credit and taxable income
- This question I get a lot of emails on each year--To get this correct, you need to learn a little about when a withdrawal from A retirement account can be subject to early withdrawal penalties, and when the penalty can be waived/excluded. **Review PUB 4012 page H6-H7** and **read the scenario very carefully--how much did she take out--and for what purpose was all or part of it used for?**
- See **PUB 4012 page K24-27** to learn more about what to do when a client has a balance due.

Advanced Scenario 9: Joe Lopez

In this scenario we have: a widower with a dependent, who has W2 wages, interest, daycare expenses, and Marketplace Health Insurance.

- Information on who and what qualifies for dependent care credit can be found in **PUB 4012 pages G12-17**
- To learn about Child Tax Credit, see **PUB 4012 page G4-G7**

- To learn about Marketplace, see **PUB 4012 H10-13** (you could also learn about Marketplace at vitaresources.net/marketplace)

When you finish entering the return, print it as a PDF and review the return and all accompanying schedules. Then start the questions.

30. **PUB 4012 pages B13-B15**--start at top--don't just assume you know what the filing status should be.
31. After you enter the return, print your PDF-Look at your **1040, Line 11**
32. Look at the return you made—to see which dependent credits the taxpayer got, look at the PDF of the 1040 page 1 Dependent section—what boxes are checked to the right of the dependents name? FYI-the system automatically gives the client the credits they qualify for based on what you enter—as long as you enter everything correctly from filing status, date of births, dependent information, and income you should have no problem. You can see the credits on the **1040 Schedule 3, Form 2441 and Form 8812.** Learn more about all these credits in PUB 4012 section G and H
33. Look at your **1040, Schedule 3 Line 4;** You can learn more about this credit in **PUB 4012 page G17-G19**
34. What is it asking? *Key word—Net Premium Tax Credit.* This is a credit given to people who did not receive all the subsidy for their health insurance premiums they were entitled to throughout the tax year. Note: Subsidy is how much the government paid for the health insurance for the taxpayer. Subsidy amount is based on their income, age, number of people, policy chosen, and where they live. If the taxpayer was entitled to more subsidy than received, then a Premium Tax Credit will appear as a refundable tax credit on their tax return. Usually this happens when their income is LESS than what they had reported to Marketplace when they signed up. See the **PDF of the return, look at Form 8962.**
35. Print the PDF of the return-Look at your Schedule 3 or Look at Form 2441. Is the credit there?

Now that you have your answers ready—check them using the tool found on vitaresources.net/studyguide BEFORE you submit them to the IRS.

Feedback is given so you can review, learn, and make corrections.

Happy VITA-ing Everyone!

I hope this was a useful tool for you! Disclaimer: If I need to make changes to this study guide, I will post them on vitaresources.net/studyguides

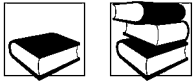
Questions? Do not hesitate to reach out to me. I want to help!

Mary Meador, Senior Volunteer Engagement and VITA Program Manager

For SWFL volunteers: marym@unitedwaylee.org

For volunteers with other VITA or TCE programs: maryvitataxes@gmail.com

Make sure to visit vitaresources.net for more tools and training resources for all things VITA!



Due Date of Return

The due date for filing individual income tax returns is April 15, 2025.

Tax Form and Publication Changes

- Form 1040, U.S. Individual Income Tax Return, includes a checkbox and entry field in the Filing Status section that allows taxpayers to elect to treat a nonresident alien spouse or dual-status alien spouse as a resident. A checkbox was added on line 6c. Taxpayers who elect to use the lump-sum election method for their retroactive payment of Social Security benefits will check this box.
- Schedule 1 (Form 1040), Additional Income and Adjustments to Income, includes an entry field for taxpayers who had amounts reported on a Form 1099-K in error or for personal items sold at a loss.
- Form W-2, Wage and Tax Statement, includes a new Box 12 code II for Medicaid waiver payments excluded from income under Notice 2014-7.
- Taxpayers will receive Form 1099-K, Payment Card and Third Party Network Transactions, when reportable proceeds exceed \$5,000 for 2024, although they may receive the form at a lower amount. This threshold applies to third party settlement organizations. Taxpayers are required to report all taxable income on their federal income tax return, regardless of amount or if an income reporting document is received.
- Publication 1244, Employee's Daily Record of Tips and Report of Tips to Employer, is obsolete. Publication 531, Reporting Tip Income, will no longer be updated annually. It is changed to continuous use.
- Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts, adds two new codes for the exceptions to the additional tax on early distributions on eligible distributions to a domestic abuse victim and emergency personal expense distributions, effective for distributions made after 12/31/2023.
- Form 8888, Allocation of Refund, is now only used to split a direct deposit refund between 2 or more accounts or to split a refund between a direct deposit and a paper check. The program allowing for depositing refunds into a TreasuryDirect® account to buy savings bonds, as well as the ability to buy paper bonds with refunds, has been discontinued.

Tax Law Changes

Refer to the respective lessons for details.

- What provisions are new?
 - Waiver of the 10% additional tax on early distributions for emergency personal expense distribution of as much as \$1,000 beginning in 2024. The distribution may be repaid within three years from the date of distribution.
 - Qualified Tuition Program (QTP) rollovers can be made to fund Roth IRAs beginning in 2024, subject to limitations. See Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), for details.
 - Beginning in 2024, domestic abuse victims may distribute the lesser of \$10,000 or 50% of accrued benefit from an eligible retirement plan without the 10% early distribution penalty (specific definitions and timing apply, see Publication 575). The distribution may be repaid within three years from the date of distribution.

Personal Exemption Amount

The deduction for all personal exemptions is suspended (reduced to zero), effective for tax years 2018 through 2025. For 2024, the gross income limitation for a qualifying relative is \$5,050 (\$350 increase).

Certain Expenses of Elementary and Secondary School Teachers

The amount of the deduction allowed that consists of expenses paid or incurred by an eligible educator for use in the classroom is \$300 (no change).

Standard Deduction

The standard deduction for taxpayers who do not itemize deductions on Schedule A (Form 1040) has increased. The standard deduction amounts for 2024 are:

- \$29,200 – Married Filing Jointly or Qualifying Surviving Spouse (increase of \$1,500)
- \$21,900 – Head of Household (increase of \$1,100)
- \$14,600 – Single or Married Filing Separately (increase of \$750)

Taxpayers who are 65 and Older or are Blind

For 2024, the additional standard deduction amounts for taxpayers who are 65 and older or blind are:

- \$1,950 for Single or Head of Household (increase of \$100)
- \$1,550 for married taxpayers or Qualifying Surviving Spouse (increase of \$50)

Dependents

For 2024, the standard deduction amount for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$1,300, or (2) the sum of \$450 and the individual's earned income.

Kiddie Tax

To be subject to the kiddie tax, the individual must have unearned income of at least \$2,600 in 2024.

Standard Mileage Rate

For 2024, the following rates are in effect:

- 67 cents per mile for business miles driven
- 21 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The standard mileage rate for business cannot be used to claim an itemized deduction for unreimbursed employee travel expenses during the suspension of miscellaneous itemized deductions that are subject to the 2% of AGI floor.

The moving expense deduction is not allowed through 2025 and the exclusion from income of moving expense reimbursements from an employer is also suspended. The only exception is for active military service members who move pursuant to a military order to a new permanent duty station.

Deduction for Qualified Business Income

For 2024, the threshold amount is \$383,900 for married filing joint returns and \$191,950 for all other returns.

Retirement Savings Contribution Credit

To claim this credit in 2024, the taxpayer's modified adjusted gross income (MAGI) must not be more than \$38,250 for Single, Married Filing Separately, or Qualifying Surviving Spouse (increase of \$1,750). MAGI must not be more than \$57,375 (increase of \$2,625) for Head of Household, and \$76,500 (increase of \$3,500) for Married Filing Jointly.

Earned Income Credit (EIC)

For 2024, the maximum credit increased to:

- \$7,830 with three or more children
- \$6,960 with two children
- \$4,213 with one child
- \$632 with no children

Earned Income and AGI Amounts Increased

To be eligible for a full or partial credit, the taxpayer must have earned income and AGI of at least \$1 but less than:

- \$59,899 (\$66,819 if Married Filing Jointly) with three or more qualifying children
- \$55,768 (\$62,688 if Married Filing Jointly) with two qualifying children
- \$49,084 (\$56,004 if Married Filing Jointly) with one qualifying child
- \$18,591 (\$25,511 if Married Filing Jointly) with no qualifying child

Investment Income

Taxpayers whose investment income is more than \$11,600 cannot claim the EIC.

Child Tax Credit/Additional Child Tax Credit

The refundable amount of the credit is \$1,700.

Student loan interest deduction

Begins to phase out for taxpayers with MAGI more than \$80,000 (\$165,000 for joint returns) and is completely phased out for taxpayers with MAGI of \$95,000 or more (\$195,000 or more for joint returns).

Qualified Charitable Distributions

For 2024, the maximum amount of qualified charitable distributions that are not includible in gross income is \$105,000 (an increase of \$5,000). The maximum amount applies to each spouse if filing jointly.

Eligible Long-Term Care Premium Limits

For 2024, the maximum amount of qualified long-term care premiums includible as medical expenses has increased. Qualified long-term care premiums up to the amounts shown below can be included as medical expenses on Schedule A (Form 1040), Itemized Deductions, or in calculating the self-employed health insurance deduction is:

- Age 40 or under: \$470
- Age 41 to 50: \$880
- Age 51 to 60: \$1,760
- Age 61 to 70: \$4,710
- Age 71 and over: \$5,880



The limit on premiums is for each person.

For calendar year 2024, gross income includes the amount received under a long-term care policy in excess of the per-diem amount of \$410 (a decrease of \$10) or the actual cost of long-term care services, if more.

Foreign Earned Income Exclusion

For 2024, the maximum foreign earned income exclusion is \$126,500.

IRA Deduction Amount and Modified AGI (MAGI) Limits for Traditional and Roth IRA Contributions

For 2024, the maximum combined traditional IRA deduction or Roth contribution is \$7,000 (\$8,000 if age 50 or older). For taxpayers who are covered by a retirement plan at work, the deduction for contributions to a traditional IRA is reduced (phased out) if the MAGI is:

- More than \$123,000 but less than \$143,000 for a married couple filing a joint return or a qualifying surviving spouse
- More than \$77,000 but less than \$87,000 for an individual filing as single, head of household, or married filing separately and did not live with the spouse at any time during 2024
- Less than \$10,000 for a married individual filing a separate return who lived with the spouse at any time during 2024

For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered (and the spouses live together or file a joint return), the deduction is phased out if the couple's MAGI is between \$230,000 and \$240,000.

For 2024, maximum Roth IRA contributions phase out based on MAGI as follows:

- Married filing jointly or qualifying surviving spouse with MAGI between \$230,000 and \$240,000
- Single, head of household, or married filing separately and didn't live with the spouse at any time in 2024 with MAGI between \$146,000 and \$161,000
- Married filing separately, lived with the spouse at any time during the year, and MAGI is between \$0 and \$10,000

Premium Tax Credit

- Advance Premium Tax Credit (APTC) repayment caps for 2024 are:

Income (as % of federal poverty line)	Taxpayers filing as Single	Taxpayers using other filing statuses
Less than 200%	\$375	\$750
At least 200% but less than 300%	\$950	\$1,900
At least 300% but less than 400%	\$1,575	\$3,150
400% and above	No cap (full repayment)	No cap (full repayment)

- Filing thresholds and federal poverty line tables are adjusted for inflation.
- Through 2025 taxpayers with household income that exceeds 400 percent of the federal poverty line for their family size may be allowed a premium tax credit (PTC).

Health Savings Account (HSA) Deduction

For 2024, the annual contribution limits on deductions for HSAs for individuals with self-only coverage is \$4,150 (increase of \$300) and \$8,300 for family coverage (increase of \$550). There is an additional contribution amount of \$1,000 for taxpayers who are age 55 or older.



Congress may enact additional legislation that will affect taxpayers after this publication goes to print. Any changes will be reflected in Publication 4491-X, VITA/TCE Training Supplement, available in mid- January on www.irs.gov.