AARP Foundation
Tax-Aide

National Tax Training Committee

NTTC 4012 Volunteer Resource Guide

2026 RETURNS

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Scan to open on a tablet

Release 1a

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Volunteer Standards of Conduct

Volunteer Income Tax Assistance / Tax Counseling for the Elderly (VITA/TCE)

The mission of the VITA/TCE return preparation programs is to assist eligible taxpayers in satisfying their tax responsibilities by providing free tax return preparation. To establish the greatest degree of public trust, volunteers are required to maintain the highest standards of ethical conduct and provide quality service.

Annually all VITA/TCE volunteers must pass the Volunteer Standards of Conduct (VSC) certification test and agree that they will adhere to the VSC by signing and dating Form 13615, *Volunteer Standards of Conduct Agreement – VITA/TCE Programs*, prior to volunteering at a VITA/TCE site. In addition, return preparers, quality reviewers, coordinators, client facilitators and tax law instructors must certify in Intake/Interview and Quality Review. Volunteers who answer tax law questions, instruct tax law classes, prepare or correct tax returns, or conduct quality reviews of completed returns must also certify in tax law prior to signing the form. Form 13615 is not valid until the sponsoring partner's approving official (coordinator, instructor, administrator, etc.) or IRS contact confirms the volunteer's identity, name, and address, using government-issued photo identification, and signs and dates the form. Volunteers' names and addresses in Link & Learn Taxes must match their government issued photo identification. Advise volunteers to update their profile in Link & Learn Taxes with their valid name and address.

Use **Link & Learn Taxes** to create a completed and electronically signed Form 13615 after completing the required test(s) there. See NTTC **Taking the IRS Certification Tests Online** for guidance.

As a Tax-Aide volunteer, you must adhere to the following **Volunteer Standards of Conduct**:

VSC #1 – Follow all Quality Site Requirements (QSR).

VSC #2 – Do not accept payment, ask for donations, or accept refund payments for federal or state tax return preparation from customers.

VSC #3 – Do not solicit business from taxpayers you help or use the information you gained about them (taxpayer information) for any direct or indirect personal benefit for yourself, any other specific individual or organization.

VSC #4 – Do not knowingly prepare false returns.

VSC #5 – Do not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct considered to have a negative effect on the VITA/TCE programs.

VSC #6 – Treat all taxpayers in a professional, courteous, and respectful manner.

Failure to comply with these standards could result in, but is not limited to, the following:

- Your removal from all VITA/TCE programs
- Inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely
- Deactivation of your sponsoring partner's site VITA/TCE electronic filing identification number (EFIN)
- Removal of all IRS products, supplies, loaned equipment, and taxpayer information from your site
- Termination of your sponsoring organization's partnership with the IRS
- Termination of grant funds from the IRS to your sponsoring partner and
- Referral of your conduct for potential TIGTA and criminal investigations

Confidentiality Statement: All tax information you receive from taxpayers in your volunteer capacity is strictly confidential and should not, under any circumstances, be disclosed to unauthorized individuals.

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About This Guide

Tax-Aide's NTTC 4012 is the primary resource to assist Tax-Aide volunteers in preparing in-scope tax returns using TaxSlayer.[1] Any use of "VITA/TCE" in this guide also applies to Tax-Aide unless noted otherwise. Refer to **Tax-Aide's NTTC 4491**, *Tax Training Guide*, for in-depth tax law discussions and guidance.

The NTTC 4012 replaces IRS Pub 4012 for Tax-Aide volunteers. The NTTC 4012:

- Reflects Tax-Aide's scope and policies, which have variances from the broader VITA/TCE program.
- Includes instructions and screenshots updated after the current-year release of TaxSlayer.
- Provides additional instructions, tips, and reminders to aid in return preparation and avoiding errors.
- Enables optimal online use to improve effectiveness and productivity:
  - The cover page's quick navigation section facilitates getting to information in just a few clicks.
  - The Table of Contents and PDF Bookmarks have hierarchy added to group related pages.
  - The Tab O navigation table and the index have been extended and are fully linked.
  - Over 2,500 internal and external links have been added, including links to Tax-Aide tools and resources. Links have also been provided to the **Colorado Resource Toolbox**, a set of independently developed tools available to Tax-Aide volunteers.
  - Tips for navigating this guide online are available later in this section.

Scope of Service

Not all forms, lines, boxes, issues, etc. are authorized for the Tax-Aide program; i.e., in scope. Under the provisions of the Volunteer Protection Act, AARP Foundation Tax-Aide volunteers must stay within the scope of the program and only prepare returns for which they have been trained and certified. Volunteers may only provide tax assistance based on their level of certification—Ⓑ Basic, Ⓐ Advanced, Ⓜ Military, Ⓘ International, (FS) Foreign Student, and (PR) Puerto Rico 1 & 2. Many headings and bullet points are preceded by the abbreviated certification requirement; e.g., Ⓐ indicates Advanced Certification is required, while Ⓑ/Ⓐ/Ⓜ indicates the certification requirement is conditional and may be Basic, Advanced, or Military.

Select scope issues are covered in this guide, but the **Tax-Aide Scope Manual** is the primary and complete source of scope information, including certification requirements. Tax-Aide volunteers should never use the Scope of Service included in IRS Publication 4012—Tax-Aide scope differs from overall VITA/TCE scope.

The TCE program grant does not permit a standalone income limit, however income thresholds as low as $200,000 ($125,000 if MFS) in combination with additional elements can require forms that are out of scope (making the entire return OOS). See the **Tax-Aide Scope Manual**, *When high income can cause a return to be out of scope*.

Tax-Aide Policy: Friends and Family Returns

Volunteers may use the IRS provided software to prepare and e-file their own tax return and the returns of immediate family members and close friends with whom they have a strong ongoing relationship. Unlike Tax-Aide returns, Friends and Family returns have no scope limitations. However, if a counselor chooses to prepare a return that is out of scope or outside of **Tax-Aide Policy and Procedures**, they are no longer protected by the Volunteer Protection Act for that return.

[1] TaxSlayer® is a copyrighted software program owned by Rhodes Computer Services. The screenshots and mockups that appear throughout this guide are included for volunteer education, training, and reference purposes only. These visuals may not reflect the most current version of the software. All software names, logos, designs, screenshots, and interface layouts remain the exclusive property of Rhodes Computer Services (TaxSlayer). Unauthorized reproduction or distribution of this guide is strictly prohibited.

How to Use This Guide

The screening sheets, decision trees, tables, and interview tips are from your training materials and IRS publications. Use these tools during the dialogue with the taxpayer—*ask the right questions; get the right answers*. The IRS **Interactive Tax Assistant (ITA)** is also an excellent tool to guide you through answers to tax law questions—see page P-3.

Links: Links to pages withing this guide are in blue and not bolded; e.g., links to page numbers. External links to websites and other documents are bold blue; e.g., the ITA link above. Links to IRS forms, instructions, publications, etc. will take you to the current year version. If preparing a prior year return, see page N-2 for guidance and references.

Icons: The icons shown below are used to ease navigation throughout this guide. Ⓑ, Ⓐ, Ⓜ, Ⓘ, (FS), and (PR) signify certification requirements as described on the prior page.


Notes


Tips


Caution


TaxSlayer


Navigation

Numbers in Blue Circles and Numbered Bullet Points



Some blue, numbered bullet points correspond to specific locations on a form or screenshot, each marked with the same number inside a blue circle; e.g., 2. ***Every*** blue-circled number on a form or screenshot has a matching blue numbered bullet point that provides further explanation. For example:

- All numbered bullet points on page A-5 are black to indicate none reference a blue-circled number.
- Blue bullet #4 on page D-73 is in reference to the blue-circled 4 in the screenshot. Without this realization the bullet point would not make sense or be subject to misinterpretation.
- Blue bullets #1 – #4 on page D-53 do not reference a blue-circled number, but #5 and #6 do.

A blue circled number on a form or screenshot always has a correspondingly numbered bullet point! Always check to see if a numbered bullet point is in reference to a blue circle number!



The software may change after the current release of this guide and some screenshots may depict last year's version of the software. Follow menus and prompts to enter current year tax information in the software. Refer to TaxSlayer's **VITA/TCE Blog** to stay up to date with any changes and get notifications regarding preparing, creating or modifying returns. An updated version of this guide will be released as needed and made available via the link at the bottom-right of the front cover.

Printing specific page(s) for reference during tax preparation

The full NTTC 4012 is not intended for printing of the whole document. Using it in your Chromebook ensures you are viewing the most current revision with navigation features to make it easier and quicker to find what you need. To print a page or few pages for reference:

- Navigate to the first page you want to print and note the numerical page number from above the page (not the page label at the bottom of the page; e.g. viii or X-1). For example, this page is labeled as page ix at the bottom of the page, but is numerical page 9 as shown just above the top of the page.
- Click the print icon (). If the PDF just reopens in Chrome's PDF viewer, then click the print icon a second time to pop up Chrome's Print dialog.
- Select ***Custom*** in the ***Pages*** dropdown list and then type in the numerical page or range of pages that you want to print. Set ***Destination*** as desired and click the ***Print*** button.

Navigating the NTTC 4012 in Your Browser

Click this link to watch a **short video** demonstrating how to navigate the NTTC 4012.

Opening the NTTC 4012

- On a Chromebook: click *Tax Aide Links > Tax Prep and Training > NTTC 4012*
- On other devices, use this link: **https://ta-nttc.tiny.us/NTTC-4012** (bookmark this!)
- Open on your tablet by scanning the QR code at the bottom-right of the front cover

Shortcut Keys and Navigation

- Press **Ctrl**+**F** to open the ***Find in document*** search box. Click the adjacent ***Find next*** icon (∨) or press **Enter** to find the next instance. For the previous instance, click the ***Find previous*** icon (∧) or press **Shift**+**Enter**.
- Press **Ctrl+Plus** to zoom in, **Ctrl**+**Minus** to zoom out, or **Ctrl**+**0** to reset the zoom level to 100%. A two-finger pinch gesture on a trackpad or touch screen can also zoom in/out, but at a possible loss of quality.
- To scroll, use the **arrow keys**, mouse wheel, trackpad, or touch screen. On a Chromebook trackpad, a two-finger sliding gesture can be used.
- Press **Page Up** or **Page Down** to scroll up or down one screen at a time.
- To quickly switch between Chrome tabs (e.g., between TaxSlayer and the NTTC 4012), press **Ctrl**+**Tab** (next tab) or **Ctrl**+**Shift**+**Tab** (previous tab). **Ctrl**+**1** through **Ctrl**+**8** jump directly to tabs 1-8.
- To quickly switch between windows, press **Alt**+**Tab** (next window) or **Alt**+**Shift**+**Tab** (previous window).
- Use the **PDF outline** for quick access to the NTTC 4012 Table of Contents. Look for the following two icons in the **navigation pane** on the left edge of the Chrome browser. If the navigation pane isn't visible, open it by clicking the  icon at the bottom-left of the Chrome browser window.

   ← Click to show/hide page thumbnails.

   ← Click to show/hide the PDF outline (bookmarks). Click ▶ to expand collapsed sections.

Use the Quick Navigation Links on the Front Cover!

Supercharge your search — use the Quick Navigation Links on the front cover to find what you need in a flash!

- **TOC:** Click a tab letter to go to that tab in the Table of Contents.
- **Tab O Nav:** Click the first letter of a topic ($# for symbols and numbers) to go the applicable row in the **Tab O Navigation Table**. This table shows where you can find what you're looking for within TaxSlayer, on Form 1040, and in this guide.
- **Index:** Click the first letter of a topic ($# for symbols and numbers) to jump to the desired index page.

Re-access the Quick Navigation Links via the link at the bottom-right of every page.

Other Links on the Front Cover

- **Navigation Tips** – You're here!
- **How to Use This Guide** – Page ix explains icon meaning, significance of numbering, etc.
- **Scope** – Takes you to page viii, Scope of Service.
- **Contact Information** – Takes you to page P-14, Contact Information for Volunteers.
- **Release Notes** – Details about each release of this guide, including errata.
- **NTTC Useful Tax Prep Links** – Links to the most commonly used tax preparation resources (also bookmarked on Chromebooks in *Tax Aide Links > Tax Prep and Training*).
- **Click here for latest version** – This is not needed when Opening the NTTC 4012 as described above.

Quality Site Requirements

All taxpayers using the services offered through the VITA/TCE programs should be confident they are receiving accurate tax return preparation and quality service. The purpose of the **Quality Site Requirements (QSR)** is to ensure the quality and accuracy of tax return preparation and consistent site operations. The QSR must be communicated to and followed by all volunteers and partners to ensure IRS and partner quality goals are met. The ten requirements are listed below.

QSR 1: Certification

QSR 2: Intake/Interview and Quality Review Process

QSR 3: Confirming Photo Identification and Taxpayer Identification Numbers (TIN)

QSR 4: Reference Materials

QSR 5: Volunteer Agreement

QSR 6: Timely Filing of Tax Returns

QSR 7: Civil Rights

QSR 8: Correct Site Identification Number (SIDN)

QSR 9: Correct Electronic Filing Identification Number (EFIN)

QSR 10: Security

For detailed guidance on the QSR, refer to **Publication 5166**, *VITA/TCE Volunteer Quality Site Requirements*, and the **Tax-Aide Policy and Procedures Manual**. For guidance on applying the QSR to alternative filing methods, see **Publication 5324**, *Fact Sheet: Quality Site Requirements for Alternative Filing Models for SPEC Partners and Employees*.



For the convenience of the reader, this guide includes references to several Tax-Aide policies when related topics are discussed. The **Tax-Aide Policy and Procedures Manual** is the complete source of Tax-Aide policy and takes precedence over this guide.

Tab A: Who Must File

Chart A – For Most People Who Must File

If you may be claimed as a dependent by another taxpayer, you must file as a dependent whether you are being claimed or not. See Chart B – For Children and Other Dependents.

Individuals who do not have a filing requirement based on this chart should also check Chart C – Other Situations When You Must File and Chart D – Who Should File. Individuals with earned income but who do not have a filing requirement may be eligible for the Earned Income Credit.

If your filing status is...	AND at the end of 2026 you were...[1]	THEN file a return if your gross income was at least...[2]
Single	under 65 65 or older	$16,100 $18,150
Married filing jointly[3]	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	$32,200 $33,850 $35,500
Married filing separately (see the **Instructions for Form 1040**)	any age	$5
Head of household (see the **Instructions for Form 1040**)	under 65 65 or older	$24,150 $26,200
Qualifying Surviving Spouse (see the **Instructions for Form 1040**)	under 65 65 or older	$32,200 $33,850

[1] If you were born on January 1, 1962 you are considered to be age 65 at the end of 2026. If your spouse died in 2026 or if you are preparing a return for someone who died in 2026, see *Death of spouse* or *Death of taxpayer* in **Publication 501**.

[2] Gross income means all income you received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it).

- Do not include any Social Security benefits unless
  - you are married filing a separate return and you lived with your spouse at any time in 2026, or
  - one-half of your Social Security benefits plus your other gross income and any tax-exempt interest is more than $25,000 ($32,000 if married filing jointly).

  If either situation applies, see the **Instructions for Form 1040** to figure the taxable part of Social Security benefits you must include in gross income.
- Gross income includes gains, but not losses, reported on Form 8949 or Schedule D.
- Gross income from a business means, for example, the amount on Schedule C, line 7, (business income before subtracting expenses).

[3] If you didn't live with your spouse at the end of 2026 (or on the date your spouse died) and your gross income was at least $5, you must file a return regardless of your age.

Chart B – For Children and Other Dependents

If your parent (or any other taxpayer) **may** claim you as a dependent, use this chart to see if you must file a return. Dependents who do not have a filing requirement based on this chart should also check Chart C – Other Situations When You Must File and Chart D – Who Should File.

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable Social Security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

Single Dependents	
Either age 65 or older **or** blind	You must file a return if **any** of the following apply. **1.** Your unearned income was over $3,400 ($5,450 if 65 or older **and** blind). **2.** Your earned income was over $18,150 ($20,200 if 65 or older **and** blind). **3.** Your gross income was more than the **larger** of— **a.** $3,400 ($5,450 if 65 or older **and** blind) or **b.** Your earned income (up to $15,650) plus $2,500 ($4,550 if 65 or older **and** blind).
Under age 65 and not blind	You must file a return if **any** of the following apply. **1.** Your unearned income was over $1,350. **2.** Your earned income was over $16,100. **3.** Your gross income was more than the **larger** of— **a.** $1,350, or **b.** Your earned income (up to $15,650) plus $450.

Married Dependents	
Either age 65 or older **or** blind	You must file a return if **any** of the following apply. **1.** Your unearned income was over $3,000 ($4,650 if 65 or older **and** blind). **2.** Your earned income was over $17,750 ($19,400 if 65 or older **and** blind). **3.** Your gross income was at least $5 and your spouse files a separate return and itemizes deductions. **4.** Your gross income was more than the **larger** of— **a.** $3,000 ($4,650 if 65 or older **and** blind), or **b.** Your earned income (up to $15,650) plus $2,100 ($3,750 if 65 or older **and** blind).
Under age 65 and not blind	You must file a return if **any** of the following apply. **1.** Your unearned income was over $1,350. **2.** Your earned income was over $16,100. **3.** Your gross income was at least $5 and your spouse files a separate return and itemizes deductions. **4.** Your gross income was more than the **larger** of— **a.** $1,350, or **b.** Your earned income (up to $15,650) plus $450.

Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax)

Children under age 18 and certain older children who are required to file a tax return and have unearned income over $2,700 must file **Form 8615**. For this purpose, "unearned income" includes all taxable income other than earned income, such as taxable interest, ordinary dividends, capital gains, rents, royalties, etc. It also includes taxable Social Security benefits, pension and annuity income, taxable scholarship and fellowship grants not reported on **Form W-2**, *Wage and Tax Statement*, unemployment compensation, alimony (if taxable), and income received as the beneficiary of a trust. Form 8615 is in scope for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends. For all other purposes, Form 8615 remains out of scope. To determine if Form 8615 must be filed, see page H-5. A child filing Form 8615 does not make the parent's return out of scope.



Taxable scholarships and fellowship grants are considered as earned income for the purpose of determining if a dependent must file a tax return and for calculating the standard deduction for dependents. Taxable scholarships and fellowship grants not reported on Form W-2 are considered to be unearned income for the purpose of calculating kiddie tax.

Chart C – Other Situations When You Must File

You must file a return if any of the conditions below apply for 2026.

1. You owe any special taxes, including any of the following.
   - **a.** Alternative minimum tax (out of scope).
   - **b.** Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can paper file Form 5329 by itself.
   - **c.** Household employment taxes. But if you are filing a return only because you owe this tax, you can file Schedule H by itself (out of scope).
   - **d.** Social Security and Medicare tax on tips you did not report to your employer or on wages you received from an employer who did not withhold these taxes.
   - **e.** Write-in taxes, including uncollected Social Security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional taxes on health savings accounts. See the **Instructions for Form 1040**.
   - **f.** Recapture taxes. See the **Instructions for Form 1040** (out of scope).
2. You (or your spouse, if filing jointly) received HSA distributions (in scope), Archer MSA distributions (out of scope), or Medicare Advantage MSA distributions (out of scope).
3. You had net earnings from self-employment of at least $400. Net earnings are Sch C profit multiplied by 92.35%. There is no self-employment tax on Sch C profit of less than $433.
4. You had wages of $108.28 or more from a church or qualified church-controlled organization that is exempt from employer Social Security and Medicare taxes (see #1 on page H-3).
5. Advance payments of the premium tax credit were made for you, your spouse, or a dependent who enrolled in coverage through the Marketplace. You or whoever enrolled you should have received Form(s) 1095-A showing the amount of the advance payments. Note: If you are a dependent who is claimed on someone else's 2026 return, you do not have to attach Form 8962.
6. You are required to include amounts in income under section 965 or you have a net tax liability under section 965 that you are paying in installments under section 965(h) or deferred by making an election under 965(i) (out of scope).

Chart C – Other Situations When You Must File (cont'd)

7. You purchased a new or used clean vehicle from a registered dealer before October 1, 2025, placed it in service during 2026, and reduced the amount you paid at the time of sale by transferring the credit to the dealer. See **Form 8936** and **Schedule A (Form 8936)** (out of scope).

Chart D – Who Should File

Even if a taxpayer is not required to file a federal income tax return, they should file if any of the following situations below apply.

1. You had income tax withheld from your pay, pension, Social Security or other income.

2. You made estimated tax payments for the year or had any of your overpayment from last year's tax return applied to this year's taxes.

3. You qualify for the earned income credit. See **Publication 596**, *Earned Income Credit (EIC)*, for more information.

4. You qualify for the additional child tax credit. See the **Instructions for Schedule 8812**, *Credits for Qualifying Children and Other Dependents*.

5. You qualify for a refundable American opportunity credit.

6. You qualify for the premium tax credit.

7. You receive a 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, and the gross proceeds plus your other gross income exceeds the filing limit in Chart A or Chart B that applies to you.

8. You receive a 1099-DA, *Digital Asset Proceeds From Broker Transactions*, and the gross proceeds plus your other gross income exceeds the filing limit in Chart A or Chart B that applies to you (out of scope).

9. You receive Form 1099-S, *Proceeds From Real Estate Transactions*.

10. You qualify for the credit for prior year minimum tax. See **Form 8801**, *Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts* (out of scope).

11. You qualify to file Form 4136, *Credit for Federal Tax Paid on Fuels* (out of scope).

12. You are required to file a state return.

13. You want to file a return, for example, to claim a state credit, for other assistance, etc.



Returns with zero AGI ($0 AGI), no refund, and no balance due can't be electronically filed. To e-file such a return, add $1 of interest income with the Payer entered as ***TO E-FILE***.

Tab B: Starting a Return and Filing Status

Form 1040 Job Aid

Please reference the indicated Tabs for filling out the corresponding sections on the 1040 form.

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** 2026 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2026, or other tax year beginning , 2026, ending , 20 See separate instructions.

☐ Filed pursuant to section 301.9100-2 ☐ Combat zone ☐ Deceased MM / DD / YYYY Spouse MM / DD / YYYY

☐ Other

Your first name and middle initial	Last name	Your social security number
If a joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. | Apt. no. | Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2026. ☐

City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Tab B

Filing Status Check only one box.

☐ Single ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS). Enter spouse's SSN above and full name here:

☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS) } If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Other Information (see instructions)

If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box ☐ and enter their name (attach statement if required):

At any time during 2026, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? ☐ Yes ☐ No

At the time you file your return, are you, and your spouse if filing jointly, a U.S. citizen, U.S. national, or an alien lawfully authorized to work in the U.S.? (see instructions) **You:** ☐ Yes ☐ No **Spouse:** ☐ Yes ☐ No

Dependents (see instructions)

If more than four dependents, see instructions and check here ☐

	Dependent 1	Dependent 2	Dependent 3	Dependent 4
(1) First name				
(2) Last name				
(3) SSN				
(4) Relationship				
(5) Check if lived with you more than half of 2026	(a) ☐ Yes (b) ☐ And in the U.S.	(a) ☐ Yes (b) ☐ And in the U.S.	(a) ☐ Yes (b) ☐ And in the U.S.	(a) ☐ Yes (b) ☐ And in the U.S.
(6) Check if	☐ Full-time student ☐ Permanently and totally disabled	☐ Full-time student ☐ Permanently and totally disabled	☐ Full-time student ☐ Permanently and totally disabled	☐ Full-time student ☐ Permanently and totally disabled
(7) Credits	☐ Child tax credit ☐ Credit for other dependents	☐ Child tax credit ☐ Credit for other dependents	☐ Child tax credit ☐ Credit for other dependents	☐ Child tax credit ☐ Credit for other dependents

Tab C

☐ Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2026, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2026.

Tab B

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

1a	Total amount from Form(s) W-2, box 1 (see instructions)				1a
1b	Household employee wages not reported on Form(s) W-2				1b
1c	Tip income not reported on line 1a (see instructions)				1c
1d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)				1d
1e	Taxable dependent care benefits from Form 2441, line 26				1e
1f	Employer-provided adoption benefits from Form 8839, line 31				1f
1g	Wages from Form 8919, line 6				1g
1h	Other earned income (see instructions). Enter type and amount:				1h
1i	Nontaxable combat pay election (see instructions)	1i			
1z	Add lines 1a through 1h				1z
2a	Tax-exempt interest	2a	2b	Taxable interest	2b
3a	Qualified dividends	3a	3b	Ordinary dividends	3b
3c	Check if your child's dividends are included in 1 ☐ Line 3a 2 ☐ Line 3b				
4a	IRA distributions	4a	4b	Taxable amount	4b
4c	Check if (see instructions) 1 ☐ Rollover 2 ☐ QCD 3 ☐				
5a	Pensions and annuities	5a	5b	Taxable amount	5b
5c	Check if (see instructions) 1 ☐ Rollover 2 ☐ PSO 3 ☐				
6a	Social security benefits	6a	6b	Taxable amount	6b
6c	If you elect to use the lump-sum election method, check here (see instructions) ☐				
6d	If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here ☐				
7a	Capital gain or (loss). Attach Schedule D if required				7a
7b	Check if: ☐ Schedule D not required ☐ Includes child's capital gain or (loss)				
8	Additional income from Schedule 1, line 10				8
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your **total income**				9
10	Adjustments to income from Schedule 1, line 26				10
11a	Subtract line 10 from line 9. This is your **adjusted gross income**				11a

Tab D

Tab E

DRAFT Created 8/19/26

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2026) Created 8/19/26

Form 1040 Job Aid (cont'd)

Please reference the indicated Tabs for filling out the corresponding sections on the 1040 form.

Form 1040 (2026) Page 2

Tax and Credits

11b	Amount from line 11a (adjusted gross income)	11b
12a	Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent	
12b	☐ Spouse itemizes on a separate return	12c ☐ You were a dual-status alien
12d	**You:** ☐ Were born before January 2, 1962 ☐ Are blind	
	Spouse: ☐ Was born before January 2, 1962 ☐ Is blind	

Standard deduction for—
- Single or Married filing separately, $16,100
- Married filing jointly or Qualifying surviving spouse, $32,200
- Head of household, $24,150
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

12e	**Standard deduction or itemized deductions** (from Schedule A)	12e
12f	Charitable contribution deduction for non-itemizers (see instructions)	12f
13a	Additional deductions from Schedule 1-A, line 44	13a
13b	Qualified business income deduction from Form 8995 or Form 8995-A	13b
14	Add lines 12e, 12f, 13a, and 13b	14
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15
16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18
19	Child tax credit or credit for other dependents from Schedule 8812	19
20	Amount from Schedule 3, line 8	20
21	Add lines 19 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22
23	Additional taxes, including self-employment tax, from Schedule 2, line 21	23
24a	Add lines 22 and 23. This is your **total tax**	24a
24b	Enter amount from Form 1062, line 15	24b
24c	Add lines 24a and 24b	24c

Payments and Refundable Credits

25	Federal income tax withheld from:		
25a	Form(s) W-2	25a	
25b	Form(s) 1099	25b	
25c	Other forms (see instructions)	25c	
25d	Add lines 25a through 25c		25d
26	2026 estimated tax payments and amount applied from 2025 return		26
	If you made estimated tax payments with your former spouse in 2026, enter their SSN (see inst.):		

If you have a qualifying child, you may need to attach Sch. EIC.

27a	Earned income credit (EIC)	27a	
27b	Clergy filing Schedule SE (see instructions) ☐		
27c	If you do not want to claim the EIC, check here ☐		
28	Additional child tax credit (ACTC) from Schedule 8812	28	
29	Refundable American opportunity credit from Form 8863, line 8	29	
30	Refundable adoption credit from Form 8839, line 13	30	
31	Amount from Schedule 3, line 15	31	
32a	Add lines 27a, 28, 29, 30, and 31	32a	
32b	Amount from Schedule 3-A	32b	
32c	Subtract line 32b from line 32a		32c
33	Add lines 25d, 26, and 32c. These are your **total payments**		33

If you entered an amount on line 27a, 28, 29, or 30, attach Sch. 3-A.

Refund

34	If line 33 is more than line 24c, subtract line 24c from line 33. This is the amount you **overpaid**	34
35a	Amount of line 34 you want **refunded to you.** If Form 8888 is attached, check here ☐	35a
35b	Routing number	35c Type: ☐ Checking ☐ Savings
35d	Account number	
36	Amount of line 34 you want **applied to your 2027 estimated tax**	36

Direct deposit? See instructions.

Amount You Owe

37	Subtract line 33 from line 24c. This is the **amount you owe** (see *www.irs.gov/ModernPayments*)	37
38	Estimated tax penalty (see instructions)	38

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions. ☐ **Yes.** Complete below. ☐ **No**

Designee's name | Phone no. | Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Joint return? See instructions. Keep a copy for your records.

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: ☐ Self-employed
Firm's name			Phone no.	
Firm's address			Firm's EIN	

Go to *www.irs.gov/Form1040* for instructions and the latest information. freefile Explore ways to file for FREE at ***www.irs.gov/FFForm***. Form **1040** (2026)

DRAFT Created 8/19/26

Tab F | Tab H | Tab G | Tab H | Tabs G, H, I, J | Tabs K, P

Form 1040 Schedules

Below is a general guide to common items reported on Schedules 1 – 3:

Item	Reported on	Refer to
• Additional income, such as unemployment compensation, prize or award money, or gambling winnings • Adjustments to income, such as student loan interest deduction, self-employment tax, or educator expenses	Schedule 1, *Additional Income and Adjustments to Income*	Tabs D and E
Additional deductions for any of the following: • Qualified tips deduction (No tax on tips) • Qualified overtime compensation deduction (No tax on overtime) • Qualified passenger vehicle loan interest deduction (No tax on car loan interest) • Enhanced Deduction for Seniors	Schedule 1-A, *Additional Deductions*	Tab F
• Excess advance premium tax credit repayment • Additional taxes, such as self-employment tax, additional tax on IRAs or other qualified retirement plans and tax-favored accounts	Schedule 2, *Additional Taxes*	Tab H
• Nonrefundable credits other than the child tax credit or the credit for other dependents, such as the foreign tax credit, education credits, credit for child and dependent care expenses or retirement savings contributions credit • Refundable credits other than the earned income credit, American opportunity credit, or additional child tax credit, such as the net premium tax credit • Other payments, such as an amount paid with a request for an extension to file or excess Social Security tax withheld	Schedule 3, *Additional Credits and Payments*	Tabs G, H, and J
• Required if claiming, or declining to claim, the earned income credit (EIC), additional child tax credit (ACTC), refundable American opportunity credit (AOC), or refundable adoption credit (out of scope) • Includes verification of eligibility (taxpayer or spouse must be a U.S. citizen, U.S. national, or qualified alien)	Schedule 3-A, *Federal Public Benefit*	To be added to Tab B

Form 13614-C Job Aid for Volunteers

Important Reminders: See the **NTTC Gold Standards for Intake and Interview**. As part of the Intake/Interview process, Counselors and Quality Reviewers must:

- Ensure all questions applicable to the taxpayer's situation are answered on Pages 1 through 3,
- Complete all applicable "Must be completed by certified volunteer" shaded areas, and
- Identify issues that would make the return out of scope (OOS), including when high income would require use of an OOS form. See Scope of Service.

A quality review of each return must be completed using the Quality Review Checklist on page K-14.

Do not refer taxpayers to the VolTax e-mail address for IRS help or refund information. See page P-14 for appropriate IRS referrals.

Tax-Aide Policy: The Intake Booklet specific to the tax year being prepared must be completed by the taxpayer. See **NTTC Useful Tax Prep Links** for current and prior year Intake Booklets and Scope Manuals.

Form 13614-C Job Aid for Volunteers (Page 1)

Form **13614-C** (October 2026) | Department of the Treasury - Internal Revenue Service | **Intake/Interview and Quality Review Sheet** | OMB Number 1545-1964

You will need:
- Tax Information such as Forms W-2, 1099, 1098, 1095.
- Social Security cards or ITIN letters for all persons on your tax return
- Picture ID (such as valid driver's license) for you and your spouse

- Complete pages 1-4 of this form.
- You are responsible for the information on your return. Provide complete and accurate information.
- If you have questions, ask the IRS-certified volunteer preparer.

Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov

Your first name	M.I.	Last name	Your date of birth	Your job title	
Spouse's first name	M.I.	Last name	Spouse's date of birth	Spouse's job title	

Mailing address		Apt #	City	State	ZIP code
Best contact number	Spouse's best contact number	Email address *(optional)*			

Can anyone else claim you or your spouse on their tax return ☐ **Yes** ☐ **No**

Did you live in two or more states in 2026 ☐ **Yes** ☐ **No**

Were you or your spouse in 2026:								
A U.S. citizen	☐ You	☐ Spouse	☐ No	Legally blind	☐ You	☐ Spouse	☐ No
In the U.S. on a visa	☐ You	☐ Spouse	☐ No	Totally and permanently disabled	☐ You	☐ Spouse	☐ No
A full-time student	☐ You	☐ Spouse	☐ No	Issued an identity protection PIN (IPPIN)	☐ You	☐ Spouse	☐ No
				Owners or holders of any digital assets	☐ You	☐ Spouse	☐ No

If due a refund, how would you like your refund
☐ Direct deposit ☐ Split refund between accounts ☐ Other _____

If you have a balance due, how would you like to make your payment
☐ Bank account ☐ Other _____

Would you like to receive written communications from the IRS in a language other than English ☐ You ☐ Spouse ☐ No
What language _____

Would you, or your spouse if married filing jointly, like $3 to go to the Presidential Election Campaign Fund ☐ You ☐ Spouse ☐ No

1. View photo IDs for each taxpayer and spouse (if filing a joint return)
2. Name as shown on Social Security records. See Entering the Last Name Correctly.
3. Taxpayer's current address where IRS should mail refund and/or other correspondence.
4. See Tab C to verify taxpayer's (and spouse's if MFJ) dependency status. If they lived in two or more states in 2026, the counselor and quality reviewer must be certified for each state being prepared and trained for part-year resident returns, as applicable (or use Tax-Aide's **State Tax Assistance Program (STAP)**).
5. If not a U.S. citizen, or in the U.S. on a visa, see Tab L to determine if return is within scope.
6. See Glossary for definition of Legally Blind, Totally and Permanently Disabled, and Full-time Student.
7. See page P-4 if taxpayer is a victim of identity theft or applied for and received an IP PIN.
8. See Tab K on how to enter information about a refund or balance due.
9. The "written communication" answer will be entered into TaxSlayer software. See #10 on page B-21.
10. President Election Campaign Fund answer will be entered into TaxSlayer software. See #5 on page B-20.

Form 13614-C Job Aid for Volunteers (Page 1 cont'd)

As of December 31, 2026, what was your marital status

☐ **Never Married** ☐ **Married** If married, were you married on the last day of the year ☐ Yes ☐ No

11

Did you and your spouse live apart all of the last 6 months of the year ☐ Yes ☐ No

☐ **Divorced** ☐ **Legally Separated but not Divorced** ☐ **Widowed**

Date of final decree _____ Date of separate maintenance decree _____ Year of spouse's death _____

List the names below of everyone who lived with you last year (except your spouse) **AND** anyone you supported but did not live with you last year.					Answer Yes or No (Y/N)					**Must be completed by certified volunteer (Yes, No, or N/A)** 17				
12 Name (first, last)	Date of birth (mm/dd/yy)	Relationship to you (child, parent, none, etc.)	Number of months lived in your home in 2026	Single or Married as of 12/31/2026 (S/M)	U.S. Citizen	Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled	Issued IPPIN	Qualifying child or relative of any other person	This person provided more than 50% of their own support	This person had less than $5,300 of income	Taxpayer(s) provided more than 50% of support for this person	Taxpayer(s) paid more than half the cost of maintaining a home for this person
	13		14		15				16					

Catalog Number 52121E www.irs.gov Form **13614-C** (Rev. 10-2026)

11. See page H-16 if taxpayer had Marketplace health insurance and their marital status changed in 2026 (Married or Divorced). Verify how it may affect the Premium Tax Credit (PTC) and if return is within scope.

12. Taxpayer must include everyone who lived with the taxpayer and anyone the taxpayer supported who lived elsewhere. Always confirm this information during the interview process, especially if the taxpayer did not list anyone. Use the Additional/Notes Comments on Page 5 of Form 13614-C if space is needed to list additional names.

13. Verify birth date for each person included on the tax return

Incorrect birth dates may cause e-file rejection.

14. Verbally confirm the number of months each person listed lived in the home.

Consider any temporary absences.

15. If not a US citizen, determine if the individual is a dependent who has an SSN or ITIN.

16. See page P-4 if taxpayer indicates an IP PIN was issued for the dependent.

17. The certified volunteer must complete these questions for each listed person during the interview. See the Determination of Filing Status – Decision Tree on page B-10 to determine Filing Status and see Tab C to determine Dependency Exemptions.

Important Reminder: Review all information on Page 1 before using Tab B and Tab C to determine Dependency Exemptions and Filing Status.

Use Tax-Aide's **Qualifying Child or Relative Resource Tool** (QC/R Tool) to determine whether the taxpayer can claim a dependent or qualify for a more favorable filing status without a dependent. After determining whether the taxpayer has a dependent, use the *Determination of Filing Status – Decision Tree* on the last page of the QC/R Tool.

Sometimes, it is not obvious that a taxpayer qualifies for a deduction, credit, or favorable filing status, especially when the taxpayer cannot claim a dependent but is still eligible for these tax benefits. The QC/R Tool helps identify all the tax benefits for which a taxpayer qualifies.

Form 13614-C Job Aid for Volunteers (Cont'd)

Important Reminder: During the interview, verify with taxpayer that each checked box on the unshaded left side of page is applicable to their situation. Check the boxes in the shaded ***Must be completed by certified preparer*** sections to indicate the item has been verified with the taxpayer. Unchecked boxes on Pages 2 and 3 must be addressed with the taxpayer and annotated "No", "N/A", a check mark, or with other markings for any items that do not apply to the taxpayer.

Form 13614-C Job Aid for Volunteers (Page 2)

Page 2

Income: Answer the following questions on the left side of this page. Check only the boxes that apply to you and/or your spouse.

1 Received money from any of the following in 2026:	(Must be completed by certified volunteer) Income to be included	Notes/Comments
☐ (B) Wages as a part-time or full-time employee 2 How many jobs _____	3 ☐ (B) **W-2s** 4 # _____ ☐ Qualified over-time #	9
☐ (B/A) Tips	☐ (B/A) Tips (Basic when reported on **W-2**)	
☐ (B/A) Retirement account, pension or annuity proceeds	☐ (B/A) **1099-R** (Basic when taxable amount is reported) # ☐ (A) Qualified Charitable Distribution From **1099-R** $	
☐ (B) Disability benefits (such as payments from insurance and worker's compensation)	☐ (B) Disability benefits on **1099-R** or **W-2** #	
5 ☐ (B) Social Security or Railroad Retirement Benefits	☐ (B) **SSA-1099, RRB-1099** #	
☐ (B) Unemployment benefits	☐ (B) **1099-G** #	
☐ (B) Refund of state or local income tax	☐ (B) Refund $ ☐ (B) Itemized last year ☐ Yes ☐ No	
☐ (B) Interest or dividends (bank account, bonds, etc.)	☐ (B) **1099-INT** # _____ ☐ (B) **1099-DIV** #	
☐ (A) Sale of stocks, bonds or real estate Did you report a loss on last year's return ☐ Yes ☐ No	☐ (A) **1099-B** (include brokerage statement) # ☐ Capital loss carryover ☐ Yes ☐ No	
6 ☐ (B) Alimony	☐ (B) Alimony $ Excluded from income ☐ Yes ☐ No	
☐ (A/M) Income from renting out your house or a room in your house If yes, did you use the dwelling unit as a personal residence and rent it for fewer than 15 days ☐ Yes ☐ No ☐ Income from renting personal property such as a vehicle	☐ (A/M) Rental income (Advanced when the dwelling is a personal residence and rented for fewer than 15 days) ☐ Rental expense $	
☐ (B) Gambling winnings, including lottery	☐ (B) **W-2G** or other gambling winnings (list losses below if taxpayer can itemize deductions) #	
7 ☐ (A) Payments for contract or self-employment work Did you report a loss on last year's return ☐ Yes ☐ No Did you have GIG income (rideshare, food or grocery delivery, etc.) ☐ Yes ☐ No	☐ (A) **Schedule C** ☐ **1099-NEC** # ☐ **1099-K** # ☐ Schedule C expenses $	
8 ☐ Any other money received during the year? (example: cash payments, jury duty, awards, digital assets, royalties, union strike benefits)	☐ Other income (i.e.**1099-MISC**; See Pub 4012 Tab D and Scope of Service Chart)	

1. Certification indicators B, A, M should only be used to assign returns to preparers. Final certification level should be made using the **Tax-Aide Scope Manual** after completing interview. Volunteers should identify any issues that make the return out of scope (OOS).
2. During the interview, verify with taxpayer that each checked box on the left side of page (unshaded) is applicable to their situation. Mark the unchecked boxes "No", "N/A", a check mark, or other markings if those income items do not apply to the taxpayer.
3. Check the boxes in the shaded ***Must be completed by certified preparer*** sections to indicate the income item has been verified with the taxpayer. Record number of forms and dollar amounts if applicable.
4. See page D-8 for Form W-2 instructions or page F-19 for Schedule 1-A, *Additional Deductions*.
5. If Form SSA-1099 or RRB-1099 includes benefits attributable to a prior year, the prior year return(s) may be needed to complete the lump-sum payment worksheet. See #4 on page D-70.
6. See page E-15 for definition of alimony.
7. When self-employment income is indicated, verify that the return is in scope.
8. Not all these items are reported on Schedule 1, line 8. See **Publication 17**, *Your Federal Income Tax (For Individuals)*. Also see Tab D.
9. Use the Notes/Comments column to leave additional taxpayer information, preparer notes, and notes for the quality reviewer.

Form 13614-C Job Aid for Volunteers (Page 3)

Page 3

Expenses and Tax Related Events: Answer the questions on the left side of this page. Check only the boxes that apply to you and/or your spouse.

Paid any of the following expenses to itemize in 2026?	(Must be completed by certified volunteer) Standard or Itemized Deductions	Notes/Comments
☐ (A) Mortgage Interest **1**	☐ (A) **1098** #	
☐ (A) Taxes: state, local, real estate, sales, etc.		
☐ (A) Medical, dental, prescription expenses	☐ (B) Standard deduction ☐ (A) Itemized deduction	
☐ (A) Charitable contributions		
Paid any of these expenses in 2026?	**(Must be completed by certified volunteer) Expenses to report**	**Notes/Comments**
2 ☐ (B) Student loan interest	☐ (B) **1098-E**	
☐ (B) Child and dependent care **3**	☐ (B) Child and dependent care credit	
4 ☐ (B/A) Contributions to a retirement account	☐ (B/A) IRA (Basic if a Roth IRA or 401K)	
☐ (B) School supplies by a teacher, teacher's aide or other educator	☐ (B) Educator expenses deduction $	
☐ (B) Alimony payments (do not include child support)	☐ (B) Alimony payments with spouse's SSN $ Adjustment to income ☐ Yes ☐ No	
Did any of the following happen during 2026?	**(Must be completed by certified volunteer) Information to report**	**Notes/Comments**
5 ☐ (B) You or someone in your family took educational classes (technical school, college, job related, etc.)	☐ (B) Taxable scholarship income ☐ (B) **1098-T** (itemized statement from school, invoice, etc.) ☐ (B) Education credit or tuition and fees deduction	
☐ (A) Sell a home	☐ (A) Sale of home (**1099-S**)	
6 ☐ (A) Have a health savings account (HSA)	☐ (A) HSA contributions ☐ (A) HSA distributions	
☐ (A) Purchase health insurance through the Marketplace (Exch **7**	☐ (A) **1095-A**	
8 ☐ (A) Purchased a new vehicle	☐ (A) **1098-VLI**	
☐ (A) Have credit card, mortgage, or other debt cancelled/forgiven by a lender	☐ (A) **1099-C**	
9 ☐ (A) Have a loss related to a declared Federal disaster area	☐ (A) **1099-A** ☐ Disaster relief impacts return	
10 ☐ (B) Have a tax credit disallowed (example: earned income credit, child tax credit, or American opportunity credit)	☐ (B) EITC, CTC, AOTC or HOH disallowed in a previous year Year disallowed Reason	
11 ☐ Receive any letter or bill from the IRS	☐ Eligible for Low Income Taxpayer Clinic referral	
☐ (B) Make estimated tax payments or apply last year's refund to 2026 taxes	☐ (B) Estimated tax payments ☐ (B) Last year's refund applied to this year	
12 ☐ Brought last year's return	☐ Last year's return available	

1. Verify if taxpayer can itemize. See Schedule A – Itemized Deductions starting on page F-4.
2. Student Loan Interest Adjustment. See page E-18.
3. If "Child and dependent care" is checked, ask taxpayer for childcare provider's TIN.
4. Verify eligibility for Retirement Savings Contributions Credit. See page G-18.
5. See page D-86 for information on how to enter taxable scholarships that are not reported on Form W-2. See Highlights of Education Tax Benefits on page J-4 to compare credits and adjustments.
6. Volunteer must confirm if taxpayer was eligible for HSA contributions and whether distributions were used for qualified medical expenses. See Health Saving Accounts (HSAs) on page E-11 for more guidance.
7. Taxpayer must provide Form 1095-A if receiving insurance through the Marketplace.
8. Determine if a vehicle purchase qualifies for the Qualified Passenger Vehicle Loan Interest Deduction (see page F-22) or Sales Tax Deduction (see page F-12).
9. Check for tax benefits for declared disaster areas. See pages B-21 and N-4.
10. See page I-7 for the listed credits, Tab J for education credits, or Tab G for other credits for impact on any credits for this year.
11. Determine if the letter may impact the return and refer taxpayer to any available resource if help is needed.
12. Ask taxpayer for a copy of last year's return to locate necessary information.

Form 13614-C Job Aid for Volunteers (Page 4)

Page 4

Optional Information 1

The following information is for statistical purposes only. Your responses to these questions are not a part of your tax return and are not transmitted to the IRS with your tax return. You are not required to answer these questions.

1. Would you say you can carry on a conversation in English	☐ Very well	☐ Well	☐ Not well	☐ Not at all	☐ Prefer not to answer
2. Would you say you can read a newspaper in English	☐ Very well	☐ Well	☐ Not well	☐ Not at all	☐ Prefer not to answer
3. Do you or any member of your household have a disability	☐ Yes	☐ No	☐ Prefer not to answer		
4. Are you or your spouse a Veteran of the U.S. Armed Forces	☐ Yes	☐ No	☐ Prefer not to answer		

5. What is your race and/or ethnicity? Select all that apply

- ☐ **American Indian or Alaska Native** (for example, Navajo Nation, Blackfeet Tribe of the Blackfeet Indian Reservation of Montana, Native Village of Barrow Inupiat Traditional Government, Nome Eskimo Community, Aztec, Maya, etc.)
- ☐ **Asian** (for example, Chinese, Asian Indian, Filipino, Vietnamese, Korean, Japanese, etc.)
- ☐ **Black or African American** (for example, African American, Jamaican, Haitian, Nigerian, Ethiopian, Somali, etc.)
- ☐ **Hispanic or Latino** (for example, Mexican, Puerto Rican, Salvadoran, Cuban, Dominican, Guatemalan, etc.)
- ☐ **Middle Eastern or North African** (for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, Israeli, etc.)
- ☐ **Native Hawaiian or Pacific Islander** (for example, Native Hawaiian, Samoan, Chamorro, Tongan, Fijian, Marshallese, etc.)
- ☐ **White** (for example, English, German, Irish, Italian, Polish, Scottish, etc.)

6. What is your spouse's race and/or ethnicity? Select all that apply

- ☐ **American Indian or Alaska Native** (for example, Navajo Nation, Blackfeet Tribe of the Blackfeet Indian Reservation of Montana, Native Village of Barrow Inupiat Traditional Government, Nome Eskimo Community, Aztec, Maya, etc.)
- ☐ **Asian** (for example, Chinese, Asian Indian, Filipino, Vietnamese, Korean, Japanese, etc.)
- ☐ **Black or African American** (for example, African American, Jamaican, Haitian, Nigerian, Ethiopian, Somali, etc.)
- ☐ **Hispanic or Latino** (for example, Mexican, Puerto Rican, Salvadoran, Cuban, Dominican, Guatemalan, etc.)
- ☐ **Middle Eastern or North African** (for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, Israeli, etc.)
- ☐ **Native Hawaiian or Pacific Islander** (for example, Native Hawaiian, Samoan, Chamorro, Tongan, Fijian, Marshallese, etc.)
- ☐ **White** (for example, English, German, Irish, Italian, Polish, Scottish, etc.)

1. The questions on Page 4 are optional. The information above is for statistical purposes only. Taxpayer responses to these questions are not a part of their tax return and are not transmitted to the IRS with their tax return. Taxpayers are not required to answer these questions. The taxpayer has the option to leave this page blank or select "Prefer not to answer."

Form 13614-C Job Aid for Volunteers (Page 5)

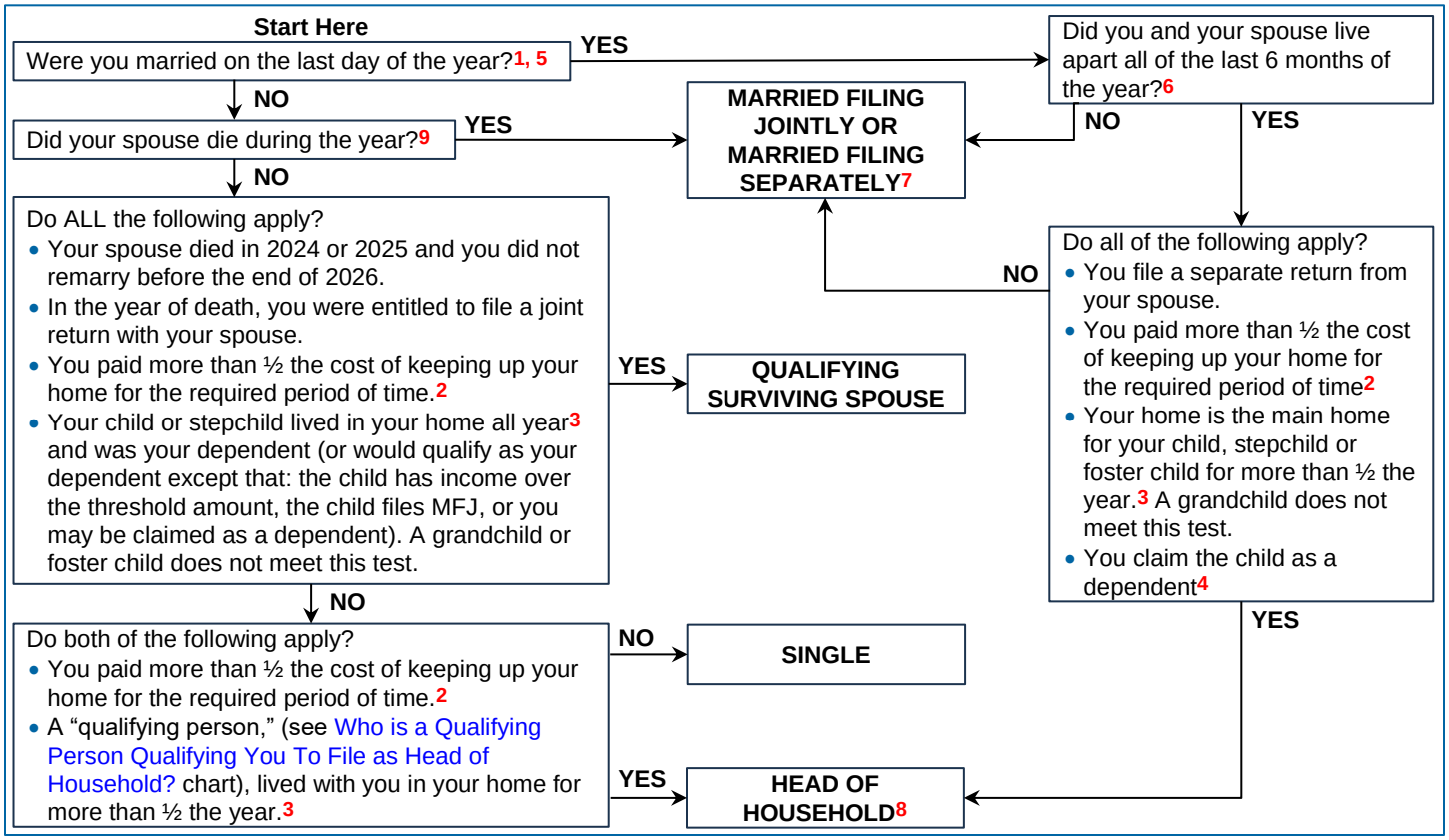
Page 5

Additional Notes/Comments 2

2. Preparer can leave notes for quality reviewer. Taxpayer can list additional names for anyone living with them last year (except their spouse) or anyone they supported but did not live with them last year.

Determination of Filing Status – Decision Tree

Do NOT use TaxSlayer's Filing Status Wizard. Use Tax-Aide's **Qualifying Child or Relative Resource Tool** to determine all benefits for a taxpayer. See page B-16 for TaxSlayer entries.



1 Answer **NO** to this question if, on the last day of the year, you were legally separated from your spouse under a divorce or separate maintenance decree. Answer **NO** for individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not called a marriage under state (or foreign) law. Answer **YES** if taxpayer is married regardless of where the spouse lives.

2 Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. Under proposed regulations, a taxpayer may treat a home's fair market rental value as a cost of maintaining a household instead of the sum of payments for mortgage interest, property taxes and insurance. See Cost of Keeping Up a Home worksheet.

3 See **Publication 17**, *Your Federal Income Tax (For Individuals), Filing Status*, for rules applying to birth, death, or temporary absence during the year. For Head of Household, if the qualifying person is your dependent parent, your dependent parent doesn't have to live with you. See the Who is a Qualifying Person Qualifying You To File as Head of Household? chart.

4 Unless child's other parent claims him or her under rules for children of divorced or separated parents or parents who lived apart. See page C-7.

5 If your spouse was a nonresident alien at any time during the year, you are considered unmarried for head of household purposes only if you do not choose to treat your nonresident spouse as a resident alien. See footnote 8 on page L-5 However, your spouse is not a qualifying person for head of household purposes. You must have another qualifying person (see the Who is a Qualifying Person Qualifying You To File as Head of Household? chart) and meet the other tests to be eligible to file as a head of household.

6 Your spouse is considered to live in your home even if they are temporarily absent due to illness, education, business, vacation, military service, or incarceration. It must be reasonable to assume the absent person will return to the home after the temporary absence.

7 If the taxpayer wants to file MFS, emphasize the advantages to Married Filing Jointly and the possibility of filing Form 8379, *Injured Spouse Allocation* (if appropriate, see page N-5). See Married Filing Separately (MFS), later in this tab, and **Pub 17**, *Filing Status, MFS Special Rules* for list of disadvantages. Respect a taxpayer's decision to file MFS. If domiciled in a community property state see **Publication 555**, *Community Property*, and **Tax-Aide Guidance for Married Taxpayer not filing MFJ in Community Property State**.

8 There may be multiple filing statuses (for example, two families filing head of household or one family filing married filing jointly and another head of household) in shared living quarters if each household meets their determined filing requirements.

9 If your spouse died during the year, you are considered married for the whole tax year for filing status purposes. If you didn't remarry before the end of the year, you can file a joint return for yourself and your deceased spouse. If you remarried before the end of the tax year, you can file a joint return with your new spouse. In that case, your deceased spouse's filing status is married filing separately for that year.

Filing Status – Interview Tips

Step	Probe or Ask the taxpayer:	Action
1	Were you married on December 31 of the tax year?[1] You are considered unmarried if, on the last day of the year, you were legally separated from your spouse under a divorce or separate maintenance decree. State law governs whether you are married or legally separated under a divorce or separate maintenance decree. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not called a marriage under state (or foreign) law are not considered married. A taxpayer is married regardless of where the spouse lives.	If **YES**, go to Step 2. If **NO**, go to Step 4.
2	Do you and your spouse wish to file a joint return?[2] For more information, see Married Filing Separately (MFS), later in this tab.	If **YES**, your filing status is **married filing jointly**. If **NO**, go to Step 3.
3	Do all the following apply? • You file a separate return from your spouse • You paid more than half the cost of keeping up your home for the required period of time[3] • Your spouse didn't live in your home during the last 6 months of the tax year[4] • Your home was the main home of your child, stepchild, or foster child for more than half the year (a grandchild doesn't meet this test). For rules applying to birth, death or temporary absence during the year, see **Publication 17** • You claim an exemption for the child (unless the noncustodial parent claims the child under rules for divorced or separated parents or parents who live apart)	If **YES**, STOP. You are considered unmarried and your filing status is **head of household**.[5] If **NO**, STOP. Your filing status is **married filing separately**.[6]
4	Did your spouse die in 2024 or 2025?	If **YES**, go to Step 5. If **NO**, go to Step 6.
5	Do all the following apply? • You were entitled to file a joint return with your spouse for the year your spouse died • You didn't remarry before the end of this tax year • You have a child or stepchild who lived with you all year, except for temporary absences or other limited exceptions, and who is your dependent (or would qualify as your dependent except that: the child has income over the threshold amount, the child files MFJ, or you may be claimed as a dependent). A grandchild or foster child does not meet this test. • You paid more than half the cost of keeping up the home for the required period of time.[3]	If **YES**, STOP. Your filing status is **qualifying surviving spouse**. If **NO**, go to Step 6.
6	Do both of the following apply? • You paid more than ½ the cost of keeping up your home for the required period of time.[3] • A "qualifying person," (see the Who is a Qualifying Person Qualifying You To File as Head of Household? chart), lived with you in your home for more than ½ the year. If the qualifying person is your dependent parent, your dependent parent doesn't have to live with you.[7]	**YES – Head of Household**[5] **NO – Single**

[1] If your spouse died during the year, you are considered married for the whole year for filing status purposes. If you didn't remarry before the end of the year, you can file a joint return with your deceased spouse. If you remarried before the end of the tax year, you can file a joint return with your new spouse. In that case, your deceased spouse's filing status is married filing separately for that year.

[2] If your spouse was a nonresident alien at any time during the year, you are considered unmarried for head of household purposes only if you do not choose to treat your nonresident spouse as a resident alien. See footnote 8 on page L-6. However, your spouse is not a qualifying person for head of household purposes. You must have another qualifying person (see the Who is a Qualifying Person Qualifying You To File as Head of Household? chart) and meet the other tests to be eligible to file as a head of household.

[3] Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities and food eaten in the home. Under proposed regulations, a taxpayer may treat a home's fair market rental value as a cost of maintaining a household instead of the sum of payments for mortgage interest, property taxes and insurance. See the Cost of Keeping Up a Home worksheet.

[4] Your spouse is considered to live in your home even if they are temporarily absent due to illness, education, business, vacation, military service, or incarceration. It must be reasonable to assume the absent person will return to the home after the temporary absence.

[5] There may be multiple filing statuses (for example, two families filing head of household or one family filing married filing jointly and another head of household) in shared living quarters if each household meets their determined filing requirements.

[6] If filing a MFS return in a community property state, allocate income and expense according to state law. This situation may be treated as out of scope. See Tax-Aide **Guidance for Married Taxpayer not Filing MFJ in Community Property State**.

[7] You can't use head of household filing status based on any person who is your dependent only because they lived with you for the entire year (for example, a companion or a friend).

Who is a Qualifying Person Qualifying You to File as Head of Household?[1]

DON'T use this chart alone. Use as directed by the interview tips on the previous page.

IF the person is your...	AND...	THEN that person is...
qualifying child (such as your child, or grandchild who lived with you more than half the year and meets certain other tests)[2]	the child is single	a qualifying person, whether or not the child meets the Citizen or Resident Test.[3]
	the child is married and you can claim the child as a dependent	a qualifying person.
	the child is married and you can't claim the child as a dependent	not a qualifying person.[4]
qualifying relative[5] who is your father or mother	you can claim your parent as a dependent[6]	a qualifying person.[7]
	you can't claim your parent as a dependent	not a qualifying person.
qualifying relative[5] other than your father or mother (such as a grandparent, or sibling who meets certain tests).	your relative lived with you more than half the year, and you can claim them as a dependent, and is one of the following: child, stepchild, foster child, or a descendant of any of them; sibling, half sibling or a child of any of them; an ancestor or sibling of your parent; or stepsibling, stepparent, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law[6]	a qualifying person.
	your relative didn't live with you more than half the year	not a qualifying person.
	your relative isn't related to you in one of the ways listed above and is your qualifying relative only because your relative lived with you all year as a member of your household (for example, a companion or a friend)	not a qualifying person.
	you can't claim your relative as a dependent	not a qualifying person.

[1] A person can't qualify more than one taxpayer to use the head of household filing status for the year.

[2] The term "qualifying child" is covered in Tab C, Dependents. Note: If you are a noncustodial parent, the term "qualifying child" for head of household filing status doesn't include a child who is your dependent only because of the rules described in Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart. If you are the custodial parent and those rules apply, the child generally is your qualifying child for head of household filing status even though the child isn't a qualifying child who you can claim as a dependent. A grandchild is not a qualifying person for head of household status if the taxpayer is married filing a separate return from their spouse.

[3] The Citizen or Resident Test states: You generally can't claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.

[4] This person is a qualifying person if the only reason you can't claim the person as a dependent is that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's return.

[5] The term "qualifying relative" is covered in Tab C, Dependents.

[6] If you can claim a person as a dependent only because of a multiple support agreement, that person isn't a qualifying person. See *Multiple Support Agreement*, in **Publication 17**.

[7] You are eligible to file as head of household even if your parent, whom you can claim as a dependent, doesn't live with you. You must pay more than half the cost of keeping up a home that was the main home for the entire year for your parent. This test is met if you pay more than half the cost of keeping your parent in a rest home or home for the elderly.

Cost of Keeping Up a Home

Keep for Your Records

	Amount You Paid	Total Cost
Property taxes*	$_____	$_____
Mortgage interest expenses*	$_____	$_____
Rent	$_____	$_____
Home repairs/maintenance	$_____	$_____
Utility charges	$_____	$_____
Property insurance*	$_____	$_____
Food eaten in the home	$_____	$_____
Other household expenses	$_____	$_____
Fair market rental value*	$_____	$_____

*Under proposed regulations, fair market rental value may be used (instead of the sum of payments for property taxes, mortgage interest expenses, and property insurance)

Totals	$_____	$_____
	Minus total amount you paid	- $_____
	Equals amount others paid	= $_____

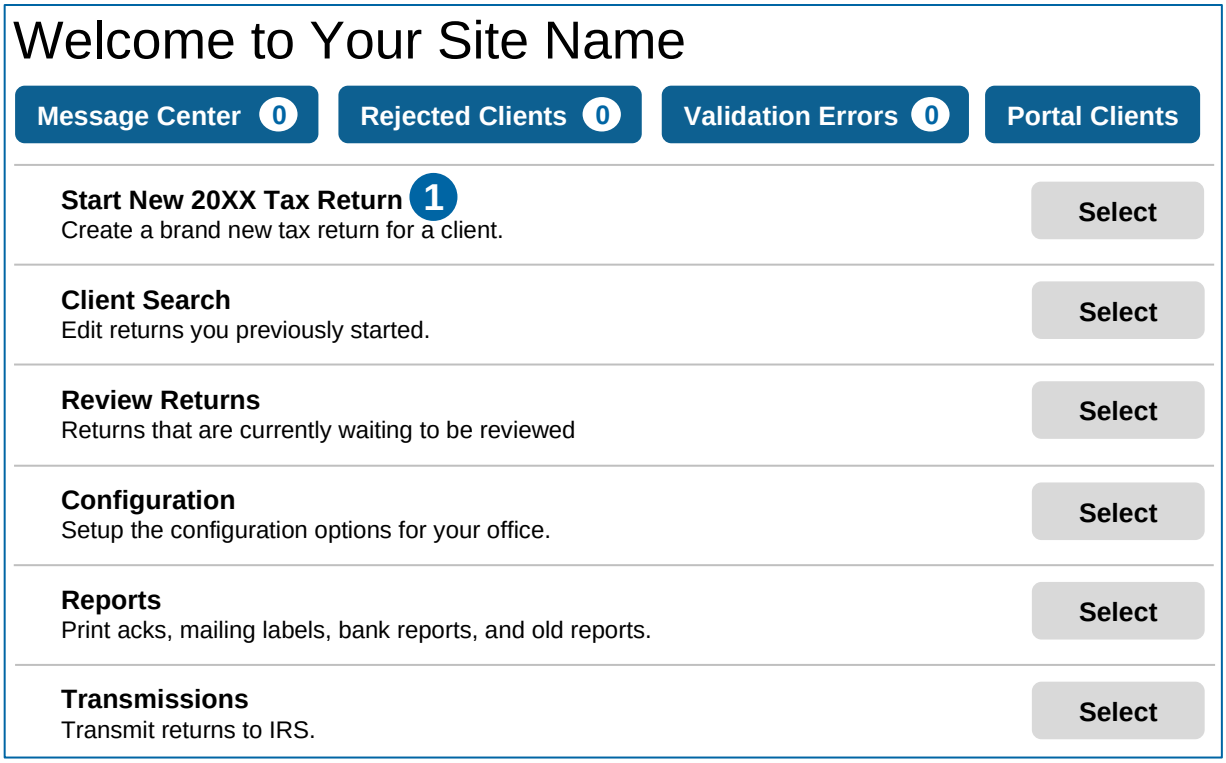
If the total amount you paid is more than the amount others paid, you meet the requirement of paying more than half the cost of keeping up the home

Costs you include. Include in the cost of keeping up a home expenses such as rent, mortgage interest, real estate taxes and insurance on the home, repairs, utilities, and food eaten in the home. As an alternative to including mortgage interest, real estate taxes, and insurance under proposed regulations, you may include the fair market rental value of the home.

Costs you don't include. Don't include the cost of clothing, education, medical treatment, vacations, life insurance, or transportation. Also, don't include the value of your services or those of a member of your household.

Payments received under Temporary Assistance for Needy Families or other public assistance programs used to pay the costs of keeping up the home can be counted as money you paid. Amounts paid out of funds received in the child's or qualifying person's name, such as Social Security, are considered paid by the child, not you.

Relevant period of time can be less than a year if spouses separate during the year. Prorate costs as needed; partial month counts as a full month. The time period begins when taxpayer and a qualifying child reside in the same household and the spouse does not.



Some of the options shown above will not appear for all users—your screen may have different options based on the Roles & Permissions you are assigned.

1. The ***Start New 20XX Tax Return*** option enables you to begin the data input process for a taxpayer.

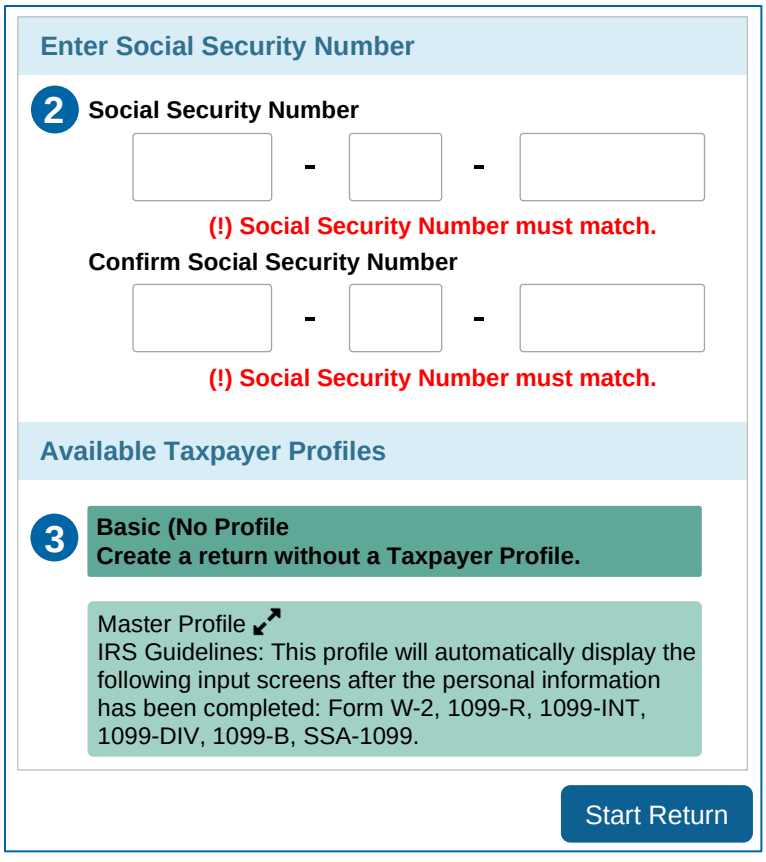
Enter the Social Security Number

2. The next step in creating a new tax return is entering the taxpayer's Social Security number (SSN) in the space provided. To ensure accuracy, you must enter the SSN twice.

   If the SSN is already in use, the software will display an error message. Talk to your Local Coordinator (LC). The software will also display an error message if the two entries don't match. In this instance, make the necessary corrections.

   To create a return for a taxpayer without an SSN/ITIN that will be completing a Form W-7, *Application for ITIN*, enter an SSN of 000-00-0000. See page L-7 for more details.

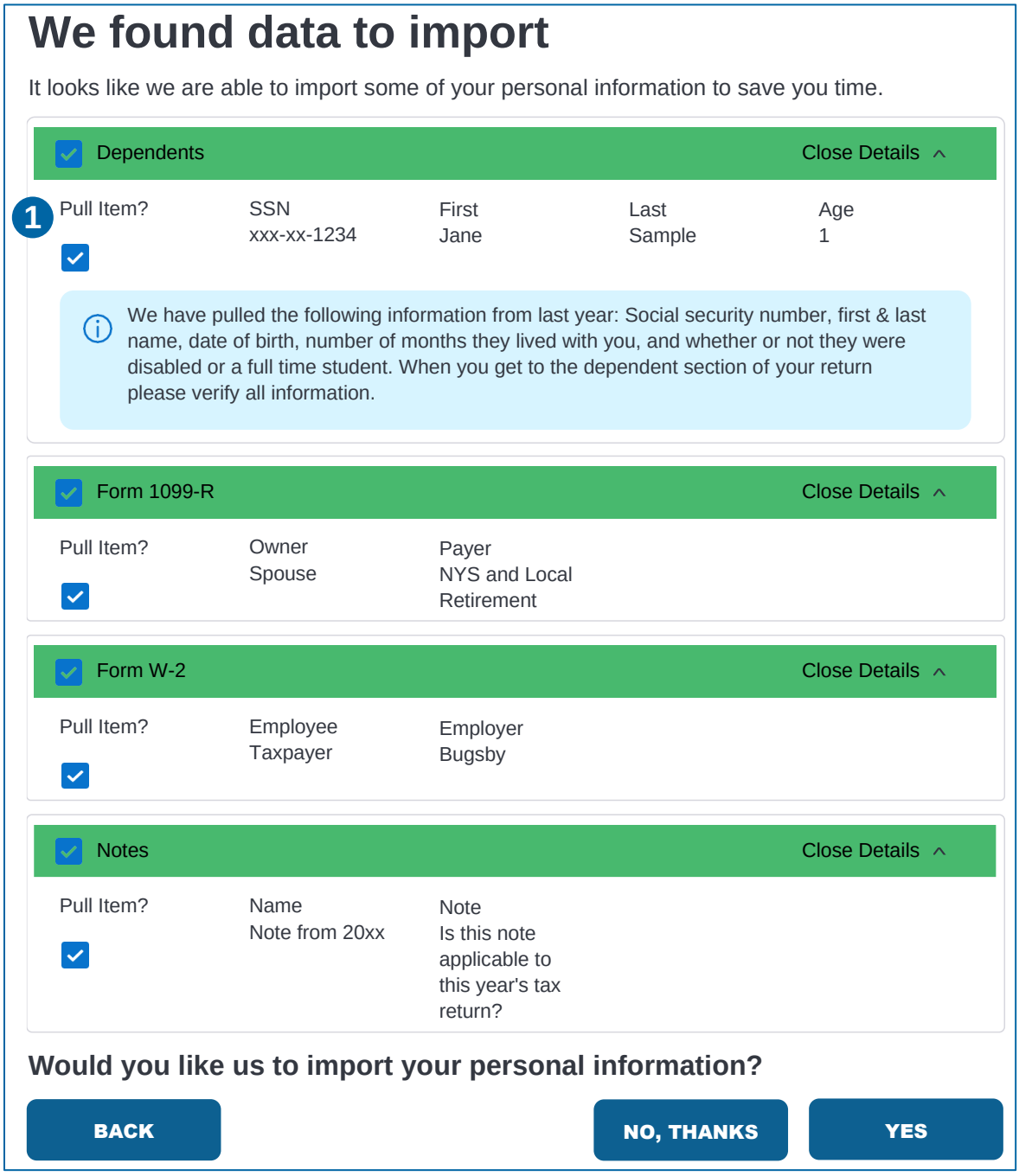
3. All returns are completed using
   Basic (No Profile)
   Create a return without a Taxpayer Profile.



Carryforward of Prior Year Data

TaxSlayer will offer to **carryforward prior year data** if a return with this primary SSN was prepared at the same site last year, or at any site if the Global Carry Forward Consent was accepted (see page K-9).

1. Uncheck the boxes for the items that you do not want to pull forward. Forms that are carried forward and not used will need to be deleted.



When using carryforward, be sure to verify that:

- All EINs and addresses on Forms W-2 and 1099-R are still the same as the prior year.
- All checkboxes are accurately checked and the address, phone numbers, etc. are current for the taxpayer, spouse, and each dependent.

Entering Filing Status

Basic Information>Filing Status

After collecting necessary information from Form 13614-C, *Intake/Interview and Quality Review Sheet*, and properly applying the tax law, you should choose the taxpayer's filing status.

If the taxpayer's spouse died during the year, the taxpayer is considered married for the whole year for filing status purposes. If the taxpayer didn't remarry before the end of the tax year, a joint return can be filed for the taxpayer and deceased spouse. If remarried before the end of the tax year, taxpayer can file a joint return with the new spouse. The deceased spouse's filing status is Married Filing Separately for that year.

What's your filing status?*

- ○ Single
- ○ Married filing jointly
- ○ Married filing separately 2
- ○ Head of household 3
- ○ Qualifying surviving spouse
- ○ Nonresident Alien 4

Need help determining your filing status?

FILING STATUS WIZARD 1

TaxSlayer will delete the state return if you change the filing status or the state residency.

1. Do not use the Filing Status Wizard. Use the Tax-Aide **Qualifying Child or Relative Resource Tool** or the Determination of Filing Status – Decision Tree to determine the correct filing status.
2. See Married Filing Separately (MFS) on next page.
3. If applicable, after selecting ***Head of household***, check the additional checkbox that appears (shown below).

   ◉ Head of Household

   Select if this applies to your situation:

   ☐ Married and lived apart from spouse the last 6 months of the year.

4. Most nonresident aliens have different filing requirements and may have to file Form 1040-NR, *U.S. Nonresident Alien Income Tax Return*. Form 1040-NR is in scope only with Foreign Student certification and only for the criteria described in the **Tax-Aide Scope Manual**. See Tab L for information on determining if a taxpayer is a Resident or Non-Resident Alien for U.S. Tax Purposes.

Resident aliens generally are taxed the same as U.S. citizens. Dual status aliens are out of scope.

Married Filing Separately (MFS)

If Married Filing Separately (MFS) is selected as the filing status, two additional checkboxes appear:

5. If the MFS taxpayer lived with their spouse at any time during the year, that will impact their return in a number of ways; for example, they:
   - Must include in income a greater percentage (up to 85%) of their Social Security or Tier 1 Railroad Retirement benefits
   - Can't contribute to a Roth IRA if their modified adjusted gross income (MAGI) is $10,000 or more (contribution limit phases out for MAGI of $0–$10,000)
   - Can't deduct traditional IRA contributions if their MAGI is $10,000 or more ***and*** the taxpayer or their spouse is covered by an employer retirement plan (deduction phases out for MAGI of $0–$10,000)
   - Can't claim the credit for the elderly or the disabled
6. An MFS taxpayer cannot claim the standard deduction if their spouse itemizes, regardless of who files first. Checking this box will force itemization (see #1 on page F-6).



Individuals who are married and living apart but not legally separated under a decree of divorce or separate maintenance are considered married for federal tax purposes. Individuals who are married in a foreign country are married for federal tax purposes if the relationship would be recognized as marriage under the laws of at least one state, possession, or territory of the United States, regardless of domicile. Individuals are **not** lawfully married for federal tax purposes if they have entered into a registered domestic partnership, civil union, or other similar formal relationship not denominated as marriage under the applicable domestic or foreign law where such relationship was entered into, regardless of domicile.

While there are legitimate reasons for married taxpayers to file separately, there are also drawbacks. A limited list is provided here. It is not all-inclusive and is provided for informational purposes only. In addition to #5 and #6 above, taxpayers filing married filing separately:

- Can't claim the American opportunity credit, lifetime learning credit, or student loan interest deduction
- Can't claim either the child and dependent care credit or the earned income credit unless the taxpayer meets the requirements to be considered unmarried for those credits (see pages G-14 and I-3)
- Can't claim the qualified tips deduction (no tax on tips), the qualified overtime deduction (no tax on overtime), or the enhanced deduction for seniors
- Are limited to $1,500 in capital losses

See page N-5 if taxpayers opt to file an Injured Spouse Allocation rather than filing separately.

To make an MFJ to MFS comparison for federal, navigate in TaxSlayer to Miscellaneous Forms>MFJ vs MFS Comparison, or use the **Estimated Tax Worksheet with MFJ/MFS Comparison** in the **Colorado Resource Toolbox**.

Entering the Last Name Correctly

A name control is a sequence of letters derived from a taxpayer's last name that is used by IRS in processing the tax return filed by the taxpayer. The combination of name control and SSN/ITIN provided on an e-filed return must match the IRS's record of name controls and SSNs/ITINs. If they don't match, the e-file will reject and generate an e-file reject code.

Individuals may create a *my* Social Security account (**SSA.gov/myaccount**) to see how their information shows up on Social Security Administration records.

Name Controls for Individual Tax Returns

1. The **Primary/Secondary Name Control** of Form 1040 must equal the first significant characters of the primary/secondary taxpayer's last name entered on the tax return. The first left-most position must contain an alpha character. Omit punctuation marks (except hyphens), titles and suffixes within last name field.

   Examples:

Individual Name on SSN/ITIN Card(s)	Enter in TaxSlayer		IRS Database Primary/ Secondary Name Control
	First Name Field	Last Name Field	
John Brown	John	Brown	BROW
Walter Di Angelo	Walter	Di Angelo	DIAN
Ronald En, Sr.	Ronald	En	EN
Thomas Lea-Smith	Thomas	Lea-Smith	LEA-
Joseph Corn & Mary Smith	Joseph	Corn	CORN
	Mary	Smith	SMIT
Roger O'Neil	Roger	ONeil	ONEI
Kenneth McCarty	Kenneth	McCarty	MCCA
FNU Smith (First Name Unknown)	FNU	Smith	SMIT
Smith (No First Name)		Smith	SMIT

Note that these are examples for how the name is entered in TaxSlayer and shown on the return. Asking the taxpayer how their name was shown on their previous year return (if filed) may help prevent a reject.

Social Security cards issued after September 7, 2007, always print the cardholder's name on two lines, with the last name printed directly below the first and middle names.

Entering the Last Name Correctly (cont'd)

2. **Consider certain suffixes as part of the last name** (i.e., Armah-Bey, Paz-Ayala, Allar-Sid). Particular attention must be given to those names that incorporate a mother's maiden name as a suffix to the last name. For example, traditional Hispanic last names include the taxpayer's father's name followed by a space and the taxpayer's mother's maiden name. A married taxpayer's last name remains the same and either simply adds on the spouse's father's name (resulting in 3 names forming the last name) or deletes the mother's maiden name and adds on the spouse's father's name (sometimes the spouse's father's name is preceded by "de").

   Examples:

Individual Name on SSN/ITIN Card(s)	Enter in TaxSlayer		IRS Database Primary/ Secondary Name Control
	First Name Field	Last Name Field	
Abdullah Allar-Sid	Abdullah	Allar-Sid	ALLA
Jose Alvarado Nogales	Jose	Alvarado Nogales	ALVA
Juan de la Rosa Y Obregon	Juan	de la Rosa Y Obregon	DELA
Pedro Paz-Ayala	Pedro	Paz-Ayala	PAZ-
Donald Vander Neut	Donald	Vander Neut	VAND
Otto Von Wodtke	Otto	Von Wodtke	VONW
John Big Eagle	John	Big Eagle	BIGE
Mary Her Many Horses	Mary	Her Many Horses	HERM
Ted Smith Gonzalez	Ted	Gonzalez	GONZ
Maria Acevedo Smith	Maria	Smith	SMIT
Robert Garcia Garza Hernandez	Robert	Garza Hernandez	GARZ

3. Below are **examples of Indo-Chinese last names** and the derivative Name Control. Some Indo-Chinese names have only two characters. Indo-Chinese names often have a middle name of "Van" (male) or "Thi" (female).

   Examples:

Individual Name on SSN/ITIN Card(s)	Enter in TaxSlayer		IRS Database Primary/ Secondary Name Control
	First Name Field	Last Name Field	
Binh To La	Binh	La	LA
Kim Van Nguyen	Kim	Nguyen	NGUY
Nhat Thi Pham	Nhat	Pham	PHAM
Jin Zhang Qui & Yen Yin Chiu	Jin Zhang	Qui	QUI
	Yen Yin	Chiu	CHIU

Entering Personal Information

Basic Information>Personal Information

The Personal Information section is important for calculation of filing status, standard deduction, Presidential Election Fund, and military status.

If a taxpayer is deceased, make the surviving spouse the primary taxpayer so their information will carryover in the next year. Confirm that all income is correctly attributed to taxpayer vs. spouse.

1. If you incorrectly entered the SSN when you started the return, correct it here.

   If only one spouse on a joint return has a valid SSN, make the one with the valid SSN the taxpayer and the one without a valid SSN the spouse. This is required for TaxSlayer to correctly determine eligibility for Schedule 1-A, *Additional Deductions*.

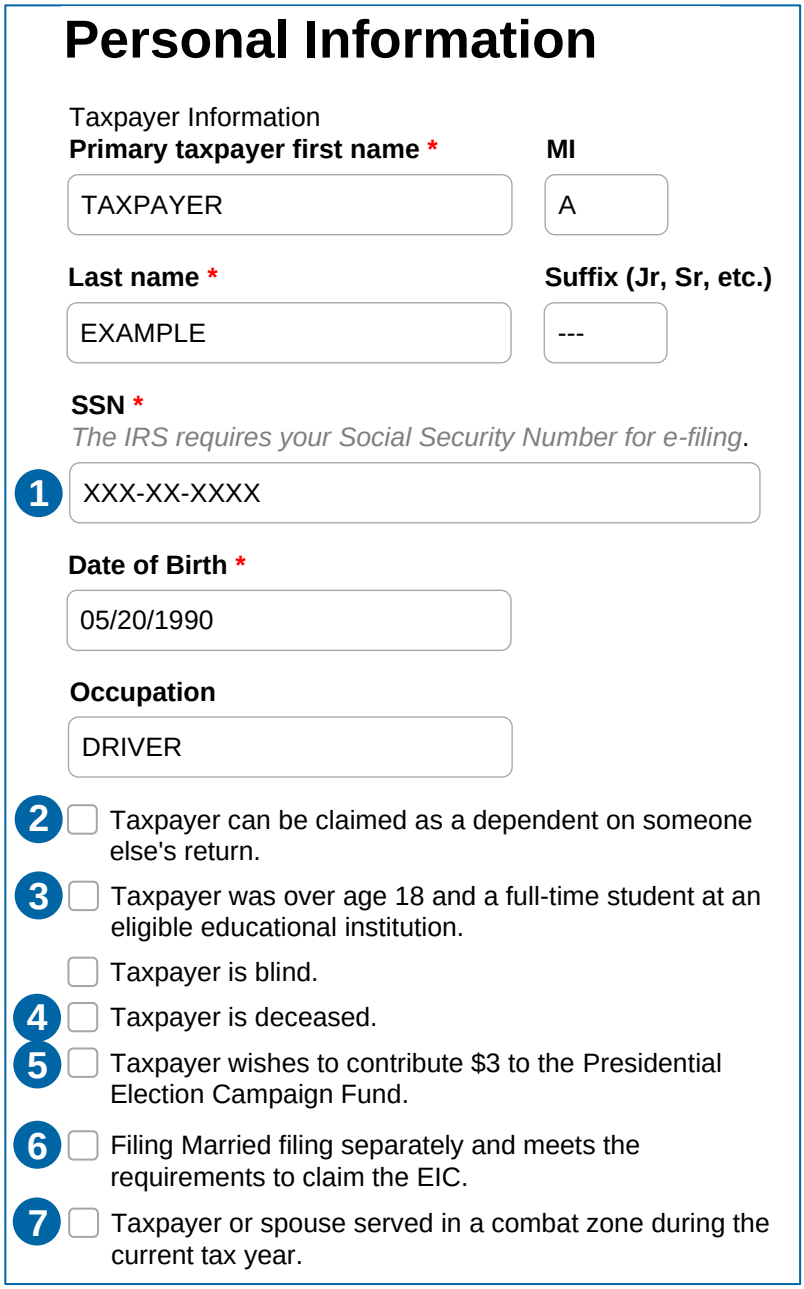
2. Check the box if another taxpayer can claim this person as a dependent. After checking this box, you will need to answer ***Yes***/***No*** to ***Taxpayer is claimed as a dependent on someone else's return***.

3. Check the box if the taxpayer was over age 18 and was a full-time student during some part of each of any 5 calendar months of the year. This will automatically prevent the creation of Form 8880, *Credit for Qualified Retirement Savings Contributions*.

4. Checking the box for ***Taxpayer is deceased*** prompts for the entry of ***Date of Death***. This results in the ***Deceased*** checkbox at the top of Form 1040 being checked with the date of death printed to the right.

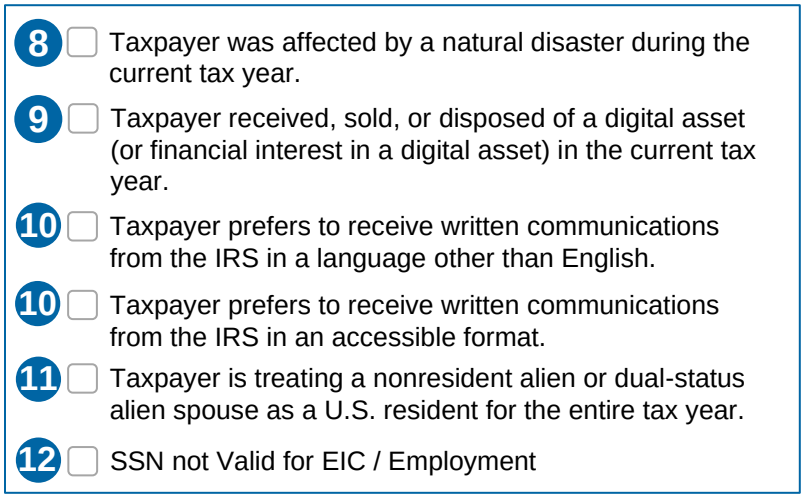
5. Checking the box to have $3 go to the Presidential Election Campaign Fund also helps pay for pediatric medical research. Checking this box does not increase the amount of tax that taxpayers owe, nor does it decrease any refund to which they are entitled.

6. This option will only appear if MFS filing status is selected. See footnote 3 on page I-3, *Summary of EIC Eligibility Requirements*.



7. Ⓜ Check this box if the taxpayer or spouse served in a combat zone during the current tax year, and then select the applicable combat zone from the dropdown that appears. This will result in the ***Combat zone*** checkbox at the top of Form 1040 being checked with the selected combat zone printed to the right.

8. Checking this box allows a disaster designation to be entered, which will be included in the e-file and the top margin of Form 1040 and certain state returns. Some states may also request that this box be checked.



Disasters

The **IRS will identify taxpayers located in disaster areas** by ZIP code and automatically applies filing and payment relief. Affected taxpayers who are **located outside the disaster area** must call the IRS at 866-562-5227 to **self-identify** for disaster relief. For more details on affected taxpayers and relief provided, refer to **Tax Topic no. 107**.

Disaster-Related Distributions: Qualified disaster distributions are out of scope. See *Qualified Disaster Distribution Requirements* in the **Instructions for Form 8915-F** for the requirements to designate a distribution from an IRA or other eligible retirement plan as a qualified disaster distribution.

Casualty Losses: The requirements to be able to deduct a Casualty Loss (out of scope) differ from disaster-related distributions. Use the NTTC **Casualty Loss Screening Tool** to assist in determining if a Taxpayer affected by a disaster is in scope.

For additional disaster-related information, refer to:

- **Disaster Assistance and Emergency Relief for Individuals and Businesses (IRS.gov/disasters)**
- **Publication 5396**, *Fact Sheet for VITA/TCE Sites Impacted by Federally Declared Disasters*
- **Publication 5396-A**, *Job Aid: Using Form 4852 when Missing the Form W-2 or 1099-R*

9. The return is out of scope if the taxpayer must check this box, indicating a ***Yes*** answer to the **digital asset question on Form 1040** (see **Determine how to answer the digital asset question**). Buying or disposing of an exchange-traded fund (ETF) that had digital assets in it does not alone require a ***Yes*** answer.

10. Taxpayers may choose to receive written communications from IRS in a language other than English or in an accessible format. Check the box and select the language or format from the dropdown that appears.

11. Check this box if the taxpayer was a U.S. citizen or resident at the end of the tax year who was married to a nonresident alien spouse, and they have elected to treat the spouse as a U.S. resident for the entire tax year. Volunteer may not advise on making this election. Choosing to make this election and preparing a required statement as described in the *Nonresident Spouse Treated as a Resident* section of **Publication 519** is the responsibility of the taxpayer and spouse. For more details, see footnote 8 on page L-5. Dual-status aliens are out of scope (see footnote 1 on page L-5).

12. Check this box if the taxpayer's Social Security number (SSN) is not valid for EIC or employment.

If a **Social Security card** does not have restrictive phrasing, the **SSN is valid for EIC**, provided it was issued by the due date of the return (including extensions).

- If the Social Security card says "NOT VALID FOR EMPLOYMENT" and was issued solely to allow the recipient to apply for or receive a federally funded benefit, the SSN is not valid for EIC.
- If a Social Security card says "VALID FOR WORK ONLY WITH DHS (or INS) AUTHORIZATION," the SSN is valid for EIC, but only if the authorization is still valid.
- An individual taxpayer identification number (ITIN) is not valid for EIC.

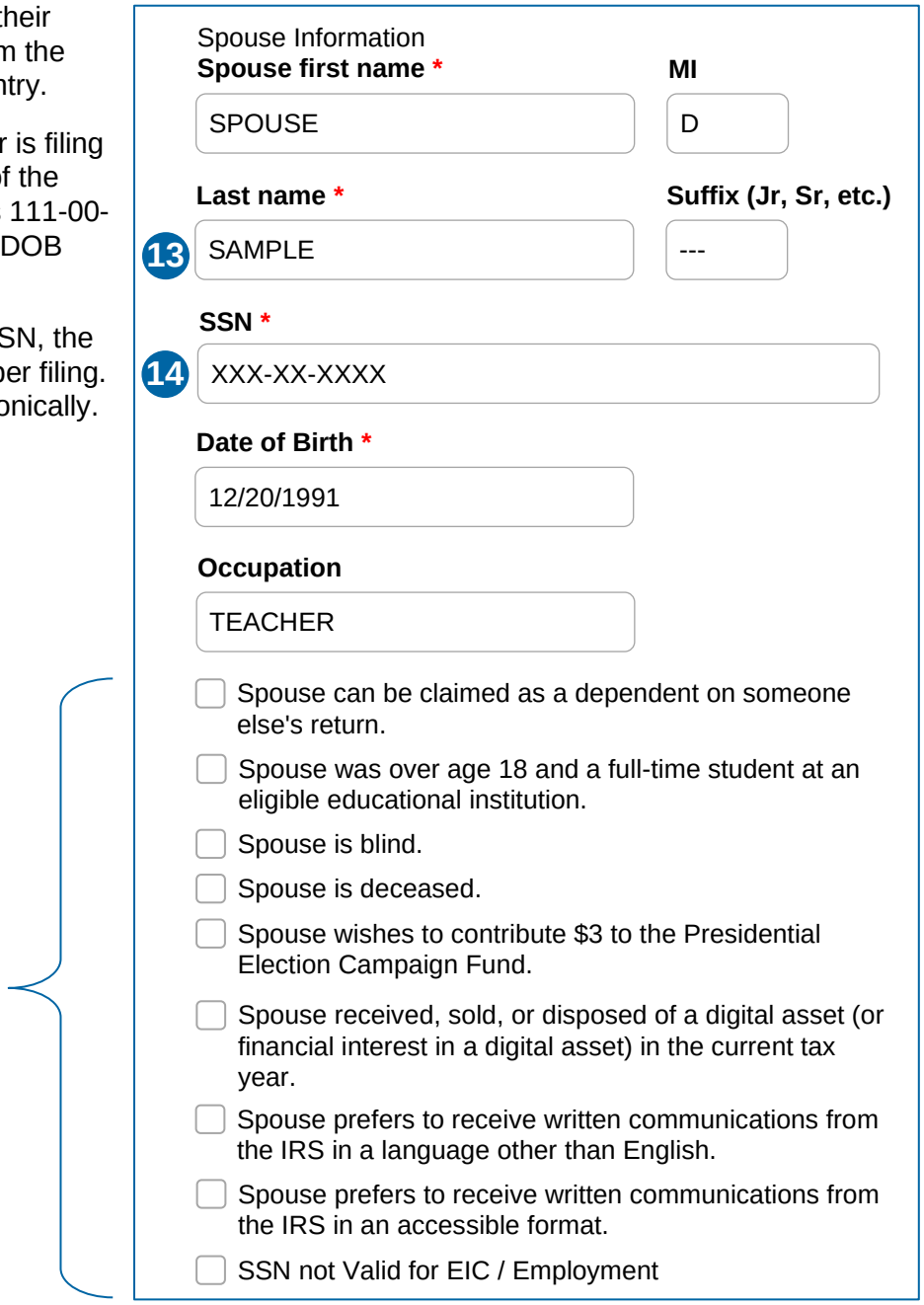
Entering Personal Information (Cont'd)

Identity Protection PINs are entered later in the Basic Information section or from the Miscellaneous Forms Menu. See page P-5.

13. Verify the spouse's last name with their Social Security card. If different from the taxpayer's, correct the auto-filled entry.

14. Enter spouse's SSN. If the taxpayer is filing MFS and does not know the SSN of the spouse, enter the spouse's SSN as 111-00-1111. You may leave the spouse's DOB blank.

Without the spouse's actual SSN, the return must be marked for paper filing. It will be rejected if filed electronically.



See taxpayer section on the previous two pages for explanations of these checkboxes.

Entering Personal Information (Cont'd)

15. Check the military or foreign address boxes if they apply.

16. Entering the ZIP code will cause the city and state to auto-fill. Correct the city name if needed.

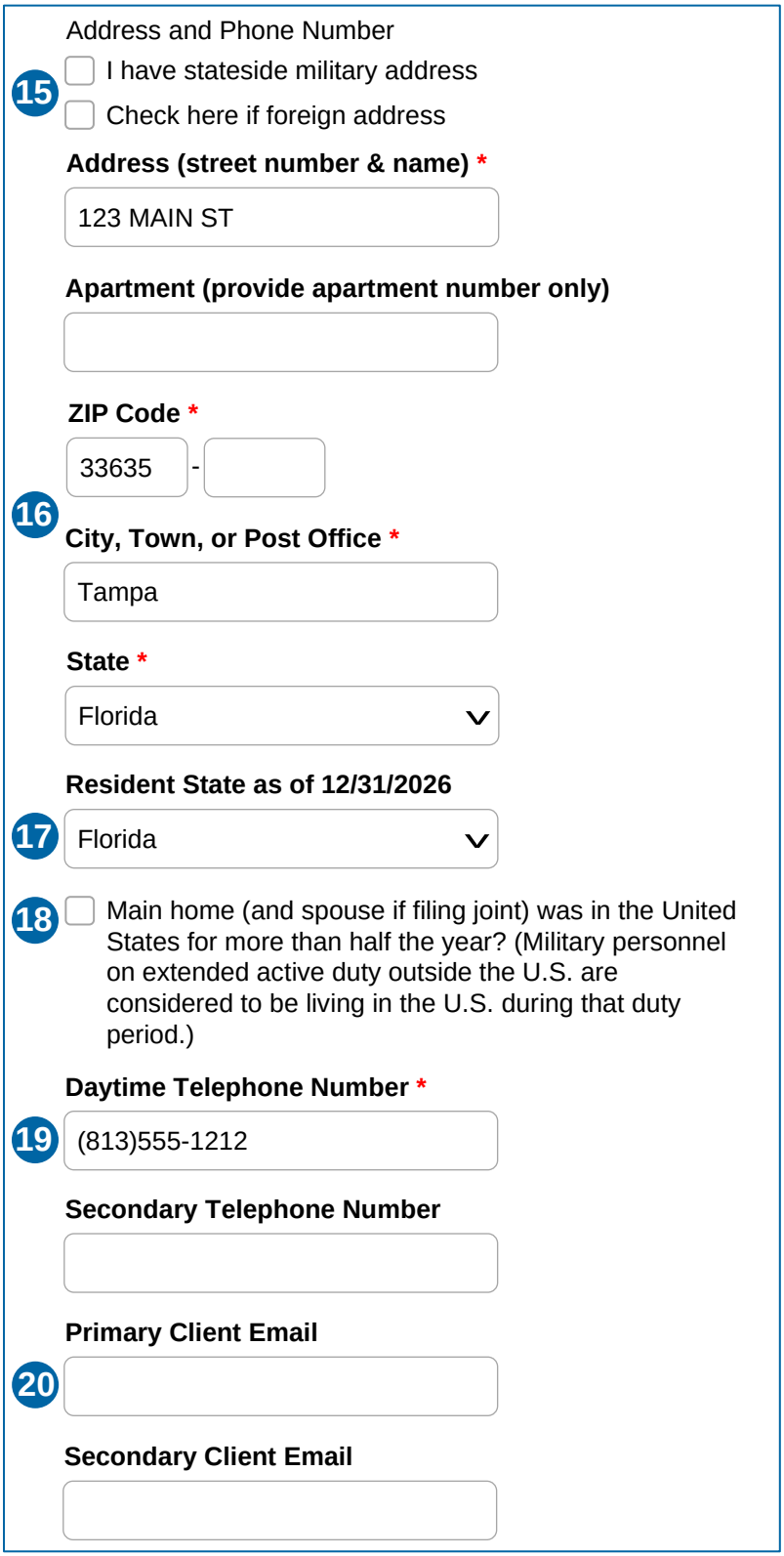
17. Select taxpayer's state of residency. Once chosen, selecting ***Continue*** will prompt the state questions. The program will create the state return based on the state selected and automatically transfer basic information into the state return for you. Any additional states that are needed will be selected within the State Return section of the return. If a taxpayer lived in more than one state during the year, enter the state they lived in with the highest federal poverty line (FPL) figure (see page H-18; Alaska and Hawaii have higher poverty lines than the 48 contiguous states and the District of Columbia). If there isn't a state return to complete, select ***None*** from the list.

For Military Certification – Ask taxpayer their state of legal residence. The civilian spouse of an active-duty service member, under Military Spouses Residency Relief Act (MSRRA) can choose to keep their prior residence or domicile for tax purposes (tax residence) when accompanying the service member spouse, who is relocating under military orders, to a new military duty station in one of the 50 states, the District of Columbia, or a U.S. territory.

18. Ensure the Main home box is checked when applicable, especially if there was a carryforward of prior year data. This impacts on the eligibility to claim certain tax benefits, including the earned income credit (EIC).

19. Always ask for the best telephone number (i.e. cell phone) to contact the taxpayer so the site can follow up with clients about return rejects or if additional information is needed.

20. Enter the email address for an option to send the taxpayer a link to the Customer Portal. See page K-12.



Basic Information>Dependents/Qualifying Person

To determine if a person qualifies as the taxpayer's dependent or qualifying person, see Tab C, Dependents. Alternatively, use Tax-Aide's **Qualifying Child or Relative Resource Tool** or the **Dependent Qualification Calculator** in the **Colorado Resource Toolbox** to determine if the individual is a qualifying child or qualifying relative and for all the benefits for the taxpayer.

Also enter non-dependents that qualify the taxpayer for the earned income credit or the qualifying surviving spouse or head of household filing statuses in this section. See #7 on page B-26.

In order for the IRS to accept the tax return electronically, ensure that

- The correct date of birth is entered
- The dependent's name is spelled correctly
- The correct Social Security number is entered

If any of these three items are entered incorrectly, the IRS will reject the tax return for electronic filing purposes.

Dependents or Qualifying Person(s)

Individuals who rely on you for your support and reside in your house generally qualify for dependent tax exemptions. However, there are situations when a child's exemption status is more complicated. The IRS has special rules for these situations.

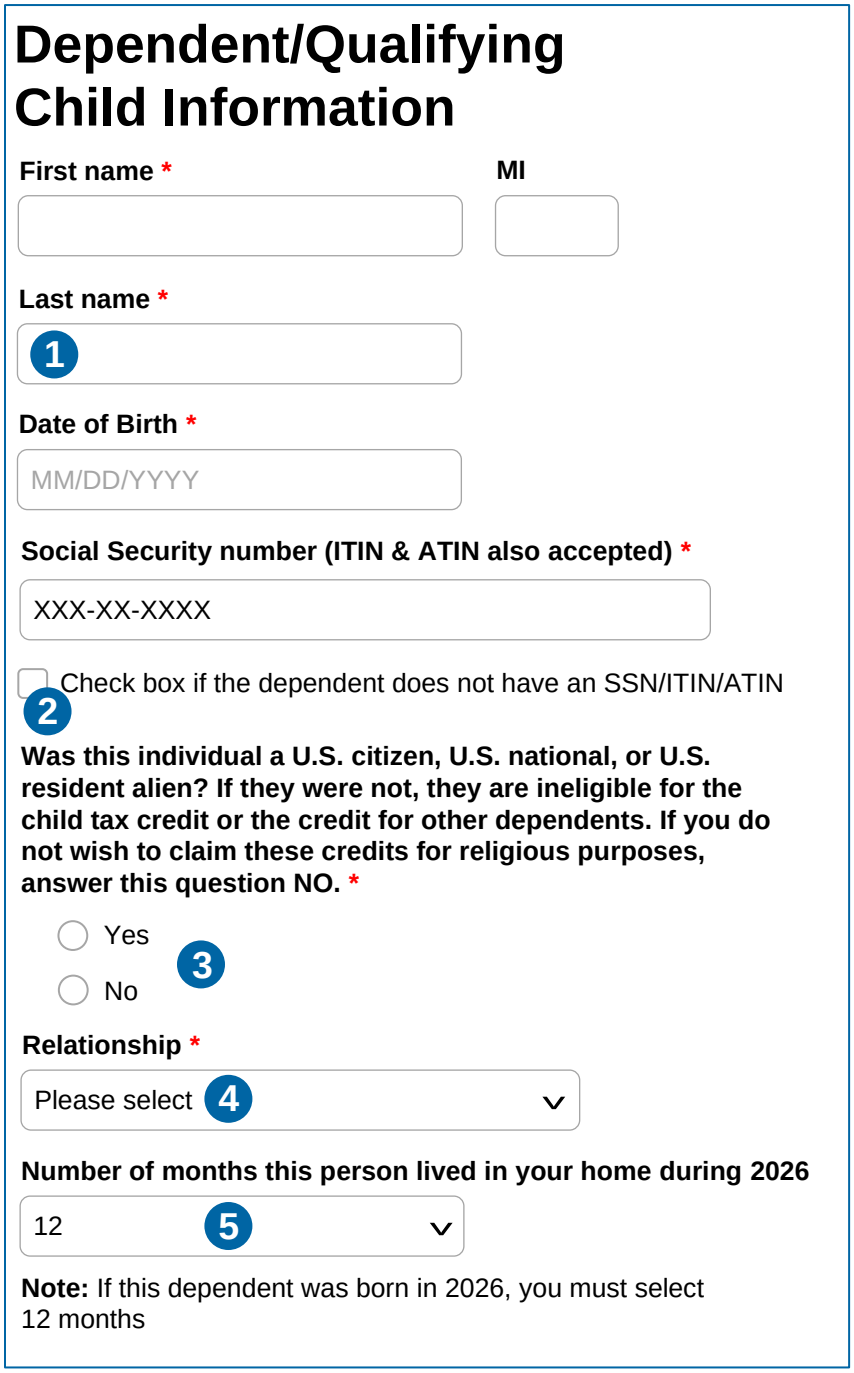
Do you have any dependents or qualifying person(s) to claim on your return?

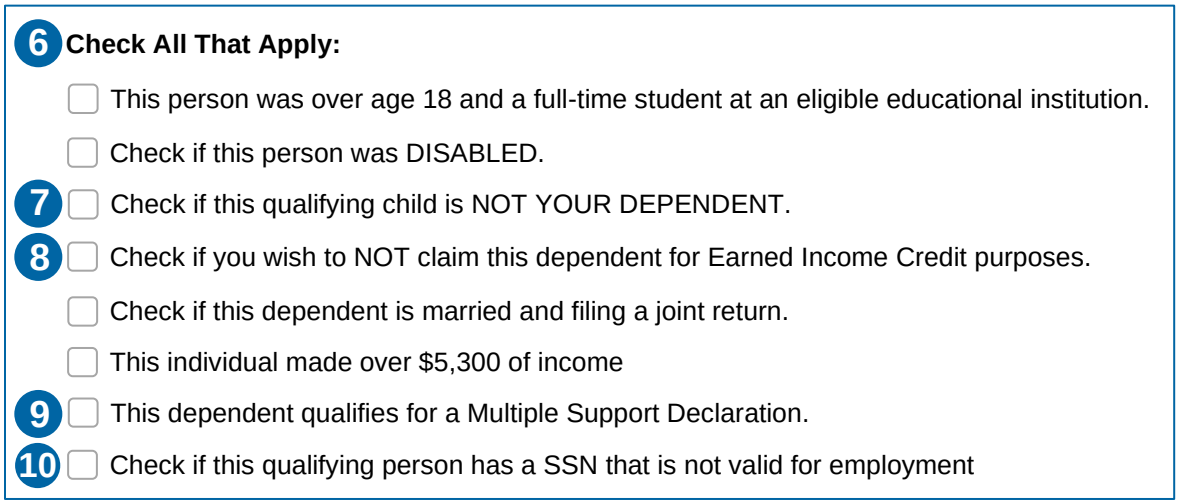
- ○ Yes
- ○ No

Entering Dependent/Qualifying Person (Cont'd)

TaxSlayer relies on the combination of relationship, number of months in your home, and all of the check boxes to determine the correct tax treatment for this person.

1. The taxpayer's last name carries forward to the dependent. Make changes as needed based on the dependent's Social Security card.
2. Select ***Check box if the dependent does not have an SSN/ITIN/ATIN***, if applicable. If checked, the software will ask if the dependent will be completing a Form W-7, *Application for ITIN*. The Form W-7 is located in the Federal Section, Miscellaneous Forms. If not applying for an ITIN, answer ***No*** and enter the reason that the child does not have a TIN (such as the death of the child, which requires attaching a death certificate if e-filing).
3. Indicate whether the dependent is a U.S. citizen, U.S. national, or U.S. resident alien, ensuring that you make any necessary corrections if their information was carried forward.
4. If the taxpayer has a dependent whose relationship is not listed, pick the relationship that has the same tax treatment. For example, if the taxpayer's dependent is their great-grandchild, select ***grandchild*** for the relationship.
5. Select the number of months in the dropdown, or select ***Lived in Mexico*** or ***Lived in Canada***, or:
   a. Select ***12*** months if the dependent was born or died during the year or was temporarily absent (school, vacation, etc.).
   b. If you are the noncustodial parent claiming your child as a dependent, select ***Divorce/Separation*** for the number of months.
   c. For a qualifying relative who did not live with the taxpayer more than 6 months, select ***Other reasons*** for the number of months.





6. Carefully read the selections under ***Check All That Apply:*** and check all applicable boxes.

7. Select the ***Check if this qualifying child is NOT YOUR DEPENDENT*** box if:
   a. the child provides more than half of their own support but qualifies the taxpayer for EIC, or
   b. the noncustodial parent is claiming the dependent, but the child qualifies the taxpayer as head of household or for dependent care credit or EIC, or
   c. the child is not a dependent but qualifies the taxpayer as head of household or as a qualifying surviving spouse.

8. If the dependent is not your qualifying child for EIC, select ***Check if you wish to NOT claim this dependent for Earned Income Credit purposes***. This is only needed on an exceptional basis, typically due to a reason not entered in TaxSlayer; e.g., this person has an SSN that is not valid for the EIC. See Tab I for more information on the EIC.

9. If no one person contributed over half of the support of the taxpayer's relative (or a person who lived with the taxpayer all year as a member of their household) but the taxpayer and another person(s) provided more than half of that person's support, special rules may apply that would treat the taxpayer as having provided over half of the support. For details, see **Publication 501**, *Dependents, Standard Deduction, and Filing Information*.

10. Check this box if this person has an SSN that is not valid for employment. Also check box #8 if this person has an SSN that is not valid for the EIC. See the note at the bottom of page B-21 for details on valid SSNs.

Qualifying Child(ren) for Earned Income Credit (EIC)

EIC is considered for every return unless the program determines that it is not viable. Verify names, SSNs, and dates of birth with Social Security cards to prevent rejected returns.

TaxSlayer calculates the amount of earned income credit if the taxpayer qualifies based on income and other requirements. The child must meet the relationship, age, residency, and joint return tests. ***The support test does not apply***—it does not matter whether or not the child, parent, or another provides over half of the child's support. The child doesn't have to be your dependent. See page I-3 for more details.

Tab C: Dependents

Overview of the Rules for Claiming a Dependent

This table is only an overview of the rules. For details, see Tax-Aide's **Qualifying Child or Relative Resource Tool**, the **Dependent Qualification Calculator** in the **Colorado Resource Toolbox**, or **Publication 17**, *Your Federal Income Tax (For Individuals)*.

- You can't claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer, unless that taxpayer isn't required to file an income tax return and either:
  - Doesn't file an income tax return, or
  - Files a return only to claim a refund of income tax withheld or estimated tax paid.
- You can't claim a married person who files a joint return as a dependent unless that joint return is only to claim a refund of income tax withheld or estimated tax paid.
- You can't claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.[1]
- You can't claim a person as a dependent unless that person is your **qualifying child** or **qualifying relative**.

Tests To Be a Qualifying Child	Tests To Be a Qualifying Relative
1. The child must be your child, stepchild, foster child, sibling, half sibling, stepsibling, or a descendant of any of them. An adopted child is always treated as your own child. The term "adopted child" includes a child who was lawfully placed with you for legal adoption. **2.** The child must be: (a) under age 19 at the end of the year and younger than you (or your spouse, if filing jointly), (b) under age 24 at the end of the year, a full-time student, and younger than you (or your spouse, if filing jointly), or (c) any age if permanently and totally disabled. **3.** The child must have lived with you for more than half of the year.[2] **4.** The child must not have provided more than half of their own support for the year.[5] **5.** The child isn't filing a joint return for the year (unless that joint return is filed only to claim a refund of income tax withheld or estimated tax paid). **6.** If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child. See the Qualifying Child of More Than One Person chart.	**1.** The person can't be your qualifying child or the qualifying child of any other taxpayer. A child isn't the qualifying child of any other taxpayer if the child's parent (or any other person for whom the child is defined as a qualifying child) isn't required to file an income tax return or files an income tax return only to get a refund of income tax withheld. **2.** The person either (a) must be related to you in one of the ways listed under "Relatives who don't have to live with you" (see Table 2, step 2), or (b) must live with you all year as a member of your household[2] (and your relationship must not violate local law). **3.** The person's gross income for the year must be less than $5,300.[3] Gross income means all income the person received in the form of money, goods, property and services, that isn't exempt from tax. Don't include Social Security benefits unless the person is married filing a separate return and lived with their spouse at any time during the tax year or if ½ the Social Security benefits plus their other gross income and tax-exempt interest is more than $25,000 ($32,000 if MFJ). **4.** You must provide more than half of the person's total support for the year.[4, 5]

[1] There is an exception for certain adopted children.

[2] There are exceptions for temporary absences, children who were born or died during the year, children of divorced or separated parents or parents who live apart, and kidnapped children. If you obtained a final decree of divorce or separate maintenance during the year, you can't take your former spouse as a dependent. This rule applies even if you provided all of your former spouse's support.

[3] There is an exception if the person is disabled and has income from a sheltered workshop.

[4] There are exceptions for multiple support agreements, children of divorced or separated parents or parents who live apart, and kidnapped children.

[5] See Dependency Worksheet for Determining Support, on page C-9. If a person receives Social Security benefits and uses them toward their own support, those benefits are considered as provided by the person. Benefits provided by the state to a needy person are generally considered support provided by the state. A proposed rule on which taxpayers may choose to rely treats governmental payments made to a recipient that the recipient uses, in part, to support others as support of the others provided by the recipient, whereas any part of such payment used for the support of the recipient would constitute support of the recipient by a third party. For example, if a mother receives Temporary Aid for Needy Families (TANF) and uses the TANF payments to support her children, the proposed regulations treat the mother as having provided that support.

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 as a qualifying child dependent for all tax benefits associated with an exemption unless the special rule for children of divorced or separated parents applies[1].

- Credit for other dependents
- Child Tax Credit and Additional Child Tax Credit
- Head of Household
- Earned Income Credit
- Credit for Child and Dependent Care Expenses
- Exclusion from income for Dependent Care Benefits

No other person can take any of the six tax benefits listed above unless he or she has a different qualifying child. To determine which person can treat the child as a qualifying child to claim these six tax benefits, the following tiebreaker rules apply. Subject to the following tiebreaker rules, the taxpayer and the other person may be able to choose which person claims the child as a qualifying child.



The tiebreaker rules are included in Tax-Aide's **Qualifying Child or Relative Resource Tool**.

Tiebreaker Rules:

1. If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent. But see also Rule 5.
2. If the parents file a joint return together and can claim the child as a qualifying child, the child is treated as the qualifying child of the parents.
3. 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 during the year. 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 the year.
4. 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 the year.
5. If a parent can claim the child as a qualifying child but no parent claims the child, the child is treated as the qualifying child of the person who had the highest AGI for the year, 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. If the child's parents file a joint return with each other, this rule can be applied by dividing the parents' combined AGI equally between the parents.

Example: Your daughter meets the conditions to be a qualifying child for both you and your mother...

- Under Rule 1 above, you are entitled to treat your daughter as a qualifying child for all of the six tax benefits listed above for which you qualify. Your mother isn't entitled to take any of the six tax benefits listed above unless she has a different qualifying child.
- Rules 2, 3, and 4 do not apply to this example.
- Optionally, under Rule 5 above, if your mother's AGI is higher than yours, you can let your mother treat your daughter as her qualifying child. If you do that, your daughter isn't your qualifying child for any of the six benefits.

For more details and examples, see **Publication 17** and **Publication 501**, *Dependents, Standard Deduction, and Filing Information*.

[1] When the special rule for children of divorced or separated parents applies (see Table 3) and the noncustodial parent claims the child as a dependent, the noncustodial parent may also claim the child tax credit (or credit for other dependents) and any educational benefit, if all other rules are met. The custodial parent should enter the child as a nondependent in the software (see #7 on page B-27 for software entries), because they may be eligible for the EIC, Child and Dependent Care Credit, Exclusion from income for Dependent Care Benefits and Head of Household filing status.

Table 1: All Dependents

Step	Probe/Ask the taxpayer:	Action
1	Can you or your spouse (if filing jointly) be claimed as a dependent on another taxpayer's tax return this year?[1]	If **YES**: If you can be claimed as a dependent by another taxpayer, you may not claim anyone else as your dependent. If **NO**: Go to Step 2
2	Was the person married as of December 31 of the tax year?	If **YES**: Go to Step 3 If **NO**: Go to Step 4
3	Is the person filing a joint return for this tax year? Answer **No** if the person is filing a joint return only to claim a refund of income tax withheld or estimated tax paid.	If **YES**: You can't claim this person as a dependent. If **NO**: Go to Step 4
4	Was the person a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico? Answer **YES** if you are a U.S. citizen or U.S. national and you adopted a child who lived with you as a member of your household all year.	If **YES**: Go to Step 5 If **NO**: You can't claim this person as a dependent.
5	Was the person your child, stepchild, eligible foster child, sibling, half sibling, stepsibling, or a descendant of any of them (i.e., your grandchild, niece, or nephew)?[2]	If **YES**: Go to Step 6 If **NO**: This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents
6	Was the person: • under age 19 at the end of the year and younger than you (or your spouse, if filing jointly) **or** • under age 24 at the end of the year, a full-time student (see definition in the glossary) and younger than you (or your spouse, if filing jointly) **or** • any age if permanently and totally disabled[3] at any time during the year?	If **YES**: Go to Step 7 If **NO**: This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents
7	Did the person live with you as a member of your household, except for temporary absences[4], for more than half the year? Answer **YES** if the child was born or died during the year and lived with you for more than half the part of the year they were alive. A child lawfully placed with you for legal adoption or as an eligible foster child is considered to have lived with you for more than half the year if your main home was this person's main home for more than half the time since the child was adopted or placed with you in the year.	If **YES**: Go to Step 8 (Use Table 3 to see if the dependency for children of divorced or separated parents or parents who live apart applies.) If **NO**: This person isn't your qualifying child. Go to Table 2: Qualifying Relative Dependents
8	Did the person provide more than half of their own support[5] for the year?	If **YES**: You can't claim this person as a dependent If **NO**: Go to Step 9
9	Is the person a qualifying child of any other taxpayer?	If **YES**: Go to the chart: Qualifying Child of More Than One Person If **NO**: You can claim this person as a qualifying child dependent

[1] An individual is not a dependent of a person if that person is not required to file an income tax return and either does not file an income tax return or files an income tax return solely to claim a refund of estimated or withheld taxes.

[2] An adopted child is treated the same as a natural child for the purposes of determining whether a person is related to you in any of these ways. For example, an adopted brother or sister is your brother or sister. An adopted child includes a child who was lawfully placed with a person for legal adoption.

[3] A person is permanently and totally disabled if they can't engage in any substantial gainful activity because of a physical or mental condition, AND a doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

[4] A child is considered to have lived with you during periods of time when one of you, or both, are temporarily absent due to illness, education, business, vacation, military service, institutionalized care for a child who is permanently and totally disabled, or incarceration. In most cases a child of divorced or separated parents is the qualifying child of the custodial parent. See Table 3 to see if an exception applies. There is an exception for kidnapped children. See **Publication 501**.

[5] See Dependency Worksheet for Determining Support on page C-9. If a child receives Social Security benefits and uses them toward their own support, those benefits are considered as provided by the child. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI) are generally considered support provided by the state.

Table 2: Qualifying Relative Dependents

You must start with Table 1 (to claim a qualifying relative dependent, you must first meet the Dependent Taxpayer, Joint Return and Citizen or Resident Tests in steps 1-4 of Table 1).

Step	Probe/Ask the taxpayer:	Action
1	Is the person your qualifying child or the qualifying child of any other taxpayer? A child isn't the qualifying child of any other taxpayer if the child's parent (or any other person for whom the child is defined as a qualifying child) isn't required to file a U.S. income tax return or files an income tax return only to get a refund of withheld income tax or estimated tax paid.	If **YES**, the person isn't a qualifying relative. (See Table 1: All Dependents) If **NO**, go to Step 2.
2	Was the person your child, stepchild, foster child, or a descendant of any of them (i.e., your grandchild)? **OR** Was the person your sibling, half sibling, or a child of any of them? **OR** Was the person your parent, or an ancestor or sibling of either of them? **OR** Was the person your stepsibling, stepparent, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law?[1]	If **NO**, go to Step 3. If **YES**, go to Step 4. **Note**: The relatives listed in Step 2 are considered "Relatives who don't have to live with you" **Note**: To enter into TaxSlayer a qualifying relative who did not live with the taxpayer more than 6 months, choose "Other reasons" from the months drop-down menu.
3	Was the person any other person (other than your spouse) who lived with you all year as a member of your household?[2]	If **NO**, you can't claim this person as a dependent. If **YES**, go to Step 4. **Exceptions**: There are exceptions for kidnapped children; a person who was born or died during the year; certain temporary absences—school, vacation, medical care, etc. **Divorced or separated spouse**. If you obtained a final decree of divorce or separate maintenance during the year, you can't take your former spouse as a dependent. This rule applies even if you provided all of your former spouse's support.
4	Did the person have gross income of less than the $5,300 threshold amount in 2026?[3]	If **NO**, you can't claim this person as a dependent. If **YES**, go to Step 5.
5	Did you provide more than half the person's total support for the year?[4] See Dependency Worksheet for Determining Support on page C-8 to calculate the total support for the year.	If **YES**, you can claim this person as your qualifying relative dependent. (Use Table 3 to see if the exception for children of divorced or separated parents or parents who live apart applies.) If **NO**, go to Step 6.
6	Did another person provide more than half the person's total support?[4]	If **YES**, you can't claim this person as a dependent. If **NO**, go to Step 7.
7	Did two or more people, each of whom would be able to take the dependent but for the support test, together provide more than half the person's total support?	If **YES**, go to Step 8. If **NO**, you can't claim this person as a dependent.
8	Did you provide more than 10% of the person's total support for the year?	If **YES**, go to Step 9. If **NO**, you can't claim this person as a dependent.
9	Did the other person(s) providing more than 10% of the person's total support for the year provide you with a signed statement agreeing not to claim the dependent?	If **YES**, you can claim this person as a dependent. You must file Form 2120, *Multiple Support Declaration*, with your return. See #9 on page B-26 and navigation below. If **NO**, you can't claim this person as a dependent

To include Form 2120 with the return: Basic Information>Dependents/Qualifying Person>[Enter/edit dependent]>This dependent qualifies for a Multiple Support Declaration

Table 2: Qualifying Relative Dependents (cont'd)

Footnotes for Table 2

[1] An adopted child is treated the same as a natural child for the purposes of determining whether a person is related to you in any of these ways. For example, an adopted brother or sister is your brother or sister. An adopted child includes a child who was lawfully placed with a person for legal adoption. Any of these relationships that were established by marriage aren't ended by death or divorce.

[2] A person doesn't meet this test if at any time during the year the relationship between you and that person violates local law.

[3] For purposes of this test, the gross income of an individual who is permanently and totally disabled at any time during the year doesn't include income for services the individual performs at a sheltered workshop. Gross income means all income the person received in the form of money, goods, property and services, that isn't exempt from tax. Don't include Social Security benefits unless the person is married filing a separate return and lived with their spouse at any time during the tax year or if ½ the Social Security benefits plus their other gross income and tax-exempt interest is more than $25,000 ($32,000 if MFJ).

[4] See Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart, for the exception to the support test.

If a child receives Social Security benefits and uses them toward their own support, those benefits are considered as provided by the child. Benefits provided by the state to a needy person are generally considered support provided by the state. Under proposed Treasury regulations, recipients of governmental payments that the recipient used to support another person are considered support provided by the recipient to that other person, rather than support provided by the government or other third party. For example, if a mother receives TANF and uses the TANF payments to support her children, the proposed regulations treat the mother as having provided that support.

If the taxpayer remarries, the support provided by the new spouse is treated as provided by the taxpayer.

Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart

Use this table when directed from Table 1 or Table 2 to determine if the exception applies to the qualifying child residency test or the qualifying relative support test.

Step	Probe/Ask the taxpayer:	Action
1	Did the child receive over half of their support[1] from the parents who are: • Divorced **OR** • Legally separated under a decree of divorce or separate maintenance **OR** • Separated under a written separation agreement **OR** • Lived apart at all times during the last 6 months of the year?	If **YES**, go to Step 2. If **NO**, Table 3 doesn't apply.
2	Was the child in the custody of one or both parents for more than half the year?[2]	If **YES**, go to Step 3. If **NO**, Table 3 doesn't apply.
3	Did the custodial parent (parent with whom the child lived for the greater number of nights during the year) provide the taxpayer a signed written declaration (Form 8332, Release/Revocation of Release of Claim to Exemption to Child by Custodial Parent, a copy of Form 8332, or similar document) releasing their claim to the child as a dependent?	If **YES**, the Table 3 exception applies.[3] Return to the appropriate step in Table 1 or Table 2. If **NO**, go to Step 4.
4	Are either of the following statements true? The taxpayer has a post-1984 and pre-2009 decree[4] or agreement that is applicable for the current tax year and states *all three of the following*: • The noncustodial parent can claim the child as a dependent without regard to any condition, such as payment of support. • The other parent won't claim the child as a dependent for the year. • The years for which the noncustodial parent can claim the child as a dependent. **OR** The taxpayer has a pre-1985 decree of divorce or separation maintenance or written separation agreement between the parents that provide that the noncustodial parent can claim the child as a dependent, and the noncustodial parent provides at least $600 for support of the child during the current tax year.	If **YES**, the Table 3 exception applies. Return to the appropriate step in Table 1 or Table 2. If **NO**, Table 3 doesn't apply.

Release of certain tax benefits revoked: A custodial parent who has revoked their previous release of a claim to certain tax benefits for a child must attach a copy of the revocation to their return. For the revocation to be effective for the current tax year, the custodial parent must have given (or made reasonable efforts to give) written notice of the revocation to the noncustodial parent in the prior tax year or earlier. (See **Form 8332** for more details).

Other decrees or agreements that don't meet step 4: Noncustodial parents must attach **Form 8332**, or a copy of Form 8332 or similar statement to their return.

[1] If you remarry, the support provided by your new spouse is treated as provided by you.

[2] If the child is emancipated under state law, either by reaching age of majority or other means, the child is treated as not living with either parent (see **Publication 501**).

[3] Post-2008 decree or agreement. If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent can't attach pages from the decree or agreement instead of Form 8332. The custodial parent must sign, and the noncustodial parent must attach to their return, either Form 8332, or a copy of Form 8332 or a substantially similar statement the only purpose of which is to release the custodial parent's claim to a child. For an e-filed return, attach and submit the Form 8332 with Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return. Alternatively, scan Form 8332 and upload to the return as a Scanned Document. **Tax-Aide Best Practice:** Do not attach Form 8453 or Form 8332 for inclusion in the electronic return. Inform the taxpayer that the IRS may ask them to provide this additional documentation. See page K-14.

[4] Post-1984 and Pre-2009 divorce decrees or agreements: The noncustodial parent must attach all of the following pages from the decree or agreement. See Tax-Aide Best Practice above.

- Cover page (include the other parent's SSN on that page).
- The pages that include all the information identified in the three bullet points in Step 4 above.
- Signature page with the other parent's signature and date of agreement.

Dependency Worksheet for Determining Support

Taxpayers should keep a completed copy of this worksheet for their records. See next page for important notes. Also see the **Home Cost and Support Worksheet** in the **Colorado Resource Toolbox**.

Funds Belonging to the Person You Supported

1. Enter the total funds belonging to the person you supported, including income received (taxable and nontaxable) and amounts borrowed during the year, plus the amount in savings and other accounts at the beginning of the year. Don't include funds provided by the state; include those amounts on line 23 instead ..... **1.** _____

2. Enter the amount on line 1 that was used for the person's support ..... **2.** _____

3. Enter the amount on line 1 that was used for other purposes ..... **3.** _____

4. Enter the total amount in the person's savings and other accounts at the end of the year ..... **4.** _____

5. Add lines 2 through 4. (This amount should equal line 1.) ..... **5.** _____

Expenses for Entire Household (where the person you supported lived)

6. Lodging (complete line 6a or 6b):

a. Enter the total rent paid ..... **6a.** _____

b. Enter the fair rental value of the home. If the person you supported owned the home, also include this amount in line 21 ..... **6b.** _____

7. Enter the total food expenses ..... **7.** _____

8. Enter the total amount of utilities (heat, light, water, etc. not included in line 6a or 6b) ..... **8.** _____

9. Enter the total amount of repairs (not included in line 6a or 6b) ..... **9.** _____

10. Enter the total of other expenses. Don't include expenses of maintaining the home, such as mortgage interest, real estate taxes, and insurance ..... **10.** _____

11. Add lines 6a through 10. These are the total household expenses ..... **11.** _____

12. Enter total number of persons who lived in the household ..... **12.** _____

Expenses for the Person You Supported

13. Divide line 11 by line 12. This is the person's share of the household expenses ..... **13.** _____

14. Enter the person's total clothing expenses ..... **14.** _____

15. Enter the person's total education expenses ..... **15.** _____

16. Enter the person's total medical and dental expenses not paid for or reimbursed by insurance (include medical and dental insurance premiums) ..... **16.** _____

17. Enter the person's total travel and recreation expenses ..... **17.** _____

18. Enter the total of the person's other expenses (including childcare expenses) ..... **18.** _____

19. Add lines 13 through 18. This is the total cost of the person's support for the year ..... **19.** _____

Did the Person Provide More Than Half of His or Her Own Support?

20. Multiply line 19 by 50% (0.50) ..... **20.** _____

21. Enter the amount from line 2, plus the amount from line 6b if the person you supported owned the home. This is the amount the person provided for their own support ..... **21.** _____

22. Is line 21 more than line 20?

☐ **No**. You meet the support test for this person to be your qualifying child. If this person also meets the other tests to be a qualifying child, stop here; don't complete lines 23–26. Otherwise, go to line 23 and fill out the rest of the worksheet to determine if this person is your qualifying relative.

☐ **Yes**. You don't meet the support test for this person to be either your qualifying child or your qualifying relative. Stop here.

Dependency Worksheet for Determining Support (cont'd)

Did You Provide More Than Half?	
23. Enter the amount others provided for the person's support. Include amounts provided by state, local, and other welfare societies or agencies. Don't include any amounts included on line 1	**23.** _____
24. Add lines 21 and 23	**24.** _____
25. Subtract line 24 from line 19. This is the amount you provided for the person's support	**25.** _____

26. Is line 25 more than line 20?

☐ **Yes**. You meet the support test for this person to be your qualifying relative.

☐ **No**. You don't meet the support test for this person to be your qualifying relative. You can't claim this person as a dependent unless you can do so under a multiple support agreement, the support test for children of divorced or separated parents, or the special rule for kidnapped children. See the following sections in **Publication 501**: *Multiple Support Agreement, Support Test for Children of Divorced or Separated Parents (or Parents Who Live Apart),* or *Kidnapped child* under *Qualifying Relative*.

The following items aren't included in total support:

- Federal, state, and local income taxes paid by persons from their own income
- Social Security and Medicare taxes paid by persons from their own income
- Life insurance premiums
- Funeral expenses
- Scholarships received by your child if your child is a student
- Survivors' and Dependents' Educational Assistance payments used for the support of the child who receives them

TANF and other governmental payments. Under proposed Treasury regulations, if you received Temporary Assistance for Needy Families (TANF) payments or other similar payments and used the payment to support another person, those payments are considered support you provided for that person, rather than support provided by the government or other third party.

Social Security benefits. If spouses each receive benefits that are paid by one check made out to both of them, half of the total paid is considered to be for the support of each spouse, unless they can show otherwise. If a child receives Social Security benefits and uses them toward their own support, the benefits are considered as provided by the child.

Foster care payments and expenses. Payments you receive for the support of a foster child from a child placement agency are considered support provided by the agency. Similarly, payments you receive for the support of a foster child from a state or county are considered support provided by the state or county.

Armed Forces dependency allotments. The part of the allotment contributed by the government and the part taken out of your military pay are both considered provided by you in figuring whether you provide more than half of the support. If your allotment is used to support persons other than those you name, you can claim them as dependents if they otherwise qualify.

Tax-exempt income. In figuring a person's total support, include tax-exempt income, savings, and borrowed amounts used to support that person. Tax-exempt income includes certain Social Security benefits, welfare benefits, nontaxable life insurance proceeds, Armed Forces family allotments, nontaxable pensions, and tax-exempt interest.

Tab D: Income

Income Quick Reference Guide

This list is a quick reference and volunteers should refer to **Publication 525**, Taxable and Nontaxable Income, for more information. Don't rely on this list alone. Some of the income items on this chart are out of scope. Use the **Tax-Aide Scope Manual** to identify out-of-scope items. Refer taxpayers with out-of-scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required. To determine taxability at the state level, check with your state's department of revenue.

Examples of Taxable Income

Table A – Examples of Taxable Income

(Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)

- Wages, salaries, bonuses, commissions
- Alimony (for divorce before 2019; see #9 on page D-7)
- Annuities
- Awards
- Back pay
- Bartering income (OOS)
- Breach of contract payment
- Business income/self-employment income
- Canceled debts[1]
- Cash income
- Compensation for personal services
- Director's fees
- Disability benefits (employer-funded)
- Dividends
- Election worker income
- Employee awards
- Employee bonuses
- Estate and trust income
- Farm income
- Fees
- Gains from sale of property or securities
- Gambling winnings
- Hobby income
- Grants to businesses, even disaster related, unless exempted by law
- Interest
- Interest on life insurance dividends
- IRA distributions
- Jury duty fees
- Military pay (not exempt from taxation)
- Military pension
- Nonemployee compensation
- Notary fees
- Partnership, estate and S-corporation income (taxpayer's share from Schedule K-1)
- Pensions
- Prizes
- Punitive damage award
- Railroad retirement—Tier I (portion may be taxable; see page D-70)
- Railroad retirement—Tier II
- Recovery of prior year deduction[2] (medical, property taxes, etc.)
- Refunds of State and local income tax (if reportable)[2]
- Rents (gross rent)[3]
- Rewards
- Royalties
- Severance pay
- Self-employment (gross income)
- Social Security benefits, including SSDI (portion may be taxable; see page D-70)
- Supplemental unemployment benefits
- Taxable scholarships and grants
- Tips and gratuities
- Tribal per capita payments
- Unemployment compensation

[1] Certain discharges or forgiveness of student loans qualify for tax-free treatment (see page D-88).

[2] If itemized in year paid and taxes were reduced because of deduction.

[3] Land-only rental is in scope for Tax-Aide. Rental of a personal residence is in scope with Military certification only (and taxpayer must be active-duty military). Other rental income is Out of Scope. Also see *Rental of personal residence for less than 15 days* on next page.

Examples of Nontaxable Income

Table B – Examples of Nontaxable Income

(Examples of income items to exclude when determining whether a return must be filed)

- Child support
- Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated
- Damages for physical injury (other than punitive)
- Death payments
- Dividends on life insurance
- Federal Employees' Compensation Act payments
- Federal income tax refunds
- Gifts
- Grants to individuals if due to a qualified disaster (otherwise taxable unless exempted by law)
- Inheritance[1] or bequest
- Insurance proceeds (accident, casualty, health, life)
- Interest on tax-free securities
- Interest on EE/I bonds redeemed for qualified higher education expenses
- Meals and lodging for the convenience of employer
- Olympic and Paralympic Games medals and prizes[2]
- Payments in lieu of worker's compensations
- Qualified Disaster Relief Payments (see **Publication 525**)
- Qualified Medicaid waiver payments (MWP)
- Relocation payments
- Rebate/patronage dividends issued by co-ops for personal use
- Reimbursements by employers or volunteer organizations for ordinary and necessary actual expenses
- Rental of personal residence for less than 15 days[3]
- Rental allowance of clergyman
- Reverse mortgages
- Sickness and injury payments
- Social Security benefits (portion may not be taxable; see page D-70)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- Terrorist or military action, certain payments received as a result[4]
- Veterans' benefits
- Welfare payments (including TANF) and food stamps
- Worker's compensation and similar payments

[1] An inheritance isn't reported on the income tax return, though the beneficiary will need to report and may be taxed on income they receive, such as distributions from an inherited pension, annuity or IRA.

[2] The exclusion does not apply to a taxpayer for any year in which the taxpayer's AGI exceeds $1 million ($500,000 if MFS).

[3] Rental of a personal residence for less than 15 days during the year is not considered a rental activity, is not taxable income, and the expenses are not deductible on Schedule E (in scope). Residence must have also had at least 15 days of personal use during the year. See *Used as a home but rented less than 15 days* and *Dwelling Unit Used as a Home* in **Publication 527**, *Residential Rental Property*.

[4] See **Publication 3920**, *Tax Relief for Victims of Terrorist Attacks*.

Armed Forces Gross Income

Members of the Armed Forces receive many different types of pay and allowances. Some are included in gross income while others are excluded from gross income. Table 1 lists included items that are subject to tax and must be reported on your tax return. Table 2 lists excluded items that are not subject to tax, but may have to be shown on your tax return. See **Publication 3**, *Armed Forces' Tax Guide*, for additional information. To determine taxability at the state level, check with your state's department of revenue.

Table 1—Servicemembers' Government Pay Included in Gross Income

(These items are included in gross income, unless the pay is for service in a combat zone)

Basic pay

- Active duty
- Attendance at a designated service school
- Back wages
- Cadet/midshipman pay
- Drills (Inactive Duty Training)
- Reserve training
- Training Duty

Bonus pay

- Career status
- Continuation pay
- Enlistment
- Officer
- Overseas extension
- Reenlistment

Special pay

- Aviation career incentives
- Career sea
- Diving duty
- Foreign duty (outside the 48 contiguous states and the District of Columbia)
- Foreign language proficiency
- Hardship duty
- Hostile fire or imminent danger
- Medical and dental officers
- Nuclear-qualified officers
- Optometry
- Other Health Professional Special Pay (for example, nurse, physician assistant, social work, etc.)
- Pharmacy
- Special compensation for assistance with activities of daily living (SCAADL)
- Special duty assignment pay
- Veterinarian
- Voluntary Separation Incentive

Incentive pay

- Submarine
- Flight
- Hazardous duty
- High Altitude/Low Opening (HALO)

Other pay

- Accrued leave
- CONUS COLA
- High deployment per diem
- Personal money allowances paid to high-ranking officers
- Student loan repayment from programs such as the Department of Defense Educational Loan Repayment Program when the year's service (requirement) isn't attributable to a combat zone, to the extent that qualified higher education expenses exceed $5,250 annually.
- Certain payments made by an employer after March 27, 2020, of principal or interest on certain qualified educational loans.

In-kind military benefits

- Personal use of government-provided vehicle

Armed Forces Gross Income (cont'd)

Table 2—Servicemembers' Government Pay Items Excluded from Gross Income

(The exclusion for certain items applies whether the item is furnished in-kind or is a reimbursement or allowance)

Combat zone and qualified hazardous duty area pay

- Compensation for active service while in a combat zone Note: Limited amount for commissioned officers
- Leave earned or accrued while performing service in a combat zone

Family allowances

- Certain educational expenses for dependents
- Emergencies
- Evacuation to a place of safety
- Separation

Living allowances

- BAH (Basic Allowance for Housing)
- BAS (Basic Allowance for Subsistence)
- Housing and cost-of-living allowances abroad paid by the U.S. Government or by a foreign government
- OHA (Overseas Housing Allowance)

Other pay

- Certain amounts received under Armed Force Health Professions Scholarship and Financial Assistance Program payments
- Certain disability retirement pay, including payments received for injuries incurred as a direct result of a terrorist or military action
- Group-term life insurance
- Professional education
- ROTC educational and subsistence allowances
- State bonus pay for service in a combat zone
- Survivor and retirement protection plan premiums
- Uniform allowances

Moving allowances

- Dislocation (limited to actual moving expenses)
- Military base realignment and closure benefit (Limits apply. See 42 U.S.C. 3374(c))
- Move-in housing
- Move household and personal items
- Moving trailers or mobile homes
- Storage
- Temporary lodging and temporary lodging expenses

In-kind military benefits

- Dependent-care assistance program
- Defense Counsel Services
- Legal assistance
- Medical/dental care
- Commissary/exchange discounts
- Space-available travel on government aircraft
- Uniforms furnished to enlisted personnel

Travel allowances

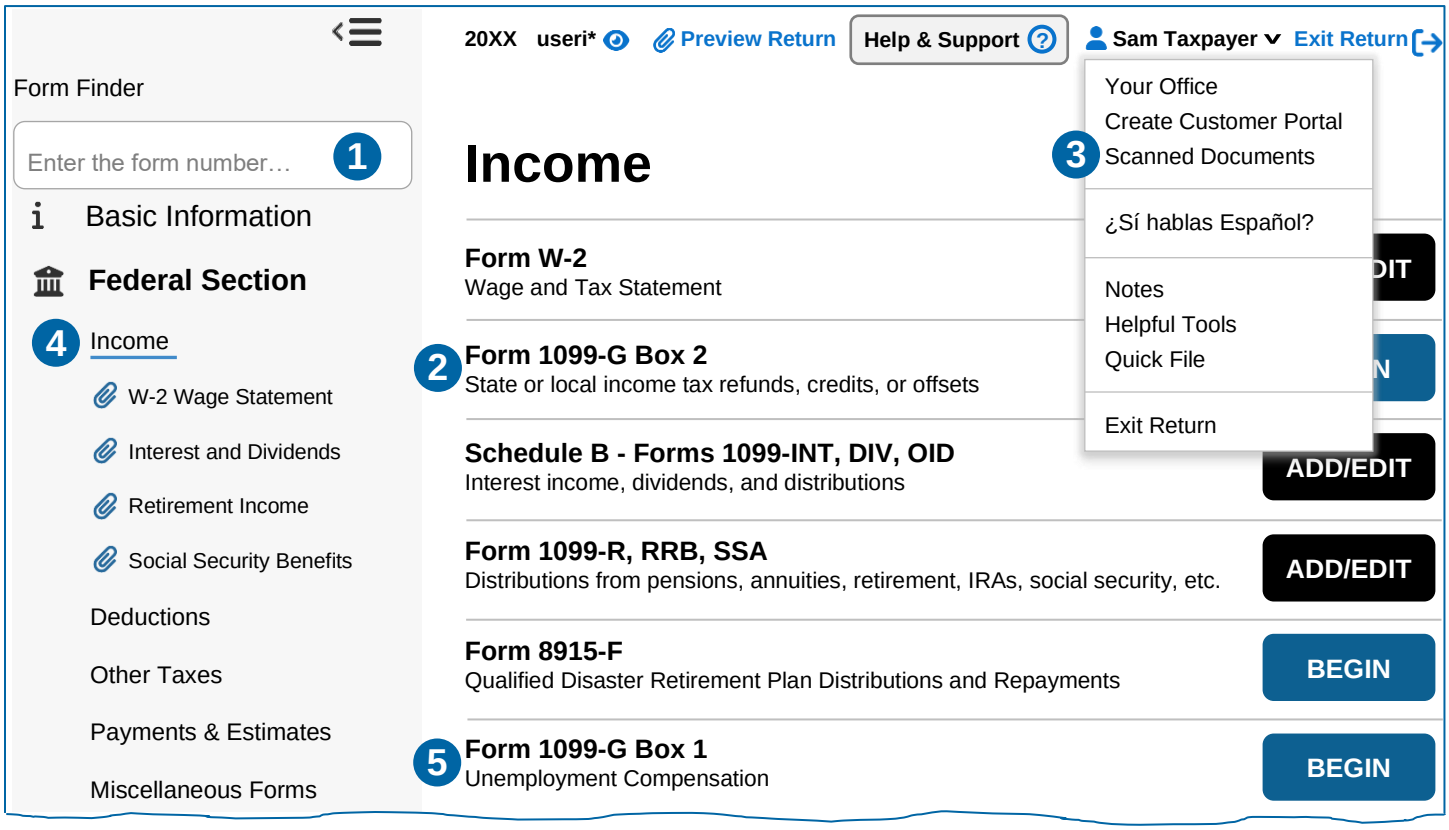
- Annual round trip for dependent students
- Leave between consecutive overseas tours
- Reassignment in a dependent restricted status
- Transportation for you or your dependents during ship overhaul or inactivation
- Per diem
- Travel benefits under Operation Hero Miles

Death allowances

- Burial services
- Death gratuity payments to eligible survivors
- Travel of dependents to burial site

How/Where to Enter Income

Federal Section>Income



1. To go directly to a specific form, enter the form number or name in the ***Form Finder***. Recommended keywords are included in the table starting on page O-9.

2. Ⓑ Select ***Form 1099-G Box 2*** if the taxpayer received a taxable state refund in 2026, or to use TaxSlayer's State and Local Refund Worksheet to determine if it is taxable. See page D-25 for more details.

3. Select ***Scanned Documents*** from the dropdown next to the taxpayer's name to access documents you've upload or that the taxpayer uploaded from the Customer Portal.

4. You can go directly to the ***Income*** section from the quick link in the left navigation menu.

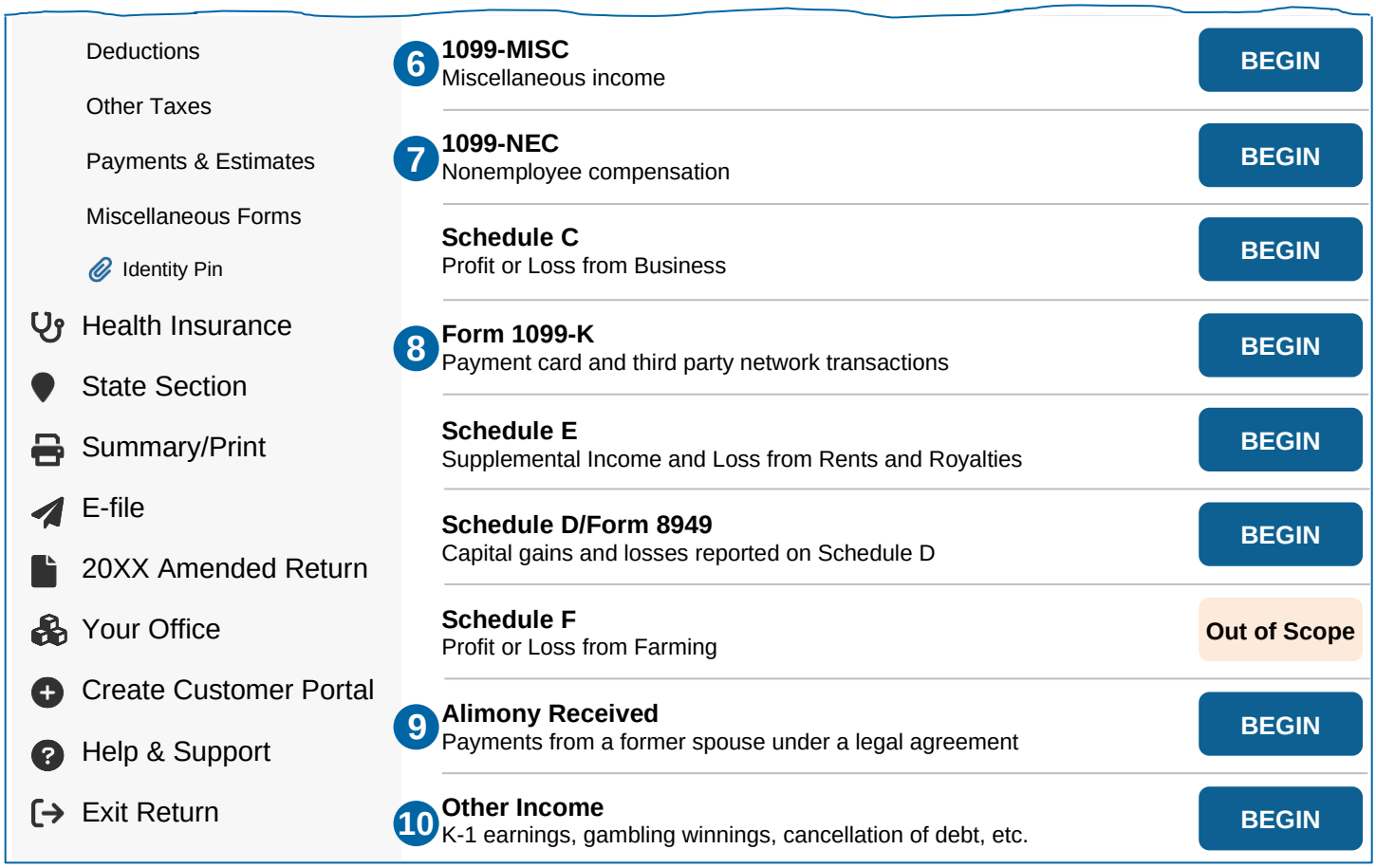
5. Ⓑ Select ***Form 1099-G Box 1*** to enter ***Unemployment compensation*** (box 1), ***Taxable grants*** (box 6), or ***Family leave benefits*** (box 10). To enter current year amounts, select ***Add or Edit a 1099-G***. If unemployment benefits are repaid in the same year, select ***Repayment of Unemployment***.

   If the Box 6 amount is related to self-employment, it should not be entered on the Form 1099-G screen—include them in Schedule C income instead (Advanced Certification required). Box 6 amounts related to Schedules E or F are out of scope.

   Box 10 reports governmental paid family leave (PFL) payments and should be the correct taxable amount. If the taxpayer believes it is not, they should contact their state office to get a corrected 1099-G. See *Family Leave* in the *Income – Governmental Payments* lesson of Tax-Aide's **NTTC 4491**.

⚠ Taxpayers who receive an incorrect Form 1099-G for unemployment benefits they did not receive should contact the issuing state agency to request a revised Form 1099-G showing they did not receive these benefits. Taxpayers who are unable to obtain a timely, corrected form from states should still file an accurate tax return, reporting only the income they received.

How/Where to Enter Income (cont'd)



6. Ⓑ/Ⓐ/Ⓜ A ***Form 1099-MISC*** may need special handling depending on the contents and what the income is for. For additional instructions, see the *Form 1099-MISC* section starting on page D-83.

7. Ⓐ Income reported on ***Form 1099-NEC*** should only be attached to a Schedule C if it relates to self-employment. See page D-28 for more details.

8. Ⓑ/Ⓐ Self-employment income reported on a ***Form 1099-K*** is entered directly on Schedule C. For other income reported on Form 1099-K, or amounts reported in error, see page D-31.

9. Ⓑ ***Alimony Received*** pursuant to a divorce or separation instrument executed on or before December 31, 2018 is included as income on the return. For divorces after December 31, 2018, alimony is not included as income on the return. The alimony is also not included in income if the instrument is modified after December 31, 2018, and the modification expressly provides that the amendments made by the Tax Cuts and Jobs Act, Section 11051, apply to the modification. State tax law may vary. For more details, see Alimony Requirements on page E-15.

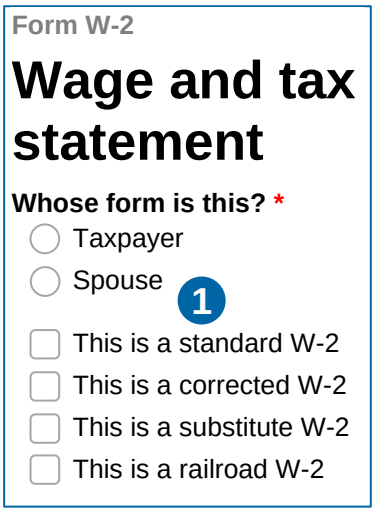
10. ***Other Income*** includes gambling income, jury duty pay, Schedules K-1, taxable scholarships, cancellation of debt, Medicaid waiver payments not reported on Forms W-2 or 1099-MISC, prisoner income/wages earned while incarcerated, foreign compensation, etc. See *Less Common Income* on page D-80.

Forms W-2 and W-2c Instructions

Income>Form W-2>Add a W-2 Wage Statement; or Keyword: W

If the taxpayer has not received a W-2 from all employers by the end of January, they should contact their employer for the missing copy.

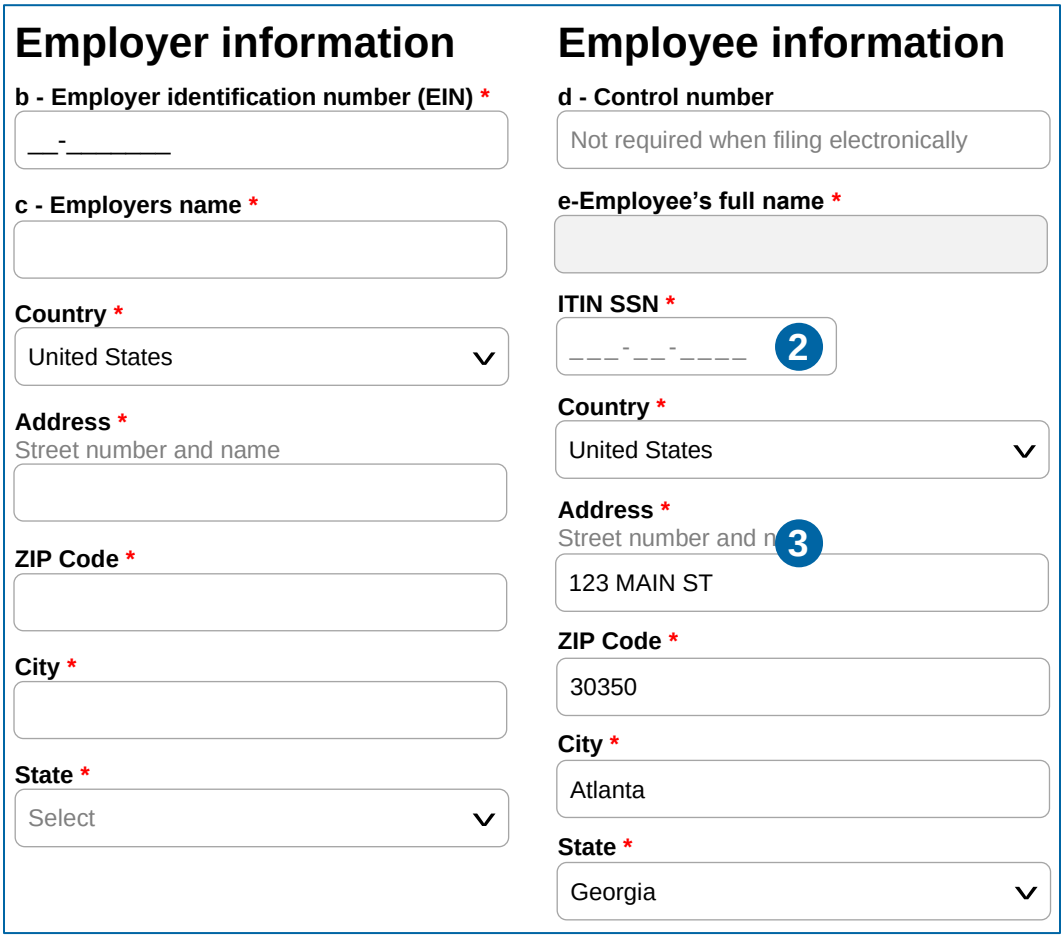
Basic Certification except as follows. Advanced Certification required for allocated or unreported tips; box 12 codes W, TP, TT; box 13 checked for Statutory employee; or church employees with wages greater than $108.28 and boxes 3 and 5 blank. Military Certification required for box 12 code Q.



1. Indicate if this W-2 is for the Taxpayer or Spouse. Also:
   - For a Form W-2c, check the box for This is a corrected W-2 and enter the original W-2 data except where corrections are provided on the W-2c.
   - If a Form W-2 can't be obtained from the employer, check the box for This is a substitute W-2. TaxSlayer will generate a Form 4852, *Substitute for Form W-2*. The taxpayer will need to provide total income and withholding from their year-end pay stub. The return can only be e-filed if the EIN is also provided, otherwise it must be a paper return. See **Publication 5396-A**.

2. This field only appears when the taxpayer has an ITIN. Enter the ITIN or SSN as shown on the original W-2. See page L-6.

3. Compare the taxpayer's address to Form W-2 address. If the address on the W-2 is different, correct the W 2 address here to match the original Form W 2. This won't change the tax return address.



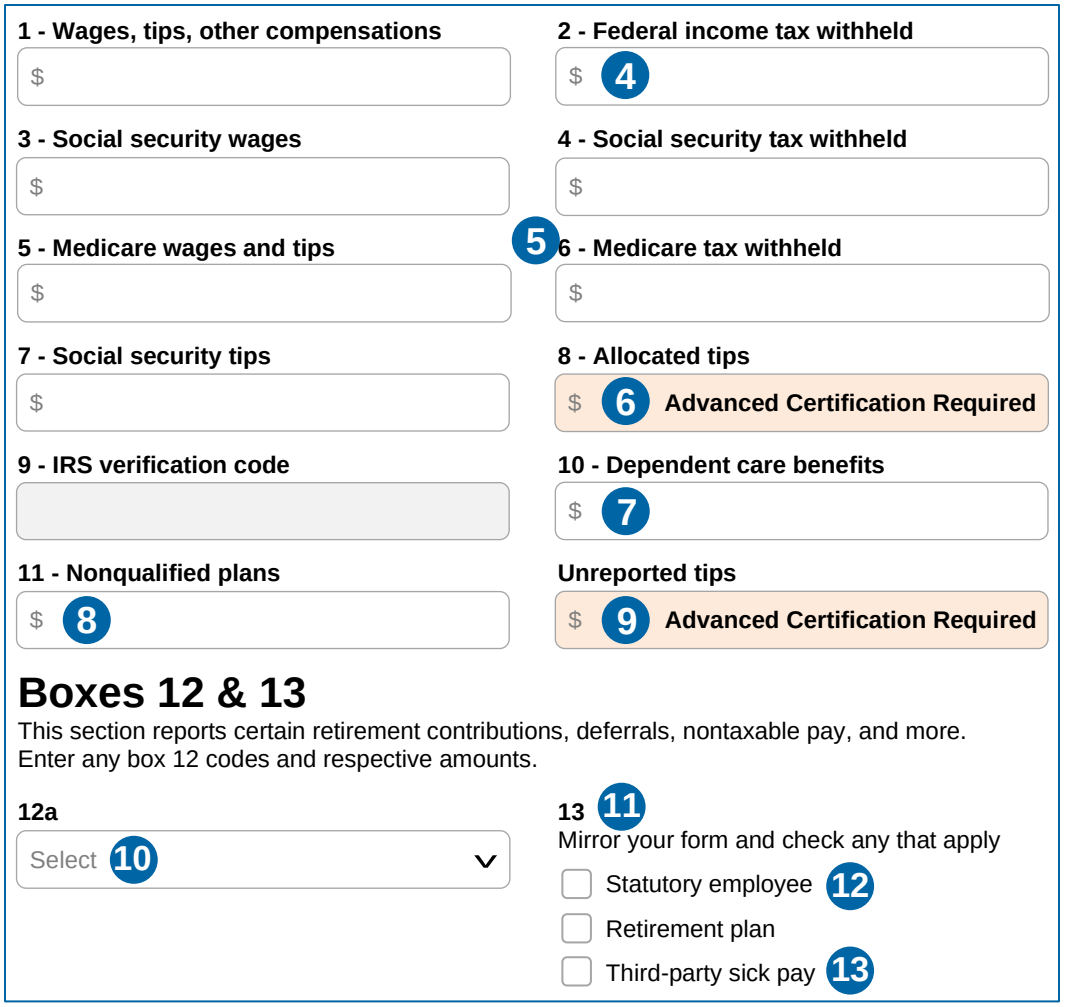
A taxpayer with multiple Forms W-2 might have a different address on several Forms W-2. Check them carefully; the change must be made on every Form W-2 that is different from the current address. Be sure to enter every item from the taxpayer's original W-2—key what you see.

The IRS requires that information on e-filed Form(s) W-2 match the printed Form(s) W-2 exactly if possible. However, the name cannot be changed, and the software will not accept special characters.

4. Ensure tax withheld is correctly entered for boxes 2, 17, and 19.

5. Boxes 3, 4, 5, 6 and 16 auto-populate based on box 1. Correct them to match what is on the Form W-2. If boxes 3 and 5 are blank for a church employee with wages greater than $108.28, see #1 on page H-3 (Advanced Certification required).

6. Box ***8 - Allocated tips*** are not included in boxes 1 or 7 and instead flow to unreported tips on Form 4137, *Social Security and Medicare Tax on Unreported Tip Income*. If the taxpayer has adequate records showing they received other than the employer-allocated amount, leave ***Allocated tips*** blank and report the taxpayer-provided amount in ***Unreported tips*** (see #9 below). When determining unreported tips, the taxpayer should not include tips already reported by their employer in box 7 or service charges reported in box 1. See *Allocated Tips* in **Publication 531**, *Reporting Tip Income*, for more details.



7. If there is an entry in box 10, Form 2441, *Child and Dependent Care Expenses*, must be completed. See page G-13.The amount will be included in AGI until this is done.

8. Be sure to enter any box 11 amount. This may indicate deferred compensation earned in a prior year, which is not included in current year compensation for IRA contribution purposes. If not reported on Schedule 1, line 8t, contact TaxSlayer support for a workaround (see page P-14 for contact details).

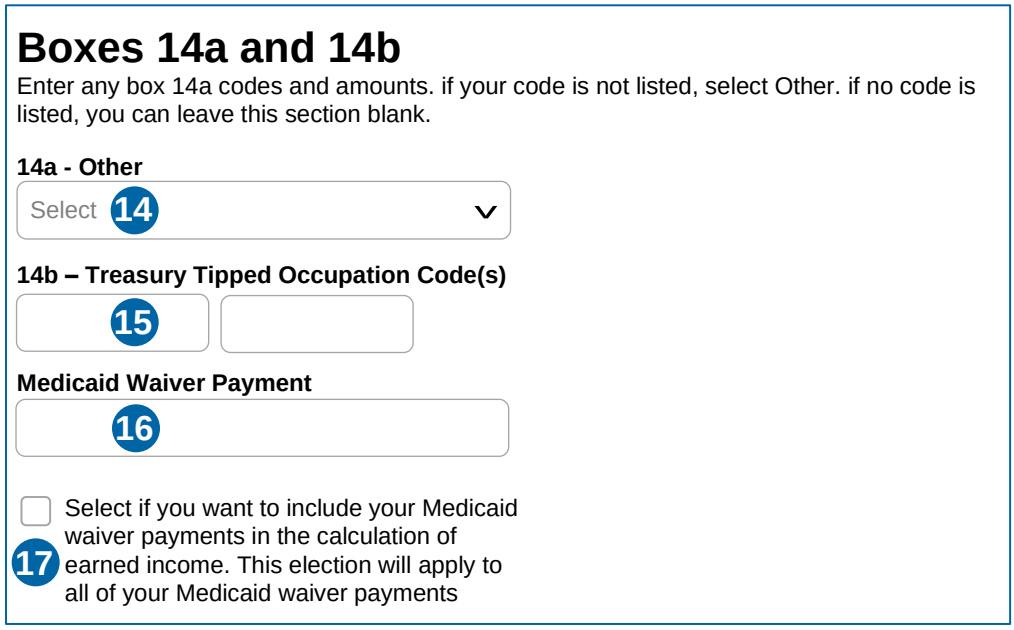
9. If the taxpayer received tips they did not report to the employer, enter the amount in the ***Unreported tips*** field to report them on Form 4137, *Social Security and Medicare Tax on Unreported Tip Income*. See #1 on page H-4 for an additional entry required if the taxpayer had **unreported cash or charged tips totaling less than $20 in a calendar month** or unreported noncash tips.

10. Select the box 12 code from the dropdown and enter the dollar amount. For codes W, II, TP, and TT, see Form W-2 – Common Box 12 Codes on page D-11. If there are more than four box 12 codes, input another W-2 with the additional box 12 codes and $1 in box 1 (subtract $1 from original W-2).

11. Select the box 13 checkboxes as indicated on the form. This impacts IRA contribution deductibility.

12. Ⓐ If box 13, ***Statutory employee*** is checked on the W-2, employment taxes were withheld by the employer, but the taxpayer must report income and deduct expenses using Schedule C. Re-enter income as statutory income on Schedule C Income screen (see #3 on page D-35).

13. Box 13, ***Third-party sick pay***, indicates taxable income included in box 1. This differs from box 12, code J (see next page).



14. Select from the applicable option from the box 14a drop-down list. Employers use this box for any other information that they want to give to their employees.

- If the amount is eligible for the retirement saver's contributions credit, select ***Retirement (Not in Box 12) – Carry to Form 8880***. To qualify, the contribution must be a voluntary, not a mandatory, contribution.
- For mandatory contributions to state disability and paid family leave programs, see Schedule A – Taxes You Paid, #3 on page F-10.
- If none of the drop-down options apply, select ***Other*** and enter the amount.

15. Enter any Treasury Tipped Occupation Code(s) from box 14b. If occupation code 000 is used, the cash tips received in that occupation are not qualified tips and the amount reported in box 12 code TP cannot be used for the qualified tips deduction.

16. If a qualified Medicaid Waiver Payment (MWP) amount is included in box 1, enter the MWP amount again here to remove it from AGI via Schedule 1, line 8s. However, do not enter the MWP amount here if it was entered using box 12, code II instead of including it in box 1 (an offsetting Schedule 1, line 8s entry will automatically be created).

17. Test if checking the box to include qualified MWPs in earned income is advantageous after completing all other parts of the return. This checkbox applies to MWPs entered. A taxpayer may choose to include MWPs in the calculation of earned income for the EIC and the ACTC even when excluded from AGI. For more information, see Entering Medicaid Waiver Payments (MWP) on page D-12.

If the Form W-2 shows withholding from more than one state, select the Add State button to add the additional information.

Form W-2 – Common Box 12 Codes

The Form W-2, box 12 codes below are in scope except as noted. For less common codes, see back of **Form W-2** for explanation—confirm if code is in scope using the **Tax-Aide Scope Manual**.

A[1] Uncollected Social Security or RRTA tax on tips

B[1] Uncollected Medicare tax on tips

C Taxable cost of group-term life insurance over $50,000 included in boxes 1, 3 (up to Social Security wage base) and 5.

D[2] Elective deferrals to a section 401(k) cash or deferred arrangement

E[2] Elective deferrals under a section 403(b) salary reduction agreement

F[2] Elective deferrals under a section 408(k)(6) salary reduction SEP

G[2] Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan

H[2] Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan that are included in box 1, Wages (automatically excluded from AGI via Schedule 1, line 24f)

J Nontaxable sick pay—If box 1 is blank, do not include the W-2 on the return, but report any withholding in box 2 (or 17 or 19) under Payments & Estimates, Other Federal (or State) Withholdings (see page H-11)

M[1] Uncollected Social Security or RRTA tax on taxable cost of group-term life insurance

N[1] Uncollected Medicare tax on taxable cost of group-term life insurance

P Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces

Q Ⓜ Nontaxable combat pay

R Employee Contributions to MSA (out of scope)

S[2] Employee salary reduction contributions under a section 408(p) SIMPLE plan

T Adoption benefits (out of scope)

W Ⓐ Employer contributions (including amounts the employee contributes through a cafeteria plan) to employee's health savings account. Form 8889 must be added (see page E-11).

Z Income under a nonqualified deferred compensation plan that fails to satisfy section 409A (out of scope)

AA[2] Designated Roth contributions under a section 401(k) plan

BB[2] Designated Roth contributions under a section 403(b) plan

DD Cost of employer-sponsored health coverage (not taxable)

EE[2] Designated Roth contributions under a governmental section 457(b) plan

FF Permitted benefits under a QSEHRA (out of scope if premium tax credits are involved, see page H-16)

II Medicaid waiver payments excluded from gross income under Notice 2014-7 (see next page)

TA Employer contributions to a section 128 Trump account of an employee or their dependent

TP Total amount of cash tips reported to the employer. Use this amount when determining the qualified tips deduction (see page F-20).

TT Total amount of qualified overtime compensation. Use this amount when determining the qualified overtime compensation deduction (see page F-21).

[1] Amounts entered with codes A, B, M, and N automatically flow to Schedule 2, line 17c, Uncollected social security and Medicare or RRTA tax.

[2] These are elective (voluntary) contributions which qualify for the Retirement Savings Contributions Credit. See page G-18.

Ⓑ Entering Medicaid Waiver Payments (MWP)

Both of the following must be true to exclude a qualified Medicaid Waiver Payment (MWP) from adjusted gross income (AGI), otherwise the MWP is fully taxable:

- The care provider and the care recipient must reside in the same home, and
- The provider cannot care for more than ten individuals under age 19 or more than five individuals age 19 or older.

A taxpayer may choose to include qualified Medicaid Waiver Payments in the calculation of earned income for EIC, ACTC, and CDCC purposes even when the MWP is excluded from AGI.

- A taxpayer can include all or none, but not just a portion of MWP for the year in earned income.
- If both spouses received MWP on a joint return, each spouse can make a separate and different election to include all or none of their MWP in earned income.

MWP reported on Form W-2

Income>W-2; or Keyword: W

Confirm the correct MWP amount with the taxpayer. Follow the instructions in the applicable row below to enter the Form W-2 in TaxSlayer. This reports the MWP on Form 1040, line 1a or 1d, and then excludes it from AGI via Schedule 1, line 8s.

Where was the MWP reported?	How to enter in TaxSlayer
On Form W-2 in box 1	Determine if the entire box 1 amount is an MWP (in some cases box 1 can also include other wages). Enter the W-2 as printed. Also enter the amount of the MWP included in box 1 in the Medicaid Waiver Payment box below box 14 on the screen (see #16 on page D-10). See Example 1.
On Form W-2 in box 12, code II	Enter the W-2 as printed. The code II entry will automatically be excluded from AGI, so do not enter it in the Medicaid Waiver Payment box below box 14 on the screen (see #16 on page D-10). See Example 2 (other amount in box 1) or Example 3 (blank box 1).
Not in box 1 or box 12, code II	Enter the W-2 as printed, but also enter the MWP amount in two additional places: in box 1 and in the Medicaid Waiver Payment box below box 14 on the screen (see #16 on page D-10). See Example 4.

After completing all other parts of the return, use the checkbox shown in #17 on page D-10 to test if including MWPs in earned income is advantageous for the taxpayer. This checkbox applies to all of the cases above. If checked, the MWP will be included in the calculations for EIC, ACTC, and CDCC. Also see Include the Medicaid Waiver Payment in AGI? on the next page.

MWP reported on Form 1099-MISC or 1099-NEC

Income>1099-MISC; or Keyword: MIS

Enter the MWP amount on the Form 1099-MISC screen in box 3 (enter there even if reported on Form 1099-MISC box 6 or Form 1099-NEC box 1). Also enter the MWP amount in the Medicaid Waiver Payment box that appears at the bottom of the screen. See #4.c on page D-84 and #9 on page D-85. This reports the MWP on Form 1040, line 1d, and then excludes it from AGI via Schedule 1, line 8s.

After completing all other parts of the return, use the checkbox shown in #10 on page D-85 to test if including MWPs in earned income is advantageous for the taxpayer. If checked, the MWP will be included in the calculations for EIC, ACTC, and CDCC.

Do not use the 1099-NEC screen to report MWP income on a Schedule C. TaxSlayer doesn't support including the MWP in earned income if it is reported on a Schedule C with the MWP excluded via an offsetting expense.

MWP not reported on Forms W-2, 1099-MISC or 1099-NEC

If taxpayer has or can get the TIN of the payer, enter the MWP on the 1099-MISC screen in box 3 (or on a W-2 if that is how it is normally reported in your state) following the steps on the prior page. Online EIN search tools may also be useful; e.g., **eintaxid.com** or the **EIN Search Tool** in the **Colorado Resource Toolbox**. Sites may want to maintain a reference list of the MWP payers and TINs they typically encounter.

If the Payer's TIN can't be obtained, then enter the MWP at ***Income>Other Income>Other Compensation>Medicaid Waiver Payments (Not Reported on W-2)***. This reports the MWP on Form 1040, line 1d, and excludes it from AGI via Schedule 1, line 8s. Because this screen lacks a checkbox to include the MWP in earned income, the temporary 1099-MISC workaround that follows is needed. After completing all other parts of the return, note the current federal and state refund or balance due amounts, and then:

1. Navigate to ***Income>1099-MISC*** and create a temporary 1099-MISC, entering the following:
   - ***Payer's TIN***: 12-1234567
   - ***Payer's name***: TEMP (enter any address)
   - ***3. Other income***: leave blank
   - ***15. Nonqualified deferred compensation***: $1
   - ***Medicaid Waiver Payment (Box 3)***: $1
   - Check the box: ***Select if you want to include your Medicaid waiver payments in the calculation of earned income.***
   - Click ***CONTINUE***
2. Evaluate the impact: Check the new return results against the baseline you noted earlier to determine if adding this to earned income was advantageous.
3. Finalize the return:
   - To keep the MWP in earned income: Just delete the temporary 1099-MISC.
   - To remove the MWP from earned income: Edit the temporary 1099-MISC, making only one change: uncheck the box to include MWPs in earned income. Click ***CONTINUE***, and then delete the temporary 1099-MISC.

Include MWP in AGI?

The software entries described above and on the prior page exclude the MWP from AGI. If including the MWP in AGI might benefit the taxpayer (e.g., if needed to qualify for the Premium Tax Credit), then test this after completing all other parts of the return:

- **If entered on a Form W-2, box 1 or 1099-MISC**: remove the MWP from the Medicaid Waiver Payment box. Leave the box checked to include the MWP in earned income. If it is not beneficial to include the MWP in AGI, then re-enter the MWP in the Medicaid Waiver Payment box to exclude it.
- **If entered on a Form W-2, box 12 code II**: delete the code II entry and instead add the MWP to the box 1 entry. Do not enter anything in the Medicaid Waiver Payment box, but leave the box checked to include the MWP in earned income. If it is not beneficial to include the MWP in AGI, then re-enter it as it originally was in box 12 code II instead of in box 1.
- **If entered as Other Compensation>Medicaid Waiver Payments (Not Reported on W-2)**: delete that entry and instead enter the MWP in Income>Other Income>Other Compensation>Household Employee Income. If it is not beneficial to include the MWP in AGI, then delete the Household Employee income entry and re-enter as it originally was in Other Compensation.

Example 1 – MWP Included in Box 1

In Example 1's snippet of a W-2 shown here:

- **The Medicaid Waiver Payment (MWP) is included in box 1.**
- You determined with the taxpayer that only $5,712 of the $6,823 in box 1 wages is MWP income. The taxpayer explained that they started providing care on February 5th, but only started living with the care recipient on March 30th.

Form **W-2** Wage and Tax Statement 20XX

1 Wages, tips, other compensation **6823**	2 Federal income tax withheld **111**
3 Social security wages **6823**	4 Social security tax withheld **423**
5 Medicare wages and tips **6823**	6 Medicare tax withheld **99**
7 Social security tips	8 Allocated tips
9	10 Dependent care benefits
11 Nonqualified plans	12a See instructions for box 12 Code
13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b Code
14a Other	12c Code
	12d Code
14b Treasury Tipped Occupation Code(s)	

Entering Example 1's Form W-2 in TaxSlayer

The following is specific to this example. For general guidance, see page D-12.

1. Boxes 1-6 are entered per what's on this Form W-2.
2. This W-2 had no box 12 entries, so no box 12 entries are made in this example.

   ⚠ When the MWP is included in box 1 (as in this example), do not also enter it with a box 12, code II.
3. Only enter the amount of box 1 that is MWP income here. This entry will exclude this amount from AGI via Schedule 1, line 8s.

   In this example, this entry is less than the amount in box 1 since that also included non-MWP wages. However, it is common for the entire box 1 amount to be the MWP.
4. After completing all other parts of the return, use this checkbox to test if including MWPs in earned income is advantageous for the taxpayer.

1 - Wages, tips, other compensations: $ 6823

2 - Federal income tax withheld: $ 111

3 - Social security wages (1): $ 6823

4 - Social security tax withheld: $ 423

5 - Medicare wages and tips: $ 6823

6 - Medicare tax withheld: $ 99

Boxes 12 & 13

This section reports certain retirement contributions, deferrals, nontaxable pay, and more. Enter any box 12 codes and respective amounts.

12a (2): Select

Boxes 14a and 14b

Enter any box 14a codes and amounts. if your code is not listed, select Other. if no code is listed, you can leave this section blank.

14a - Other: Select

Medicaid Waiver Payment: $ 5712 (3)

☑ (4) Select if you want to include your Medicaid waiver payments in the calculation of earned income. This election will apply to all of your Medicaid waiver payments

Example 2 – MWP in Box 12 Code II and Box 1 is Other

In Example 2's snippet of a W-2 shown here:

- **The Medicaid Waiver Payment (MWP) is reported in box 12 via code II.**
- **There is an amount in box 1 (wages),** but you confirmed with the taxpayer that this $1,111 was not MWP income.
- Box 12, code II reports a Medicaid Waiver Payment that was excluded from box 1.

Form **W-2** Wage and Tax Statement 20XX

1 Wages, tips, other compensation **1111**	2 Federal income tax withheld **111**
3 Social security wages **6823**	4 Social security tax withheld **423**
5 Medicare wages and tips **6823**	6 Medicare tax withheld **99**
7 Social security tips	8 Allocated tips
9	10 Dependent care benefits
11 Nonqualified plans	12a See instructions for box 12 Code **II** **5712**
13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b Code
14a Other	12c Code
	12d Code
14b Treasury Tipped Occupation Code(s)	

Entering Example 2's Form W-2 in TaxSlayer

The following is specific to this example. For general guidance, see page D-12.

1. Boxes 1-6 are entered per what's on this Form W-2.
2. The box 12 code II is entered per the W-2. This entry will report the MWP on Form 1040, line 1d, and then exclude it from AGI via Schedule 1, line 8s.
3. No entry is made here for this example because this entry is only for a MWP amount that was included in box 1.

   ⚠ Do not make an entry here for a MWP reported via box 12 code II. Doing so can cause Schedule 1, line 8s to exclude the MWP twice.
4. After completing all other parts of the return, use this checkbox to test if including MWPs in earned income is advantageous for the taxpayer.

1 - Wages, tips, other compensations
$ 1111

2 - Federal income tax withheld
$ 111

3 - Social security wages (1)
$ 6823

4 - Social security tax withheld
$ 423

5 - Medicare wages and tips
$ 6823

6 - Medicare tax withheld
$ 99

Boxes 12 & 13

This section reports certain retirement contributions, deferrals, nontaxable pay, and more. Enter any box 12 codes and respective amounts.

12a (2)
II

Amount
$ 5712

Boxes 14 and 14b

Enter any box 14a codes and amounts. if your code is not listed, select Other. if no code is listed, you can leave this section blank.

14a - Other
Select

Medicaid Waiver Payment
$ (3)

☑ (4) Select if you want to include your Medicaid waiver payments in the calculation of earned income. This election will apply to all of your Medicaid waiver payments

Example 3 – MWP in Box 12 Code II and Box 1 is Blank

In Example 3's snippet of a W-2 shown here:

- **The Medicaid Waiver Payment (MWP) is reported in box 12 via code II.**
- **Box 1 (wages) is blank or zero.**
- Box 12, code II reports a Medicaid Waiver Payment that was excluded from box 1.

Form **W-2** Wage and Tax Statement 20XX

1 Wages, tips, other compensation	2 Federal income tax withheld
3 Social security wages **5712**	4 Social security tax withheld **354**
5 Medicare wages and tips **5712**	6 Medicare tax withheld **83**
7 Social security tips	8 Allocated tips
9	10 Dependent care benefits
11 Nonqualified plans	12a See instructions for box 12 Code **II** **5712**
13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b Code
14a Other	12c Code
	12d Code
14b Treasury Tipped Occupation Code(s)	

Entering Example 3's Form W-2 in TaxSlayer

The following is specific to this example. For general guidance, see page D-12.

1. Boxes 1-6 are entered per what's on this Form W-2.
2. The box 12 code II is entered per the W-2. This entry will report the MWP on Form 1040, line 1d, and then exclude it from AGI via Schedule 1, line 8s.
3. No entry is made here for this example because this entry is only for a MWP amount that was included in box 1.

   ⚠ Do not make an entry here for a MWP reported via box 12 code II. Doing so can cause Schedule 1, line 8s to exclude the MWP twice.
4. After completing all other parts of the return, use this checkbox to test if including MWPs in earned income is advantageous for the taxpayer.

1 - Wages, tips, other compensations $

2 - Federal income tax withheld $

3 - Social security wages (1) $ 5712

4 - Social security tax withheld $ 354

5 - Medicare wages and tips $ 5712

6 - Medicare tax withheld $ 83

Boxes 12 & 13

This section reports certain retirement contributions, deferrals, nontaxable pay, and more. Enter any box 12 codes and respective amounts.

12a (2) II

Amount $ 5712

Boxes 14 and 14b

Enter any box 14a codes and amounts. if your code is not listed, select Other. if no code is listed, you can leave this section blank.

14a - Other Select

Medicaid Waiver Payment $ (3)

☑ (4) Select if you want to include your Medicaid waiver payments in the calculation of earned income. This election will apply to all of your Medicaid waiver payments

Example 4 – MWP in Box 3, No Code II or Box 1

In Example 4's snippet of a W-2 shown here:

- **The Medicaid Waiver Payment (MWP) is reported in box 3 (confirmed with the taxpayer).**
- **Box 1 (wages) is blank or zero.**
- **Box 12, code II was not reported.**

Form **W-2** Wage and Tax Statement 20XX

1 Wages, tips, other compensation	2 Federal income tax withheld
3 Social security wages **5712**	4 Social security tax withheld **354**
5 Medicare wages and tips **5712**	6 Medicare tax withheld **83**
7 Social security tips	8 Allocated tips
9	10 Dependent care benefits
11 Nonqualified plans	12a See instructions for box 12 Code
13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b Code
14a Other	12c Code
	12d Code
14b Treasury Tipped Occupation Code(s)	

Entering Example 4's Form W-2 in TaxSlayer

The following is specific to this example. For general guidance, see page D-12.

1. Boxes 2-6 are entered per what's on this Form W-2. The MWP in box 3 is also entered in box 1 to report it on Form 1040, line 1a.
2. This W-2 had no box 12 entries, so no box 12 entries are made in this example.

   ⚠ When the MWP is entered in box 1 (as in this example), do not also enter it with a box 12, code II.
3. Enter the MWP amount here also to exclude this amount from AGI via Schedule 1, line 8s.
4. After completing all other parts of the return, use this checkbox to test if including MWPs in earned income is advantageous for the taxpayer.

1 - Wages, tips, other compensations
$ 5712

2 - Federal income tax withheld
$

3 - Social security wages (1)
$ 5712

4 - Social security tax withheld
$ 354

5 - Medicare wages and tips
$ 5712

6 - Medicare tax withheld
$ 83

Boxes 12 & 13

This section reports certain retirement contributions, deferrals, nontaxable pay, and more. Enter any box 12 codes and respective amounts.

12a (2)
Select

Boxes 14 and 14b

Enter any box 14a codes and amounts. if your code is not listed, select Other. if no code is listed, you can leave this section blank.

14a - Other
Select

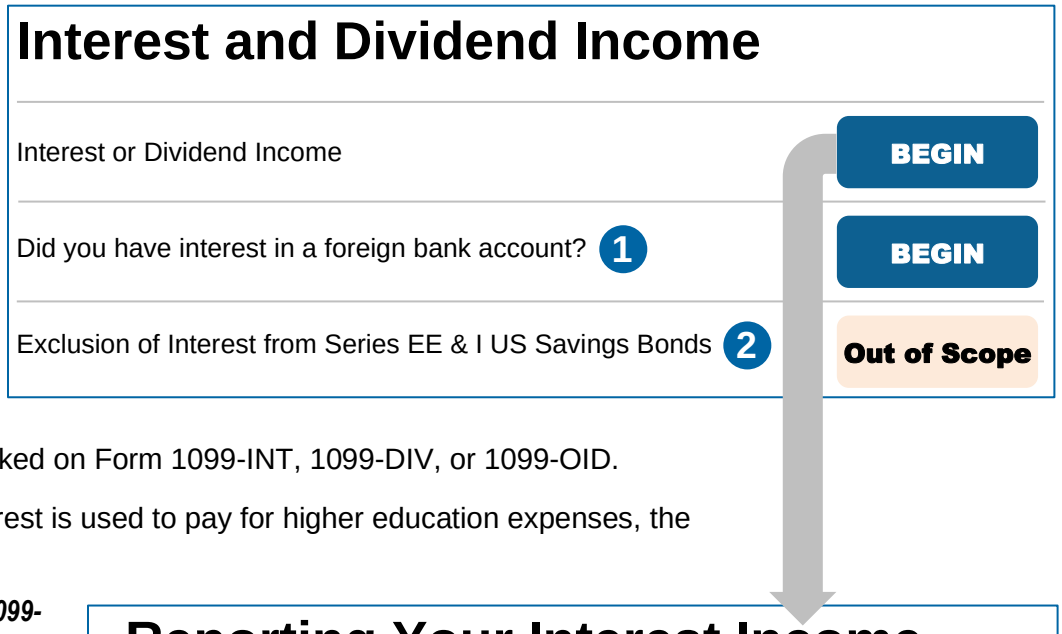
Medicaid Waiver Payment
$ 5712 (3)

☑ (4) Select if you want to include your Medicaid waiver payments in the calculation of earned income. This election will apply to all of your Medicaid waiver payments

Schedule B – Forms 1099-INT, DIV, OID

Income>Schedule B - Forms 1099-INT, DIV, OID

1. The return is out of scope if either:
   - The aggregate value of foreign financial accounts exceeds $10,000 at any time during the year, which requires the FBAR (FinCEN Report 114) to be filed.
   - The ***FATCA filing requirement*** box is checked on Form 1099-INT, 1099-DIV, or 1099-OID.



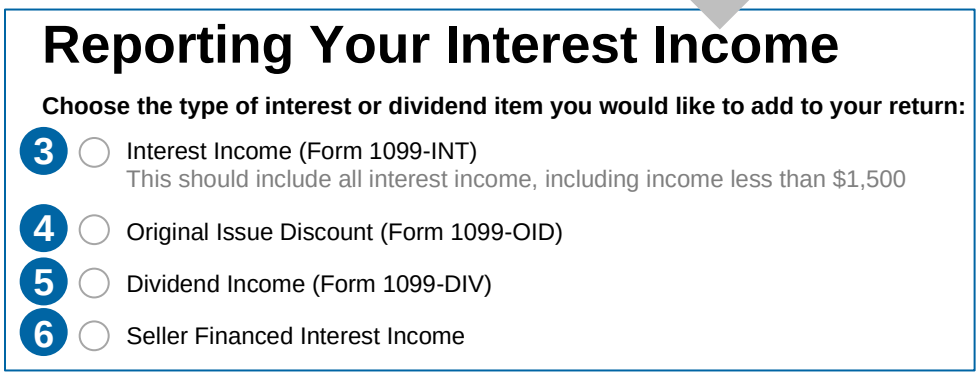
2. If U.S. Savings Bond interest is used to pay for higher education expenses, the return is out of scope.

3. For ***Interest Income (Form 1099-INT)***, see next page. Also use this option for interest income not reported on Form 1099-INT (other than #6 below).

4. For ***Original Issue Discount (Form 1099-OID)***, see page D-23.

5. For ***Dividend Income (Form 1099-DIV)***, see page D-21.

6. For Seller-Financed Mortgage Interest Income, see page D-24.



Ⓑ Interest Income (Form 1099-INT)

Income >Schedule B - Forms 1099-DIV, INT, OID>Interest or Dividend Income; or Keyword: INT

Enter each Form 1099-INT separately.

1. Enter the ***Payer's name***. Don't use punctuation.
2. Do not enter ***Payer's TIN*** and address unless required for state return (not required for federal returns).
3. Enter the taxable interest paid in box 1. This doesn't include interest shown in box 3.
4. The ***Early Withdrawal Penalty*** is carried as an adjustment to Schedule 1.
5. Enter any taxable amount from box 3 on the ***Interest on U.S. Savings Bonds and Treasury Obligations*** line.
6. IMPORTANT – Box 3 entries are transferred directly when a state return is added. If state tax law treats the interest differently, enter the amount of box 3 interest that is exempt from state tax and select the state from the ***Please select your state*** dropdown that appears (not shown). Generally, interest on U.S. government obligations (such as savings bonds, treasury bonds/bills/notes) is taxable on the federal return but isn't taxable on the state return.
7. A warning may appear if tax withheld is more than 40% of box 1. If your entries are correct, ignore the warning.
8. Enter ***Foreign tax paid*** from box 6 ***only*** if the taxpayer is eligible to make the ***Election to Claim the Foreign Tax Credit Without Filing Form 1116***. This entry flows to Schedule 3, line 1, Foreign tax credit.

   The taxpayer cannot make this election if the ***total of all foreign taxes paid*** exceeds $300 ($600 if filing jointly). In that case, Form 1116 is required to claim the foreign tax credit. Form 1116 is in scope only with International certification for taxpayers who live outside the U.S. See page G-7 for more details.

Taxpayers who received less than $10 in interest from one payer may not receive a Form 1099-INT. This income must still be reported. Use the Interest Income Screen as if entering Form 1099-INT information.

Interest Income (Form 1099-INT)

Type of transaction
Interest Income

Payer's name *
1

Payer TIN or EIN
__-_____ 2

Taxpayer, Spouse, or Joint *
Select

Interest Income (Box 1)
$ 3

Early Withdrawal Penalty (Box 2)
$ 4

Interest on U.S. Savings Bonds and Treasury Obligations (Box 3)
(Note: Enter taxable amount only)
$ 5

Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return
$ 6

Federal Tax Withheld (Box 4)
$ 7

Investment Expenses (Box 5)
$

Foreign Tax Paid (Box 6)
$ 8

Interest Income (Form 1099-INT) (cont'd)

9. Enter the amount of ***Tax-Exempt Interest*** from box 8 of Form 1099-INT. See #12 below.

Always enter tax-exempt interest or dividend income. This may affect the calculation Social Security (taxable amount), Premium Tax Credit, Earned Income Credit, etc.

10. The entry for ***Specified Private Activity Bond*** will automatically carry to Form 6251, *Alternative Minimum Tax*. Return is out of scope if AMT is actually generated (flows to Schedule 2, line 2).

11. If there is an amount in box 13, subtract it from box 8 and enter the result in box 8 (enter $0 in box 8 if box 13 exceeds it). Do not enter box 13.

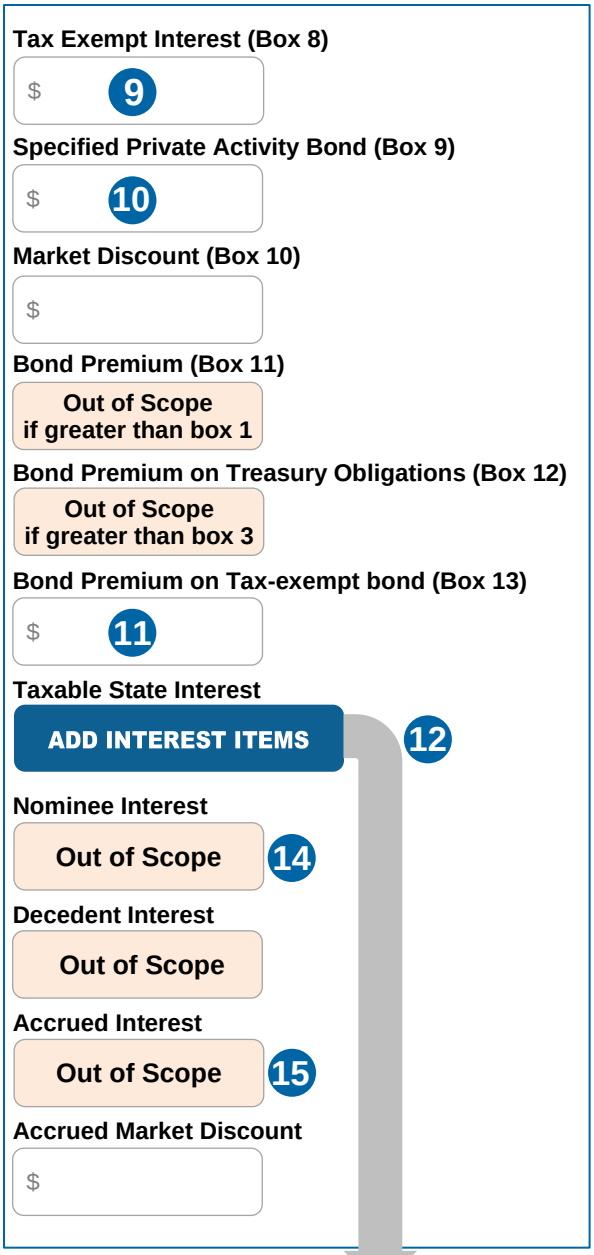
12. If any of the (federally) tax-exempt interest from box 8 isn't exempt from state taxes, select the ***Add/Edit Interest Items*** button to add a Taxable State Interest item...

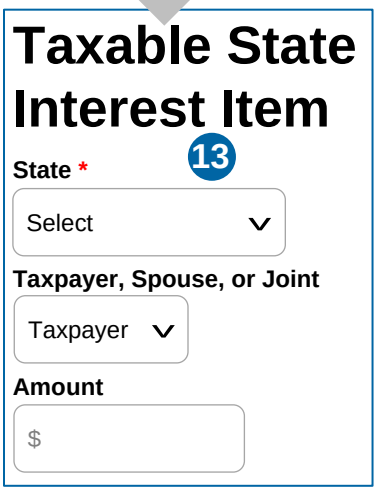
- Interest on in-state municipal bonds is generally not taxable on state returns.
- Interest on out-of-state municipal bonds is generally taxable on state returns.

13. Enter the state, owner, and amount of tax-exempt interest to add as taxable by the state and select ***Continue***.

14. Nominee interest (interest transferred to another person) is out of scope.

15. ***Accrued Interest*** (interest paid to seller at the time of purchase) is out of scope.





The return is out of scope if:

- there is a FATCA filing requirement (box is checked)
- alternative minimum tax (AMT) is actually generated on Form 6251 (flows to Schedule 2, line 2), which may occur with a large amount of dividends or interest
- Form 8960, *Net Investment Income Tax*, is generated (flows to Schedule 2, line 6). This occurs when AGI is over $200,000 (single or HOH), $250,000 (MFJ or QSS), or $125,000 (MFS) and there is taxable interest, dividends, capital gains, royalties, rent, or Form 1099-R box 7a code D annuities.
- any other reason outlined in the **Tax-Aide Scope Manual**.

Dividend Income (Form 1099-DIV)

Income >Schedule B - Forms 1099-DIV, INT, OID>Interest or Dividend Income; or Keyword: DIV

Basic Certification, except box 2b (Unrecap. Sec. 1250 gain) requires Advanced Certification.

Enter each Form 1099-DIV separately. When reviewing consolidated brokerage statements be sure to add all applicable dividend fields.

1. Enter the ***Payer's name***. Don't use punctuation.
2. Do not enter ***Payer's TIN*** and address unless required for state return (not required for federal returns).
3. In the capital gain line, enter box 2a ***Total capital gain distributions***, which are from a regulated investment company (mutual fund) or real estate investment trust. This entry flows to Schedule D or directly to Form 1040 if Schedule D is not required.
4. ***Nondividend Distributions*** are a return of basis, not taxed until all cost is recovered. The taxpayer must reduce their cost by these distributions at the time of sale. Once all costs are recovered, report as capital gain.

A dividend reinvestment plan (DRP) is when the cash dividend is automatically used to buy more shares. The dividend is income and included on Form 1099-DIV. The payer/broker will keep track of the new purchase.

The return is out of scope if:

- there is a FATCA filing requirement (box is checked)
- alternative minimum tax (AMT) is actually generated on Form 6251 (flows to Schedule 2, line 2), which may occur with a large amount of dividends or interest
- Form 8960, *Net Investment Income Tax*, is generated (flows to Schedule 2, line 6). This occurs when AGI is over $200,000 (single or HOH), $250,000 (MFJ or QSS), or $125,000 (MFS) and there is taxable interest, dividends, capital gains, royalties, rent, or Form 1099-R box 7a code D annuities.
- any other reason outlined in the **Tax-Aide Scope Manual**.

1099-DIV boxes 2e (***Section 897 ordinary dividends***) and 2f (***Section 897 capital gain***) are out of scope if the recipient was a nonresident alien (in scope and disregarded for all others).

Dividend Income (Form 1099-DIV)

Type of transaction
Dividend Income

Payer's name *

1

Payer TIN or EIN

__-_____ 2

Taxpayer, Spouse, or Joint *

Select

Ordinary Dividends (Box 1a)

$

Qualified Dividends (amount of ordinary dividends that are considered qualified) (Box 1b)

$

Capital Gain to Schedule D (Box 2a)

$ 3

Unrecaptured Section 1250 Gain (Box 2b)

Advanced Certification Required

Section 1202 Gain (Box 2c)

Out of Scope

Collectibles (28%) Gain (Box 2d)

Out of Scope

Nondividend Distributions (Box 3)

$ 4

Federal Income tax Withheld (Box 4)

$

Dividend Income (Form 1099-DIV) (cont'd)

5. Box 5 amount is carried to Form 8995, *Qualified Business Income Deduction Simplified Computation*. No additional entry needed.

6. Enter ***Foreign Tax Paid*** from box 7 ***only*** if the taxpayer is eligible to make the ***Election to Claim the Foreign Tax Credit Without Filing Form 1116***. This entry flows to Schedule 3, line 1, Foreign tax credit.

   The taxpayer cannot make this election if the ***total of all foreign taxes paid*** exceeds $300 ($600 if filing jointly). In that case, Form 1116 is required to claim the foreign tax credit. Form 1116 is in scope only with International certification for taxpayers who live outside the U.S. See page G-7 for more details.

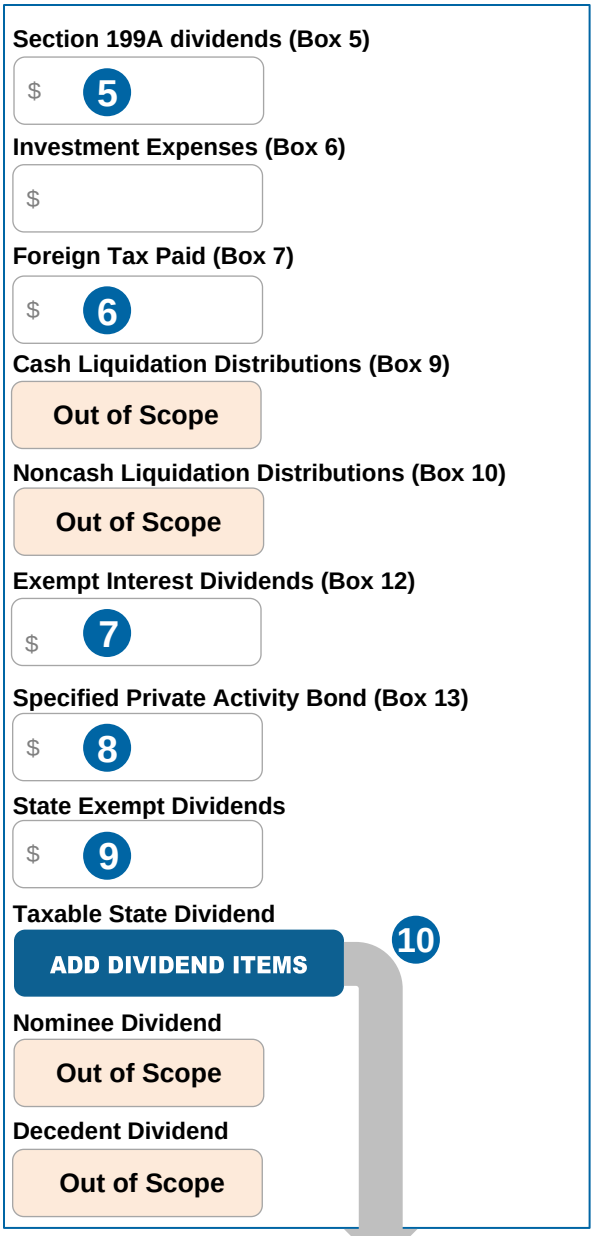
7. Enter the amount of ***Exempt Interest Dividends*** from box 12. See #10 below.

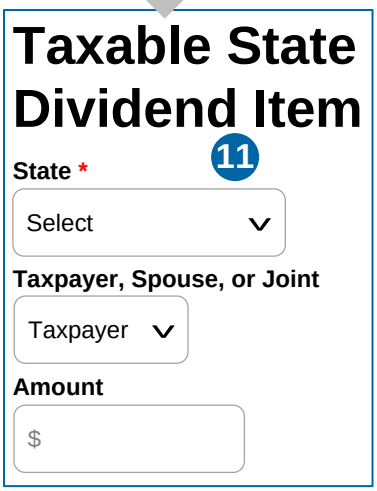
8. ***Specified Private Activity Bond*** will automatically carry to Form 6251, Alternative Minimum Tax (AMT). Return is out of scope if AMT is actually generated (flows to Schedule 2, line 2).

9. On the ***State Exempt Dividends*** line, enter dividends from federal bond funds which are fully taxable on the federal return but tax-exempt on the state return. Select the state from the ***Please select your state*** dropdown that appears (not shown).

10. If any of the ***Exempt interest dividends*** from box 12 aren't exempt from state taxes, select the ***Add/Edit Dividend Items*** button to add a ***Taxable State Dividend item***. See state rules.

11. Enter the state, owner, and amount of exempt-interest dividends to add as taxable by the state and select ***Continue***.





Original Issue Discount (Form 1099-OID)

Income>Schedule B - Forms 1099-INT, DIV, OID>Interest or Dividend Income; or Keyword: OID

Form 1099-OID interest is treated like other interest, but is entered on its own screen. Enter each Form 1099-OID separately.

1. Enter the ***Payer's name***. Don't use punctuation.
2. Do not enter ***Payer's TIN*** and address unless required for state return (not required for federal returns).
3. The ***Early Withdrawal Penalty*** is carried as an adjustment to Schedule 1.
4. Enter any box 8 ***OID on U.S. Treasury obligations***.
5. IMPORTANT – Box 8 entries are transferred directly when a state return is added. If state tax law treats the interest differently, enter the amount of box 8 interest that is exempt from state tax and select the state from the ***Please select your state*** dropdown that appears (not shown). Generally, interest on U.S. government obligations (such as savings bonds, treasury bonds/bills/notes) is taxable on the federal return but isn't taxable on the state return.
6. If any of the (federally) tax-exempt OID from box 11 isn't exempt from state taxes, select the ***Add/Edit OID Items*** button to add a Taxable State OID item...
   - OID on in-state municipal bonds is generally not taxable on state returns.
   - OID on out-of-state municipal bonds is generally taxable on state returns.

The return is out of scope if:

- there is a FATCA filing requirement (box is checked)
- alternative minimum tax (AMT) is actually generated on Form 6251 (flows to Schedule 2, line 2), which may occur with a large amount of dividends or interest
- adjustment to Form 1099-OID is needed, no form was received, or there is an entry in box 6
- Form 8960, *Net Investment Income Tax*, is generated (flows to Schedule 2, line 6). This occurs when AGI is over $200,000 (single or HOH), $250,000 (MFJ or QSS), or $125,000 (MFS) and there is taxable interest, dividends, capital gains, royalties, rent, or Form 1099-R box 7a code D annuities.

OID Interest Income

Type of transaction
OID Interest Income

Payer's name *
1

Payer TIN or EIN
__-_____ 2

Original Issue Discount (Box 1)
$

Other Periodic Interest (Box 2)
$

Early Withdrawal Penalty (Box 3)
$ 3

Federal Tax Withheld (Box 4)
$

Market Discount (Box 5)
$

Acquisition Premium (Box 6)
Out of Scope

OID on Treasury Obligations (Box 8)
$ 4

Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return
$ 5

Investment Expenses (Box 9)
$

Bond Premium (Box 10)
$

Tax-Exempt OID (Box 11)
$

Taxable State OID
ADD OID ITEMS 6

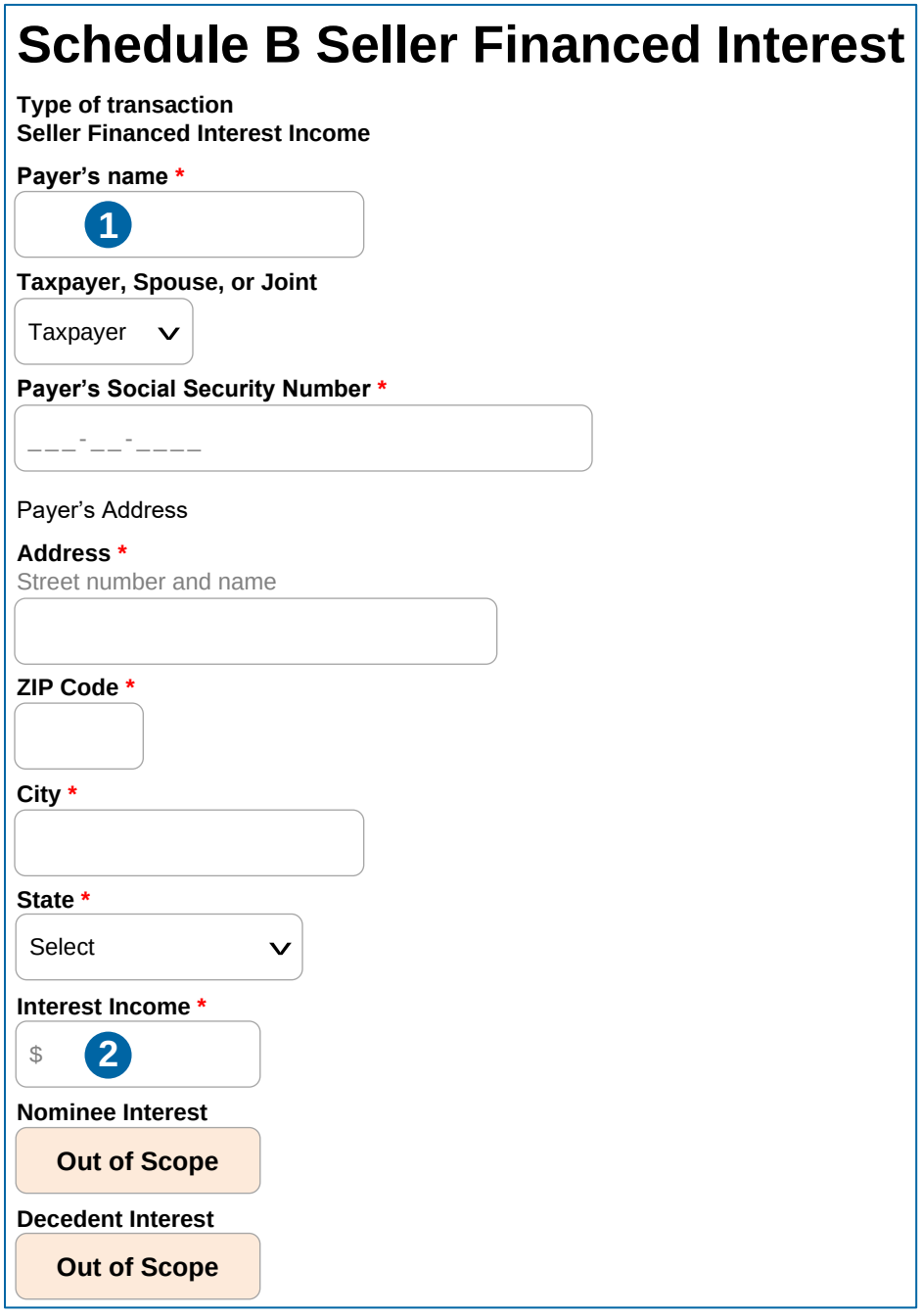
Ⓑ Seller-Financed Mortgage Interest

Income >Schedule B - Forms 1099-DIV, INT, OID>Interest or Dividend Income>Seller Financed Interest Income

The return is out of scope if the taxpayer (the seller) is reporting their gain on the sale under the installment method (Form 6252).

Use this screen to report any interest the buyer paid to the taxpayer (the seller) on a seller-financed mortgage. See *Seller-financed mortgages* in the **Instructions for Schedule B** for more details.

1. The payer's (buyer's) name, address, and SSN/ITIN are required to e-file. The taxpayer may have to pay a $50 penalty if omitted.
2. Enter the amount of interest the buyer paid to the taxpayer.



State and Local Refund Worksheet

Income>Form 1099-G Box 2

The return is out of scope if Form 1099-G box 3 is other than 2025, unless the refund is either wholly taxable or wholly nontaxable.

The taxpayer's state and local refund is wholly nontaxable if either a or b below apply. In this case the State and Local Refund Worksheet does not need to be completed.

a. The taxpayer didn't itemize deductions or they deducted state and local general sales taxes instead of state and local income taxes in the tax year indicated by box 3, or

b. The total of all refunds for that tax year is less than the state and local taxes (SALT) not deducted due to the SALT limit for that year.

If neither a or b apply, you must determine the portion of the refund that is taxable, if any. The TaxSlayer worksheet shown below can be used to calculate and include the taxable amount only if box 3 is for the immediately preceding tax year (2025) and none of the following apply. Otherwise, use the **Taxable Refund and Recovery Calculator** in the **Colorado Resource Toolbox** to determine the taxable amount to enter in #1 below.

- the 2025 federal return showed zero taxable income or had unused nonrefundable credits, or
- the taxpayer made their last payment of 2025 estimated state taxes in 2026, or
- the taxpayer had recoveries in 2026 of other deductions made in a prior year, e.g., reimbursement for a medical deduction, refund of property taxes, etc., or
- the taxpayer could be claimed as a dependent by someone else in 2025.

Any interest received on a state or local refund should be entered on the 1099-INT screen, even if it was not reported (see Interest Income (Form 1099-INT) on page D-19).

State & Local Refund Worksheet

Bypass State Refund Worksheet

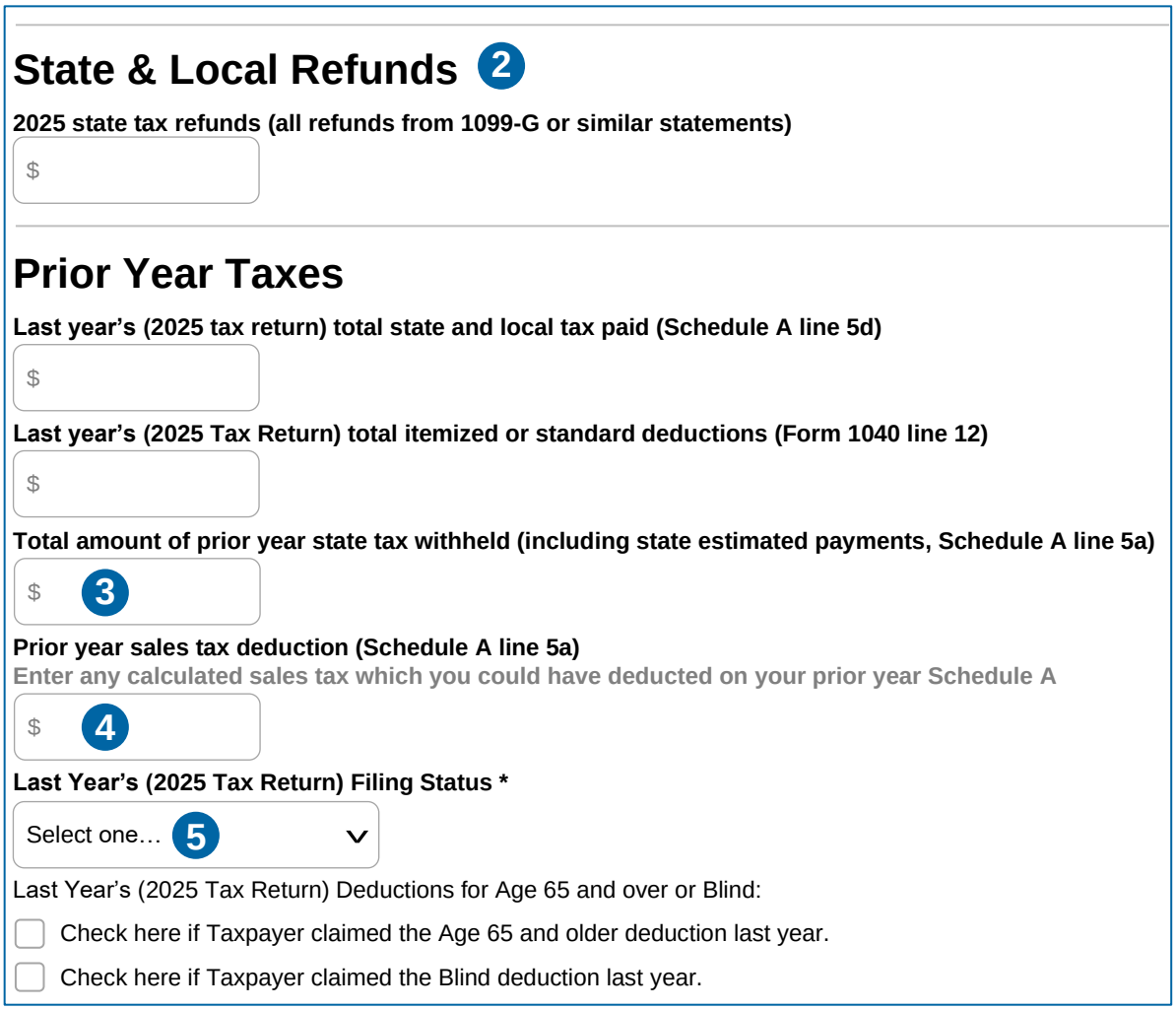
Enter an amount here to bypass worksheet and enter the full amount as taxable on Form 1040

$ 1

1. Any amount entered here will flow as a taxable state/local refund to Schedule 1, line 1.

State and Local Refund Worksheet (cont'd)

The worksheet shown below can only be used if Form 1099-G box 3 is 2025. Otherwise, see the tip on the prior page regarding the use of the **Taxable Refund and Recovery Calculator**.



State & Local Refunds 2

2025 state tax refunds (all refunds from 1099-G or similar statements)

$

Prior Year Taxes

Last year's (2025 tax return) total state and local tax paid (Schedule A line 5d)

$

Last year's (2025 Tax Return) total itemized or standard deductions (Form 1040 line 12)

$

Total amount of prior year state tax withheld (including state estimated payments, Schedule A line 5a)

$ 3

Prior year sales tax deduction (Schedule A line 5a)

Enter any calculated sales tax which you could have deducted on your prior year Schedule A

$ 4

Last Year's (2025 Tax Return) Filing Status *

Select one… 5

Last Year's (2025 Tax Return) Deductions for Age 65 and over or Blind:

- ☐ Check here if Taxpayer claimed the Age 65 and older deduction last year.
- ☐ Check here if Taxpayer claimed the Blind deduction last year.

2. Use this worksheet to determine how much of the TY2025 state refund is taxable in TY2026, if any. Refer to the taxpayer's previous year return to enter all amounts in the spaces provided. The taxable portion will be included on the return as taxable income.
3. Include state tax withheld and state estimated payments made during 2025.
4. Enter any calculated sales tax you could have deducted on your prior year Schedule A. If the amount is not shown on that return's Schedule A, line 5a with the box checked, you can go to the **IRS Sales Tax Deduction Calculator** to determine the amount.
5. If last year's filing status was MFS, indicate if spouse itemized deductions.

Ⓐ Schedule C – Self-Employment Income

Income>Schedule C; or Keyword: SC or BUS

Income reported on a Form 1099-MISC, 1099-NEC, or 1099-K that is **not self-employment income** is not reported on Schedule C. See Form 1099-MISC, Form 1099-NEC, or Form 1099-K, later in this tab.

1. Enter self-employment income reported on a Form 1099-MISC in box 1 of the ***1099-NEC*** screen to flow it to Schedule C. ***1099-MISC*** screen entries do not flow to Schedule C (see page D-83).
2. See next page for self-employment income reported on Form ***1099-NEC***, *Nonemployee compensation*. You must connect the Form 1099-NEC to Schedule C after entering it.
3. Go to the ***Schedule C*** menu to make self-employment entries, including income and business expenses. See page D-32 for details.
4. Enter self-employment income reported on a ***Form 1099-K*** from the ***Schedule C*** menu. See page D-30 for Form 1099-K information.

Income

Form W-2 Wage and Tax Statement	BEGIN
Form 1099-G Box 2 State or local income tax refunds, credits, or offsets	BEGIN
Schedule B - Forms 1099-INT, DIV, OID Interest income, dividends, and distributions	BEGIN
Form 1099-R, RRB, SSA Distributions from pensions, annuities, retirement, IRAs, social security, etc.	BEGIN
Form 8915-F Qualified Disaster Retirement Plan Distributions and Repayments	BEGIN
Form 1099-G Box 1 Unemployment Compensation	BEGIN
1099-MISC 1 Miscellaneous income	BEGIN
1099-NEC 2 Nonemployee compensation	BEGIN
Schedule C 3 Profit or Loss from Business	BEGIN
Form 1099-K 4 Payment card and third party network transactions	BEGIN

A taxpayer who received less than $2,000 in income from one payer may not receive a Form 1099-NEC. Likewise, a Form 1099-K may not be received if the thresholds described on page D-30 are not met. This income must still be reported. See **Publication 334**, *Tax Guide for Small Business*, and **Publication 525**, *Taxable and Nontaxable Income*, for more information.

For taxpayers who have earnings as a notary, review the **Instructions for Schedule SE**, *Self-Employment Tax*, for reporting instructions. Report the notary income on a Schedule C in TaxSlayer, and then exclude the notary income from self-employment tax via the entry shown in #2 on page H-3.

Gig economy workers such as rideshare drivers and delivery drivers can find tax information specific to their work at the **IRS Gig Economy Tax Center (IRS.gov/sharing)**.

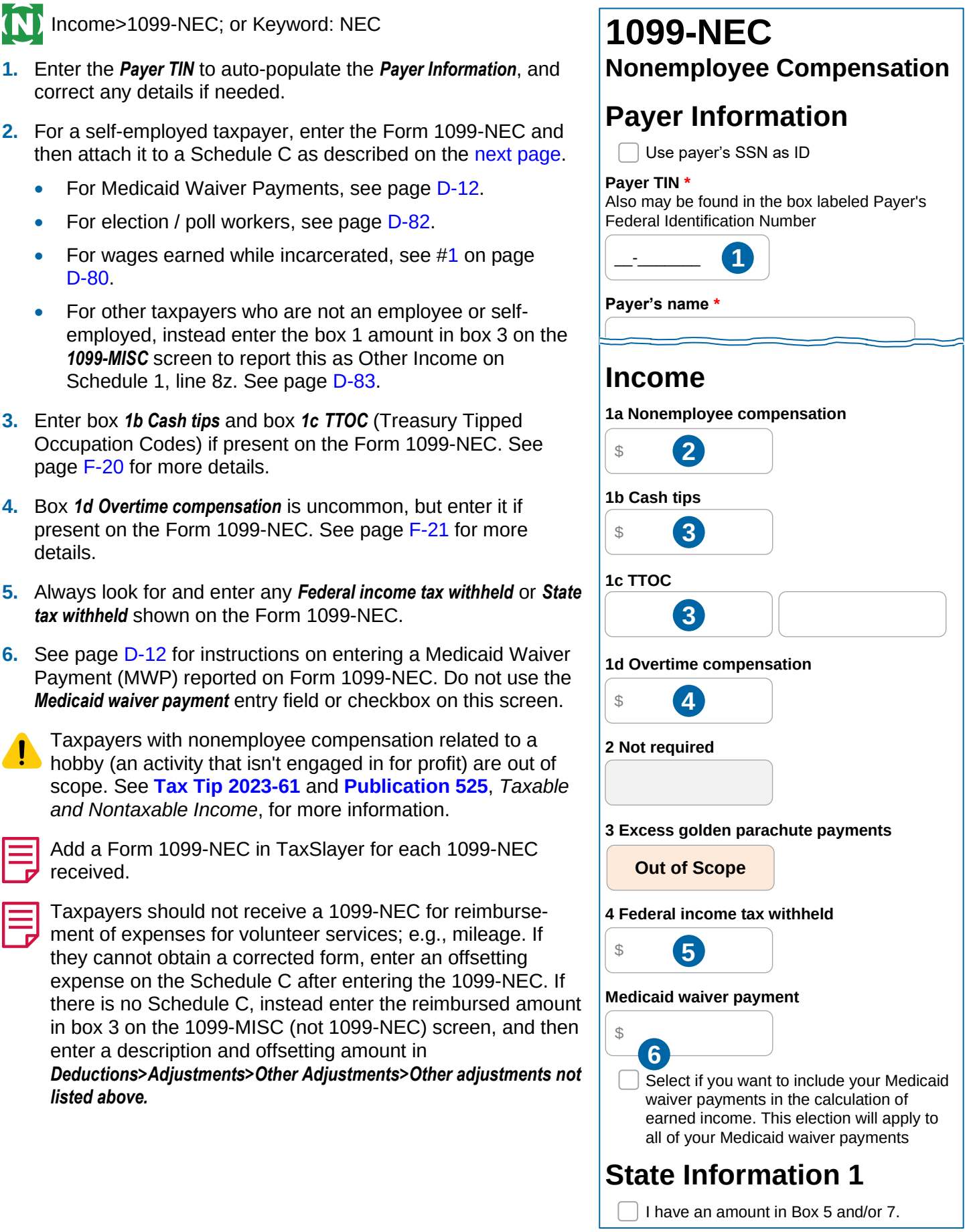
Income>1099-NEC; or Keyword: NEC

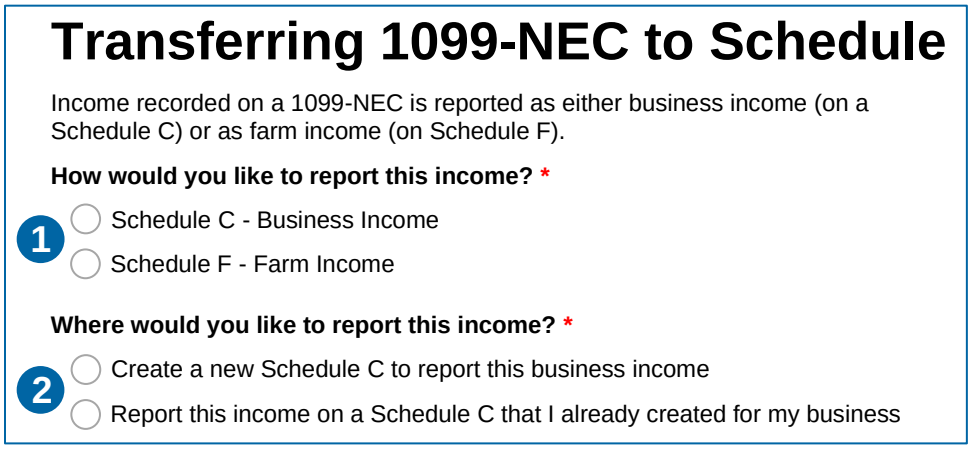
1. Enter the ***Payer TIN*** to auto-populate the ***Payer Information***, and correct any details if needed.
2. For a self-employed taxpayer, enter the Form 1099-NEC and then attach it to a Schedule C as described on the next page.
   - For Medicaid Waiver Payments, see page D-12.
   - For election / poll workers, see page D-82.
   - For wages earned while incarcerated, see #1 on page D-80.
   - For other taxpayers who are not an employee or self-employed, instead enter the box 1 amount in box 3 on the ***1099-MISC*** screen to report this as Other Income on Schedule 1, line 8z. See page D-83.
3. Enter box ***1b Cash tips*** and box ***1c TTOC*** (Treasury Tipped Occupation Codes) if present on the Form 1099-NEC. See page F-20 for more details.
4. Box ***1d Overtime compensation*** is uncommon, but enter it if present on the Form 1099-NEC. See page F-21 for more details.
5. Always look for and enter any ***Federal income tax withheld*** or ***State tax withheld*** shown on the Form 1099-NEC.
6. See page D-12 for instructions on entering a Medicaid Waiver Payment (MWP) reported on Form 1099-NEC. Do not use the ***Medicaid waiver payment*** entry field or checkbox on this screen.

Taxpayers with nonemployee compensation related to a hobby (an activity that isn't engaged in for profit) are out of scope. See **Tax Tip 2023-61** and **Publication 525**, *Taxable and Nontaxable Income*, for more information.

Add a Form 1099-NEC in TaxSlayer for each 1099-NEC received.

Taxpayers should not receive a 1099-NEC for reimbursement of expenses for volunteer services; e.g., mileage. If they cannot obtain a corrected form, enter an offsetting expense on the Schedule C after entering the 1099-NEC. If there is no Schedule C, instead enter the reimbursed amount in box 3 on the 1099-MISC (not 1099-NEC) screen, and then enter a description and offsetting amount in ***Deductions>Adjustments>Other Adjustments>Other adjustments not listed above.***





1. Select the ***Schedule C - Business Income*** radio button to flow the income from the 1099-NEC to a Schedule C. Schedule F is out of scope.
2. If no Schedule C exists, you will be taken to a screen to enter the basic information for a new Schedule C.

   If a Schedule C already exists, choose the applicable of the following options (see note below):

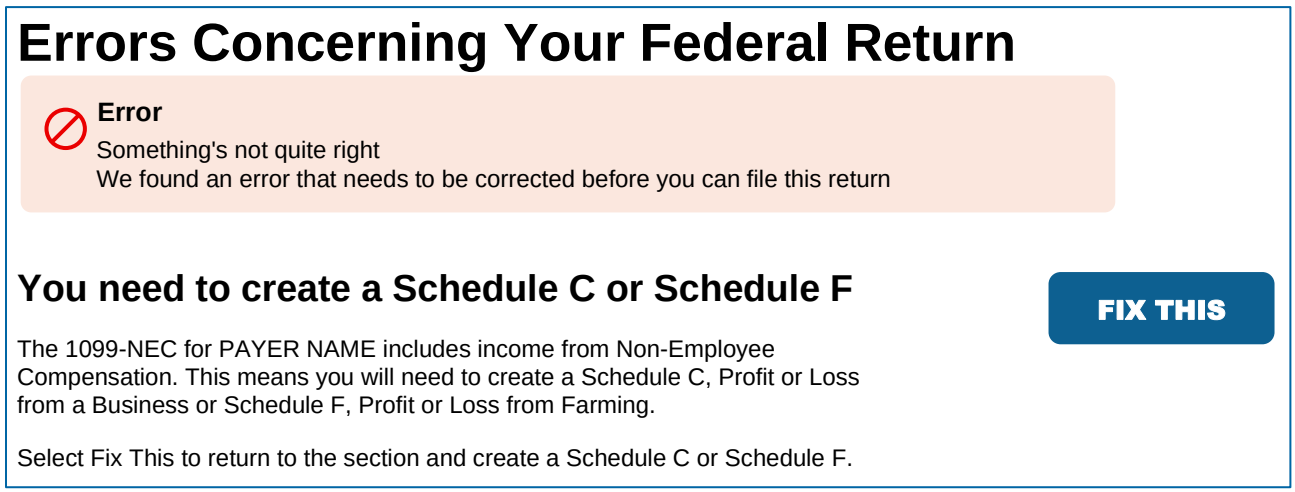
   - ***Create a new Schedule C to report this business income***
   - ***Report this income on a Schedule C that I already created for my business***—after clicking this, a dropdown will appear to select the applicable Schedule C.

If there is more than one Form 1099-NEC for the same business, ensure they are all linked to the same Schedule C.

If the taxpayer has more than one business, you must use a separate Schedule C for each.

TaxSlayer requires you to connect a Form 1099-NEC to a Schedule C. If the taxpayer is not self-employed, delete the 1099-NEC and instead enter the box 1 amount in box 3 on the 1099-MISC screen to report it as Other Income on Schedule 1, line 8z.

If you do not connect the 1099-NEC to a Schedule C, you will get an error message in the E-file section similar to the one shown below. Edit the 1099-NEC and connect it to the applicable Schedule C.



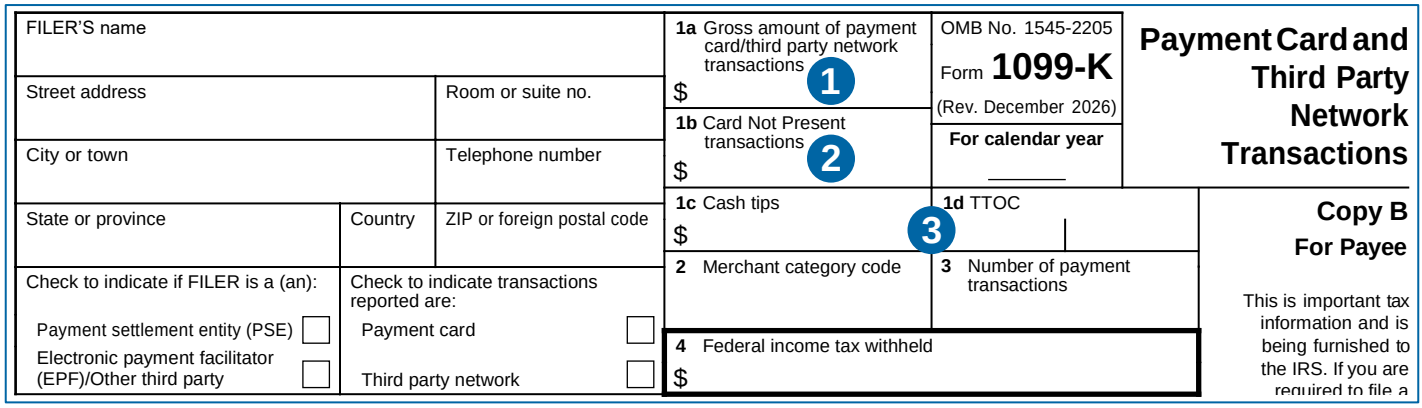
Form 1099-K

Basic Certification for amounts reported in error or for personal items sold at a loss (see next page). Advanced Certification is required for all other Form 1099-K reporting.

Form 1099-K, *Payment Card and Third-Party Network Transactions*, is issued if payments are received:

- From payment card transactions (e.g., debit, credit, or stored-value cards), or
- In settlement of third-party payment network transactions where gross payments exceeded $20,000 and there were more than 200 such transactions.

Taxable income reported on Form 1099-K is in scope if received for self-employment income (such as shared-economy driving). A Form 1099-K received for rental income is in scope for Military certification only. Forms 1099-K received for any other type of taxable income are out of scope.



FILER'S name			1a Gross amount of payment card/third party network transactions 1 $	OMB No. 1545-2205 Form 1099-K (Rev. December 2026) For calendar year _____
Street address		Room or suite no.	1b Card Not Present transactions 2 $	
City or town		Telephone number	1c Cash tips 3 $	1d TTOC
State or province	Country	ZIP or foreign postal code	2 Merchant category code	3 Number of payment transactions
Check to indicate if FILER is a (an): Payment settlement entity (PSE) ☐ Electronic payment facilitator (EPF)/Other third party ☐	Check to indicate transactions reported are: Payment card ☐ Third party network ☐		4 Federal income tax withheld $	

Payment Card and Third Party Network Transactions

Copy B For Payee

This is important tax information and is being furnished to the IRS. If you are required to file a

1. Combine box 1a amounts from all Form 1099-Ks received for any one business and enter at ***Income>Schedule C>Income***; see #2 on page D-35. Box 1a shows the aggregate ***Gross amount of payment card/third party network transactions*** made to you through the Payment Settlement Entity (PSE) in 2026.
2. Disregard box 1b, ***Card Not Present transactions***. This amount is already included in box 1a.
3. Use boxes 1c and 1d for the qualified tips deduction if the taxpayer qualifies. The amount in box 1c, ***Cash tips***, is already included in box 1a. Box 1d, ***TTOC***, reports up to two Treasury Tipped Occupation Codes. If occupation code 000 is used, **and no other code is included in box 1d**, the cash tips reported in box 1c are not qualified tips and cannot be used for the qualified tips deduction. See page F-20 for details.

Taxpayers may receive a Form 1099-K representing the total dollar amount of total reportable payment transactions. This may not be the amount you should report as income, as it may not include all the receipts and it may include items that are not included in receipts (such as sales tax). You should consider the amounts shown on Form 1099-K, along with all other amounts received, when calculating gross receipts for the taxpayer's income tax return.

Taxpayers who receive a Form 1099-K that does not belong to them should contact the PSE. If there is an error on the form, request a corrected Form 1099-K from the PSE. Taxpayers should keep a copy of any corrected Form 1099-K with their records as well as any correspondence with the PSE.

If taxpayers shared a credit card terminal with another person or business, the Form 1099-K they receive will include payment card transactions belonging to the person or business that shared the terminal, in addition to their own payments. Where required, the taxpayer should file and furnish the appropriate information return (e.g., Form 1099-K or Form 1099-MISC) for each person or business with whom they shared a card terminal. In this case, the return is out of scope.

Form 1099-K: Frequently Asked Questions

Form 1099-K FAQs (IRS.gov/newsroom/form-1099-k-faqs)

Understanding Your Form 1099-K (IRS.gov/1099k)

Gig Economy Tax Center (IRS.gov/sharing)

Sale of personal items:

- A **gain** on the sale of a personal item is out of scope (taxable as a capital gain).
- A **loss** on the sale of a personal item is not deductible (see #1 below if you receive a Form 1099-K for this).

When computing the gain or loss on the sale of a personal item, add any fees paid on the sale to the cost basis of the property sold; e.g., selling fees, payment processing fees, etc.

Personal (non-business) reimbursements and gifts are not taxable income.

See #1 below if you receive a Form 1099-K for a personal (non-business) reimbursement or gift.

Ⓑ Form 1099-K: Amounts Reported in Error or for Personal Items Sold at a Loss

Income>Form 1099-K

Form 1099-K

In order to properly report your 1099 K you will be directed to create a Schedule C on the next page. Please input your income from 1099 K on the first line of the income section inside the Schedule C.

Note: To report rental income received on your 1099 K, report this income on a Schedule E by clicking Cancel below then Rents and Royalties - Schedule E.

For 2026, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss
Please note, this amount does not carry to or subtract from any form such as your Schedule C.

$ 1

The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k

1. Enter the amount reported on Form(s) 1099-K that was included in error or for personal items sold at a loss. This will be carried to the unnumbered entry space at the top of Schedule 1. After selecting Continue, TaxSlayer will jump to Schedule C. If all payments have been accounted for and Schedule C is not required, you can select Cancel.

Schedule C – Menu

Income>Schedule C; or Keyword SC or BUS

Businesses with inventory, employees, contract labor, depreciation, individual asset purchases exceeding $2,500, business use of the home, expenses over $50,000 or a net loss are out of scope.

Taxpayers may benefit from completing the NTTC **Self-Employed (Sch C) Worksheet**.

1. Complete ***Basic Information About your Business*** and ***Questions About the Operation of Your Business*** for every Schedule C. See pages D-33 and D-34.
2. Select ***Income*** to enter any income for the business that was not reported on Form 1099-NEC, such as cash or credit card income, or income from a Form 1099-K. See page D-35.
3. Most business expenses are entered in the General Expenses section. See page D-36.
4. See Schedule C – Car and Truck Expenses on page D-38.
5. Select ***Other Expenses*** to enter any expenses not listed under General Expenses; e.g., business education expenses, vehicle expenses not included in standard mileage rate, etc.
6. ***Qualified Business Income Deduction*** – See page F-18. If necessary QBI can be adjusted with a positive or negative amount entered in the ***Qualified Business Income Adjustment Amount*** field.

Income from the manufacture, distribution, or trafficking of controlled substances (such as marijuana) is out of scope.

Schedule C

Basic Information About Your Business	BEGIN
Questions About the Operation of Your Business 1	BEGIN
Income 2	BEGIN
Cost of Goods Sold	Out of Scope
General Expenses 3	BEGIN
Energy Efficient Commercial Buildings Deduction,	Out of Scope
Car And Truck Expenses 4	BEGIN
Depreciation	Out of Scope
Other Expenses 5	BEGIN
Qualified Business Income Deduction 6	BEGIN
Expenses for Business Use of Your Home	Out of Scope
Restart Schedule C Guide	BEGIN

Taxpayers may elect to apply a de minimis safe harbor to amounts up to $2,500 per invoice or item paid to acquire, produce, or repair tangible property used in the taxpayer's trade or business. To generate the required statement, navigate to ***Miscellaneous Forms>Explanations> Election Explanations*** and select ***De minimis safe harbor election*** from the dropdown. For more details, see **Publication 334**, *Tax Guide for Small Business*.

Ⓐ Schedule C – Basic Information About Your Business

Income>Schedule C>Basic Information About Your Business; or Keyword SC or BUS

1. Leave ***Business Name*** blank in most cases, where there is no separate business name and no EIN was issued for the business.

   A limited liability company (LLC), S Corp, or other type of legal entity has filing requirements that are out of scope as are tax returns for taxpayers with these entities.

2. Leave blank if the business address is the home address shown on page 1 of Form 1040. Otherwise, enter the street address of the business.

3. Enter the six-digit ***Business Code***. A categorized and searchable list of codes is available in TaxSlayer via the blue link.

4. Describe the business or professional activity that provided the principal source of income reported. Give the general field or activity and the type of product or service.

Schedule C

Whose form is this? *

- ◯ Taxpayer
- ◯ Spouse

Name and Address

Business Name
Leave blank if no separate business name.
1

Employer ID
Leave this field blank if you're using an SSN as your EIN.
__-_____ 1

Address
Street number and name 2

ZIP code

City

State
Select

Business Type

Business Code
Click here for a list of Business Codes
3

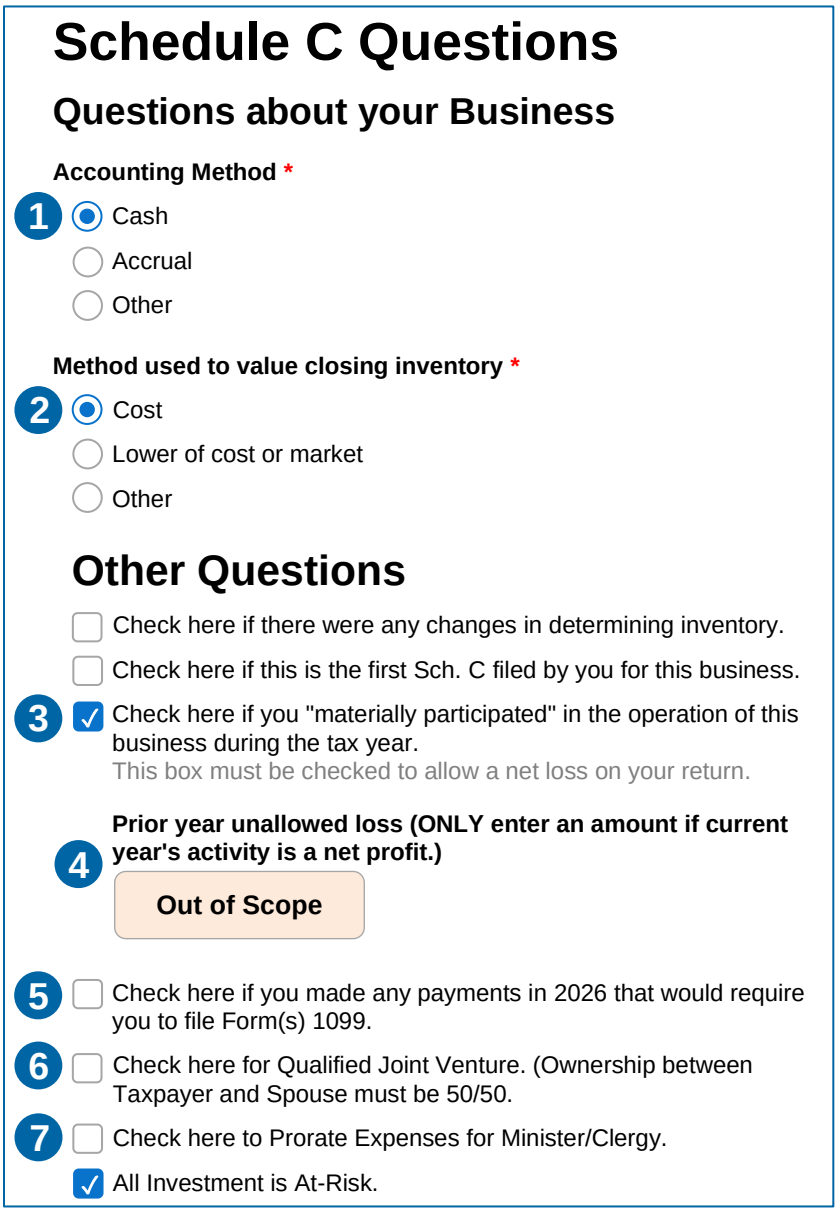
Description of Business *
4

Ⓐ Schedule C – Questions About Your Business

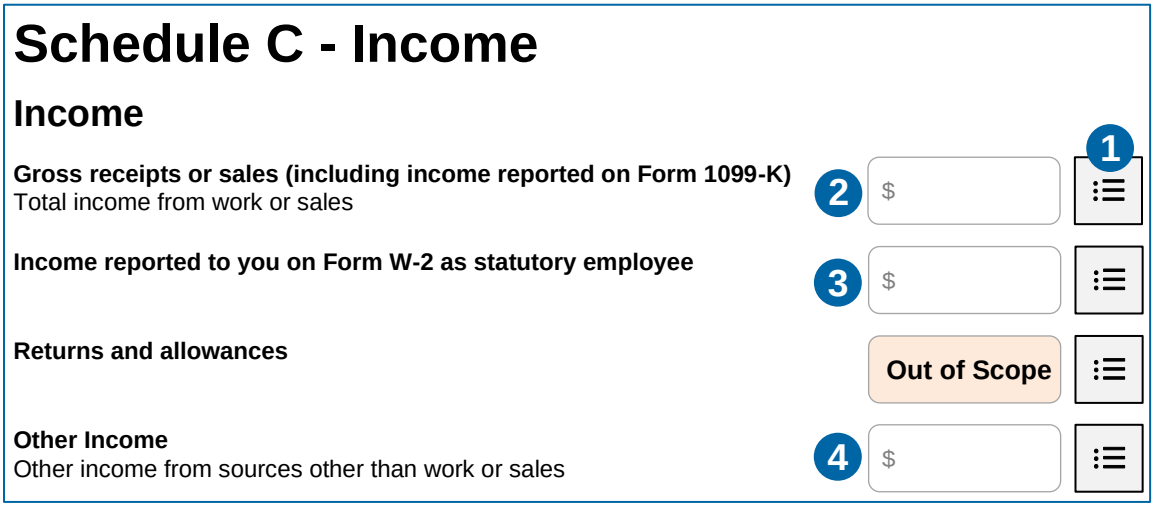
Income>Schedule C>Questions About the Operation of Your Business; or Keyword SC or BUS

1. To be in scope, the Accounting Method must be the Cash Method.
2. Even if there is no inventory, leave the default inventory valuation method as is (Cost). Inventory (Cost of Goods Sold) is out of scope.
3. In most cases, the taxpayers do materially participate in the business. This means that the taxpayer ran the business and did the work.

   The return is out of scope if the taxpayer did not materially participate in the business.
4. Taxpayers with a business loss carried over from another tax year are out of scope.
5. Taxpayers who are required to file a Form 1099 are out of scope.
6. If the taxpayer and spouse own the business 50/50 and are filing jointly, enter all the information on a single Schedule C and check the box for ***Qualified Joint Venture***. TaxSlayer will split the Schedule C between the two spouses. However, if they are not filing jointly or their ownership is not 50/50, a separate Schedule C must be prepared for each with the income and expenses pro-rated based on their respective ownership.
7. Tax returns for ministers and members of the clergy are out of scope because of unique tax issues.



Income>Schedule C>Income; or Keyword SC or BUS



1. When there are several sources of income, you can avoid math errors and simplify quality review by clicking the small gray Itemized Amounts icon to the right of the applicable income line. This lets you enter each item separately (e.g., multiple Forms 1099-K, cash, etc.)—TaxSlayer will calculate and carry the total.

2. Enter the ***Gross receipts or sales***, including cash income, credit card income, amounts reported on a Form 1099-K, etc. Amounts entered on Form 1099-NEC are already included—do not reenter them here. See page D-30 for more information on Form 1099-K.

3. If ***Statutory employee*** was checked in box 13 on a Form W-2, that income and associated expenses must be reported on Schedule C. First enter that W-2 in TaxSlayer, and then re-enter that statutory income here. Also enter related expenses on the Schedule C (see next page). This results in the income being reported on Schedule C instead of Form 1040, line 1a. This income will also automatically be excluded from Schedule SE since the employer was responsible for withholding and paying employment taxes.

   Do not mix statutory employee income with other income on the same Schedule C.

4. Do not enter cash, tips, or other gross receipts or sales here (use #2 above). ***Other Income*** is rarely applicable as it is only for sources of income other than work or sales; e.g., prizes and awards related to the business. This will be added to the gross profit to calculate the gross income on the Schedule C.

Schedule C – General Expenses

Income>Schedule C>General Expenses; or Keyword SC or BUS

To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your industry. A necessary expense is one that is helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary. See **Publication 334**, *Tax Guide for Small Business*, for more details, including applicable limits and limitations.

Taxpayers can deduct the cost of their own education expenses (including certain related travel) related to the trade or business. They must be able to show the education maintains or improves skills required in their trade or business, or that it is required by law or regulations for keeping their license to practice, status, or job.

1. To enter multiple items for an expense category, click the small gray Itemized Amounts icon to the right of the line. The software will calculate and carry the total.

2. Separately enter allowable ***Health Insurance*** and ***Long-Term Care Insurance*** premiums for the Self-Employed Health Insurance (SEHI) Deduction. Amounts in excess of the SEHI Deduction limit automatically carry to Schedule A. See page E-9 for scope limitations and additional details.

   TaxSlayer calculates the adjustment for SEHI on Form 7206, which flows to Schedule 1, line 17. It is not part of Schedule C.

   Limit LTC premiums based on the age of the insured person:

   - Age 40 or under: $500
   - Age 41 to 50: $930
   - Age 51 to 60: $1,860
   - Age 61 to 70: $4,960
   - Age 71 and over: $6,200

3. Vehicle rentals or leases for a term of 30 days or more are out of scope. If the taxpayer uses the standard mileage rate method for business miles of a leased vehicle, the return remains in scope.

Expenses for business use of the home are out of scope and not entered on this screen.

Schedule C - Expenses

Advertising	1	$
Contract Labor		Out of Scope
Commission and fees		$
Depletion		Out of Scope
Employee benefit programs		Out of Scope
Health Insurance (will carry automatically to worksheet)	2	$
Insurance (other than health)		$
Long-Term Care Insurance to be carried to adjustment (will carry automatically to worksheet)	2	$
Mortgage interest		Out of Scope
Other interest		$
Legal and professional services		$
Office expense		$
Pension and profit sharing		Out of Scope
Rent or lease of equipment	3	$
Rent or lease of property		$

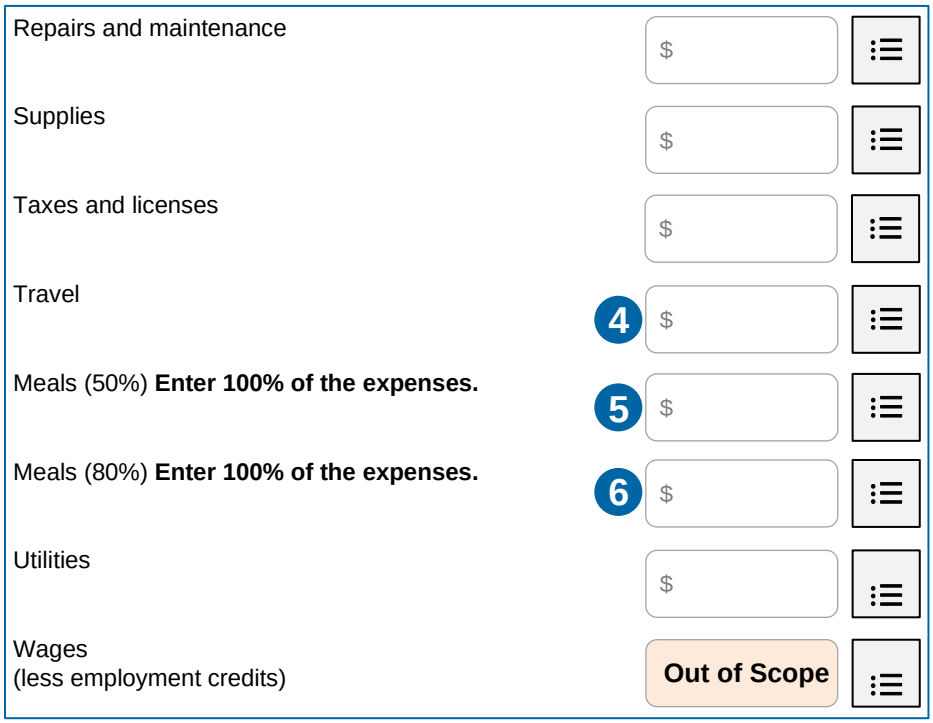
Schedule C – General Expenses (cont'd)

Car and truck expenses are entered on the screen shown on the next page, not on this screen.

4. Enter expenses for lodging and transportation connected with overnight travel for business while away from your tax home. For details, see **IRS Topic 511**, *Business Travel Expenses*, and **Publication 463**, *Travel, Gift, and Car Expenses*, *1. Travel*.

5. Enter 100% of the expenses of deductible business meals. TaxSlayer will apply the 50% limitation. For details, see **Publication 463**, *Travel, Gift, and Car Expenses*, *2. Meals and Entertainment*.

6. Most taxpayers are ineligible for the 80% limit, which is only available to individuals subject to the Department of Transportation's "hours of service" limits. See *Individuals subject to "hours of service" limits* in **Publication 463**.



All allowable and documented expenses must be reported on Schedule C. If any deductible expenses are out of scope, the entire return is out of scope and the taxpayer should be referred to a professional preparer. There is no option to disregard allowable expenses.

See the NTTC's **Understanding Uber's Tax Summary** for an explanation of how Uber reports certain deductible expenses to drivers in their tax summary.

The following expenses are out of scope: Contract Labor, Depletion, Employee benefit program, Mortgage interest, Pension and profit sharing, and Wages. Health Insurance is in scope for Self-Employed Health Insurance deduction only.

Expenses that aren't deductible include bribes and kickbacks; charitable and political contributions; demolition expenses or losses; and dues paid to business, social, athletic, luncheon, sporting, airline, and hotel clubs. For details and exceptions, see Tax-Aide's **NTTC 4491**, *Income - Business* lesson, *Expenses that are not deductible*.

Schedule C – Car and Truck Expenses

Income>Schedule C>Car and Truck Expenses; or Keyword: SC or BUS

Refer to **Publication 463**, *Travel, Gift, and Car Expenses*, for help determining deductible business mileage and nondeductible commuting mileage.

1. Actual expense deductions are out of scope; e.g., gas, repairs, depreciation, etc. See notes on next page.
2. Enter a brief ***Description of vehicle*** (car, van, pickup or truck); for example, *2018 Ford*.
3. Separately enter ***Business miles*** driven Jan 1–June 30 and July 1–Dec 31 (see next page for rates). These are miles driven for a business purpose, excluding commuting miles.

   For-hire drivers who have mileage in between customer pick-ups can claim the mileage as a business expense.
4. ***Commuting miles***: Miles driven each day from home to the first business location and driven from the last business location back home.
5. ***Other***: Miles driven for personal purposes.

   The total of Business, Commuting and Other miles should add up to the total miles on the vehicle for the year.
6. Check all that apply.

SCHEDULE C

Car & Truck Expenses

Please Note 1

Actual car or truck expenses must be entered in the depreciation menu for this business. You cannot claim both actual expenses and mileage for the same vehicle.

Description of vehicle *

2

Date you placed your vehicle in service for business purposes *

MM/DD/YYYY

Mileage

Of the total number of miles you drove your vehicle during the tax year, enter the number of miles you used your vehicle for each of the following:

Business miles before 7/1 *

Business miles after 6/30 *

3

Commuting

4

Other

5

Vehicle Use

Check all that apply. 6

- ☐ Check if you have (or your spouse has) another vehicle available for personal use.
- ☐ Check if your vehicle was available for personal use during off-duty hours.
- ☐ Check if you have evidence to support your deduction.
  - ☐ If yes, check if the evidence is written.

Vehicle expenses not included in the standard mileage rate, such as parking and tolls, can be reported as an other expense. See #5 on page D-32.

Schedule C – Car and Truck Expenses (cont'd)

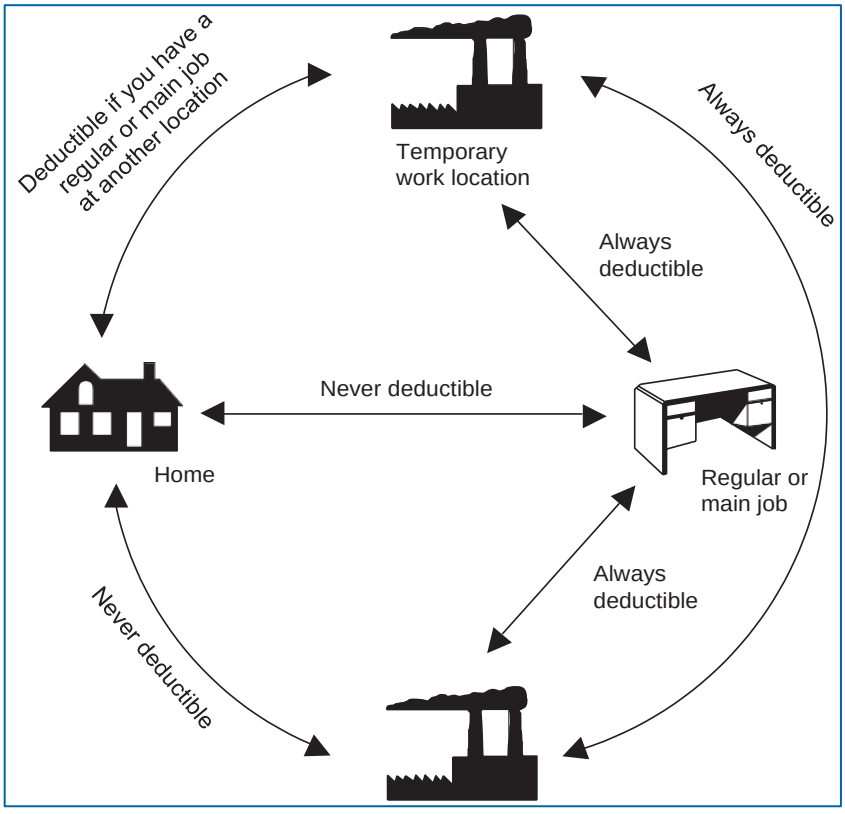
The car and truck expense deduction will automatically be calculated using the standard mileage rate, based on the number of business miles entered. For 2026, the rate is 72.5 cents per mile for travel from January 1 through June 30, and 76 cents per mile for travel from July 1 – December 31. Taxpayer should have a written record (log or appointment book). In addition, the taxpayer can deduct the cost of business parking and tolls and the business part of registration tax. Commuting and other personal automobile expenses such as parking tickets or traffic fines are not deductible.

The following expenses are included in the standard mileage rate and cannot be deducted when using this rate: depreciation, lease payments, maintenance and repairs, gasoline (including gasoline taxes), oil, insurance, and the nontax portion of registration.

Self-employed individuals who use their vehicle in their business:

- Can deduct the business part of state and local personal property taxes on motor vehicles on Schedule C, entered as ***General Expenses>Taxes and licenses***.
- Can deduct that part of the interest expense that represents their business use of the vehicle on Schedule C, entered as ***General Expenses>Other interest***. The part of interest expense that represents their personal use of the vehicle is not deductible on Schedule C, but may be deductible on Schedule 1-A (see page F-22). The same amount cannot be deducted on both Schedules C and 1-A.

Self-employed taxpayers (including gig economy workers) can use this chart. Don't use this chart if your home is your principal place of business (out of scope). This chart can also be used for Armed Forces reservists (Military Certification only), fee-based state or local government officials, and employees with impairment-related work expenses. Employees who do not fit into one of the listed categories may not use this chart.



Home: The place where you reside. Transportation expenses between your home and your main or regular place of work are personal commuting expenses.

Regular or main job: Your principal place of business. If you have more than one job, you must determine which one is your regular or main job. Consider the time you spend at each, the activity you have at each, and the income you earn at each.

Temporary work location: A place where your work assignment is realistically expected to last (and does in fact last) one year or less. Unless you have a regular place of business, you can only deduct your transportation expenses to a temporary work location *outside* your metropolitan area. For overnight travel expenses, see **IRS Topic 511**, *Business Travel Expenses*.

Second job: If you regularly work at two or more places in one day, whether or not for the same employer, you can deduct your transportation expenses of getting from one workplace to another. If you do not go directly from your first job to your second job, you can deduct the transportation expenses of going directly from your first job to your second job. You cannot deduct your transportation expenses between your home and second job on a day off from your main job.

Ⓐ Schedule D – Capital Gains and Losses

Income>Schedule D/Form 8949; or Keyword: CAP

Schedule D Capital Gains

Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc. 1 Form 1099-B, 1099-DA or broker statements	BEGIN
Other Capital Gains Distributions Capital gains that are not reported on the other forms	BEGIN
Capital Loss Carryover 2 Unused prior year capital loss	BEGIN
Sale of Main Home Worksheet 3 1099-S/closing documents	BEGIN
1099-B Transactions with No Adjustments 4 Short term and Long Term totals with reported basis and no adjustments	BEGIN
PDF Attachments 5	BEGIN
Form 8997 - Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments	Out of Scope

1. See page D-43 for transactions where the simpler method described in #4 below does not apply. The sale of capital assets is typically reported on a substitute for Form 1099-B, often included in a broker's Consolidated 1099 Statement. Form 1099-DA is out of scope. Capital transactions entered in this section populate Form 8949. Totals from each Form 8949 flow to Schedule D, *Capital Gains and Losses*.
2. See next page for details on capital loss carryovers.
3. See page D-48 for details on the sale of a personal residence.
4. ***1099-B Transactions with No Adjustments*** allows simpler entry of aggregated capital transactions. However, **this method is only permitted** for transactions with cost basis reported to the IRS that do not need any adjustments to cost basis, gain or loss, or type of gain of loss reported. See page D-42.
5. Select ***PDF Attachments*** to attach required documents for inclusion in the e-file. Although located in the Schedule D menu, you can also attach documents unrelated to Schedule D. **Tax-Aide Best Practice**: Do not attach Form 8453 or related forms/statements. See page K-13 for more details.

⚠ The return is out of scope if the taxpayer sold, exchanged, or otherwise disposed of a digital asset (see **Determine how to answer the digital asset question**). The return remains in scope if the taxpayer can answer ***No*** to the **digital assets question on Form 1040**. Buying or disposing of an exchange-traded fund (ETF) that had digital assets in it does not alone require ***Yes*** to be checked.

⚠ Return is out of scope if Form 8960, *Net Investment Income Tax*, is generated (flows to Schedule 2, line 6). This occurs when AGI is over $200,000 (single or HOH), $250,000 (MFJ or QSS), or $125,000 (MFS) and there are capital gains, taxable interest, dividends, royalties, rent, or Form 1099-R box 7a code D annuities.

Ⓐ Entering Capital Loss Carryovers

If the prior year return shows a capital loss, check the prior year return for a Capital Loss Carryover Worksheet to see if there are short- or long-term carryover losses to enter on this screen. If TaxSlayer did not carry forward the prior year data and this worksheet is missing from the printed prior year return, then create a **Capital Loss Carryover Worksheet** in the **Colorado Resource Toolbox**.

TaxSlayer generates a Capital Loss Carryover Worksheet if net capital losses exceed $3,000 ($1,500 if MFS). ***This worksheet is also generated for smaller losses when taxable income is $0*** because deductions exceeded AGI (meaning the loss wasn't fully absorbed). **Always review and print the Capital Loss Carryover Worksheet** for the taxpayer's records.

The year labeling on a Capital Loss Carryover Worksheet printed from TaxSlayer may be off by one year. e.g. the worksheet generated with the TY2025 return calculates the correct carryover from TY2025 to TY2026, but may incorrectly say 2024 and 2025 instead of 2025 and 2026. Likewise, the worksheet produced with the TY2026 return calculates the correct carryover from TY2026 to TY2027, but may say 2025 and 2026 instead of 2026 and 2027.

1. Enter the ***Short Term Loss Carryover from 2025***. For a joint return, make separate entries for taxpayer, spouse, and joint carryovers.
2. Enter the ***Long Term Loss Carryover from 2025***. For a joint return, make separate entries for taxpayer, spouse, and joint carryovers.

Compare fields automatically filled with carryover amounts to the Capital Loss Carryover Worksheet generated with the prior year return.

Other Capital Gains Data

Adjust Section 1250 Amounts

Out of Scope

Adjust 28% Gain

Out of Scope

Taxpayer Short Term Loss Carryover from 2025 (enter as a **positive** number)

$ 1

Spouse Short Term Loss Carryover from 2025 (enter as a **positive** number)

$ 1

Joint Short Term Loss Carryover from 2025 (enter as a **positive** number)

$ 1

Taxpayer Long Term Loss Carryover from 2025 (enter as a **positive** number)

$ 2

Spouse Long Term Loss Carryover from 2025 (enter as a **positive** number)

$ 2

Joint Long Term Loss Carryover from 2025 (enter as a **positive** number)

$ 2

Ⓐ Entering Basis Reported Transactions With No Adjustments

Income>Schedule D/Form 8949>1099-B Transactions with No Adjustments

The screen below is only permitted for reporting the aggregate totals of in-scope capital transactions ***meeting both the following requirements.*** For transactions that do not meet both requirements, see next page.

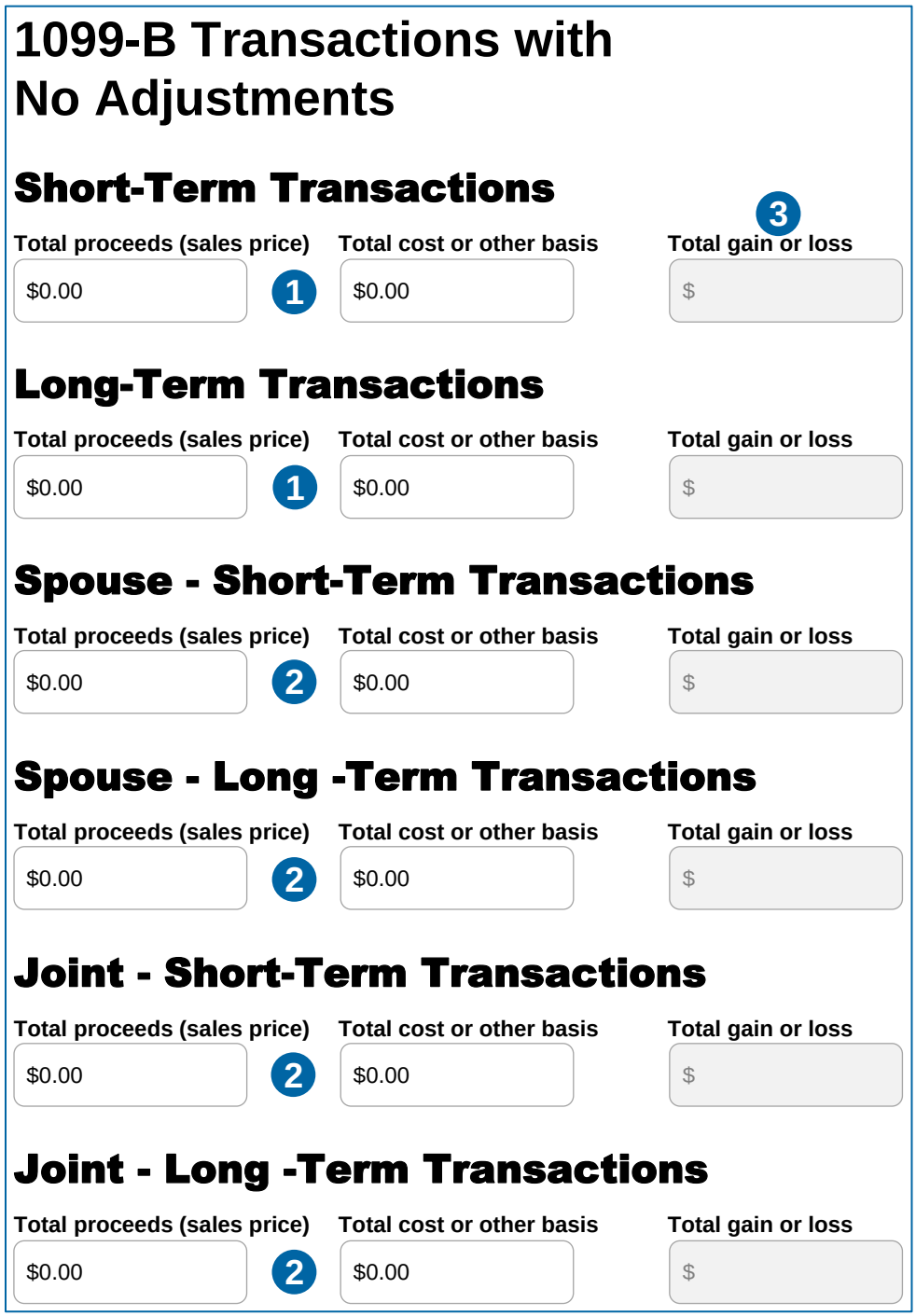
- Cost basis was reported to the IRS on Form 1099-B, **and**
- No adjustments are needed to cost basis, gain or loss, or the type of gain or loss reported.

Tax-Aide Best Practice: If there are multiple brokerage statements, use the entry method described on page D-45 to avoid needing to consolidate totals across statements, which can complicate quality review.

Manual totaling often is not needed when a consolidated broker statement provides subtotals. Sometimes the Form 8949 type/checkbox value is shown with each subtotal:

- **A**: Short-term, basis reported to IRS
- **D**: Long-term, basis reported to IRS
- **B**, **E**, or **X**: Ineligible for this screen (basis not reported)
- **G**, **H**, **I**, **J**, **K**, **L**: out-of-scope digital assets transactions.

1. Enter ***Total proceeds (sale price)*** and ***Total cost or other basis*** for the taxpayer's short-term and long-term transactions ***which qualify for this reporting***.
2. If applicable, enter totals for spouse and joint transactions.
3. ***Total gain or loss*** will be calculated and shown for each row. Overall short-term and long-term totals will be reported on lines 1a and 8a of **Schedule D** without using Form 8949.

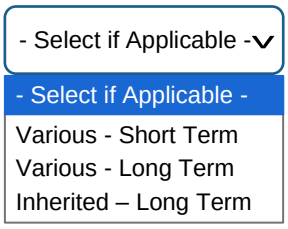


Entering Capital Gains and Losses

Income>Schedule D/Form 8949> Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc.

Use this screen to report capital gain/loss transactions where the simpler method described on the prior page does not apply; e.g., cost basis was not reported to IRS, adjustment is needed, to separately report multiple brokerage statements, or Form 1099-B was not received. See page D-48 for sale of personal residence.

1. For a joint return, indicate if this transaction was for the taxpayer, spouse, or joint.
2. If applicable for ***Date Acquired***, check the ***Alternate Option*** box and select the applicable option from the dropdown that appears:



The ***Various – Short Term*** or ***Various – Long Term*** options can be used to report the sale of a block of stock (or similar property) acquired from several different purchases in a summary on a single row. Use Adjustment Code M and see *Exception to Entering Each Transaction on a Separate Row* on page D-45.

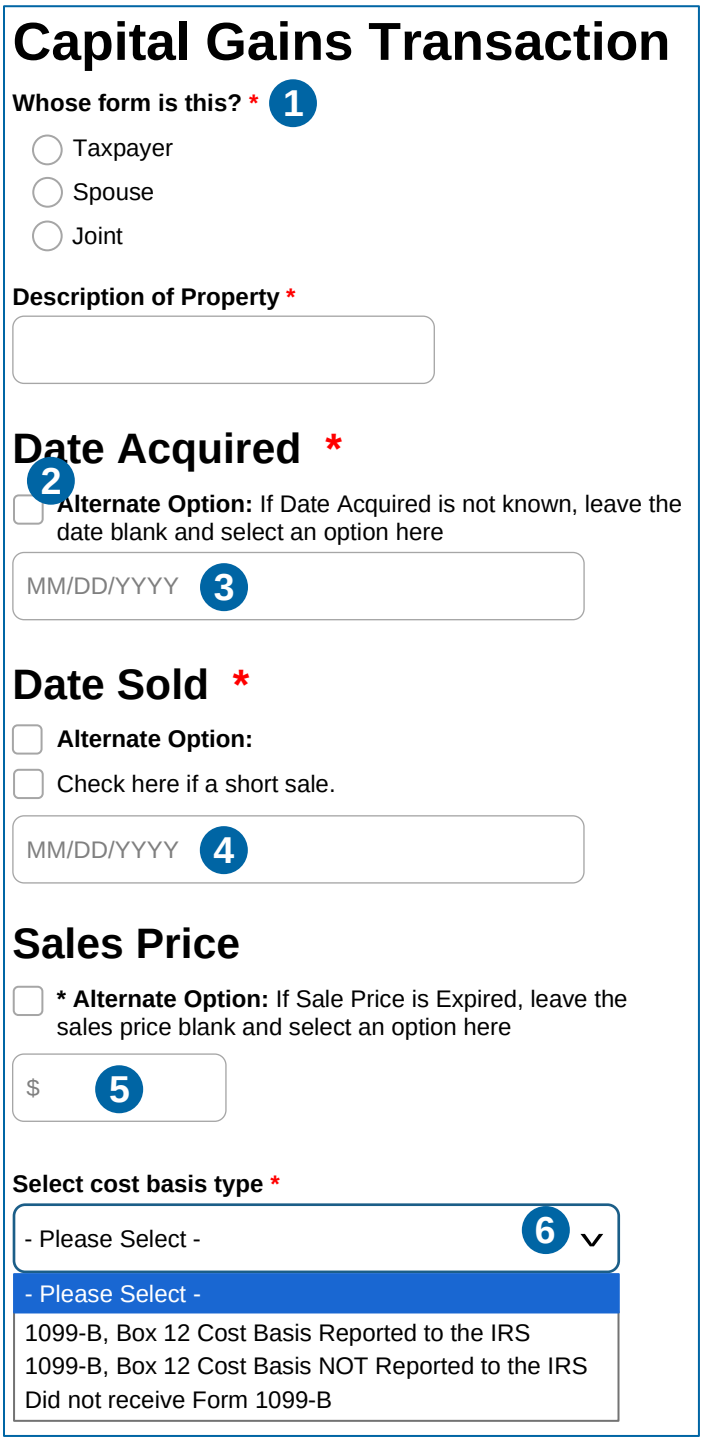
If investment property is inherited, use the ***Inherited – Long Term*** option. The capital gain or loss is treated as long-term, regardless of how long the property is held.

Inherited and gifted property are only in scope when the taxpayer provides the basis (and holding period for gifted property). For inherited property, the extent and method to which it is stepped to FMV may depend on how the property was owned and state law; different rules apply to decedents who died in 2010. See Tax-Aide's **NTTC 4491**, *Income - Capital Gain or Loss* lesson, *Basis Other than Cost*.

3. Enter ***Date Acquired*** from Form 1099-B box 1b (N/A if ***Alternate Option*** was selected for #2).
4. Enter ***Date Sold*** from Form 1099-B box 1c.

Do not select ***Alternate Option*** for ***Date Sold*** when summarizing multiple transactions in a single row. Instead, enter the date of the latest sale from the summarized transactions. See the first note above.

5. Enter the proceeds from Form 1099-B box 1d.
6. Choose the applicable cost basis type.



7. Enter cost from Form 1099-B box 1e or provided by taxpayer. If the statement or taxpayer does not provide cost basis, historical data can be used to assist the taxpayer in determining basis. If **Yahoo Finance** or another source was used to estimate cost basis, give information to taxpayer to retain showing how basis was determined; e.g. historical price data, calculations, etc. If basis can't be determined, use zero (out of scope if taxpayer does not agree). For inherited or gifted property, see caution on prior page.

8. For most transactions, no adjustment to gain or loss is needed. If one or more adjustments to basis or net capital gain are required, enter the net adjustment amount and mark the reason(s) from the list. You may need to enter an adjustment if the basis provided is incorrect, another situation applies that requires a change to the basis, or if the taxpayer is able to exclude some or all of the capital gain. See pages D-46 and D-47.

9. If summarizing transactions, check the box for Reporting Multiple Transactions on a Single Row. See first note on prior page.

Cost

☐ *** Alternate Option:** If Cost is Expired, leave the cost blank and select an option here

$ 7

Adjustments

Enter any necessary adjustments to Gain or Loss
NOTE: If this entry is to be shown as a loss, please enter a negative sign before the number.

$ 8

If you entered an adjustment amount above, please select all adjustment explanations that apply.

- ☐ B - Form 1099-B with Basis shown in Box 1e is Incorrect
- ☐ C - Disposed of Collectibles OOS
- ☐ D - Form 1099-B showing accrued market discount in box 1f OOS
- ☐ E - Form 1099-B or 1099-S with Selling Expenses or Options not Reflected on Form
- ☐ H - Exclude Some/All of the Gain from the Sale of Your Main Home
- ☐ L - Nondeductible Loss other than a Wash Sale
- ☐ M - Reporting Multiple Transactions on a Single Row 9
- ☐ N - Received 1099-B/1099-S as a Nominee for the Actual Owner of the Property OOS
- ☐ O - Other Adjustment Not Explained Above
- ☐ Q - Exclude Part of the Gain from the Sale of Qualified Small Business Stock OOS
- ☐ R - Rollover of Gain from QSB Stock, Empowerment Zone, Publicly Traded Securi OOS
- ☐ S - Loss from the Sale of Small Business Stock more than Allowable Ordinary Los OOS
- ☐ T - Form 1099-B & Type of Gain/Loss shown in Box 2 is Incorrect
- ☐ W - Nondeductible Loss from a Wash Sale 10
- ☐ X - Exclude Gain from DC Zone Assets or Qualified Community Assets OOS
- ☐ Y - Reporting Gain from QOF Investment in Prior Tax Year OOS
- ☐ Z - Postpone Gain for Investments in QOFs OOS

Collectible Exchange

☐ Is this a Collectible Exchange? OOS

10. Wash sales are in scope only if reported on Form 1099-B or on a brokerage or mutual fund statement. Enter the code W amount as a positive number.

For securities reported on a brokerage statement as "Worthless," select ***Worthless*** as the ***Alternate Option*** for both ***Date Sold*** and ***Sales Price***. If securities have any value (even $1), they are not worthless.

The sale of bonds is only in scope for bonds that mature or are sold with no gain or loss, or are reported on a brokerage statement with capital gain or loss only (no ordinary income/loss).

Exception to Entering Each Transaction on a Separate Row

When a taxpayer's Form 1099-B includes so many transactions that it isn't practical to enter each one into TaxSlayer, use the following procedure. But see page D-42 for a simpler reporting option that may apply to transactions in categories **A** and **D** below.

Subtotal the transactions into the following four categories if not already subtotaled on the broker's Consolidated 1099 Statement. Transactions with *unknown holding period* and basis NOT reported to the IRS (Form 8949 type/checkbox **X**) are out of scope unless taxpayer determines the holding period. If holding period is provided, include transactions in groups **B** or **E** below, as applicable. Form 8949 types/checkboxes **G, H, I, J, K, or L** are out of scope digital asset transactions.

- Form 8949 type/checkbox **A**: **Short-term** transactions with **basis reported** to the IRS.
- Form 8949 type/checkbox **B**: **Short-term** transactions with **basis NOT reported** to the IRS.
- Form 8949 type/checkbox **D**: **Long-term** transactions with **basis reported** to the IRS.
- Form 8949 type/checkbox **E**: **Long-term** transactions with **basis NOT reported** to the IRS.

For each category, make a summary entry on the ***Capital Gains Transaction*** screen (see page D-43):

- For ***Date Acquired***, select ***Various – Short Term*** or ***Various – Long Term***, as applicable.
- For ***Date Sold***, enter 12/31/2026 or latest date of sale within category.
- Enter the total ***Sales Price*** and ***Cost***. ***Select cost basis type***, as applicable.
- Select adjustment code ***M***. If any transactions require an adjustment, enter the adjustment amount and select the applicable adjustment code checkbox. See #8 on page D-44.

Look for the following common items on the broker's Consolidated 1099 Statement (you may not find them all). The **Brokerage Reference Tool** can be a helpful reminder of what to look for on a brokerage statement and aid in identifying common out of scope items.

- 1099-B or substitute (summary and detail) – broker transactions. See pages D-42 and D-43.
- 1099-INT (summary, not detail). See page D-19.
- 1099-DIV (summary, not detail). See page D-21. For dividends from mutual funds or ETFs:
  - An insert may show what percentage came from federal government interest. If applicable (check state rules), enter ***State Exempt Dividends*** on the dividend input screen (see #9 on page D-22).
  - An insert may show what percentage came from municipal bonds, by state. If applicable (check state rules), use the ***Add Dividend Items*** button to add a ***Taxable State Dividend*** (see #10 on page D-22).
- 1099-OID (summary, not detail). See page D-23.
- 1099-MISC. Confirm with taxpayer what this income is, and determine if it is in scope. See page D-83.

TaxSlayer may generate Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return. **Tax-Aide Best Practice:** Do not attach Form 8453 or brokerage transaction details for inclusion in the e-file. See page K-13 for more details. Inform the taxpayer that the IRS may ask them to send copies of the brokerage statements for transactions with no basis reported to the IRS.

TaxSlayer generates a Capital Loss Carryover Worksheet if net capital losses exceed $3,000 ($1,500 if MFS). ***This worksheet is also generated for smaller losses when taxable income is $0*** because deductions exceeded AGI (meaning the loss wasn't fully absorbed). **Always review and print the Capital Loss Carryover Worksheet** for the taxpayer's records.

Adjustments to Basis in TaxSlayer

Enter Capital Gain/Loss Transactions in TaxSlayer: For most transactions, you do not need to adjust the basis. You may need to adjust the basis if the taxpayer received a Form 1099-B or 1099-S (or substitute statement) that is incorrect, is excluding or postponing a capital gain, has a disallowed loss, or in certain other situations. Details are in the table below.

If the…	Then…	Check TaxSlayer's Adjustment Box with Code – Description…
Taxpayer received a Form 1099-B (or substitute statement) and the basis shown in box 1e is incorrect or not reported to the IRS...	• If the basis was NOT reported to the IRS (box B or E checked): enter the correct basis and make no adjustment. • If the basis was reported to the IRS (box A or D checked): enter the basis shown on Form 1099-B (or substitute statement) and correct the error by entering an adjustment. Use Worksheet for Basis Adjustment in Column (g) in **Instructions for Form 8949**, *Sale and Other Dispositions of Capital Assets*.	**B** - Form 1099-B with Basis shown in box 1e is Incorrect
Taxpayer received a Form 1099-B or 1099-S (or substitute statement) and there are selling expenses that are not reflected on the form or schedule…	Enter the proceeds as reported in box 1d. Enter any selling expenses paid, but not reflected on the form or statement, as a negative adjustment.	**E** - Form 1099-B or 1099-S with Selling Expenses or Options not Reflected on Form
Taxpayer sold or exchanged their main home at a gain, must report the sale or exchange and can exclude some or all of the gain…	Report the sale or exchange as if the taxpayer were not taking the exclusion. Then enter the amount of excluded (nontaxable) gain as a negative adjustment.	**H** - Exclude Some/All of the Gain from the Sale of Your Main Home
Taxpayer has a nondeductible loss other than a loss indicated by code W…	Report the sale or exchange and enter the amount of the nondeductible loss as a positive adjustment. See *Nondeductible Losses* in the **Instructions for Schedule D**.	**L** - Nondeductible Loss other than a Wash Sale[1]
Taxpayer reports multiple transactions on a single row as described in Exception to Entering Each Transaction on a Separate Row on the prior page…	Enter -0- as the adjustment amount unless an adjustment is required because of another code.	**M** - Reporting Multiple Transactions on a Single Row
Taxpayer received a Form 1099-B (or substitute statement) and the type of gain or loss (short-term or long-term) shown in box 2 is incorrect) …	Enter transaction with correct term (long or short). Enter -0- as the adjustment amount unless an adjustment is required because of another code.	**T** - Form 1099-B & Type of Gain/Loss shown in box 2 is Incorrect
Taxpayer has a nondeductible loss from a wash sale[1]…	Report the sale or exchange and enter the amount of the nondeductible loss as a positive adjustment.	**W** - Nondeductible Loss from a Wash Sale[1]
Taxpayer has an adjustment not explained earlier in this column…	Report the appropriate adjustment amount.	**O** - Other Adjustment Not Explained Above

[1] See definition of wash sale in the Glossary. Wash sales are in scope only if reported on Form 1099-B or on a brokerage or mutual fund statement.

Adjustments to Basis in TaxSlayer (cont'd)

Out of Scope Adjustments / Transactions

Out Of Scope Adjustment Code	Applies When…
C	Taxpayer disposed of collectibles (see the **Schedule D Instructions**).
D	Taxpayer received a Form 1099-B showing accrued market discount in box 1f.
N	Taxpayer received a Form 1099-B or 1099-S (or substitute statement) as a nominee for the actual owner of the property.
P	The taxpayer is a nonresident alien individual who sold or exchanged an interest in a partnership engaged in a U.S. trade or business.
Q	Taxpayer sold or exchanged qualified small business stock and can exclude part of the gain.
R	Taxpayer is electing to postpone all or part of their gain under the rules explained in the **Schedule D Instructions**, *Rollover of Gain From QSB Stock* (for example, rollover of gain from qualified small business (QSB) stock or publicly traded securities).
S	Taxpayer had a loss from the sale, exchange, or worthlessness of small business (section 1244) stock and the total loss is more than the maximum amount that can be treated as an ordinary loss.
X	Taxpayer can exclude all or part of their gain under the rules explained in the **Schedule D Instructions** for DC Zone assets or qualified community assets.
Y	Taxpayer is reporting their gain from a qualified opportunity fund (QOF) investment that was deferred in a prior tax year.
Z	Taxpayer is electing to postpone all or part of their gain under the rules explained in the **Schedule D Instructions** for investments in qualified opportunity funds (QOFs).

Capital Gains or Losses – Sale of Main Home

An individual has only one main home at a time (see definition of Main Home in the Glossary). Taxpayers with more than one home cannot choose which home to designate as their main home.

See page D-54 for the sale of a personal residence that was not the main home at any point during the 5-year period ending on the date of sale; e.g., a vacation home, a second home, etc.

The sale of a main home must be reported on Form 8949 if ***any*** of the following apply:

- The taxpayer received a Form 1099-S for the sale, or
- has a gain and can't fully exclude all of it from income, or
- chooses not to exclude a gain.

The taxpayer does not have to report the sale of their main home if ***none*** of the above apply.

Generally, ***if the following three requirements are met***, the taxpayer can exclude up to $250,000 of gain. Up to $500,000 of gain can be excluded on a joint return if both taxpayer and spouse meet these requirements. Any gain that can't be excluded is taxable. Any loss is not deductible.

Ownership requirement: The taxpayer (or spouse if filing jointly) must have owned the home for at least 2 of the 5 years leading up to the date of sale. Only one spouse needs to meet the ownership requirement.

Use/residence requirement: The taxpayer and spouse must have lived in the home as their main home for at least 2 of the 5 years leading up to the date of sale.

Members of the armed forces or Foreign Service, employees of the intelligence community, and employees or volunteers of the Peace Corps may be able to suspend the 5-year period while serving on qualified official extended duty. See *Service, Intelligence, and Peace Corps personnel* in **Pub. 523**.

If a ***surviving spouse*** has not remarried at the time of sale of their main home and does not meet the 2-year ownership and residence requirements on their own, they may include any time when their late spouse owned and lived in the home, even without the taxpayer, to meet the ownership and residence requirements. In addition, a surviving spouse may increase their exclusion amount from $250,000 to $500,000 if they meet all conditions described in #8 on page D-50.

Look-back requirement: The taxpayer (and spouse if filing jointly) must not have excluded gain on the sale or exchange of another main home during the 2-year period ending on the date of the sale of their home.

Reporting the Sale: If the taxpayer is required to report the sale of their main home, complete the ***Sale of Main Home Worksheet*** in TaxSlayer as described on the next page. If the sale results in a loss, follow the instructions on page D-53.

The sale of a main home is out of scope if it ever had business or rental use, or a reduced exclusion applies. Reduced exclusions occur when either of the following apply:

- The ownership, residence, or look-back requirement was only partially met, but the main reason for selling the home was a change in workplace location, a health issue, or an unforeseeable event. See *Does Your Home Qualify for a Partial Exclusion of Gain?* in **Publication 523**.
- During the time they owned the home, there were periods of Nonqualified Use after 2008 when neither the taxpayer nor their spouse (or former spouse) used the entire home as their main home, but some exclusion of gain applies. Do not consider the period after they last used the home as their main home. Exceptions may apply, see *Nonqualified use of entire property after 2008* in **Publication 523**.

The sale of a residence received through inheritance or as a gift is out of scope unless it was used as a personal residence by the taxpayer or spouse and they provide the cost basis of the residence (and the holding period for gifted property). The extent and method to which inherited property is stepped to FMV may depend on how the property was owned and state law, and different rules apply to decedents who died in 2010. See Tax-Aide's **NTTC 4491**, *Income - Capital Gain or Loss* lesson, *Basis Other than Cost*.

Sale of Main Home Worksheet

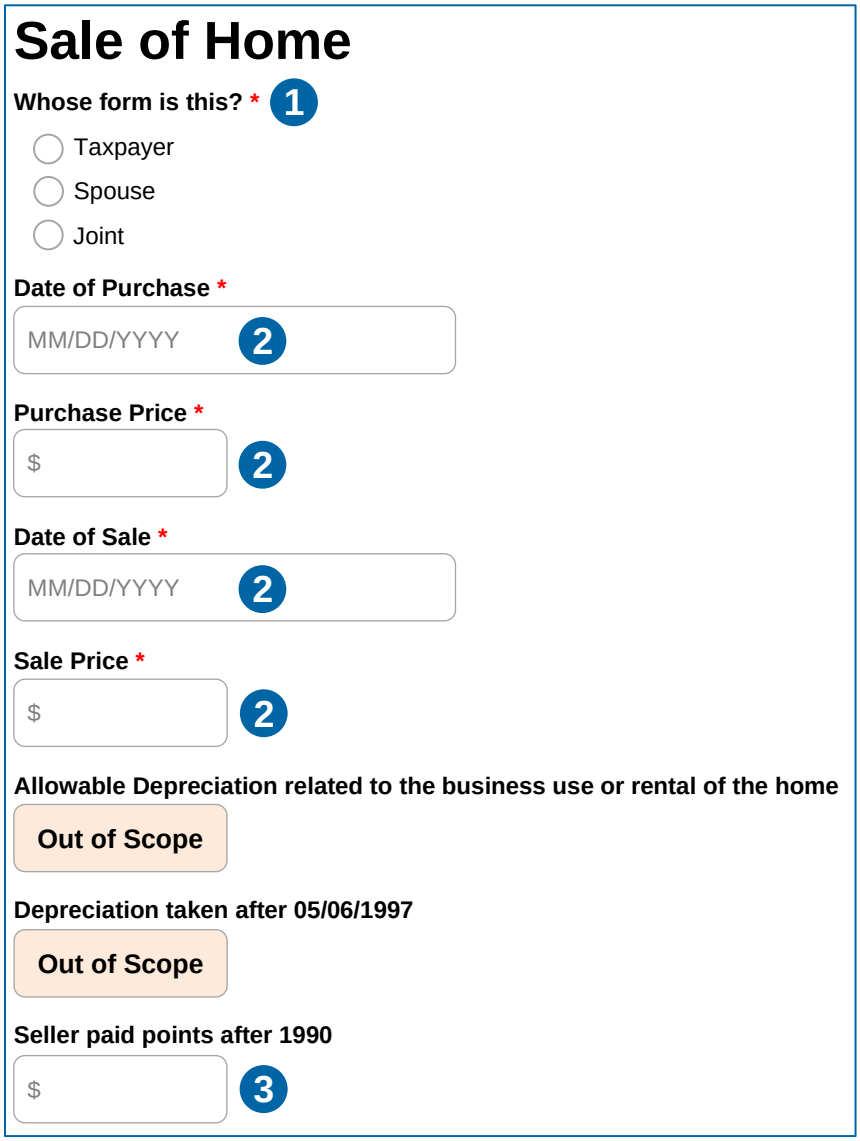
Income>Schedule D/Form 8949>Sale of Main Home Worksheet; or Keyword -S

For reference, see **Publication 523**, Selling Your Home.

The **Home Sale Worksheet** in the **Colorado Resource Toolbox** can be helpful.

Basic Information About Your Home

1. For a joint return, indicate who owned the home.
2. Enter the ***Date of purchase***, ***Purchase price***, ***Date of sale***, and ***Sale price***. If the taxpayer received a Form 1099-S for the sale, the ***Sale price*** should match what was reported on it. Capital improvements and other adjustments are entered on the Adjustments to the Sale screen shown on page D-51.
3. Enter any mortgage points paid by the seller when the taxpayer bought their home if either of the following is true:
   - The taxpayer bought their home between January 1, 1991, and April 3, 1994, AND the taxpayer deducted them as home mortgage interest in the year paid, or
   - The taxpayer bought their home after April 3, 1994 (regardless of whether the taxpayer deducted the points).



Capital Gains or Losses – Sale of Main Home (cont'd)

4. Enter the number of days the dwelling was used as the main home (separate entry for spouse). If less than 730 days, the use/residence requirement is not met.

5. Enter the number of days the taxpayer owned the home (separate entry for spouse). If less than 730 days, the ownership requirement is not met, but only one spouse needs to meet the ownership requirement for a married couple filing jointly.

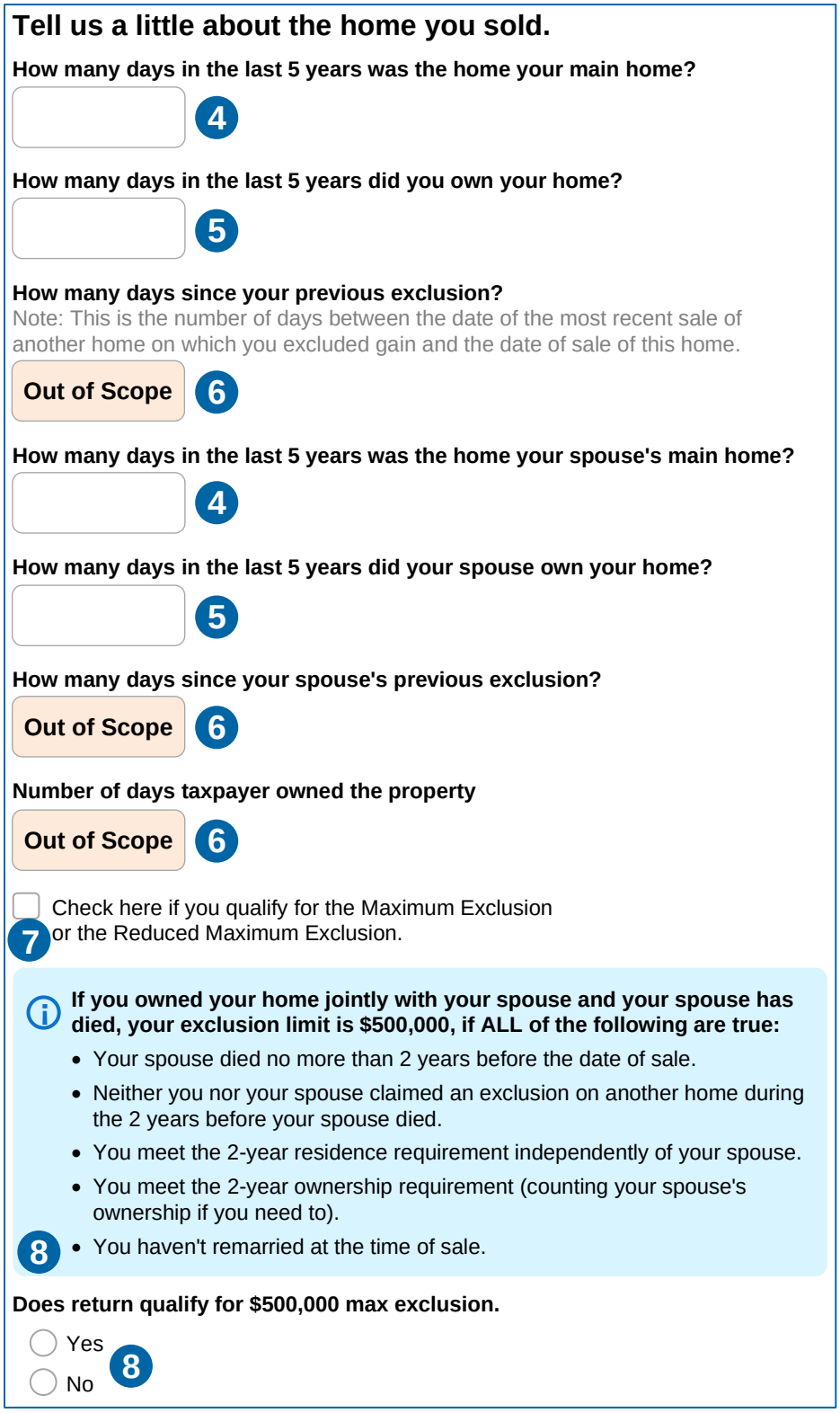
6. These entries should be left blank for an in-scope return. They are used for out-of-scope reduced exclusions—see first caution at bottom of page D-48.

7. Check the box for ***Check here if you qualify for the Maximum Exclusion ...*** if eligible for the $250K/$500K exclusion because the ownership, use/residence, and look-back requirements are met, taking the exceptions into account. Reduced maximum exclusion is out of scope—see first caution at bottom of page D-48.

8. Question #8 and the blue dialog above it only appear if box #7 is checked and the filing status is other than married filing jointly.

Only select ***Yes*** to increase the exclusion amount from $250,000 to $500,000 for a surviving spouse who qualifies by meeting **all** of the following conditions:

- **a.** Taxpayer sold their home within 2 years of the death of their spouse;
- **b.** Taxpayer hadn't remarried at the time of the sale;
- **c.** Neither taxpayer nor their late spouse took the exclusion on another home sold less than 2 years before the date of the current home sale; and
- **d.** Taxpayer meets the 2-year ownership and use/residence requirements (including their late spouse's times of ownership and residence, if applicable).



Adjustments to the Sale

9. Enter any allowable fees from the purchase of the home that were not included in the purchase price already entered. TaxSlayer uses these amounts to increase the adjusted cost basis reported on Form 8949. For more details on basis, including a list of fees and other expenses that can be entered here, see **Publication 523**, *Selling Your Home*.

The closing disclosure or **HUD-1 Settlement Statement** provides detailed information about the closing costs. These documents from the original home purchase and from the current sale can help in completing this screen.

10. Enter the ***Selling expenses***, ***Cost of additions and improvements…***, ***Tax assessments…***, ***Other increases to your basis***, and ***Decreases to your basis***. Additions or improvements to a home having a useful life of more than one year increase the basis. Repairs that maintain the home in good condition are not considered improvements and do not increase the basis. TaxSlayer will factor these entries into the adjusted cost basis reported on Form 8949.

Decreases to basis are out of scope, including deductible casualty losses and gains a taxpayer postponed from the sale of a previous home before May 7, 1997, unless taxpayer provides the basis and holding period.

Adjustments

Here's where you'll enter any fees you might have paid when you bought your home.

Legal fees 9

$

Surveys

$

Title Insurance

$

Fees that the seller owed that you agreed to pay

$

Other fees

$

Abstract and recording fees

$

Transfer of stamp fees

$

General Adjustments

Selling expenses 10

$

Cost of additions and improvements that you made to your home

$

Tax assessments that you paid for sidewalks, streets, and other local improvements

$

Other increases to your basis

$

Decreases to your basis

$

Form 8949 Reporting

11. If the sale resulted in a loss, the ***Sale of Main Home Worksheet*** will not flow to Form 8949. Manual entry of the loss is required as described on the next page.

Otherwise, the sale will be reported on Form 8949 with box C or F checked, which will flow to Schedule D. If the box for ***Check here if you qualify for the Maximum Exclusion ...*** (#7 on page D-50) ...

- was checked: Form 8949 will show the exclusion as a negative adjustment amount with adjustment code H. This adjustment will reduce the gain/loss reported in column (h) by the amount of the exclusion. If the entire gain was excluded, column (h) will be blank.
- was not checked: the entire gain will be reported in column (h). No exclusion will be applied.

Example: The taxpayer received a Form 1099-S for the sale of their main home. The taxpayer's adjusted basis in the home is $150,000. The sales price was $200,000. The taxpayer meets the ownership, use/residence and look-back requirements. The taxpayer's Form 8949 is shown below.

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the **Note** below and see *Column (e)* in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). **See the separate instructions.** (f) Code(s) from instructions	(g) Amount of adjustment	(h) **Gain or (loss)** Subtract column (e) from column (d) and combine the result with column (g).
MAIN HOME	03/04/2019	02/02/2026	200000	150000	H 11	-50000	

Reporting the Sale of a Main Home at a Loss

Income>Schedule D/Form 8949>Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc.; or Keyword -S

A loss on the sale of a main home can't be deducted, but must be reported if Form 1099-S was received. To report the sale:

1. Determine the adjusted basis for the home.

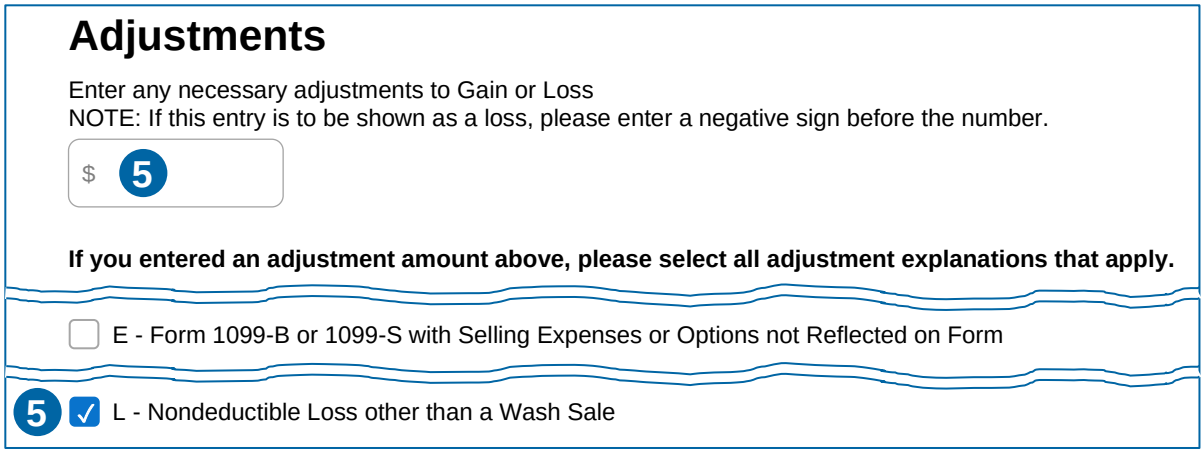
   The **Home Sale Worksheet** in the **Colorado Resource Toolbox** can help determine the adjusted basis, selling expenses, etc. It will also lay out the TaxSlayer entries described below.TaxSlayer's Sale of Main Home worksheet can also assist with determining the adjusted basis, but it will ***not*** carry to Form 8949 if there is a loss—the loss must be entered as described below.

2. Go to the navigation shown at the top of the page to add a new Capital Gain or Loss Item.

3. Enter the ***Description of Property***, ***Date Acquired***, ***Date Sold***, and ***Sales Price***. See page D-43.

4. In the ***Select cost basis type*** dropdown, select ***Did not receive Form 1099-B***. Then enter the home's adjusted basis in ***Cost***.

5. Eliminate the nondeductible loss by entering the amount of the loss as a positive adjustment and check the box for adjustment ***L – Nondeductible Loss other than a Wash Sale***. Select other adjustments, if applicable.



6. Confirm the loss was correctly eliminated by reviewing Form 8949 in the return PDF to ensure that column (h) is blank ($0), indicating no loss or gain.

Example: The taxpayer received a Form 1099-S for the sale of their main home. The taxpayer's adjusted basis in the home is $203,800. The sales price was $190,000. The loss of $13,800 is eliminated using adjustment code L, resulting in a blank ($0) column (h). The taxpayer's Form 8949 is shown below.

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the **Note** below and see *Column (e)* in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). **See the separate instructions.** (f) Code(s) from instructions	(g) Amount of adjustment	(h) **Gain or (loss)** Subtract column (e) from column (d) and combine the result with column (g).
125 LAKE RD yCity yST	02/03/2018	09/04/2026	190000	203800	L	13800	6

Ⓐ Sale of Personal Residence – NOT the Main Home

Income>Schedule D/Form 8949>Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc.; or Keyword -S

The sale of real estate is out of scope if it was not used as a personal residence, or if it ever had business or rental use. The sale of a residence received through inheritance or as a gift is out of scope unless it was used as a personal residence by the taxpayer or spouse and they provide the cost basis of the residence (and the holding period for gifted property). The extent and method to which inherited property is stepped to FMV may depend on how the property was owned and state law, and different rules apply to decedents who died in 2010. See Tax-Aide's **NTTC 4491**, *Income - Capital Gain or Loss* lesson, *Basis Other than Cost*.

For sale of the main home, see page D-48. See definition of Main Home in the glossary.

For sale of a personal residence that is not the main home (e.g. a vacation or second home), any gain is taxable and any loss is not deductible. Follow these steps to enter the sale directly as a capital gain/loss item:

1. Determine the adjusted basis for the home.

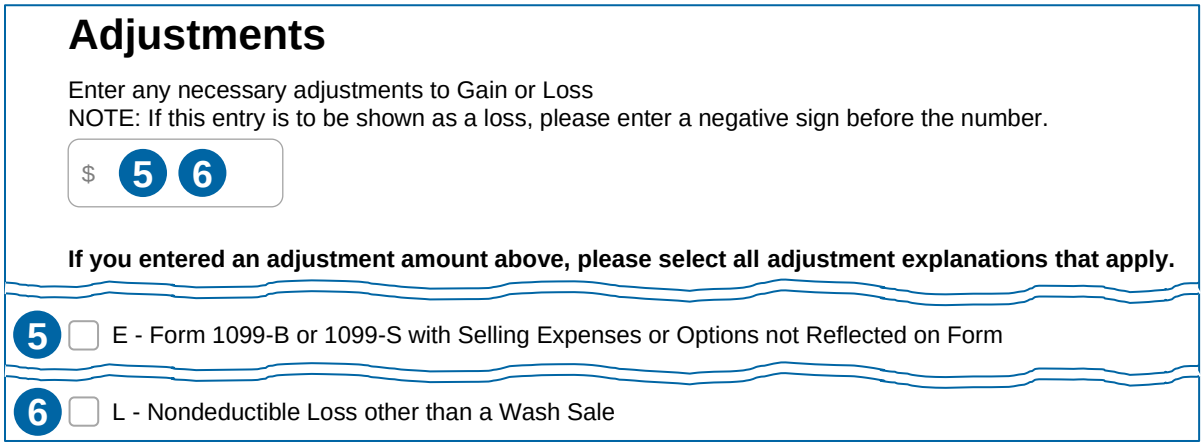
   The **Home Sale Worksheet** in the **Colorado Resource Toolbox** can help determine the adjusted basis, selling expenses, etc. It will also lay out the TaxSlayer entries described below. For more details, see *Basis Adjustments—Details and Exceptions* in **Publication 523**, *Selling Your Home*.

2. Add a new Capital Gain or Loss Item (see navigation note at top of page).

3. Enter the ***Description of Property***, ***Date Acquired***, ***Date Sold***, and ***Sales Price***.

4. In the ***Select cost basis type*** dropdown, select ***Did not receive Form 1099-B***. Then enter the home's adjusted basis in ***Cost***.

5. To record selling expenses not reflected on Form 1099-S, enter the expenses as a negative adjustment and check the box for adjustment ***E – Form 1099-B or 1099-S with Selling Expenses or Options not reflected on Form***. This reduces the net gain—it does not change the cost basis.

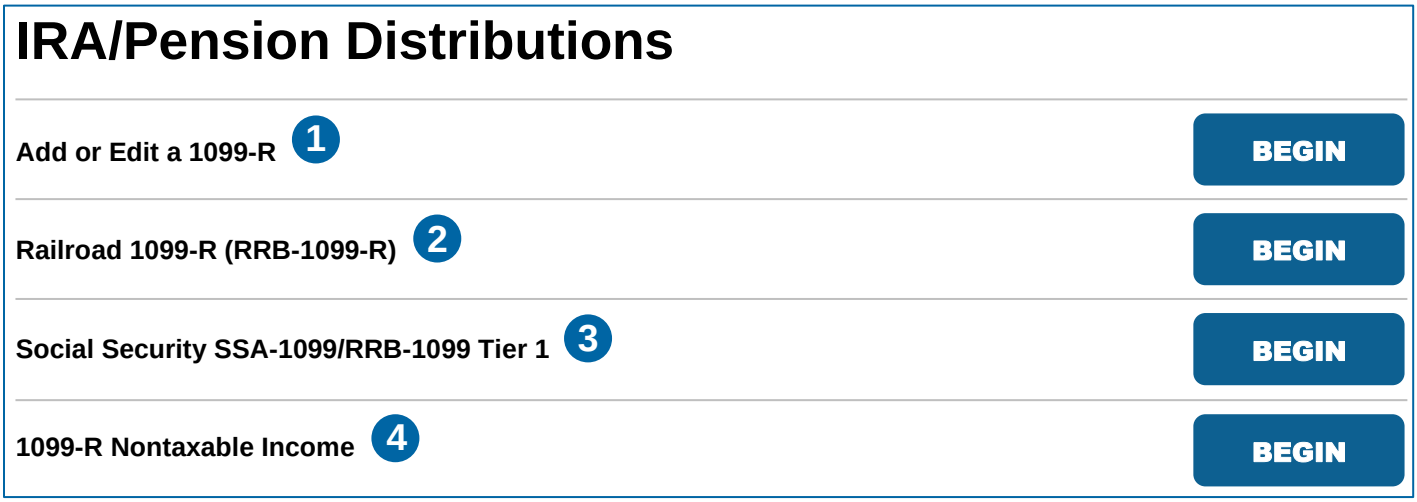


6. If there is a loss, eliminate it by entering the amount of the loss as a positive adjustment and check the box for adjustment ***L – Nondeductible Loss other than a Wash Sale***. If adjustments E and L both apply, combine the amounts and check both boxes. Confirm the loss was correctly eliminated by reviewing Form 8949 in the return PDF to ensure column (h) is blank ($0), indicating no loss or gain (see example at bottom of prior page).

IRA/Pension and Social Security Distributions

Income>Form 1099-R, RRB, SSA

There are four items to choose from, and within each item you can make entries for as many documents as needed.



1. See next page.
2. See page D-69.
3. See page D-70. If ***Social Security SSA-1099/RRB-1099 Tier 1*** is the only income, then see the tip at the bottom of page A-5 for instructions on filing a $0 AGI return.
4. See page D-68.

German or Canadian social security is in scope for Tax-Aide, see page D-72. Income from all other foreign retirement arrangements is out of scope (may need special reporting on the FBAR (FinCEN Report 114) or Form 8938).

Form 1099-R Distributions

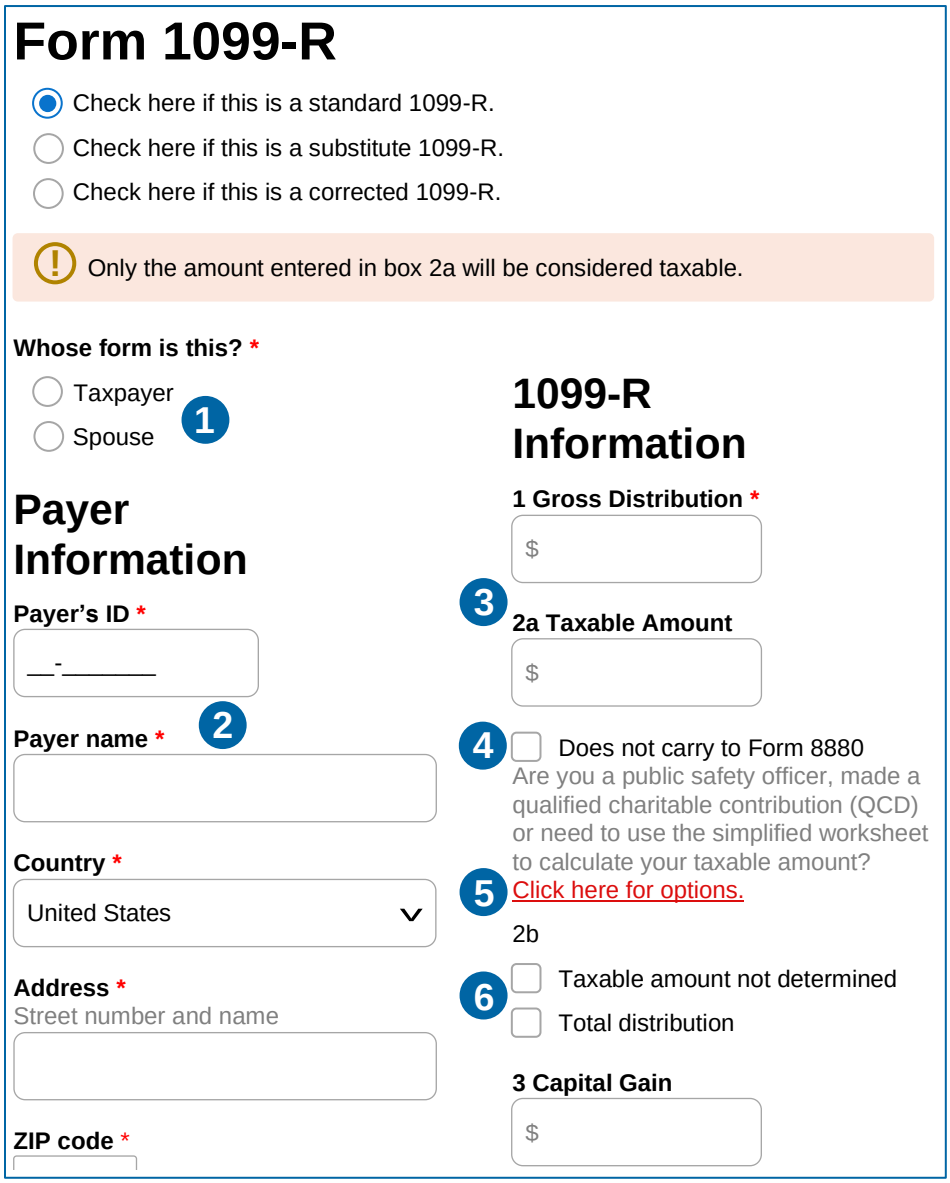
Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R; or Keyword: -R

See box 7a Distribution Codes on page D-66 for scope limitations. Basic Certification if taxable amount is shown. Advanced Certification required if taxable amount is not shown in box 2a and box 2b is checked.

If the taxpayer or spouse made voluntary contributions to an IRA or other qualified retirement plan, then retirement distributions may affect their eligibility for the Saver's Credit. See the section starting on page G-18 for information on additional entries that may be required related to the Form 1099-R distributions.

Box 2a will automatically fill in with the amount in box 1. If a different amount is shown on the document, enter that amount directly. You may need to use the Simplified Method to calculate the taxable amount of the distribution if box 2a is zero or blank and an amount is shown in box 9b. See #5 below.

1. For a joint return, choose who the document belongs to.
2. ***Payer's ID*** and the first four letters of their name must be entered accurately. A mismatch between the ***Payer's ID*** and ***Payer Name*** is a common e-file reject.
3. TaxSlayer will automatically copy the amount entered in box 1, ***Gross Distribution*** into box 2a, ***Taxable Amount***. Manual adjustments are required to box 2a to make sure it reflects changes due to rollovers, qualified Roth distributions, return of excess contributions, taxable amount from Form 8606, etc. Do not manually adjust if entering the Simplified Method Worksheet, Public Safety Officer (PSO) Exclusion, or Qualified Charitable Distributions (QCDs) per #5 below, which will reduce the taxable distribution in box 2a accordingly.
4. If marked, the taxable amount will not carry to Form 8880, *Credit for Qualified Retirement Savings Contributions*, line 4 as a current year distribution. See the section starting on page G-18 and the caution above.



5. Select the red ***Click here for options*** link to calculate a reduced box 2a ***Taxable Amount*** for the Simplified Method, Public Safety Officer (PSO) health insurance exclusion, or Qualified Charitable Distribution (QCD). See pages D-60 and D-62.
6. Check the box 2b checkboxes for ***Taxable amount not determined*** and ***Total distribution*** as needed to match the 1099-R document.

Form 1099-R Distributions (cont'd)

7. If box 4 has an entry, ensure that ***Federal Income tax withheld*** is correctly entered.

8. Box 5 on the document may be current year's amount of employee contributions or insurance premiums (recovery of cost basis or investment in the contract).
   - 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 2a, generally the difference between boxes 1 and 2a 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 use for an Itemized Deduction, Self-Employed Health Insurance Deduction (if eligible, see page E-9), or the PSO exclusion (if eligible, see page D-61).

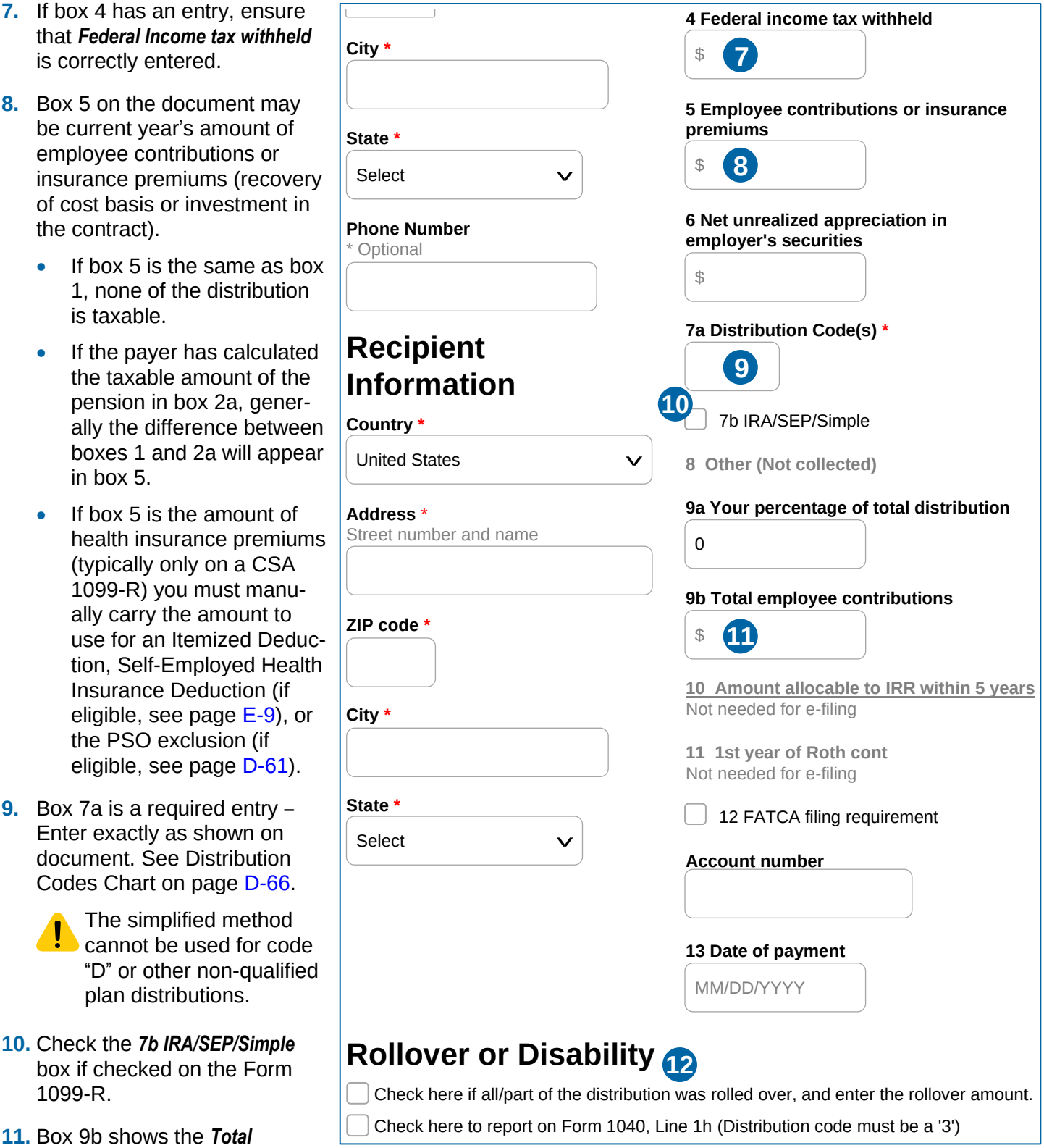
9. Box 7a is a required entry – Enter exactly as shown on document. See Distribution Codes Chart on page D-66.

   The simplified method cannot be used for code "D" or other non-qualified plan distributions.

10. Check the ***7b IRA/SEP/Simple*** box if checked on the Form 1099-R.

11. Box 9b shows the ***Total employee contributions*** and may be needed if box 2a has no entry, which usually requires the Simplified Method Worksheet (see #3 and #5, on the prior page)

12. See page D-64 for additional details on rollovers or disability pensions.



After completing this screen, TaxSlayer asks ***Did you make an early withdrawal from a retirement account due to a qualified disaster?*** A ***Yes*** answer requires Form 8915-F, which is out of scope. See page B-21.

Example 1 – Ⓑ Fully Taxable Distribution (most common): Box 2a is the same amount as box 1, box 2b (Taxable amount not determined) is not checked, box 7a distribution code is 7, and boxes 5 and 9b are both blank/zero. The amount in box 1 is fully taxable. TaxSlayer will transfer the amount in box 1 to box 2a.

Example 2 – Ⓑ/Ⓐ Traditional IRA: Box 7b (IRA/SEP/SIMPLE) and box 2b (Taxable amount not determined) are both checked. Ask the taxpayer if any of the following apply:

- Ⓐ A Qualified Charitable Distribution was made. See pages D-60 and D-68.
- Ⓑ A rollover was made into another (or the same) IRA. See page D-64.
- Ⓑ A traditional IRA to Roth IRA conversion was performed. See bottom of next page.
- Ⓐ Nondeductible contributions had been made to a traditional IRA. See top of next page.

Example 3 – Ⓐ Simplified Method: Box 2a is blank, box 7a distribution code is 7, and there is an amount in box 9b. The Simplified Method Worksheet may have to be completed to determine what portion of the amount from box 9b will be tax free. Select the red ***Click here for options*** below box 2a and then complete the Simplified Method Worksheet screen (see page D-62). Finish entering the Form 1099-R after completing this worksheet.

Example 4 – Ⓐ Commercial Annuity with blank box 2a: Box 2a is blank, and box 7a distribution code includes D (e.g., 4D, 7D, D4, or D7). This is a nonqualified annuity—the insurer will typically show the taxable amount in box 2a, if any. The simplified method cannot be used. The amount in box 5 will probably be the nontaxable amount of the distribution. When the 1099-R does not show the taxable amount, the taxpayer must obtain the correct taxable amount from the payer. The return is out of scope if the taxable amount cannot be confirmed, or if AGI exceeds the threshold amount for Net Investment Income Tax ($200,000 for single or HoH; $250,000 MFJ or QSS; $125,000 MFS); see the **Tax-Aide Scope Manual**.

Example 5 – Ⓐ Recovery of employee's after-tax contributions: Box 2a is blank or zero, an amount is in box 5, and box 7a distribution code is 7. For Form CSA 1099-R or CSF 1099-R, see the bottom of this page as the following is not applicable. Otherwise, confirm the box 5 amount is the employee's investment in the contract (to be recovered this year), not insurance premiums. If so, subtract box 5 from box 1 and enter the result in TaxSlayer in box 2a.

Example 6 – Ⓑ Disability pension for on-the-job injury with blank box 2a: Box 2a is blank or zero, box 2b (Taxable amount not determined) is not checked, and box 7a distribution code is 7 or 3. Generally, you must report disability pensions as income. However, enter 0 in box ***2a Taxable amount*** if any of the following apply:

- The taxpayer confirms this is a non-taxable, service-connected military or government disability pension. For more details, see *Military and Government Disability Pensions* in **Publication 525**.
- This is workers' compensation for an occupational sickness or injury paid under a workers' compensation act. For more details, see *Workers' Compensation* in **Publication 525**.
- Benefits received under an accident or health insurance policy where the premiums were paid by the taxpayer with after tax money. For more details, see *Sick pay* in **Publication 525**.

Form CSA 1099-R – Statement of Annuity Paid

Forms CSA 1099-R, *Statement of Annuity Paid*, and CSF 1099-R, *Statement of Survivor Annuity Paid*, are issued by the Office of Personnel Management (OPM) for Civil Service retirement benefits. These variations of Form 1099-R use the same box numbering and are entered on the same screen in TaxSlayer. If the taxable amount isn't calculated in box 2a the Simplified Method must be used—Advanced Certification is required.

⚠ You must manually carry the amount of any health insurance premiums in CSA 1099-R box 5 to use for an Itemized Deduction, the Self-Employed Health Insurance Deduction (if eligible, see page E-9), or the PSO exclusion (if eligible, see page D-61).

Ⓐ Distributions from Traditional IRAs with Basis

Deductions>Adjustments>Nondeductible IRAs; or Keyword: 8606

A traditional IRA has basis if nondeductible contributions were made to any traditional IRA. Complete **Form 8606**, Part I to calculate the taxable portion of the distribution (see tip below). The taxable amount from Form 8606, line 15c must be entered manually into box 2a on the Form 1099-R screen—it does not flow automatically. Even in years with no distribution, Form 8606 should still be filed to facilitate tracking of basis.

If a Qualified Charitable Distribution (QCD) was also made, it is taken from the taxable portion of the IRA and does not affect basis. Exclude the QCD amount from the "Enter Traditional IRA distributions ..." line on TaxSlayer's Form 8606 screen. After reducing the box 2a amount to account for basis recovery as described above, enter the QCD following the instructions on the next page.

Complete the **IRA Worksheet** in the **Colorado Resource Toolbox** for TaxSlayer Input instructions. All the taxpayer's traditional IRAs must be factored into Form 8606, even those with no distributions. A separate Form 8606 is required for inherited IRAs with basis (one per decedent). TaxSlayer can only generate one Form 8606 per individual. If a second one is needed for the same person, complete the first one in TaxSlayer and print or save the PDF. Then complete the second Form 8606 and all 1099-R input. Include the first Form 8606 with the paper filed return, or attach the PDF to the e-filed return (see #5 on page D-40). The second Form 8606 will already be included.

Ⓑ Conversion from a Traditional IRA to a Roth IRA

Deductions>Adjustments>Nondeductible IRAs; or Keyword: 8606

A conversion from a traditional to a Roth IRA is not a contribution, so it is not subject to IRA contribution limits or the Roth IRA income phaseout. While conversions are taxable, they are not subject to the 10% additional tax for early distributions when completed properly and timely. Exclude conversions from impacting the Saver's Credit as described in steps 5 – 7 on page G-20.

This section applies only to conversions from a traditional IRA to a Roth IRA. It does not apply to conversions from other qualified retirement plans (e.g., a 401(k)) to a Roth IRA or designated Roth account. For more details, refer to the **Instructions for Form 8606**, Part II. If Form 5498 is available, check box 3 to confirm whether a traditional IRA to a Roth IRA conversion was reported.

- Direct (trustee-to-trustee) conversions are most common and are reported on Form 1099-R with box 7a, code 2 or 7. Form 5329 is not required in these cases.
- For indirect rollovers, the conversion must be completed within 60 days. If the 60-day deadline was missed, see page D-64. If Form 1099-R, box 7a has distribution code 1, use **Form 5329** to remove the 10% additional tax on early distributions (use exception code 99, More than One Exception Applies).

If no basis exists in Traditional IRAs (e.g., no nondeductible contributions were made):

- Enter the Form 1099-R in TaxSlayer.
- Go to **Form 8606** and enter the amount converted on the "Net amount converted from ..." line.

If basis exists in Traditional IRAs, Advanced Certification is required:

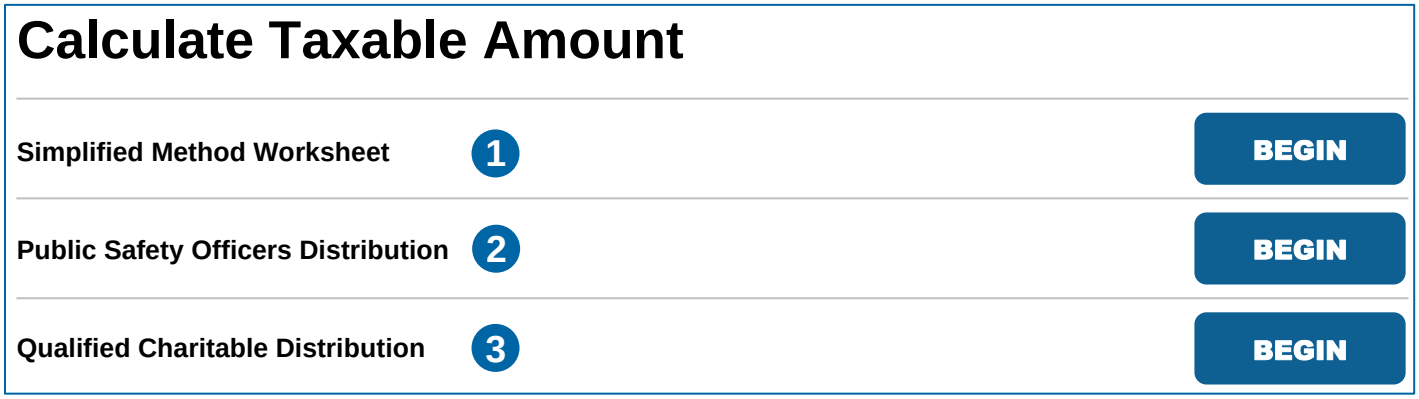
- Go to **Form 8606** and enter the amount converted on the "Net amount converted from ..." line.
- Make the additional Form 8606 Part I entries needed to determine the taxable portion of the conversion. See the section at the top of this page, including the tip.
- Enter the Form 1099-R in TaxSlayer, updating box 2a with the taxable portion per Form 8606.

Calculate Taxable Amount: Simplified Method, PSO Exclusion, QCDs

Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R (or RRB-1099-R); or Keyword: -R

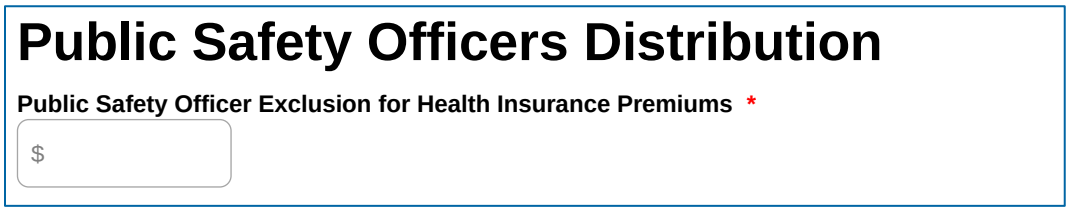
Special Circumstances

The following screen is displayed after selecting the ***Click here for options*** link under the taxable amount (box 2a on Form 1099-R or box 7a on Form RRB-1099-R).

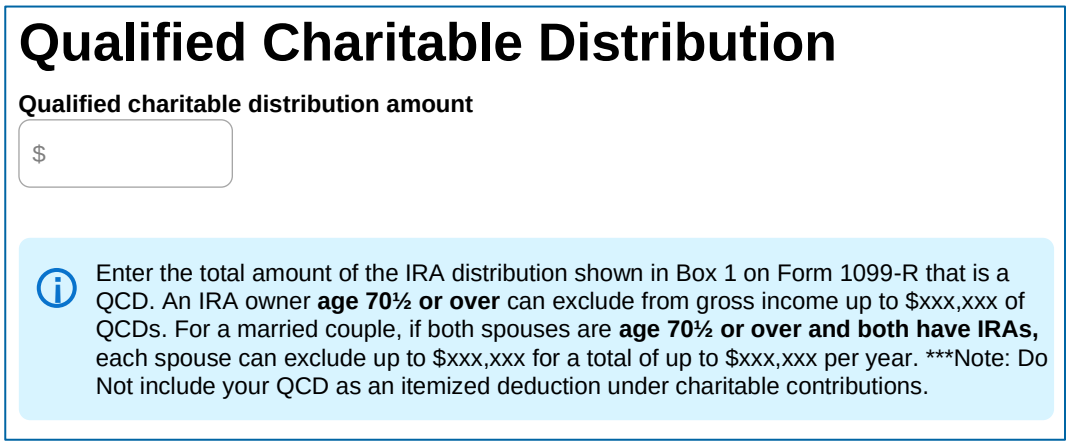


1. Ⓐ The ***Simplified Method Worksheet*** also allows entry of the public safety officer (PSO) health insurance exclusion if that also applies. See page D-62.

2. Ⓑ Only select ***Public Safety Officer Distribution*** for the PSO exclusion if the Simplified Method calculation is not also needed. On the next screen (shown below), enter the amount of health, LTC, or accident insurance premiums (up to $3,000) to exclude from an eligible PSO retirement distribution. See next page for more information.



3. Ⓐ Select ***Qualified Charitable Distribution*** (QCD) to exclude a QCD from a 1099-R distribution's taxable amount (only applies to IRA distributions). Do not manually reduce box 2a for the QCD. Instead, on the next screen (shown below), enter the amount of the QCD to exclude from box 2a of the IRA distribution. See page D-68 for more information.



Ⓑ Public Safety Officer (PSO) Exclusion for Insurance Premiums

A public safety officer (PSO) includes a police/law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew. Eligible PSOs can elect to exclude from their eligible retirement plan's distribution up to $3,000 to pay the premiums for accident, health, and long-term care (LTC) insurance:

- An eligible PSO is one who retired because of disability or because they reached the normal retirement age set by their employer.
- An eligible retirement plan is the employer plan from which the taxpayer retired as a PSO.
- The premiums must be for coverage of the taxpayer, spouse, or dependents.
- The insurance does not need to be through the retired PSO's former employer; e.g., Medicare is qualifying health insurance even if paid from the taxpayer's or spouse's Social Security benefits.
- Direct payment of premiums by the plan has not been a requirement since December 29, 2022.
- The full amount of LTC premiums can be used for the PSO Exclusion, they are not limited as they would be on Schedule A.
- Only unreimbursed, after-tax premiums qualify.
- If a PSO disability distribution is reported as wages, those taxable wages can be similarly reduced.



See prior page for how to enter the PSO Exclusion in TaxSlayer.



The amount of premiums used for the PSO Exclusion cannot be used again as an itemized deduction or for the self-employed health insurance (SEHI) Deduction (if eligible, see page E-9).



The definition of a public safety officer entitled to this exclusion is not as broad as the definition of a qualified public safety employee used for the exception to the 10% additional tax on early distributions.



If both spouses are eligible retired PSOs, then each can exclude up to $3,000, but do not double count any premiums.



Following the death of the PSO, this exclusion does not extend to the surviving spouse or dependents.

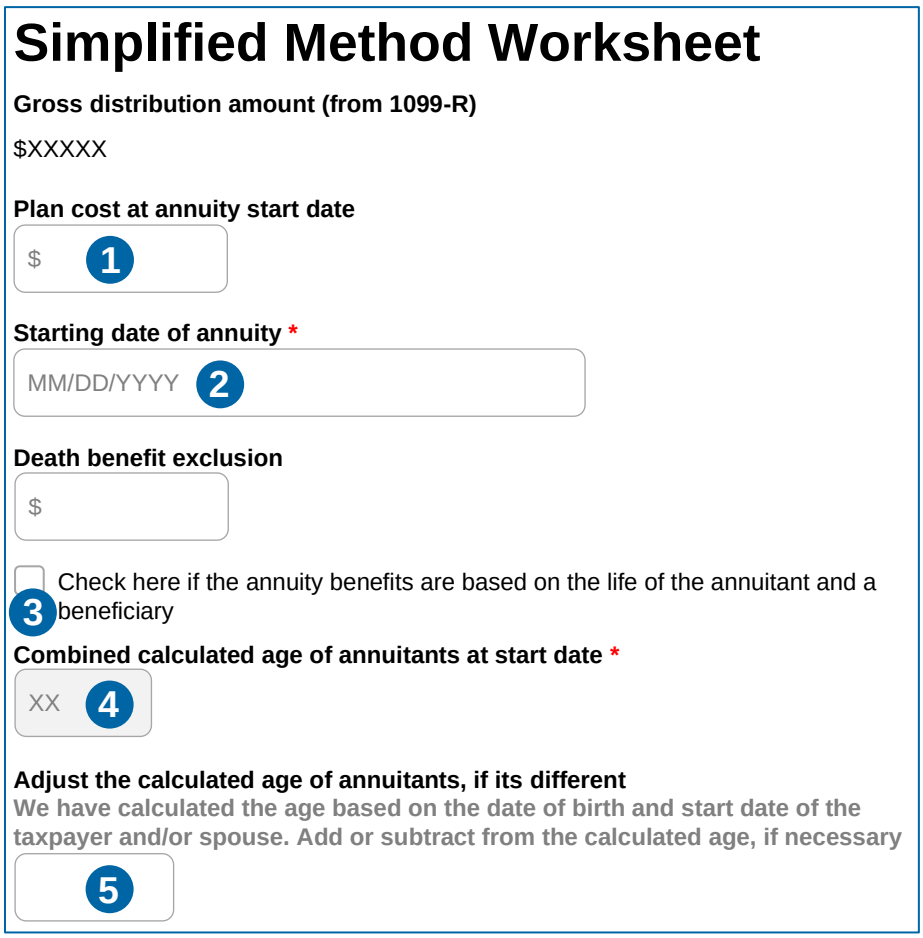
Ⓐ Calculate Taxable Amount: Simplified Method

Ⓝ Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R>Click here for options (under box 2a Taxable Amount); or Keyword: -R

If the taxpayer made after-tax contributions toward a pension, a portion of the annuity payment has already been taxed and isn't taxable now. Generally, if the starting date of the payments was prior to July 2, 1986, the Simplified Method wouldn't apply. If the taxpayer used the 3-year rule, the annuity is fully taxable. If they used the general rule, refer the taxpayer to a professional tax preparer.

The **Annuity/Pension Exclusion Calculator** in the **Colorado Resource Toolbox** can help when completing this screen (see caution in #6 on next page). Print the Annuity/Pension Exclusion Calculator's Exclusion Table and include it in the taxpayer envelope (or pull in last year's hard copy, if available).

Ⓣ The TaxSlayer screen shown below must be completed for it to generate the Simplified Method Worksheet in the return PDF and to carry forward next year. Carryforward items include the plan cost at annuity start date, starting date of annuity, and amounts previously recovered (the age of recipient at start date will be recalculated per #4 below).



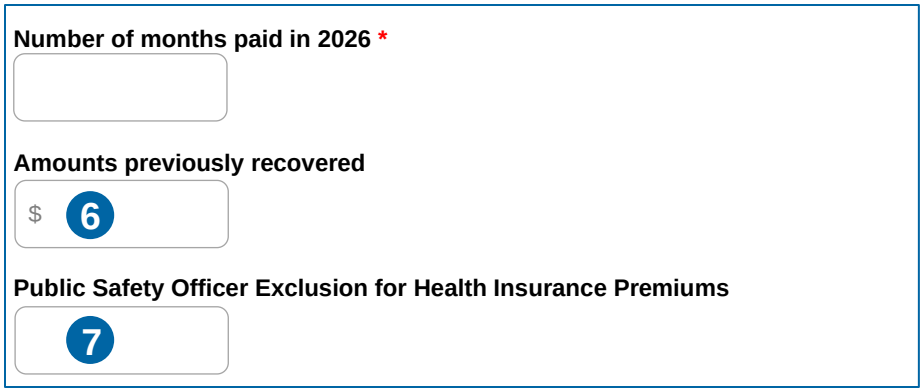
1. Enter the Plan cost (see box 9b of Form 1099-R or box 3 of Form RRB-1099-R).
2. Enter the annuity start date. If disability benefits were paid under this plan during the tax year, enter the date beginning after the taxpayer reached minimum retirement age as the annuity start date. See notes and tip beneath #3 on page D-64 for more on Form 1099-R and disability benefits.
3. For a joint and survivor annuity, check the box so that TaxSlayer will add the ages of both spouses on the start date. For the beneficiary of an employee who died, see **Publication 575**, *Pensions and Annuities*.

   For a joint and survivor annuity that starts:

   - After the death of the employee, use only the survivor's age and do not check the box for Joint and Survivor Annuity.
   - Before the death of either beneficiary, continue with the same exclusion amount after the first death.
4. TaxSlayer calculates the annuitant's age at the start date of the pension (this may differ from the annuitant's age at the end of that year).
5. If TaxSlayer's calculated age must be adjusted (e.g. Joint & Survivor annuity with someone other than the current spouse), enter a positive or negative adjustment in the adjustment box.

Calculate Taxable Amount: Simplified Method (cont'd)

6. Enter the amount that could have been recovered tax free in prior years even if not claimed. If this was entered correctly last year, the amount to enter this year can be found on line 10 of the Simplified Method Worksheet printed with last year's return, which is included in TaxSlayer's carryforward. If this is verified with the **Annuity/Pension Exclusion Calculator**, then see the tip below. For annuitants who retired between July 2, 1986 and Dec. 31, 1986, enter zero.



Amounts previously recovered must be entered to avoid over-recovering the annuitant's basis in the plan. TaxSlayer relies upon an accurate entry here to calculate the taxable amount in the final year of basis recovery and no further recovery beyond that.

7. If applicable, enter the amount of the PSO exclusion from this distribution, up to $3,000. See page D-61.

The taxable amount is calculated and carried to box 2a on Form 1099-R.

Enter a note to help next year's preparer with the Simplified Method:

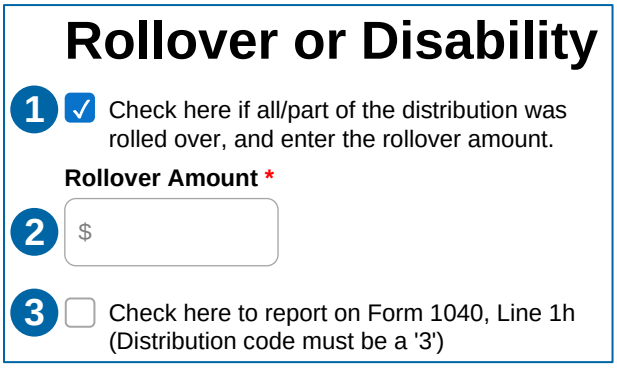
To make a note that will not be transmitted to the IRS but will stay with the file, select the pull-down arrow to the right of the taxpayer's name in top right corner. Choose Notes. Then give the note a name and enter details. This note will be attached to the page where you created it and will also be accessible from the Client Search List and included in the carryforward next year.

- If you used the **Annuity/Pension Exclusion Calculator**, then state in a note that the amounts previously recovered was verified with the calculator, and also include the annuity start date, annual exclusion amount, final year, and partial exclusion for that final year. Include a printout of the calculator's Exclusion Table in the taxpayer envelope.
- If an adjustment to the calculated age was needed in #5 on the prior page, then state the adjustment amount along with an explanation (e.g. date of birth of a joint annuitant that is not the current spouse).

Form 1099-R Rollovers and Disability Under Minimum Retirement Age

Ⓑ

1. If any portion was rolled over, check this box and then enter the nontaxable ***Rollover Amount***. This is required for all box 7a codes, including code G. However, don't check this box if 100% of the rollover is taxable; e.g. a Roth conversion rollover with no basis.
2. Ensure that your box 2a entry excludes any nontaxable portion of the rollover. Then enter the rollover amount here as the difference between box 1 and box 2a.
3. Check if code 3 is in box 7a and the taxpayer is disabled and under the minimum retirement age of the employer's plan. This will reclassify the disability income as Other Earned Income on Form 1040. 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. Ask the taxpayer for the minimum retirement age. It may differ between employers.

There is no cost recovery of employee contributions prior to minimum retirement age.

In the year that minimum retirement age is reached, the plan administrator should issue two Form 1099-R's. If not, prorate the amount to be treated as wages based on the day in the year the former employee reached the minimum retirement age, and then enter in TaxSlayer as two 1099-R forms.

Rollover – Key Points

- A taxpayer should not receive a Form 1099-R for a trustee-to-trustee transfer from one IRA to another (unless it is a Roth conversion), 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 or H.
- A rollover that involves a distribution of funds to the participant where they redeposit the funds into another IRA, the same IRA, or an employer plan within 60 days isn't taxable unless it is a Roth conversion. Form 1099-R will have either a code 1 or code 7. For a rollover that is not a Roth conversion, subtract the rollover amount from the gross distribution (box 1) and enter the difference as the taxable amount in box 2a (see #1 and #2 above). For Roth conversions, see page D-59.
- 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. The limit applies across all of an individual's IRA accounts (traditional, SEP, SIMPLE, and Roth IRAs) and if exceeded, the return is out of scope. However, trustee-to-trustee transfers between IRAs and conversions from traditional to Roth IRAs are not subject to this limit.
- Sometimes a distribution includes both a regular distribution (generally taxable) and a rollover (generally nontaxable). 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 a specified reason, they can submit a self-certification to the trustee to facilitate the late rollover, which can then be considered a rollover on their tax return. Refer taxpayer to **Revenue Procedure 2020-46**, *SECTION 3. SELF-CERTIFICATION,* for details.
- Extended rollover period for qualified plan loan offset amounts: A qualified plan loan offset distribution (code M in Form 1099-R, box 7a) is due to a plan termination or severance from employment. Instead of the usual 60-day rollover period, the taxpayer has until the due date for the return, including extensions, to contribute the amount of the offset to an eligible retirement plan as a rollover contribution.

When rolling or converting from pre-tax accounts to post-tax accounts (e.g. traditional IRAs to Roth IRAs), the amount will generally be taxable. See page D-59.

Ⓑ Form 1099-R Roth IRA Distributions

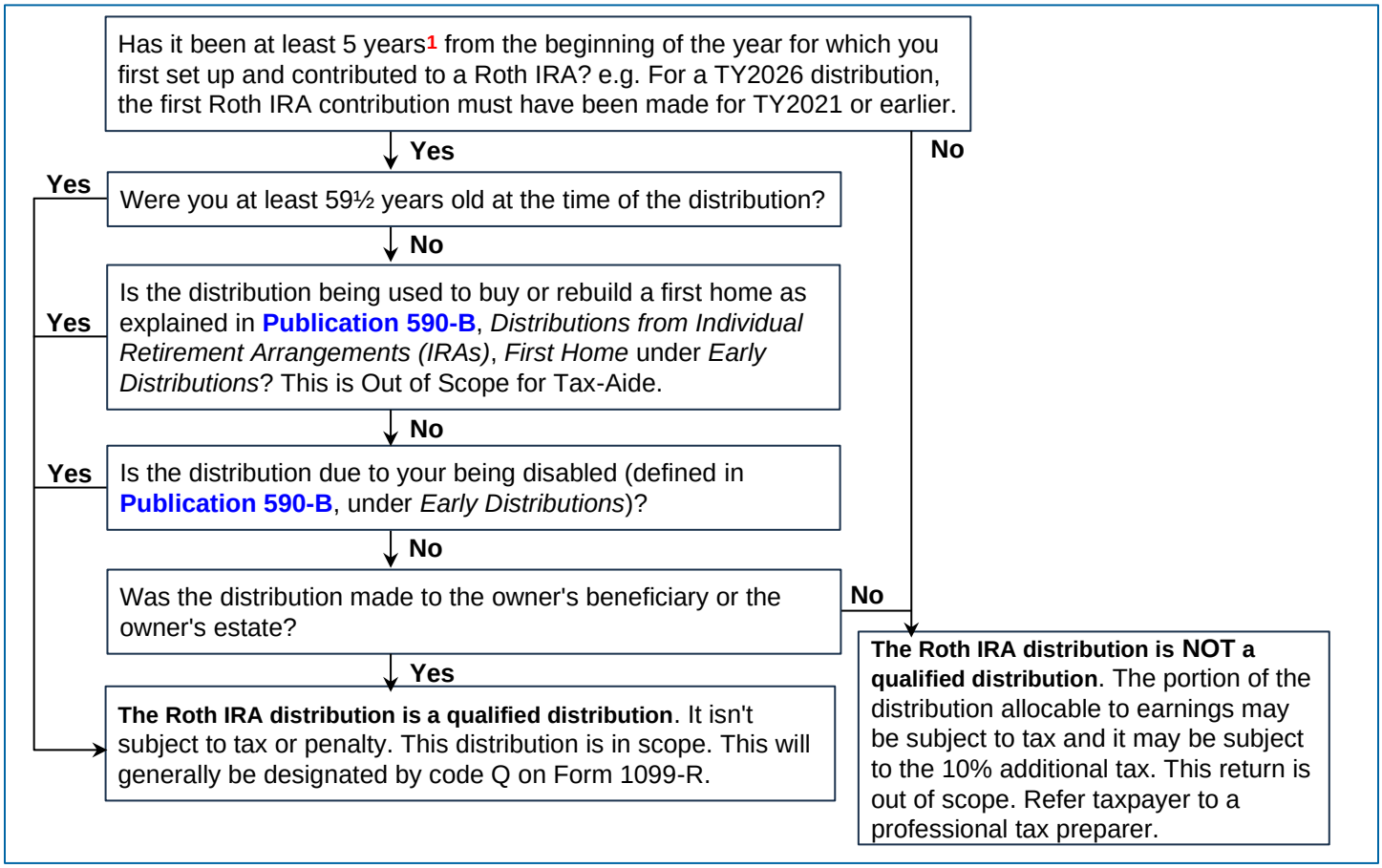
The basis of property distributed from a Roth IRA is its fair market value (FMV) on the date of distribution, whether or not the distribution is a qualified distribution.

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, qualified distributions if the following requirements are met:

- The distribution is made after the 5-year period[1] 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, out of scope)

Is the Distribution From Your Roth IRA a Qualified Distribution?

See the list of Roth IRA distribution codes on the next page that are in scope and out of scope. Use the flowchart below to determine whether the taxpayer has a qualified Roth IRA distribution. Nonqualified distributions are out of scope.



[1] If you roll over a distribution from a designated Roth account to a Roth IRA, the time the funds spent in the designated Roth account does not count toward this 5-year period.

Form 1099-R Box 7a Distribution Codes

⚠ If either the taxpayer or spouse also made voluntary contributions to an IRA or other qualified retirement plan, then see the 8880 column in this table and the explanatory footnote on the next page.

Box 7a Dist. Codes	8880	Explanations
1* – Early distribution, no known exception	?	• If some or all of this distribution was rolled over by the taxpayer, then see page D-64. • For amounts not rolled over, a 10% additional tax will be applied unless the taxpayer qualifies for an exception. See page H-7 for a list of exceptions. If the taxpayer qualifies for an exception, go to **Form 5329**, *Additional Taxes on Qualified Plans and Other Tax-Favored Accounts*, enter the amount that qualifies for an exception and select the reason for the exception from the drop-down list (see page H-6).
2* – Early distribution, exception applies	?	Code 2 applies if taxpayer is under 59 ½ but the payer knows that an exception to the additional tax applies, so Form 5329 is not required. If the IRA/SEP/SIMPLE box is checked, ask the taxpayer if any nondeductible contributions were made. If so, use **Form 8606** to calculate the taxable amount (see page D-59).
3 – Disability	?	Code 3 is for a disability pension. • If the taxpayer is under the minimum retirement age for the company he retired from, then check the box under Rollover or Disability that says, "Check here to report on Form 1040, line 1h." This will reclassify the disability income as Other Earned Income and include it for calculation of the earned income credit, the additional child tax credit, and the credit for child and dependent care expenses. ○ The above no longer applies once the taxpayer reaches the minimum retirement age. • If this is a distribution for a retired public safety officer (PSO) from a plan maintained by the employer from which they retired as a PSO, then the PSO exclusion may apply. See page D-61.
4 – Death	?	Code 4 is for a survivor's benefit or an inherited IRA. If it's an inherited IRA and the original owner had a basis (made nondeductible contributions), the beneficiary takes over that basis. See page D-59.
6 – Section 1035 exchange	☑	Code 6 is a tax-free exchange of life insurance, annuity, qualified long-term care insurance, or endowment contract. It does not need to be reported on the tax return, but if it is then enter -0- in box 2a.
7* – Normal distribution	?	Code 7 is for normal distributions. It may occur in several different situations: • A pension is fully taxable if the amounts in box 1 and 2a are the same, and box 2b isn't checked. ○ If box 2b is checked and there is an amount in box 9b, complete the Simplified Method Worksheet. Be sure to use age at the time of retirement, not current age. See page D-62. • If this is a distribution for a retired public safety officer (PSO) from a plan maintained by the employer from which they retired as a PSO, then the PSO exclusion may apply. See page D-61. • If some or all of this distribution was rolled over by the taxpayer, then see page D-64. • If there is no amount (or zero) in box 2a, check for an amount in box 5. If this is the same amount as box 1, the distribution is the taxpayer's own money coming back. None of the distribution will be taxed. • If this is an IRA distribution where any portion was sent directly from the trustee to a charity when the taxpayer was over 70 1/2 years old, then see Qualified Charitable Distributions (QCDs) on page D-68. • If the IRA/SEP/SIMPLE box is checked, ask the taxpayer if any nondeductible contributions were made. If so, use **Form 8606** to calculate the taxable amount (see page D-59).
8 – Excess contributions plus earnings taxable in the current year	☑	Code 8 is for corrective distributions of excess deferrals, excess contributions, and excess aggregate contributions. box 2a is the taxable earnings ($0 if a loss). For a corrective IRA distribution reported with both box 7a codes 8 and 1, see code 1 above and **Form 5329**, code 21 on page H-7.
B – Designated Roth account distribution	!	Code B is for a distribution from a designated Roth account. This code is in scope only if taxable amount has been determined.
D – Annuity payments from nonqualified annuities	☑	Code D is used for a distribution from a private annuity in conjunction with the regular code. In scope if taxable amount is provided in box 2a or can be determined. Out of scope if either of the following apply: • there is no amount in box 2a and taxable amount cannot be determined (see page D-58, Example 4), or • the taxpayer's AGI exceeds the net investment income tax threshold amount ($200,000 for single or HoH; $250,000 for MFJ or QSS; $125,000 for MFS).
5, 9, A, E, K, N, P, R	**OOS**	These codes are out of scope for Tax-Aide (additional codes are OOS for VITA/TCE).

* For Codes 1, 2, and 7, if this was a Traditional IRA to Roth IRA conversion, see page D-59 for instructions.

Form 1099-R Box 7a Distribution Codes (cont'd)

⚠ If either the taxpayer or spouse also made voluntary contributions to an IRA or other qualified retirement plan, then see the 8880 column in this table and the explanatory footnote below.

Box 7a Distribution Codes	8880	Explanations
F – Charitable gift annuity	☑	Code F is used for the annuity payments from a charitable gift annuity. To determine the amount to enter in box 2a (Taxable amount), subtract the amounts in box 3 (Capital gain) and box 5 (Employee contributions) from the Gross distribution (box 1) and enter that difference in the Form 1099-R screen box 2a. Also, navigate to Income>Capital Gains and Losses>Additional Capital Gain Distributions and enter the amount in box 3 as a long-term capital gain.
G – Direct rollover of distribution and direct payment	☑	Code G can be used for a couple of different situations: • a direct rollover from a qualified plan to an eligible retirement plan. If box 2a, taxable amount, is zero or blank, it won't be taxed. If there is an amount in box 2a, the direct rollover is fully or partially taxable. See page D-64 for guidance on use of the rollover box. • an employer to report designated Roth nonelective contributions and designated Roth matching contributions. The taxable amount (box 2a) will be the same as the Gross distribution (box 1). Do not use the rollover box when reporting these taxable contributions.
H – Direct rollover of a designated Roth account distribution to a Roth IRA	☑	Code H is for a direct rollover of a distribution from a designated Roth account to a Roth IRA. It won't be taxed. Box 2a should be blank or zero (enter as -0-).
J – Early distribution from a Roth IRA	!	In scope only if in error and distribution is a qualified distribution. See page D-65 to determine if distribution was qualified.
L – Loans treated as deemed distributions	☑	Code L is for loans treated as deemed distributions. This code could possibly be combined with codes 1, 2, 4, 7, or B. For more information on how it is treated see the codes on this chart.
M – Qualified plan loan offset	?	Code M is used for a qualified plan loan offset distribution due to plan termination or severance from employment. The taxpayer has until the due date, including extensions, to rollover any of the amount. Treat the distribution based on the other code included in box 7a: 1, 2, 4, 7 or B.
Q – Qualified distribution from a Roth IRA	!	This distribution isn't taxable. Box 2a should be blank (enter as -0-). TaxSlayer enters the distribution amount on Form 1040 on the IRAs, pensions, and annuities line.
S – Early distribution from a SIMPLE IRA in the first 2 years, no known exception	?	A 25% additional tax will be applied unless taxpayer qualifies for an exception. See page H-7 for list of exceptions. If taxpayer qualifies for an exception, go to **Form 5329** and enter the amount of the distribution not subject to the additional tax and select the exception reason from the dropdown list.
T – Roth IRA distribution, exception applies	!	Used if taxpayer is at least 59 ½, has died, or is disabled but the payer doesn't know if the 5-year holding period has been met. In scope only if it was a qualified distribution. See page D-65 to determine if distribution was qualified.
U – Dividends distributed from an ESOP	☑	Treat just like Code 7.
W – Charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements.	?	This distribution is excludable from gross income. It does not need to be reported on the tax return, but if it is then enter -0- in box 2a (and if itemizing deductions, reduce the MAGI in the sales tax calculation by the amount in box 1).
Y – Qualified charitable distribution (QCD)	☐	Note that the use of code Y is optional—not all QCDs will be designated by a code Y. See Qualified Charitable Distributions (QCDs) on the next page. Advanced Certification is required.
5, 9, A, E, K, N, P, R	**OOS**	These codes are out of scope for Tax-Aide (additional codes are OOS for VITA/TCE).

Explanation of 8880 Column: If the taxpayer or spouse also made voluntary contributions to an IRA or other qualified plan, then additional entries may be required to include or exclude a Form 1099-R distribution for the Saver's Credit. The 8880 column has one of the following four symbols:

☑ - Check the "Does not carry to Form 8880" box on the Form 1099-R screen in TaxSlayer.

☐ - Do NOT check the "Does not carry to Form 8880" box on the Form 1099-R screen in TaxSlayer.

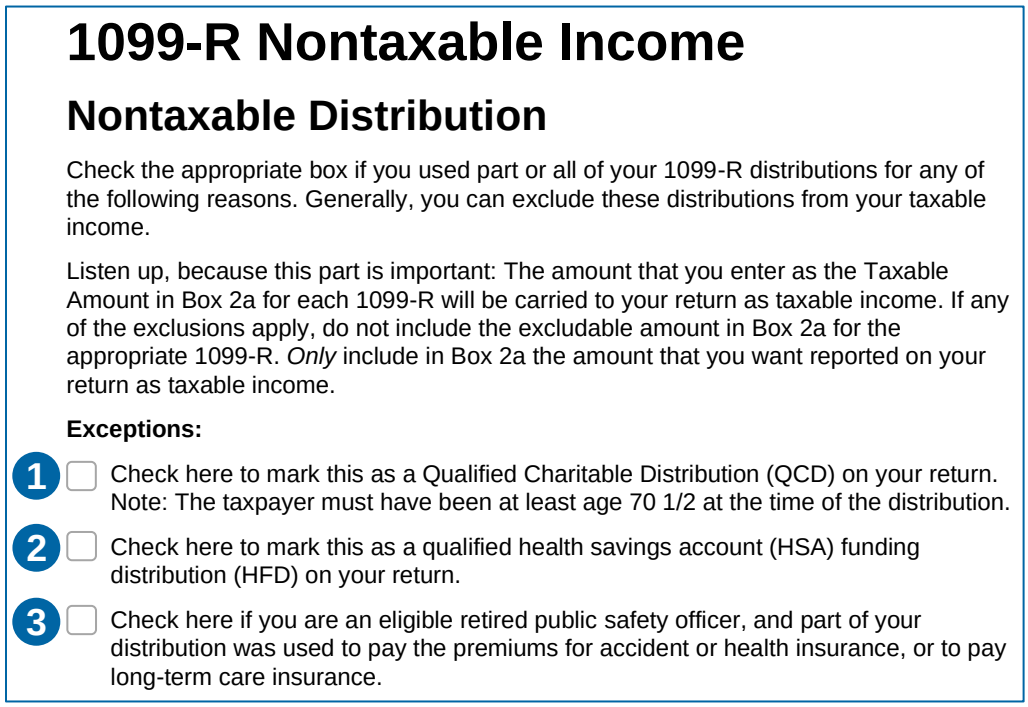
? - Use the chart on page G-19 to determine the additional entries that may be required to adjust Form 8880.

! - Use the chart on page G-19 to determine the additional entries required to include a nontaxable Roth distribution on Form 8880.

Form 1099-R Nontaxable Income

Income>Form 1099-R, RRB, SSA>1099-R Nontaxable Income

1. See Qualified Charitable Distribution (QCDs) below. TaxSlayer automatically checks this box when a QCD is entered as described in #3 on page D-60. However, manually check this box if the taxable amount was manually reduced for the QCD on the 1099-R screen.
2. A Qualified Health Savings Account (HSA) funding distribution made from an IRA to an HSA is out of scope.
3. Do not use this checkbox as it alone will not produce the required Public Safety Officer (PSO) notation on Form 1040. See #1 and #2 on page D-60.



1099-R Nontaxable Income

Nontaxable Distribution

Check the appropriate box if you used part or all of your 1099-R distributions for any of the following reasons. Generally, you can exclude these distributions from your taxable income.

Listen up, because this part is important: The amount that you enter as the Taxable Amount in Box 2a for each 1099-R will be carried to your return as taxable income. If any of the exclusions apply, do not include the excludable amount in Box 2a for the appropriate 1099-R. *Only* include in Box 2a the amount that you want reported on your return as taxable income.

Exceptions:

1 ☐ Check here to mark this as a Qualified Charitable Distribution (QCD) on your return. Note: The taxpayer must have been at least age 70 1/2 at the time of the distribution.

2 ☐ Check here to mark this as a qualified health savings account (HSA) funding distribution (HFD) on your return.

3 ☐ Check here if you are an eligible retired public safety officer, and part of your distribution was used to pay the premiums for accident or health insurance, or to pay long-term care insurance.

Ⓐ Qualified Charitable Distributions (QCDs)

- To qualify as a QCD, the distribution must be made directly from an IRA to a qualified charitable organization, the taxpayer must be at least age 70½ at the time of distribution, and the taxpayer must have the same type of acknowledgment that is needed to claim a charitable contribution deduction. If made from a SIMPLE or SEP IRA, the account must not be ongoing; i.e., no contributions made for TY2026.
- QCDs are excluded from income, but count toward the IRA owner's Required Minimum Distribution. The excluded amount is not allowed as a charitable deduction on Schedule A.
- Form 1099-R distribution code Y designates a QCD, but not all QCDs will be identified this way. Confirm the amount of the QCD and that all eligibility requirements are met with the taxpayer.
- See #5 on page D-56 and #3 on page D-60 to enter a QCD, regardless of whether code Y was used. This entry will subtract the QCD amount from box 2a (taxable amount) of the IRA distribution. Do not adjust the amount in box 16, State Distribution, to match.
- If the IRA includes basis from nondeductible contributions, then the Qualified Charitable Distribution comes from the otherwise taxable IRA funds with no impact to basis. However, see page D-59 if the taxpayer received a distribution from the IRA other than the QCD.

The excludable portion of QCDs is reduced by any IRA contributions deducted for 2020 or later tax years when the taxpayer was age 70½ or older. This applies cumulatively to deductions and distributions, and separately to the taxpayer and spouse. For more details, see Tax-Aide's **NTTC 4491**, *Income – Retirement* lesson. The NTTC **Reduced QCD by IRA Deduction Worksheet** contains instructions and an example that should be used for taxpayers affected by this provision.

If taxpayers receive or expect to receive a state or local tax credit for their QCD, the amount treated as a QCD may be reduced by the amount of the state or local tax credit. See **Publication 526**, *Charitable Contributions*, for details.

Income>Form 1099-R, RRB, SSA>RRB-1099-R;
or Keyword: RRB

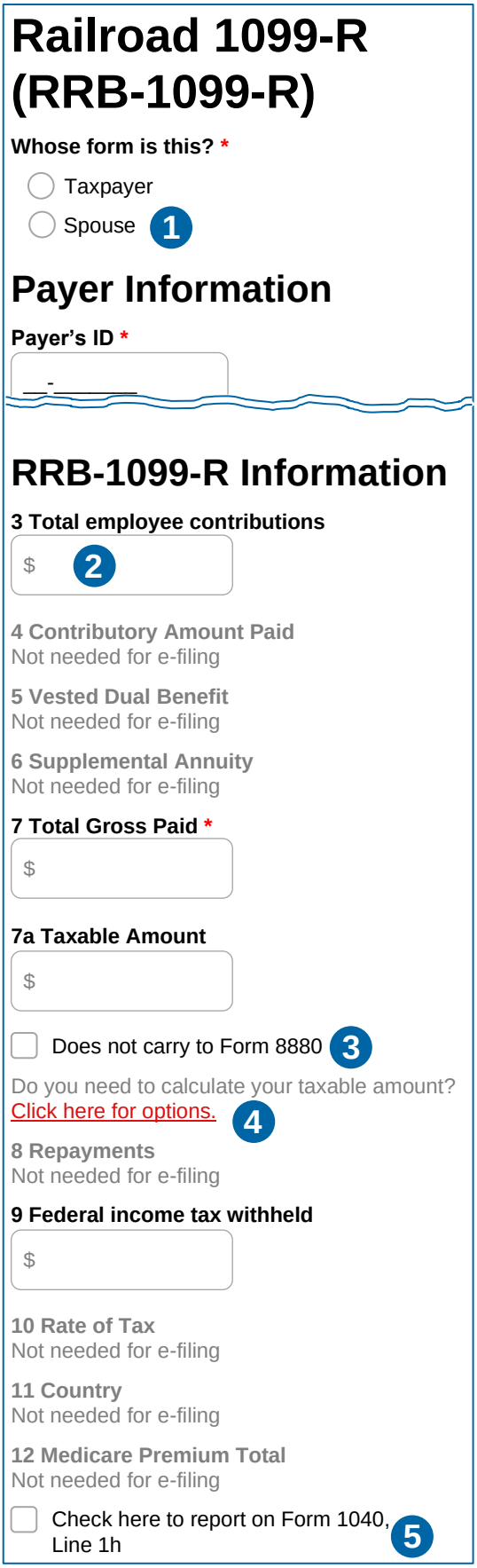
Railroad Retirement Benefits (RRB) are reported on two forms and require two entry screens:

- Form RRB-1099 (blue tier 1 form) is Social Security Equivalent Benefits treated just like a Form SSA-1099. Enter these benefits on the Social Security Benefits screen shown on the next page.
- Form RRB-1099-R (green tier 2 form) is entered on the screen shown to the right.

RRB Tier 1 and Tier 2 distributions are not taxable by any state, but state subtractions may need to be entered if they are not automatically excluded by TaxSlayer.

See **Publication 915**, *Social Security and Equivalent Railroad Retirement Benefits*, and **Publication 575**, *Pensions and Annuity Income*, for additional information.

1. A spouse of a railroad retiree receives a spouse annuity reported on their own, separate RRB-1099-R even though they were not employed by the railroad.
   - The simplified method does not apply to a spouse annuity while the retiree is alive.
   - Survivor annuities are available for all surviving spouses and use the simplified method until the employee's cost in the plan is fully recovered. If box 3 is blank on a survivor annuity, reference the box 3 amount from the employee's final RRB-1099-R (have the taxpayer contact the RRB if not available).
2. If there is an amount in box 3, the taxable amount may have to be determined using the Simplified Method.
3. Always check the ***Does not carry to Form 8880*** box—this must be done before entering the ***Simplified Method Worksheet***.
4. If the ***Simplified Method Worksheet*** is required, then select the red ***Click here for options*** link. See page D-62 for more details.
   - Railroad retirement pensions that start when both the retiree and the spouse are alive are always joint and survivor annuities. See #3 on page D-62 for details on when to use their combined age vs. when to use a single age.
   - Do not use the simplified method if you check #5 on this screen. Cost recovery of employee contributions doesn't start until minimum retirement age is reached.
5. If this is a disability annuity received prior to the minimum retirement age set by the employer, check the box labeled ***Check here to report on Form 1040, Line 1h***. This reclassifies the disability income as earned income for the calculation of some credits.



Income>Form 1099-R, RRB, SSA>Social Security SSA-1099/RRB-1099 Tier 1; or Keyword: SSA

1. Enter ***Social Security benefit*** from box 5 of Form SSA-1099 or blue Form RRB-1099 (Net Social Security Equivalent Benefit Portion of Tier 1 Paid in 2026).
2. Enter ***Federal tax withheld*** from box 6 of an SSA-1099 or box 10 of an RRB-1099.
3. The ***Add Medicare premium*** button allows entry of Medicare Part A, B, C, and D premiums to carry to itemized deductions. Do not double-enter premiums—exclude amounts used for the Public Safety Officer (PSO) exclusion or Self-Employed Health Insurance (SEHI) deduction.
4. Examine Form SSA-1099, *Description of Amount in box 3* (at bottom-left of form), or Form RRB-1099, boxes 7–9 to determine if a ***Lump-sum payment*** was received; i.e., benefits attributable to a prior year. If so:
   - Click ***BEGIN WORKSHEET*** and complete the worksheet shown on the next page if the taxpayer can provide the applicable prior year tax return(s). TaxSlayer will reduce the taxable amount of Social Security if the lump-sum method is more beneficial.
   - If prior year return information is not available, the lumpsum method can't be used—the taxable amount remains calculated based on current year income.



Combine **multiple Forms SSA-1099 or RRB-1099** (Tier 1 Blue Form) received for the same SSN and enter as a single total.



If Form SSA-1099 or RRB-1099 **box 5 is negative**, the taxpayer repaid more than was received. Combine the box 5 amounts across all Forms SSA-1099 or RRB-1099 (for both spouses if filing jointly), to determine the combined net benefit. If the combined amount ...

- is positive, enter it in TaxSlayer.
- is negative and $3,000 or less, it does not need to be entered on this screen. This is a 2% miscellaneous itemized deduction that is not federally deductible, but may be state deductible.
- is a negative amount in excess of $3,000, the return is OOS. Taxpayer may be able to take an itemized deduction or a credit for part of the excess repayments if they were for benefits included in income in an earlier year. However, this deduction or credit is out of scope.



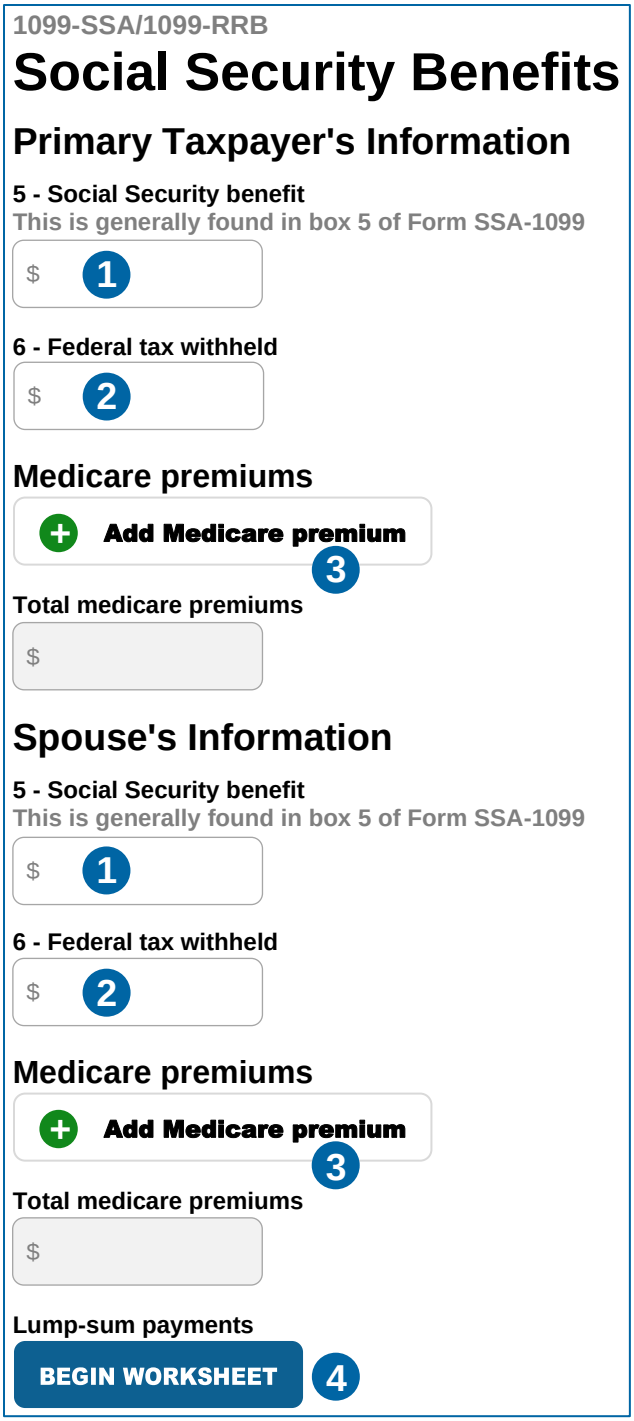
Canada Pension Plan, Quebec Pension Plan and Old Age Security from Canada and Germany are treated like US Social Security and in scope for Tax-Aide. Add amounts (converted to US dollars by the taxpayer) to amounts on the Social Security SSA-1099 screen shown above. See page D-72 for details.



A corrected Form SSA-1099 is indicated by the presence of an extra rectangular box in the upper right-hand corner of the SSA-1099 containing the date of the correction and an extra pink band along the top.



See the NTTC **Taxable Social Security Guide** for an explanation of Social Security taxation.



Ⓑ Form SSA-1099 Lump-Sum Distributions

Ⓝ Income>Form 1099-R, RRB, SSA>Social Security SSA-1099/RRB 1099 Tier 1>Begin Worksheet; or Keyword SSA

Locate the lump-sum payment details on Form SSA-1099 (***Description of Amount in Box 3*** at bottom-left of form) or Form RRB-1099 (boxes 7-9). If box 9 of Form RRB-1099 has an amount, the taxpayer can contact the RRB to get a year-by-year breakdown.

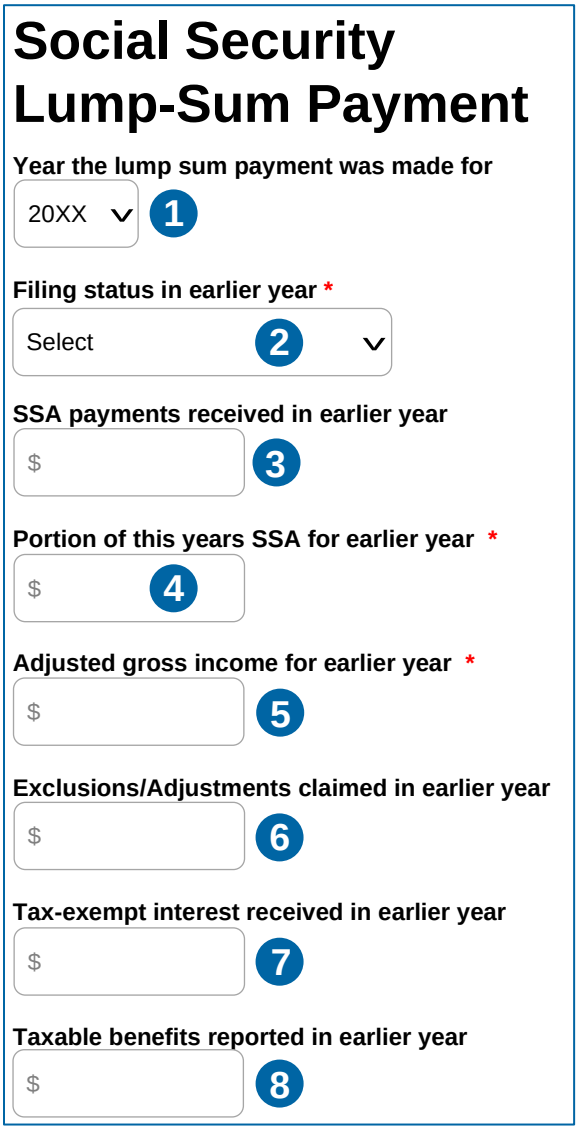
Complete a separate worksheet in TaxSlayer for each prior year included in the lump-sum payment.

⚠ Use the information from Form SSA-1099 or Form RRB-1099 to complete #1 and #4. For all other fields, refer to the tax return for the prior year selected in #1.

1. Select the prior year that the lump-sum payment applies to.
2. Select the filing status used on that prior year's return.
3. Enter the **total** Social Security benefits received for the prior year (line 6a of Form 1040 or 1040-SR for TY2020 or later). Do not include this year's lump-sum payment. If prior year return was MFJ, include benefits received by both the taxpayer and spouse.

   ⚠ Do not leave fields #3, #6, #7, or #8 blank if they apply. Otherwise, the total taxable Social Security may be calculated incorrectly.

4. Enter the portion of this year's lump-sum payment that applies to the prior year selected in #1.
5. Enter the prior year's adjusted gross income (line 11 of Form 1040 or 1040-SR for TY2020 or later).
6. Enter the sum of the following prior year adjustments and exclusions:
   - Student loan interest deduction (Schedule 1, Part II)
   - Foreign earned income exclusion or housing deduction (Form 2555)
   - Exclusion of certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico
   - Adoption benefits (Form 8839)
   - Qualified U.S. Savings Bond interest (Form 8815)



7. Enter tax-exempt interest received in the prior year (line 2a of Form 1040 or 1040-SR for TY2020 or later).
8. Enter the **taxable** Social Security benefits reported in the prior year (line 6b of Form 1040 or 1040-SR for TY2020 or later). If prior year return was MFJ, include taxable benefits for both the taxpayer and spouse.

Ⓑ Canadian and German Social Security Benefits

The following are treated as U.S. Social Security for tax purposes and are in scope for Tax-Aide. Your state's tax treatment may differ.

- Canada: NR4 income codes 44, 45, 46, 47, 48, 49, 50, and 51 (also 86 for TY2021 only)
- Germany: Old-Age, Disability, and Survivors Security

⚠ Income from all other foreign retirement arrangements (including Canada NR4 code 88) is out of scope (may need special reporting on the FBAR (FinCEN Report 114) or Form 8938).

The taxpayer should have converted this income from Canadian dollars (CAD) or euros (EUR) into U.S. dollars (USD). That should be the gross amount, before any currency conversion costs. Add that to any U.S. Social Security benefit and enter the total as the taxpayer's or spouse's Social Security benefit on TaxSlayer's Social Security SSA-1099 screen shown on page D-70.

If the volunteer calculates the currency conversion, they should document it in the taxpayer's intake booklet and in a TaxSlayer preparer's note. Divide the CAD/EUR amount by the applicable yearly average exchange rate from: **IRS.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates**

Examples

The examples below use 2025 rates—**use the rates applicable to the return you are working on**.

Example 1, Canada: For TY2025, the taxpayer had a U.S. Form SSA-1099 showing $10,000 in Social Security benefit and a Canadian NR4 statement showing 4,000 CAD with income code 46 and 5,000 CAD with income code 44. The Canada row in the table at the IRS link above shows that the 2025 yearly average exchange rate was 1.398 CAD to 1 USD.

Box 5 of SSA-1099 (or RRB-1099 Tier 1)	$10,000
Canada NR4 income code 46 (Pension Plan): 4,000 CAD / 1.398	$2,861
Canada NR4 income code 44 (Old Age Security): 5,000 CAD / 1.398	$3,577
Total to enter in TaxSlayer as Social Security Benefit	**$16,438**

Example 2, Germany: For TY2025, the taxpayer had a U.S. Form SSA-1099 showing $10,000 in Social Security benefit and 5,000 EUR of German Old Age Security. The Euro Zone row in the table at the IRS link above shows that the 2025 yearly average exchange rate was 0.886 EUR to 1 USD.

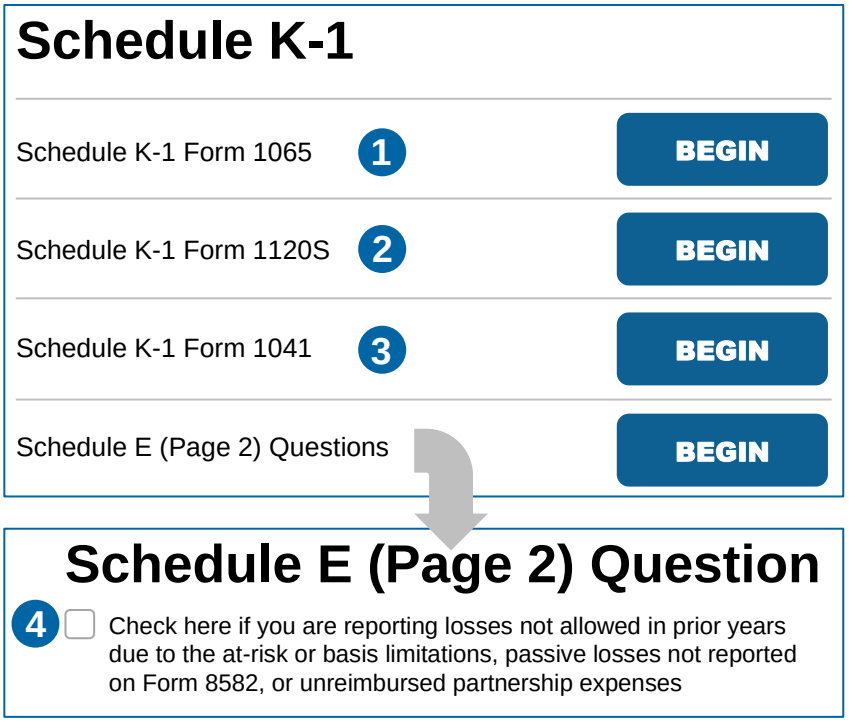
Box 5 of SSA-1099 (or RRB-1099 Tier 1)	$10,000
German Old-Age Security: 5,000 EUR / 0.886	$5,643
Total to enter in TaxSlayer as Social Security Benefit	**$15,643**

Schedules K-1 – Instructions and Scope

Income>Other Income>K-1 Earnings; or Keyword: K-1

Choose the correct option based on the form that the Schedule K-1 comes from. The form number is identified in parenthesis at the top-left of the schedule beneath the words "Schedule K-1," as shown on the next 3 pages.

1. A ***Schedule K-1 Form 1065*** is issued from a Partnership. See next page.
2. A ***Schedule K-1 Form 1120-S*** is issued from an S-Corporation. See page D-75.
3. A ***Schedule K-1 Form 1041*** is issued from an Estate or Trust. See page D-76.
4. This situation is out of scope.



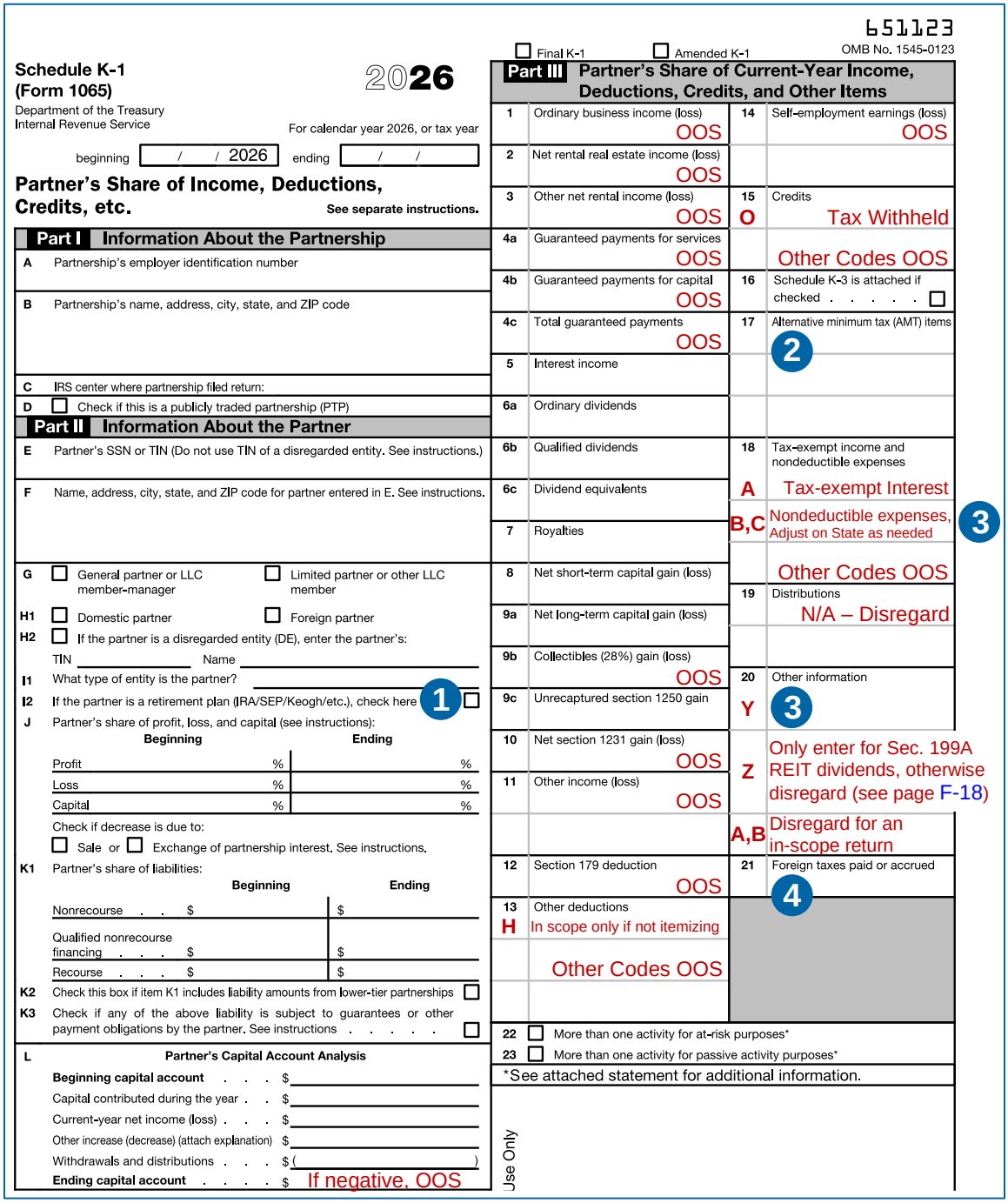
Income reported on Schedule K-1 that is **in scope** includes:

- Interest income
- Dividend income
- Qualified Dividend income
- Net short-term capital gains and losses (Schedule D)
- Net long-term capital gains and losses (Schedule D)
- Unrecaptured section 1250 gains (Schedule D)
- Tax-exempt interest income
- Royalty income (Schedule E)
- Foreign tax credit
- Sec. 199A dividends

Items reported on a Schedule K-1 that are not listed above may make the return out of scope. Refer to the next three pages for scope details specific to each type of Schedule K-1.

Most in scope K-1s will be from a passive entity, and the taxpayer's investment will be at risk. Be sure to select these boxes in the software, if applicable. TaxSlayer may give you a warning if the At-Risk box is left blank.

Schedule K-1 (Form 1065)



651123

Schedule K-1 (Form 1065) 2026

Department of the Treasury
Internal Revenue Service

For calendar year 2026, or tax year beginning / / 2026 ending / /

Partner's Share of Income, Deductions, Credits, etc. See separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS center where partnership filed return:

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G ☐ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☐ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's:
TIN _____ Name _____

I1 What type of entity is the partner? _____

I2 If the partner is a retirement plan (IRA/SEP/Keogh/etc.), check here 1 ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

Check if decrease is due to:
☐ Sale or ☐ Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	$	$
Qualified nonrecourse financing	$	$
Recourse	$	$

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships ☐

K3 Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions ☐

L Partner's Capital Account Analysis

Beginning capital account	$
Capital contributed during the year	$
Current-year net income (loss)	$
Other increase (decrease) (attach explanation)	$
Withdrawals and distributions	$ ( )
Ending capital account	$ If negative, OOS

Part III Partner's Share of Current-Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) OOS	14	Self-employment earnings (loss) OOS
2	Net rental real estate income (loss) OOS		
3	Other net rental income (loss) OOS	15	Credits
4a	Guaranteed payments for services OOS	O	Tax Withheld
4b	Guaranteed payments for capital OOS		Other Codes OOS
4c	Total guaranteed payments OOS	16	Schedule K-3 is attached if checked ☐
5	Interest income	17	Alternative minimum tax (AMT) items 2
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents	A	Tax-exempt Interest
7	Royalties	B,C	Nondeductible expenses, Adjust on State as needed 3
8	Net short-term capital gain (loss)		Other Codes OOS
9a	Net long-term capital gain (loss)	19	Distributions N/A – Disregard
9b	Collectibles (28%) gain (loss) OOS	20	Other information
9c	Unrecaptured section 1250 gain	Y	3
10	Net section 1231 gain (loss) OOS	Z	Only enter for Sec. 199A REIT dividends, otherwise disregard (see page F-18)
11	Other income (loss) OOS	A,B	Disregard for an in-scope return
12	Section 179 deduction OOS	21	Foreign taxes paid or accrued 4
13	Other deductions H In scope only if not itemizing		
	Other Codes OOS		

22 ☐ More than one activity for at-risk purposes*

23 ☐ More than one activity for passive activity purposes*

*See attached statement for additional information.

Use Only

OOS = Out of Scope; if any item is OOS, then the return is OOS (not unique to Schedules K-1)—unless disregarded per #1 below.

1. Disregard the Form 1065 Schedule K-1 if box I2 is checked (partner is a retirement plan, such as an IRA).
2. Disregard box 17 if AMT does not apply (likely will not apply if AGI is less than $140,200 for MFJ or QSS, $70,100 for MFS, or $90,100 for all other filing statuses). If AMT applies, the return is out of scope.
3. No need to enter in TaxSlayer (box 18 codes B and C, and box 20 code Y).
4. Do not enter the box 21 amount on the ***Schedule K-1 Form 1065*** screen. Instead, enter this amount in ***Deductions>Credits>Foreign Tax Credit>Foreign taxes paid*** (see page G-7 for more details, including scope limitations). Enter in state also, if needed.

671124

Schedule K-1 (Form 1120-S)
Department of the Treasury
Internal Revenue Service

2026

For calendar year 2026, or tax year beginning / / 2026 ending / /

Shareholder's Share of Income, Deductions, Credits, etc. See separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123

Part I Information About the Corporation

A Corporation's employer identification number

B Corporation's name, address, city, state, and ZIP code

C IRS Center where corporation filed return

D Corporation's total number of shares
Beginning of tax year . . . . . .
End of tax year . . . . . .

Part II Information About the Shareholder

E Shareholder's identifying number

F1 Shareholder's name, address, city, state, and ZIP code

F2 If the shareholder is a disregarded entity, a trust, an estate, or a nominee or similar person, enter the individual or entity responsible for reporting:
TIN _____ Name _____

F3 What type of entity is this shareholder? _____

G Current year allocation percentage . . . _____ %

H Shareholder's number of shares
Beginning of tax year . . . . . .
End of tax year . . . . . .

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) OOS	13 O	Credits Tax Withheld
2	Net rental real estate income (loss) OOS		Other Codes OOS
3	Other net rental income (loss) OOS		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Schedule K-3 is attached if checked . . . . . ☐
6	Royalties	15	Alternative minimum tax (AMT) items 1
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss) OOS		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss) OOS	16 A	Items affecting shareholder basis Tax-exempt Interest
10	Other income (loss) OOS	C	Nondeductible expenses, Adjust on State as needed 2
		F	Foreign tax paid or accrued 3
			Other Codes OOS
		17 U	Other information 2
11	Section 179 deduction OOS	V	Only enter for Sec. 199A REIT dividends, otherwise disregard (see page F-18)
12	Other deductions H In scope only if not itemizing		
	Other Codes OOS		Other Codes OOS

OOS = Out of Scope; if any item is OOS, then the return is OOS (not unique to Schedules K-1).

1. Disregard box 15 if AMT does not apply (likely will not apply if AGI is less than $140,200 for MFJ or QSS, $70,100 for MFS, or $90,100 for all other filing statuses). If AMT applies, the return is out of scope.

2. No need to enter in TaxSlayer (box 16 code C and box 17 code U).

3. Do not enter the box 16, code F amount on the ***Schedule K-1 Form 1120-S*** screen. Instead, enter this amount in ***Deductions>Credits>Foreign Tax Credit>Foreign taxes paid*** (see page G-7 for more details, including scope limitations). Enter in state also, if needed.

661117

Schedule K-1 (Form 1041)
Department of the Treasury
Internal Revenue Service

2026
For calendar year 2026, or tax year

beginning / / 2026 ending / /

Final K-1 ☐ Amended K-1 ☐ OMB No. 1545-0092

Beneficiary's Share of Income, Deductions, Credits, etc.

See back of form and instructions.

Part I Information About the Estate or Trust

A Estate's or trust's employer identification number

B Estate's or trust's name

C Fiduciary's name, address, city, state, and ZIP code

D ☐ Check if Form 1041-T was filed and enter the date it was filed

E ☐ Check if this is the final Form 1041 for the estate or trust

Part II Information About the Beneficiary

F Beneficiary's identifying number

G Beneficiary's name, address, city, state, and ZIP code

Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items

1	Interest income	11	Final year deductions
2a	Ordinary dividends	C	Short-term Capital Loss Carryover
2b	Qualified dividends	D	Long-term Capital Loss Carryover
3	Net short-term capital gain		Other Codes OOS
4a	Net long-term capital gain		
4b	28% rate gain OOS	12	Alternative minimum tax adjustment (1)
4c	Unrecaptured section 1250 gain		
5	Other portfolio and nonbusiness income OOS		
6	Ordinary business income OOS		
7	Net rental real estate income OOS	13	Credits and credit recapture
8	Other rental income OOS	A	Estimated Tax Paid
9	Directly apportioned deductions OOS	B	Income Tax Withheld
			Other Codes OOS
		14	Other information
		A	Tax-exempt Interest
10	Estate tax deduction (2)	B	(3) Foreign Taxes
		E	Disregard for an in-scope return
		I	Only enter for Sec. 199A REIT dividends, otherwise disregard (see page F-18)
			Codes F, G, H: OOS

* See attached statement for additional information.

Note: A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

OOS = Out of Scope; if any item is OOS, then the return is OOS (not unique to Schedules K-1).

1. Disregard box 12 if AMT does not apply (likely will not apply if AGI is less than $140,200 for MFJ or QSS, $70,100 for MFS, or $90,100 for all other filing statuses). If AMT applies, the return is out of scope.

2. The taxpayer can claim this as a deduction on Schedule A, line 17e, other itemized deductions not subject to 2%, if itemizing. Enter on TaxSlayer's ***Schedule K-1 Form 1041*** screen and it will carry to Schedule A.

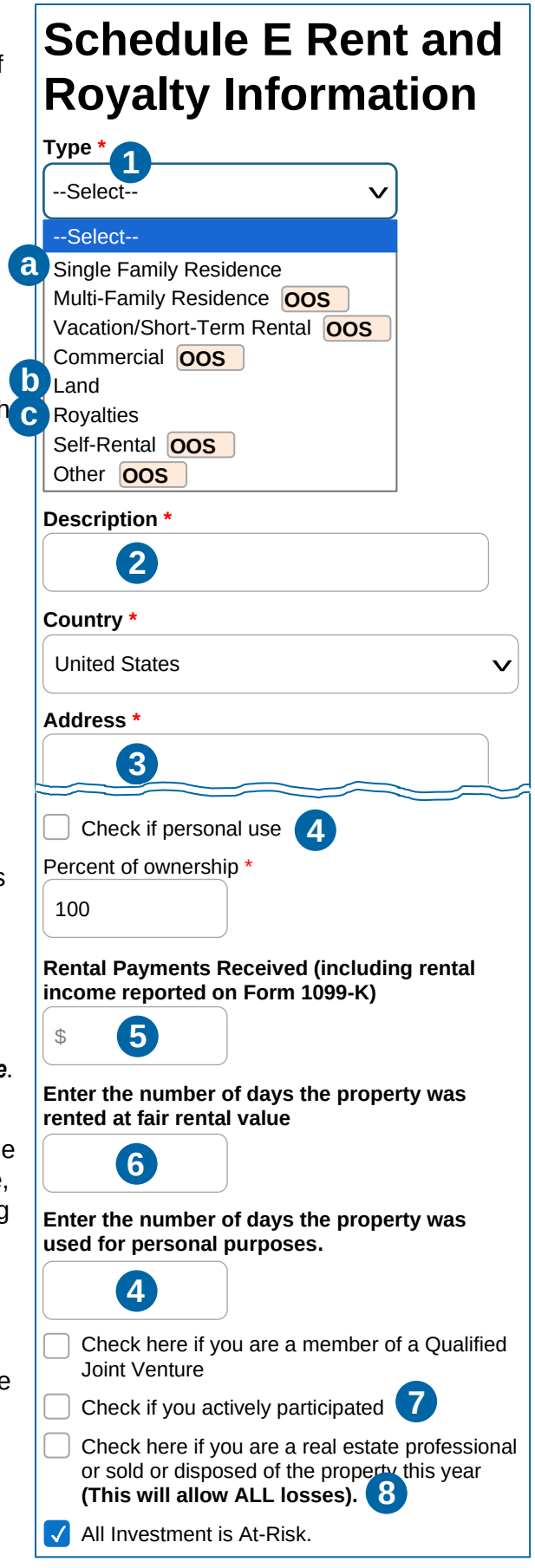
3. Do not enter the box 14, code b amount on the ***Schedule K-1 Form 1041*** screen. Instead, enter this amount in ***Deductions>Credits>Foreign Tax Credit>Foreign taxes paid*** (see page G-7 for more details, including scope limitations). Enter in state also, if needed.

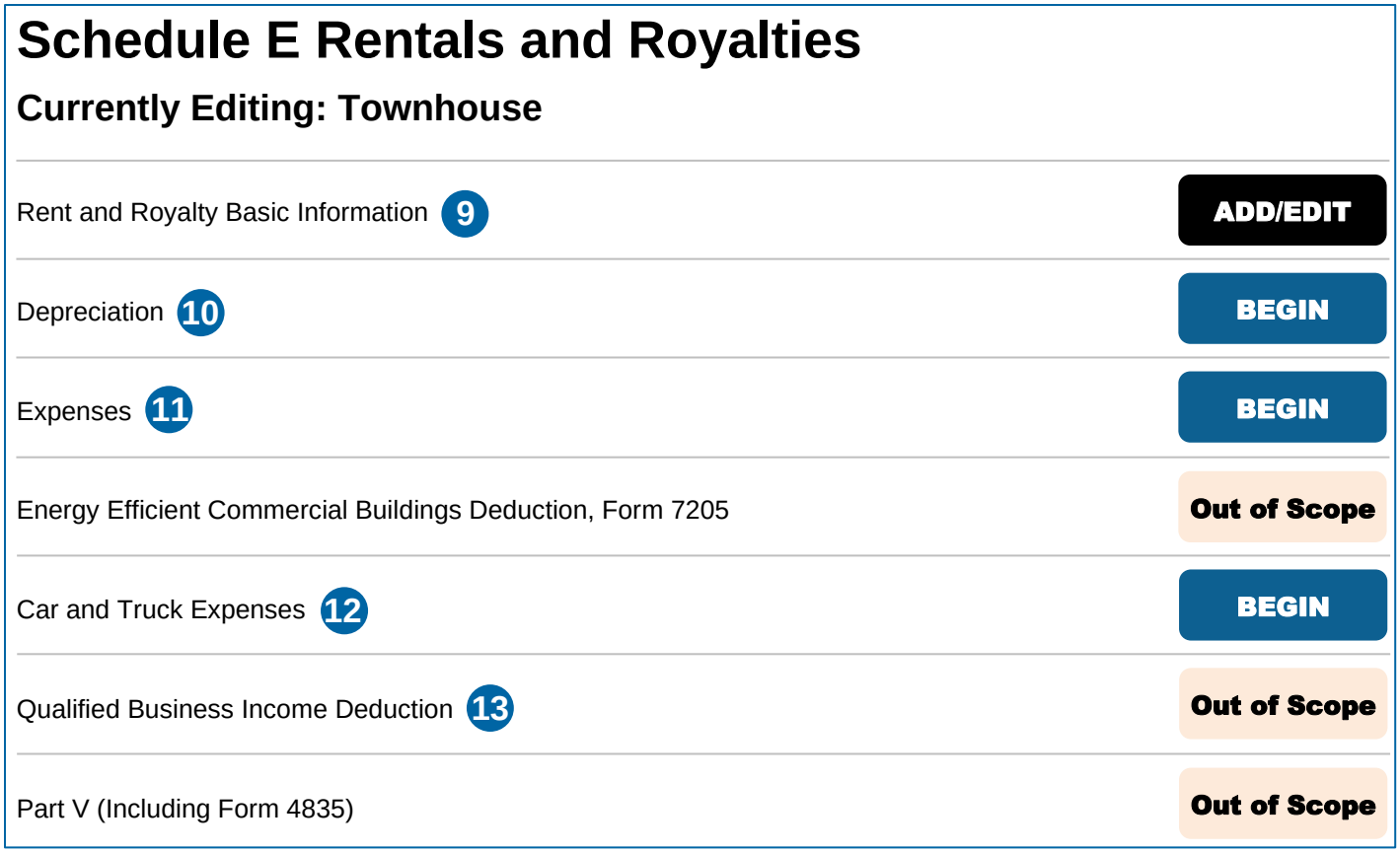
Schedule E – Rental and Royalty Income

Income>Schedule E; or Keyword: SC or RENT

1. Select the applicable ***Type*** of property (other types are out of scope):
   - a. Ⓜ ***Single Family Residence***. Residential rental income is only in scope for an active-duty military taxpayer who provides the depreciation amount. Out of scope if additional Form 8582 entries are required beyond the software's automatic entries.
   - b. Ⓐ ***Land***-only rental. Claiming associated expenses on Schedule E is out of scope. However, it is in scope to deduct mortgage interest and taxes on Schedule A.
   - c. Ⓐ ***Royalties*** from Form 1099-MISC or a Schedule K-1 with no expenses. See page D-83 or D-73, respectively.

   The following are out of scope:
   - Rental income other than as above
   - Rentals at less than fair rental value
   - Rental activities that are a business
   - Taxpayers who filed or need to file Form(s) 1099
2. Enter property ***Description*** (for reference within TaxSlayer).
3. Enter the physical ***Address*** of the property (n/a for royalties).
4. If the taxpayer had any days of personal use while the property was available for rent, check the box for ***Check if personal use*** and then enter the number of personal use days further down on the screen.
5. Enter the total ***Rental payments received*** for the tax year. Do not reenter rent already entered on the Form 1099-MISC screen.
6. ***Enter the number of days the property was rented at fair rental value***.
7. If applicable, check the ***Check if you actively participated*** checkbox. A rental loss will not flow to Form 1040, unless the taxpayer actively participated. In order to actively participate, the taxpayer must have substantial involvement in managing the rental property, such as making management decisions and arranging for repairs.
8. Use Schedule E to report rental income only when the taxpayer is not a real estate professional (determination of professional status is out of scope). Refer taxpayers who are real estate professionals to a professional tax preparer.





9. Select to edit the entries on the screen shown on the prior page.

10. The return is out of scope if Form 4562, *Depreciation and Amortization*, is required; e.g., for the first year of a rental and any year when there are depreciable additions. When Form 4562 is not required, the taxpayer must provide the depreciation amount, but do not enter it here—see #14 on the next page.

11. Select to enter rental expenses. See next page.

12. Select to enter vehicle expenses using the standard mileage rate. The actual expense method is out of scope.

13. The return is out of scope if the taxpayer wants to claim that their Schedule E income is a business for the purpose of the Qualified Business Income Deduction (QBID).

Rental of a personal residence for less than 15 days during the year is not considered a rental activity, is not taxable income, and the expenses are not deductible on Schedule E (in scope with Advanced Certification). Residence must have also had at least 15 days of personal use during the year. See *Used as a home but rented less than 15 days* and *Dwelling Unit Used as a Home* in **Publication 527**, *Residential Rental Property*.

Ordinary and necessary expenses incurred while holding a property out for rent are deductible expenses. See **Publication 527**, *Residential Rental Property*, for details.

Enter expenses on this screen.

14. Enter taxpayer-provided depreciation amount here as a positive number.

If the property has both personal and rental use days, you must manually compute the portion of the expenses allowable on Schedule E and Schedule A. For example, if the house was available for rent for six months, and you paid $4,000 for Mortgage Interest, you have to manually input $2,000 on the Mortgage Interest lines on both Schedule E and on Schedule A.

Schedule E Rental/Royalty Expense

Advertising
$

Travel
$

Cleaning
$

Commission
$

Insurance
$

Legal Fees
$

Management Fees
$

Mortgage Interest
$

Other Interest
$

Repairs
$

Supplies
$

Taxes
$

Utilities
$

Additional Expenses
ADD

Prior Year Unallowed Loss
$

Depletion
Amount to Adjust Depreciation Expense or Depletion (DO NOT include land value)
$ 14

Less Common Income

Income>Other Income

Detailed information for each income type found on subsequent pages.

Less Common Income

Other Income 1 Income Not Reported Elsewhere	BEGIN	Keyword: ELSE
W-2G 2 Gambling Winnings	BEGIN	Keyword: W2G
Other Compensation 3 Income such as scholarships, grants, household employees, foreign earned income and prisoner earned income	BEGIN	Keyword: OTHER C
1099-Q 4 Payments from Qualified Education Programs	BEGIN	

For election / poll worker income, see page D-82.

1. Use ***Other Income, Income Not Reported Elsewhere*** and make the appropriate drop-down selection to enter amounts from:
   - Ⓑ ***Alaska Permanent Fund Dividend***
   - Ⓑ ***Jury Duty Pay*** (not earned income for EIC)
   - Ⓑ ***Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental §457 plan***
   - Ⓑ ***Prizes and Awards*** (non-gambling)
   - Ⓑ ***Wages earned while incarcerated***, but not reported on Form W-2 (goes to Schedule 1, line 8u)
   - ***Other income*** (for items not included in the drop-down list), for example:
     - Ⓑ Form 1099-MISC box 8 (Substitute payments in lieu of dividends or interest)
     - Ⓑ Reemployment trade adjustment assistance (RTAA) payments from Form 1099-G, box 5

   Several ***Other Income*** drop-down selections are out of scope; e.g., ***Activity not engaged in for profit income*** (hobby income), ***Rental Income but not in the business of renting***, etc.

2. Gambling winnings are fully taxable and must be reported as income. Enter here if reported on Form W-2G; otherwise, enter as ***Other Gambling Income not reported on W-2G*** (see #6 on page D-86). Multiple Forms W-2G from the same payer can be aggregated into a single W-2G entry (use the most recent *Date won*). Gambling losses and expenses incurred in gambling activities may be entered here and will flow to Schedule A, *Itemized Deductions* (Ⓐ), limited to the lesser of winnings or 90% of losses.

3. See page D-86 for additional instructions for using the ***Other Compensation*** menu to report ***Other Gambling Income not reported on W-2G***, taxable ***Scholarships and Grants***, ***Household Employee Income***, ***Prisoner Earned Income*** reported on a W-2, ***Medicaid Waiver Payments (Not Reported on W-2)***, and ***Foreign Earned Compensation***.

4. Distributions from qualified education programs are tax free if they aren't more than the beneficiary's adjusted qualified education expenses for the year. Tax-free distributions are not reported on the tax return. See page J-5 for qualified expenses. Taxable distributions from Coverdell Education Savings Accounts (ESAs) and Qualified Tuition Programs (QTPs / 529 plans) are out of scope.

Less Common Income (cont'd)

5. Ⓐ Cancellation of Debt is only in scope for non-business credit card debt cancellation. All other cancellation of debt reported on Forms 1099-C or 1099-A is out of scope. See page D-87.

6. Ⓐ See page D-73 for Schedule K-1 scope and instruction details.

7. Ⓘ Foreign Earned Income Exclusion is in scope only for those with International certification: U.S. citizens and resident aliens who live and work abroad may be able to exclude all or part of their foreign salary or wages from their income when filing their U.S. federal tax return. They may also qualify to exclude compensation for their personal services or certain foreign housing costs. See **Publication 54**, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*.

1099-C, 982 5 Cancellation of Debt	**BEGIN**
Form 1045 Net Operating Loss Worksheet	**Out of Scope**
Form 6252 Installment Sale Income	**Out of Scope**
Form 4797 Sale of Business Property	**Out of Scope**
Form 8824 Like-Kind Exchanges	**Out of Scope**
K-1 Earnings 6 Schedule K-1's from Forms 1120S, 1065, or 1041	**BEGIN**
Form 6781 Gains and Losses from Section 1256	**Out of Scope**
Form 2555 7 Foreign Earned Income Exclusion	**BEGIN**
Form 4835 Farm Rental Income and Expenses	**Out of Scope**
Schedule Q (Form 1066) Income or Loss from Real Estate Mortgage Investment Conduits (REMICs)	**Out of Scope**
Form 461 Limitations on Business Losses	**Out of Scope**

See the Earned Income Table on page I-2 for examples of other income that may be earned income.

Qualified State or local tax benefits and up to $50 per month of qualified reimbursement payments provided to members of qualified volunteer emergency response organizations are excluded from income. However, amounts reported on Forms W-2 or 1099 are taxable.

Ⓑ Form 1099-QA, *Distributions from ABLE Accounts*, reports distributions from an Achieving a Better Life Experience (ABLE) account. Taxable distributions are out of scope. Distributions are tax-free and not reported on the tax return if they do not exceed the beneficiary's qualified disability expenses during the year. Qualified disability expenses include those for education, housing, transportation, employment training and support, assistive technology, personal support services, health, prevention and wellness, financial management, administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses. See **Publication 907**, *Tax Highlights for Persons With Disabilities*.

Ⓐ If Rebate/Patronage Dividends issued by co-ops on Form 1099-PATR box 1 are for personal use only, the amount is nontaxable and is not entered into TaxSlayer. Enter note on intake sheet and tax return noting it is for personal use only. No other box or use is in scope.

Ⓑ Election Worker Income

Election or poll worker compensation is considered earned income for federal tax purposes. If reported on **Form W-2**, simply enter it on the W-2 screen (see page D-8) and skip the rest of this section. Follow the instructions in the TaxSlayer tip below if this income is reported on:

- **Form 1099-NEC**: Do not enter on the 1099-NEC screen, as it would flow to Schedule C. Election worker income is not self-employment income and it is not subject to the self-employment (SE) tax.
- **Form 1099-MISC**: Do not enter on the 1099-MISC screen, as it would not be treated as earned income.
- **No tax form**: Do not enter as Other Income Not Reported Elsewhere, as it would not be treated as earned income that is not subject to the SE tax.

Workaround for election worker pay not reported on Form W-2 (i.e., reported on Form 1099-NEC, 1099-MISC, or no tax form):

1. Enter this compensation at the following navigation to report this income as wages (earned income) on Form 1040, line 1b:

   Income>Other Income>Other Compensation>Household Employee Income

2. Create a preparer note at the following navigation with the following entries:

   Miscellaneous Forms>Explanations>Preparer Notes; or Keyword: Note

   - ***Title***: "Form 1040 line 1b"
   - ***Note***: "Election Worker Income from (name of governmental payer)"

Ⓐ Form 1099-LTC, Long-Term Care Benefits

Deductions>Adjustments>MA MSAs, Archer MSAs and Long-Term Care Insurance Contracts>scroll down to ***Form 1099-LTC (Long Term Care Insurance Contracts)***; or Keyword: 8853 or LTC

- Answer the questions based on the information on Form 1099-LTC. Most payments will not be taxable.
- If box 3 is checked for reimbursement, no reporting is necessary.
- If box 3 is checked for per diem, benefits received are taxable if they exceed the greater of actual costs or $430 per day for 2026.

If Form 1099-LTC reflects multiple payees under the insurance contract, the return is out of scope.

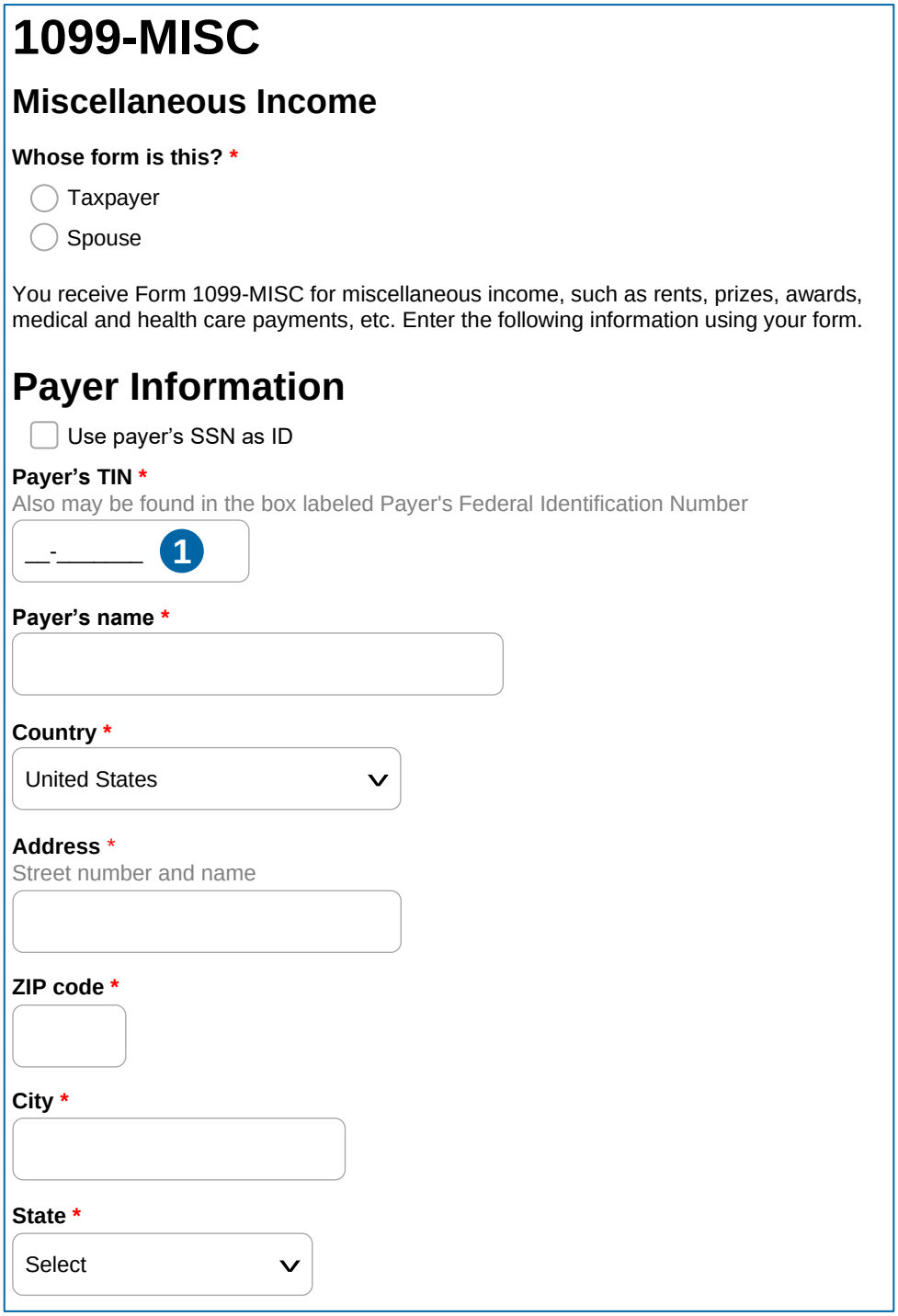
Ⓝ Income>1099-MISC; or Keyword: MISC

Income reported on Form 1099-MISC can require Basic, Advanced, or Military Certification:

- Ⓐ/Ⓜ Box 1—Advanced for land-only rental, Military for rental of personal residence.
- Ⓐ Boxes 2, 13a, 13b, 14—Royalties, Cash tips, TTOC, Overtime compensation.
- Ⓑ/Ⓐ Box 3—Basic, except Advanced for self-employment (SE) income.
- Ⓑ Box 8—Substitute payments in lieu of dividends or interest.

⚠ Form 1099-MISC is not always a "type what you see" form. Income reported in box 2, Royalties, or box 3, Other income, must be directed to the correct location. Entering it on the 1099-MISC, 1099-NEC, or Other Income screens depending on the type of income received. Examples are provided in #3 and #4 below.

1. ***Payer Information*** may auto-populate after entering the ***Payer's TIN***. In most cases, the TIN will be an employer identification number (EIN), but check the box to ***Use payer's SSN as ID*** if applicable.



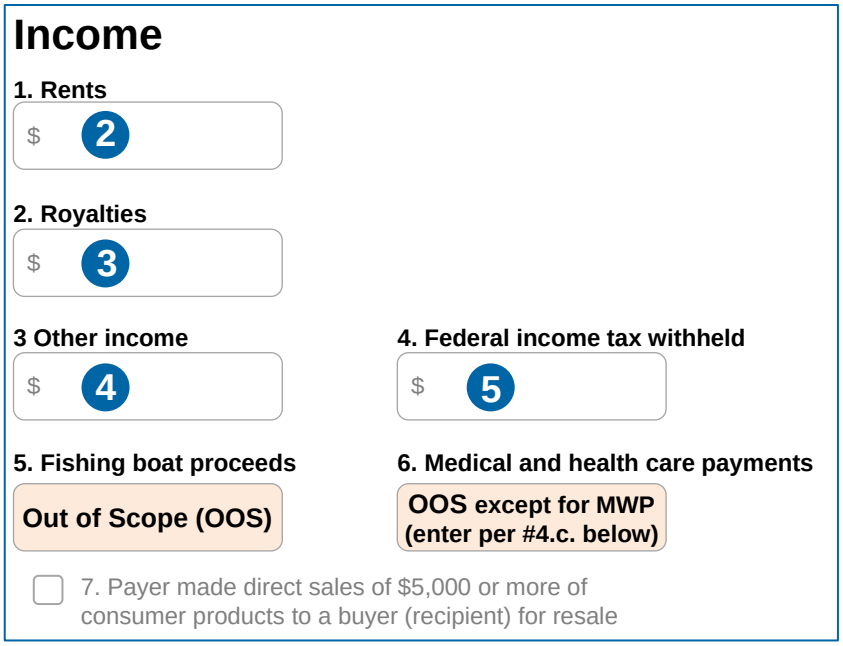
2. Ⓐ ***Rents*** flows to Schedule E. See page D-77 for more details on Schedule E, including scope and certification requirements.

3. Ⓐ Enter ***Royalties*** reported in box 2 of Form 1099-MISC based on what they are for:

   a. Ⓐ **Use of property**; e.g., from oil, gas, or mineral properties, etc.: Enter on this screen as ***2. Royalties*** to report them on Schedule E (not subject to self-employment tax). See page D-77.

   b. Ⓐ **Self-employed writers, inventors, performers, artists, etc.**: Do not enter these royalties here—instead enter them on TaxSlayer's 1099-NEC screen in box ***1 Nonemployee compensation*** to report them on Schedule C. See page D-27.

   However, report inherited royalties from these works on Schedule E as described in #3.a. above.



4. Ⓑ/Ⓐ Enter Other Income reported in Form 1099-MISC, box 3 based on what it is for:

   a. Ⓑ **Gambling income**; e.g. a lottery prize such as a car, vacation, etc.: Enter in Other Income>Other Compensation>Other Gambling Income not reported on W-2G to report it on Schedule 1, line 8b.

   b. Ⓑ **Non-gambling prizes or awards**: Enter in Other Income>Other Income Not Reported Elsewhere (select Prizes and Awards) to report it on Schedule 1, line 8i.

   c. Ⓑ **Medicaid Waiver Payment (MWP) income**: Enter here as 1099-MISC, box 3 and see #9 and #10 on the next page for additional instructions.

   d. Ⓑ **Election / poll worker income**: See page D-82.

   e. Ⓑ **Strike benefits**: Enter as Other Compensation. See page D-86.

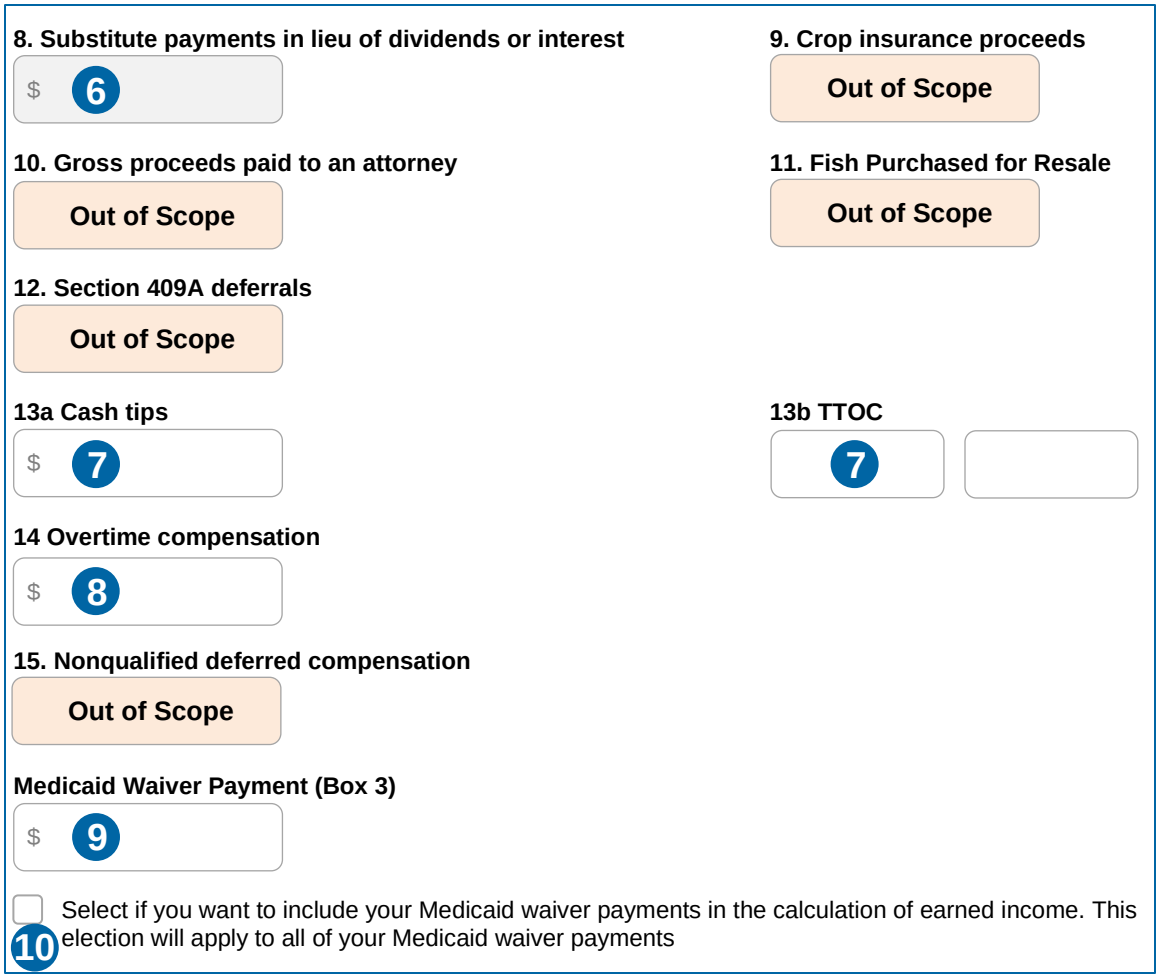
   f. Ⓑ **Misc. other income that is not self-employment**; e.g., honorarium for speech where there is no continuing relationship or expectation of doing again, medical research study participant, certain incentive payments, etc.: Enter here as 1099-MISC, box 3 to report it on Schedule 1, line 8z.

   g. Ⓐ **Self-employment**: Enter in Form 1099-NEC box 1 to report it on Schedule C. See page D-27.

   h. Ⓑ **Olympic and Paralympic medals and USOC prize money** received on account of participation in the Olympic or Paralympic Games: Enter in Other Income>Other Income Not Reported Elsewhere (select Olympic Medals) to report it on Schedule 1, line 8m. The amount may be nontaxable – see #13 on page E-3 for details on reporting an adjustment.

5. Always look for and enter any ***Federal income tax withheld*** or ***State tax withheld*** shown on the Form 1099-MISC.

Form 1099-MISC (cont'd)



6. Enter box ***8 Substitute payments in lieu of dividends or interest*** amounts as Other Income>Other Income Not Reported Elsewhere. See #1 on page D-80.

7. Enter boxes ***13a Cash tips*** and ***13b TTOC*** (Treasury Tipped Occupation Codes) if present on the Form 1099-MISC. See page F-20 for more details.

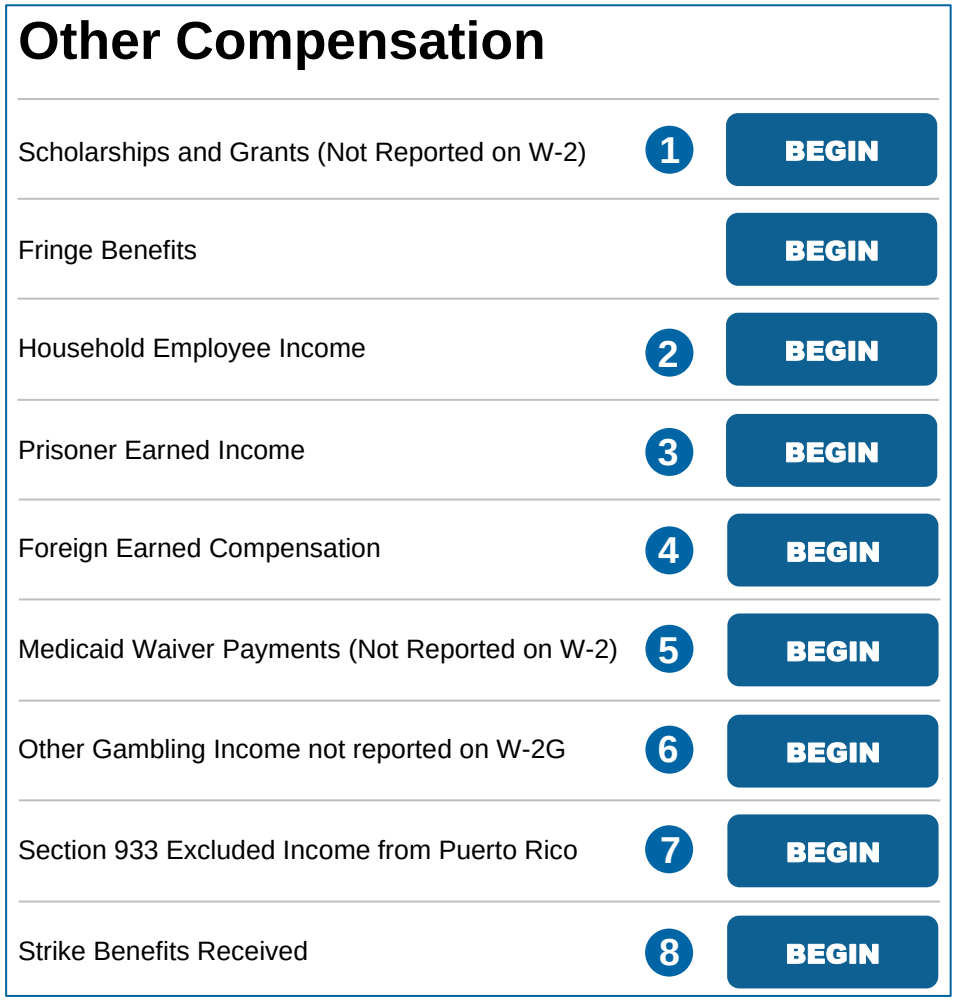
8. Box ***14 Overtime compensation*** is very uncommon, but enter it if present on the Form 1099-MISC. See page F-21 for more details.

9. For a Medicaid waiver payment, also enter the amount here to exclude it from AGI via Schedule 1, line 8s. See page D-12 for more details.

10. A taxpayer may choose to include Medicaid waiver payments in the calculation of earned income for the EIC and the ACTC even when excluded from AGI. Test to see if checking the box to include it in earned income is advantageous for the taxpayer after completing all other parts of the return.

Other Compensation

Income>Other Income>Other Compensation; or Keyword: OTHER C



1. Ⓑ Scholarships and grants used to pay for tuition, fees and course-related expenses are not taxable. Only select ***Scholarships and Grants (Not Reported on W-2)*** to report scholarship amounts used for nonqualifying expenses. This taxable amount will be reported on Schedule 1, line 8r. Taxable scholarship is considered unearned income for most purposes but is considered earned income for determining filing requirement.

2. Ⓑ Enter wages received as a household employee for which the taxpayer did not receive a Form W-2 because the employer paid less than $3,000 in 2026. This income will be reported on Form 1040, line 1b.

3. Ⓑ Select ***Prisoner Earned Income*** to enter **Form W-2 reported amounts** received for work while an inmate in a penal institution, in a work release program, or while in a halfway house. **If not reported on a Form W-2**, then see #1 on page D-80 instead.
   - Make this entry in addition to entering the Form W-2 to remove this income from earned income.
   - Wages earned while incarcerated are not considered earned income for purpose of the Earned Income Credit, and will be reported on Schedule 1, line 8u.

4. Ⓘ Select ***Foreign Earned Compensation*** to enter income (wages, salaries, etc.) paid by a foreign employer for work performed while the taxpayer lived in a foreign country. This income will be reported on Form 1040, line 1h (except for foreign retirement arrangements, reported on lines 5a and 5b and out of scope).

5. Ⓑ For more information on ***Medicaid Waiver Payments***, see page D-12.

6. Ⓑ ***Other Gambling Income not reported on W-2G*** entered here will be reported in combination with other gambling income on Schedule 1, line 8b. Also use this screen to enter any gambling losses and expenses incurred in gambling activities that are not covered by Form W-2G reported winnings.

7. (PR) Puerto Rico Certification is required for ***Section 933 Excluded Income***.

8. Ⓑ ***Strike Benefits Received*** entered here will be reported on Form 1040, line 1h.

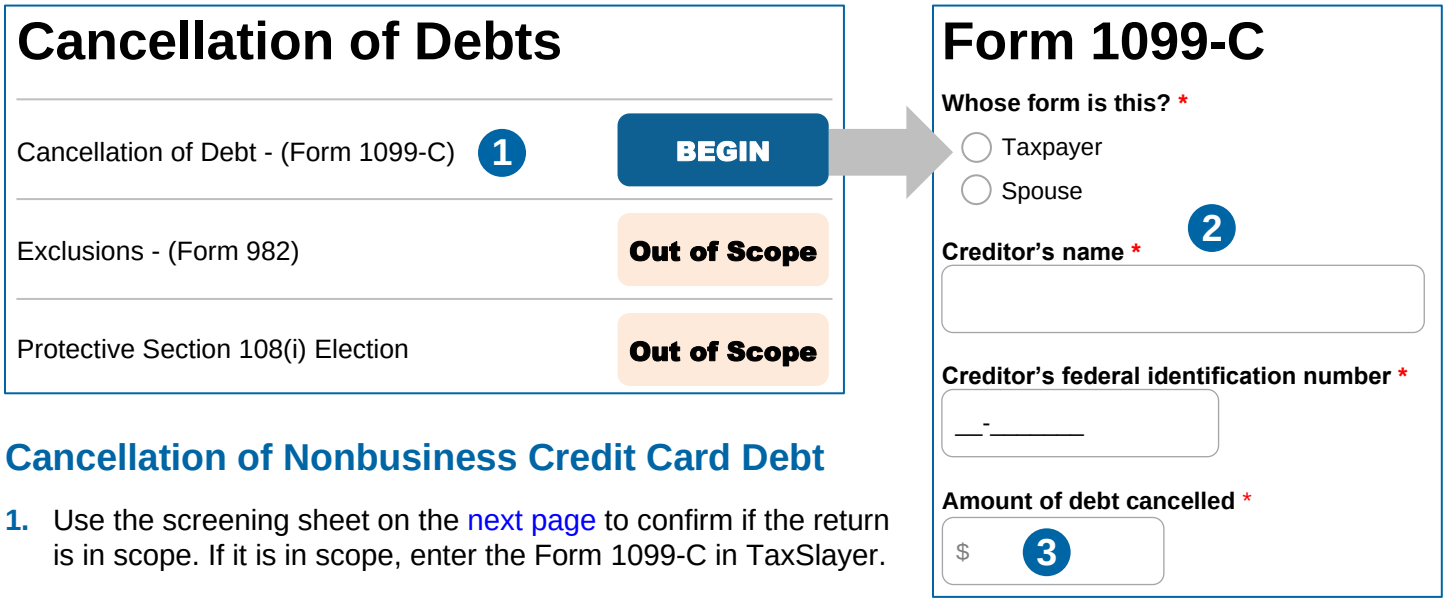
Form 1099-C, Cancellation of Debt

Income>Other Income>1099-C, 982>Cancellation of Debt (Form 1099-C); or Keyword CANC

Form 1099-C is in scope only for nonbusiness credit card debt cancellation. Be sure to ask if the taxpayer was insolvent or in bankruptcy. The return is out of scope if the taxpayer had credit card debt canceled as part of a bankruptcy discharged during the tax year, the taxpayer has subsequently filed bankruptcy, or the taxpayer was insolvent during the tax year.

Generally, if a debt for which a taxpayer is personally liable is canceled or forgiven, the taxpayer must include the canceled amount in income.

A taxpayer who is a guarantor or surety is not the debtor for purposes of the cancellation of debt and is not responsible for reporting the forgiven income. If a 1099-C is issued, the taxpayer should contact the issuer for a corrected statement.



Cancellation of Nonbusiness Credit Card Debt

1. Use the screening sheet on the next page to confirm if the return is in scope. If it is in scope, enter the Form 1099-C in TaxSlayer.
2. Enter the ***Creditor's name*** and ***Creditor's federal identification number***. On a joint return also indicate if this form is for the taxpayer or spouse.
3. Enter box 2 of the Form 1099-C as the ***Amount of debt cancelled***. No adjustment should be made for box 3, ***Interest***.

Student Loan Debt Forgiveness

Student loan debt cancelled after December 31, 2025, is generally taxable income and is out of scope. However, the return remains in scope if the discharge or forgiveness qualifies for tax-free treatment **and no Form 1099-C was issued**, including:

- Total and Permanent Disability (TPD) or death discharges
- Public Service Loan Forgiveness (PSLF) or Teacher Loan Forgiveness (TLF)
- Other qualifying tax-free student loan discharge or forgiveness programs—see **Publication 970**, *Tax Benefits for Education*

Screening Sheet for Credit Card Debt Cancellation

Ask if the taxpayer was insolvent or in bankruptcy. The return is out of scope if the taxpayer had credit card debt canceled as part of a bankruptcy discharged during the tax year, if the taxpayer was insolvent during the tax year, or the credit card debt is related to a business.

Instructions: Use this Screening Sheet for taxpayers with Form 1099-C or other documentation resulting from cancellation of nonbusiness credit card debt and to assist in identifying taxpayers with cancellation of credit card debt issues.

Cancellation of Debt (Credit Card)

Step	Probe/Ask the taxpayer:	Action
1	Did the taxpayer receive Form 1099-C, Cancellation of Debt, or other documentation (if less than $600) from a creditor and is the information shown on the form or document correct? **Note**: The creditor is not required to issue a Form 1099-C if the canceled debt is under $600. However, the taxpayer may be required to report the canceled debt as income regardless of the amount.	If **YES**, go to Step 2. If **NO**, go to Step 6.
2	Was the cancelled debt for either: • Credit card debt related to a business, or • Debt other than credit card debt	If **YES**, go to Step 6. If **NO**, go to Step 3.
3	Does box 6 of the Form 1099-C indicate code A for bankruptcy? **Note**: Answer **YES** if box 6 is not marked with a code A, but the taxpayer has subsequently filed bankruptcy.	If **YES**, go to Step 6. If **NO**, go to Step 4.
4	Was the taxpayer insolvent immediately before the cancellation of debt? The taxpayer may use the Insolvency Determination Worksheet on the next page to determine if they were insolvent immediately before the cancellation of debt. **Note**: If the taxpayer is not in bankruptcy or unable to determine if they are insolvent, the credit card debt forgiveness is presumed fully taxable.	If **YES**, go to Step 6. If **NO**, go to Step 5.
5	The cancellation of nonbusiness indebtedness or cancellation of debt (the amount in box 2 of Form 1099-C or an amount less than $600 provided in other documentation) must be reported as ordinary income on Form 1040, Schedule 1 (Other Income). No additional supporting forms or schedules are required for reporting income from canceled credit card debt. Do **not** go to Step 6.	
6	This tax issue is outside the scope of the volunteer programs. The taxpayer may qualify to exclude all or some of the discharged debt. However, the rules involved are complex. Refer the taxpayer to: • **IRS.gov** for the most up-to-date information. • A professional tax preparer. • The **Taxpayer Advocate Service (TAS)**: 1-877-777-4778, TTY/TDD 1-800-829-4059. TAS may help if the problem cannot be resolved through normal IRS channels. • **Publication 4681**, *Canceled Debts, Foreclosures, Repossessions, and Abandonments (For Individuals)*.	

Insolvency Determination Worksheet

Determining insolvency is out of scope for the volunteer—refer them to a professional preparer if they need assistance with this worksheet.

This sample worksheet is for taxpayer reference only. A more detailed *Insolvency Worksheet* is available in **Publication 4681**, *Canceled Debts, Foreclosures, Repossessions, and Abandonments (For Individuals)*.

Insolvency Determination Worksheet

Assets	FMV Immediately Before the Cancellation	Liabilities	Amount Owed Immediately Before the Cancellation
Homes	$	Mortgages	$
Cars	$	Home equity loans	$
Recreational vehicles, etc.	$	Vehicle loans	$
Cash and bank accounts	$	Personal signature loans	$
IRA, 401(k), and other retirement accounts	$	Credit card debt	$
Stocks, bonds, mutual funds, ETFs, etc.	$	Past-due mortgage interest	$
Jewelry	$	Past-due real estate taxes	$
Furniture and household goods	$	Past-due utilities	$
Clothes	$	Past-due child care costs	$
Security deposits with landlords, utilities, etc.	$	Student loans	$
Other assets not included above	$	Other liabilities (debts) not included above	$
Total Assets:	**$**	**Total Liabilities:**	**$**

If Total Liabilities exceeds Total Assets, the taxpayer was insolvent immediately before the cancellation of debt (out of scope).

Foreign Earned Income Exclusion

Income>Other Income>Foreign Earned Income Exclusion; or Keyword “2555”

The Foreign Earned Income Exclusion is in scope only for preparers with International Certification.

U.S. citizens and U.S. resident aliens are required to report worldwide income on a U.S. tax return. However, certain taxpayers can exclude income earned while living in foreign countries. To claim the foreign earned income exclusion, all of the following must apply:

- Taxpayer meets either the Bona Fide Residence Test or the Physical Presence Test.
- Taxpayer’s tax home must be in a foreign country or countries throughout their period of bona fide residence or physical presence (Tax Home Test).

  The taxpayer’s tax home is their regular or principal place of business, employment, or post of duty, regardless of where they maintain a family residence. A taxpayer may have more than one tax home during the year.
- Have income that qualifies as foreign earned income (reported on Form 1040 as taxable wages or self-employment income).

  The foreign earned income exclusion doesn’t apply to wages and salaries of U.S. military members and civilian employees of the U.S. government.

For 2026, the maximum foreign earned income exclusion is $132,900. You can’t exclude or deduct more than the taxpayer’s foreign earned income for the year.

1. Indicate if this **Form 2555** is for the taxpayer or spouse and enter their foreign address. For married couples, both spouses can claim the exclusion up to the maximum amount per person.
2. Enter the employer’s U.S. or foreign address and complete the ***General Information*** section.
3. Check if Form 2555 was previously filed and complete the entries that appear for the year last filed, and revocation details if applicable.
4. If applicable, check the box and enter the city and country for ***Secondary Home*** and ***Days at secondary home***. See *Second foreign household* in the **Form 2555 Instructions**.
5. Under ***Tax home #1*** (and ***Tax home #2***, if applicable), enter the taxpayer’s tax home(s) and date(s) established. See *Tax home test* in the **Form 2555 Instructions**.

Form 2555 General Information

Whose form is this? *

- ○ Taxpayer
- ○ Spouse

1

Your Foreign Address 1

Country *

Select

Employer’s US Address 2

Address

Street number and name

Employer’s Foreign Address 2

Country

Select

General Information 2

Employer is *

- ○ A Foreign Entity
- ○ A U.S. Company
- ○ Self
- ○ Foreign Affiliate of U.S. Company
- ○ Other

☐ Check here if you have filed Form 2555 since 1982 3

Of what country are you a citizen? *

- Please Select -

☐ Check here if you maintained a separate foreign residence because of adverse living conditions at your tax home. 4

Secondary Home

Days at secondary home

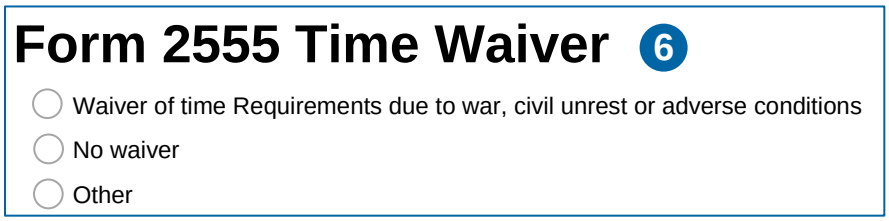
Tax home #1 5

Waiver of Time Requirements

To meet the period of stay requirement, the taxpayer must be either:

- A U.S. citizen or U.S. resident alien who is physically present in a foreign country or countries for at least 330 full days during any period of 12 consecutive months, or
- A U.S. citizen or U.S. resident alien from a tax treaty country who is a bona fide resident of a foreign country (or countries) for an uninterrupted period that includes an entire tax year
- A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire tax year.

6. Select the applicable radio button to indicate if the taxpayer qualifies for a waiver of the minimum time requirements (for the physical presence and bona fide residence tests); i.e., they had to leave because of war, civil unrest, or similar adverse conditions. See *Waiver of Time requirements* in the **Form 2555 Instructions**.



Selection of Qualifying Test

7. Select the applicable radio button to indicate if the taxpayer is qualifying under the ***Physical Presence Test*** (see next page) or the ***Bona Fide Residence Test*** (see below).



Part II – Taxpayers Qualifying Under Bona Fide Residence Test

To meet the bona fide residence test, taxpayers must show that they have set up permanent quarters in a foreign country for an entire, uninterrupted tax year. Simply going to another country to work for a year or more isn't enough to meet the bona fide residence test. A taxpayer must establish a residence in the foreign country.

If the taxpayer was present in the United States or its territories during the tax year, enter the requested information separately for each trip in ***Section x Dates*** on the Form 2555 Bona Fide Residence Test screen. Select ***Add New*** to add another trip section, or ***Remove*** to delete a trip section. Click ***Clear*** next to a trip section to remove all entries.

- A brief trip to the U.S. will not prevent the taxpayer from being a bona fide resident, as long as the intention to return to the foreign country is clear.
- Don't include income earned while in the United States in the amount of foreign earned income to be excluded that is entered in #13 shown on page D-93.

Part III – Taxpayers Qualifying Under Physical Presence Test

8. The 12-month period on which the physical presence test is based must include 365 days (366 during a leap year), part of which must be in 2026. The dates may begin or end in a calendar year other than 2026.

To figure 330 full days, add all separate periods the taxpayer was present in a foreign country or countries during the 12-month period.

9. Check the box if the taxpayer did not leave their country of residence during the tax year. This will remove the ***Country One*** section from the screen.

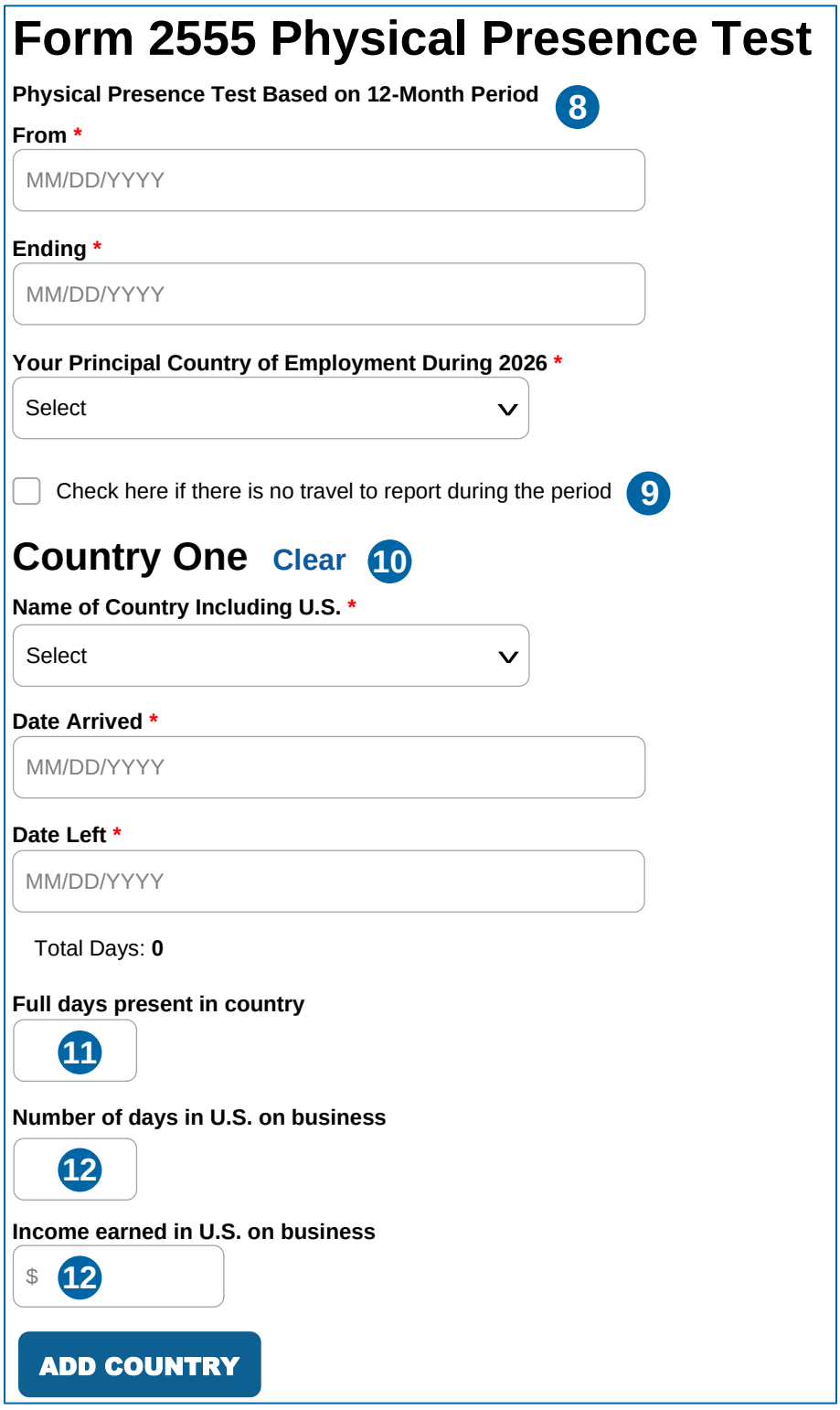
10. If the taxpayer left their principal country of residence during the tax year, enter the requested information separately for each country visited, including the U.S.

- Select ***Add Country***.to add another country section for each country visited.
- Select ***Remove*** to delete a country section.
- Click ***Clear*** next to a country section to remove all entries.

11. Enter the ***Full days present in country***.

12. If applicable, also enter the ***Number of days in the U.S. on business*** and ***Income earned in the U.S. on business***.

Don't include income earned while in the U.S. in the amount of foreign earned income to be excluded that is entered in #13 shown on the next page.



Form 2555 Foreign Earned Income

Income Information

Total Wages, Salaries, Bonuses, Commissions, etc
This income does not carry to your tax return as this is only excluding income. You must still enter the income on either a W-2 (if U.S. employer) or within the Foreign Earned Compensation (if Foreign employer or Self-Employed overseas) section of your return.

$ 13

Allowable Share of Income for Personal Services Performed

In a Business (Including Farming) or Profession

$ 14

Part IV – All Taxpayers, 2026 Foreign Earned Income

13. Enter the income the taxpayer earned during the tax year for services performed in a foreign country. This income should already have been entered on the tax return as wages, foreign compensation, or net self-employment income.

⚠ Amounts paid by the United States or its agencies to its employees don't qualify for the exclusion.

14. If the taxpayer had self-employment income in which both personal services and capital were material income-producing factors, a reasonable amount of compensation for your personal services will be considered earned income (the taxpayer must determine the amount, if any). The amount treated as earned income, however, can't be more than 30% of the net profits from the business after subtracting the deduction for self-employment tax.

If capital is not an income-producing factor and personal services produced the business income, the 30% rule does not apply.

Form 2555 Housing/Foreign Income Exclusion

Number of days in your qualifying period that fall within your 20XX tax year *

15

☐ Check here if you are claiming the Housing Exclusion or Deduction OOS 16

15. Enter the number of days in your qualifying period that fall within the 2026 tax year. The taxpayer's qualifying period is the period during which they meet the tax home test and either the Bona Fide Residence or the Physical Presence Test.

16. If the taxpayer is claiming the housing exclusion and/or deduction, the return is out of scope.

Tab E: Adjustments to Income

Adjustments to Income

Deductions>Adjustments

Adjustments

MA MSAs, Archer MSAs and Long-Term Care Insurance Contracts 1
Report contributions and distributions—typically reported to you on Form 1099-SA, Form 5498-SA, or Form 1099-LTC — BEGIN

Educator Expenses 2
Report unreimbured business expenses (professional development, classroom supplies, etc.) — BEGIN

Armed Forces reservists, qualified performing artists, certain fee-basis government officials, or those with impairment-related work expenses 3
Report job-related business expenses, vehicle usage, etc. — BEGIN

Health Savings Accounts HSAs 4
Report HSA contributions (not included on your W-2) and distributions; typically reported to you on Form 1099-SA or 5498-SA — BEGIN

Moving Expenses 5
Deduction for certain work-related moves — BEGIN

Contributions to SEP, Simple, and Qualified Plans 6
For self-employed individuals who contributed to personal and/or employee IRAs — Out of Scope

Self-Employed Health Insurance Coverage 7
For self-employed individuals who paid premiums for medical, dental, or qualifying long-term care insurance coverage, to be reported on your Form 7206 — BEGIN

1. Ⓐ In scope only for Form 1099-LTC, *Long-Term Care and Accelerated Death Benefits*. See page D-82. MSAs are out of scope.
2. Ⓑ See ***Educator Expenses*** Adjustment on page E-8.
3. Ⓜ Select ***Armed Forces reservists...*** for Form 2106, *Employee Business Expenses*. See page E-4.
4. Ⓐ See ***Health Savings Accounts HSAs*** on page E-11.
5. Ⓜ See ***Moving Expenses*** on page E-6. Form 3903 only applies to qualifying members of the Armed Forces or Intelligence Community (see caution at the top of page E-6).
6. (OOS) Adjustments to income for contributions to Self-employed SEP, SIMPLE, and Qualified Plans are out of scope.
7. Ⓐ Do not enter Self-Employed Health Insurance (SEHI) data using the ***Self-Employed Health Insurance Coverage*** option shown in the screenshot above. See Self-Employed Health Insurance (SEHI) Deduction on page E-9.

Adjustments to Income (cont'd)

Penalty on Early Withdrawal of Savings or Certificate of Deposit (CD) 8 Usually reported to you on Form 1099-INT and/or 1099-OID	BEGIN
Alimony Paid 9 Only for divorces finalized before Jan. 1, 2019	BEGIN
Traditional IRA Contributions 10 You may be able to claim a deduction based on your contributions	BEGIN
Nondeductible IRAs 11 Report the basis of traditional and Roth IRAs, conversions, nondeductible contributions, and Roth IRA distributions	BEGIN
Student Loan Interest 12 Usually reported to you on Form 1098-E and eligible for a deduction	BEGIN
Other Adjustments 13 Jury duty pay, personal property rental expenses, certain attorney fees, etc.	BEGIN

8. Ⓑ Do not enter early withdrawal penalty amounts already entered on the Form 1099-INT screen. TaxSlayer automatically carries those entries to Schedule 1. See #4 on page D-19.

9. Ⓑ See ***Alimony Paid*** on page E-15.

10. Ⓐ Taxpayers have until the tax filing deadline (not including extensions) to make ***Traditional IRA Contributions***. See page E-16.

11. Ⓑ/Ⓐ Form 8606, ***Nondeductible IRAs***, is in scope for Parts I and II and requires Advanced and Basic Certifications, respectively. Part III is out of scope. See page E-17 for Entering IRA Contributions. See page D-59 for Distributions from Traditional IRAs with Basis or Conversion from a Traditional IRA to a Roth IRA.

12. Ⓑ Taxpayers may deduct up to $2,500 in ***Student Loan Interest*** they paid. See Student Loan Interest Deduction on page E-18.

13. Select ***Other Adjustments*** for:

- Ⓑ Jury duty pay remanded to employer (Schedule 1, line 24a).
- Ⓑ Olympic medal (Schedule 1, line 24c). If your adjusted gross income is not more than $1,000,000 ($500,000 if married filing separately), the value of Olympic and Paralympic medals and USOC prize money reported on Schedule 1, line 8m, is nontaxable (see #4.h on page D-84). Enter the nontaxable amount here as an adjustment.
- Ⓑ Other adjustments not listed above (Schedule 1, line 24z). Enter Description and Amount to report a miscellaneous adjustment to income. Combine multiple adjustments into a single entry with their total entered in Amount.

Deductions>Adjustments> Armed Forces reservists, ...; or Keyword: 2106

Form 2106, *Employee Business Expenses*, is in scope with Military certification only for:

- Reservist expenses
- U.S. Armed Forces members provided a commuter highway vehicle (such as a van) by their employer

1. Form 2106 can only be used by taxpayers who can answer ***Yes*** to this eligibility question.
2. Enter meal expenses at the federal per diem rate.

Military reservists who must travel more than 100 miles away from home to attend a drill or reserve meeting may deduct their travel expenses as an adjustment to income. Entertainment expenses are not allowed.

Per diem rates for the 48 contiguous states and the District of Columbia are available at **GSA.gov/perdiem**. This site also provides links to the DOD site with rates for AK, HI, and U.S. associated territories, and the Department of State site with foreign rates. For more information, refer to the **Instructions for Form 2106**.

EMPLOYEE BUSINESS EXPENSES

Deduction Eligibility

Were you employed as an Armed Forces reservist, a qualified performing artist, a fee-basis state or local government official, or an individual with a disability claiming impairment-related work expenses? *

- ○ Yes
- ○ No

1

EMPLOYEE BUSINESS EXPENSES

Employee Expenses & Reimbursements

Personal Information

Whose form is this? *

- ○ Taxpayer
- ○ Spouse

Occupation *

Meal Expenses

Partially deductible business meal expenses
Amount spent on meals while conducting business, during work-related travel or conferences, and office snacks. These expenses are 50% deductible.

$ 2

Employer reimbursement for business meals
Amount your employer reimbursed you for business-related meals

$

DOT-related business meal expenses
Amount spent on meals related to work governed by the Department of Transportation (e.g. truck drivers, pilots, etc.)

$

Employer reimbursement for DOT business meals
Amount your employer reimbursed you for DOT-related meals

$

Fully deductible business meal expenses
Amount spent on meals offered at company events or included as compensation. These expenses are 100% deductible.

$

Employer reimbursement for fully deductible business meals
Amount your employer reimbursed you for fully deductible business meals

$

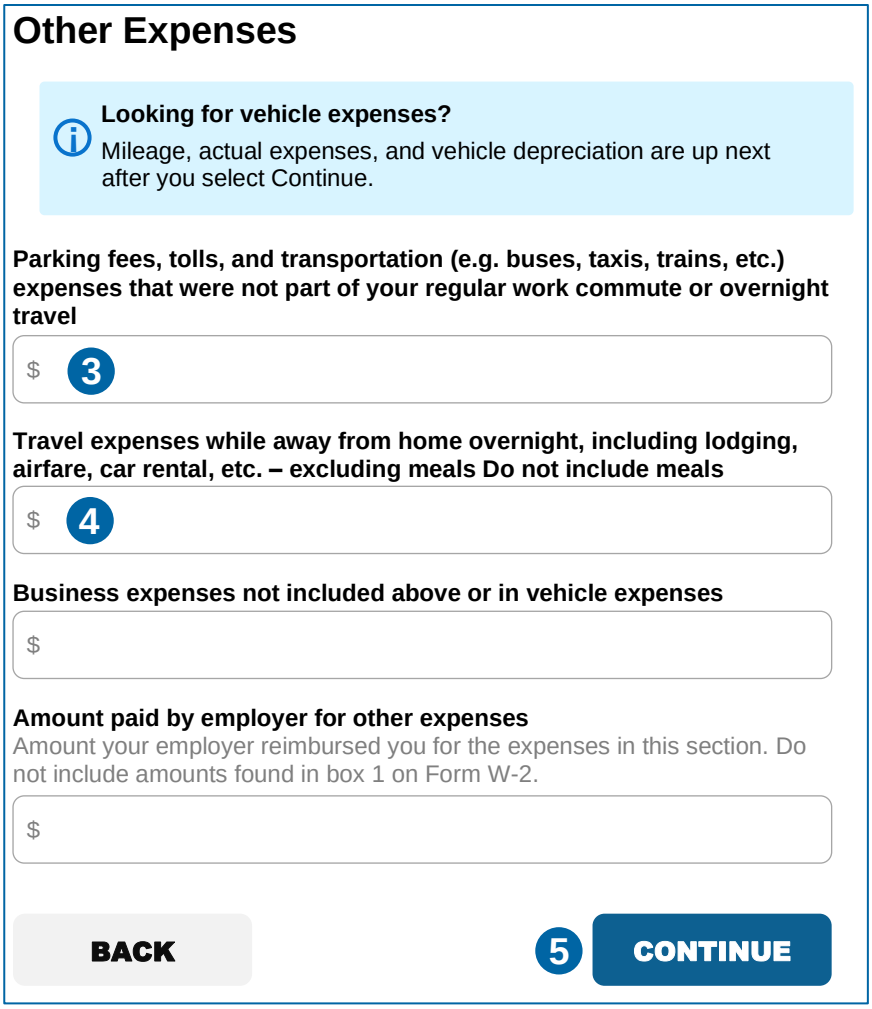
3. Enter parking fees, tolls, and transportation, including trains, buses, etc., that **did not** involve overnight travel or commuting to and from work.

4. Enter travel expense while away from home overnight, including lodging, airfare, car rental, etc. **Do not** include meals.

   The amount of expenses that can be deducted is limited to the:

   - actual lodging costs, limited to the federal per diem rate.
   - federal per diem rate for incidental expenses.
   - standard mileage rate (for car expenses) plus any parking fees, ferry fees and/or tolls.

5. To enter vehicle mileage and information, select ***Continue*** and then use the ***Vehicle Expenses*** and ***Additional Vehicle Questions*** options from the menu on the next screen.

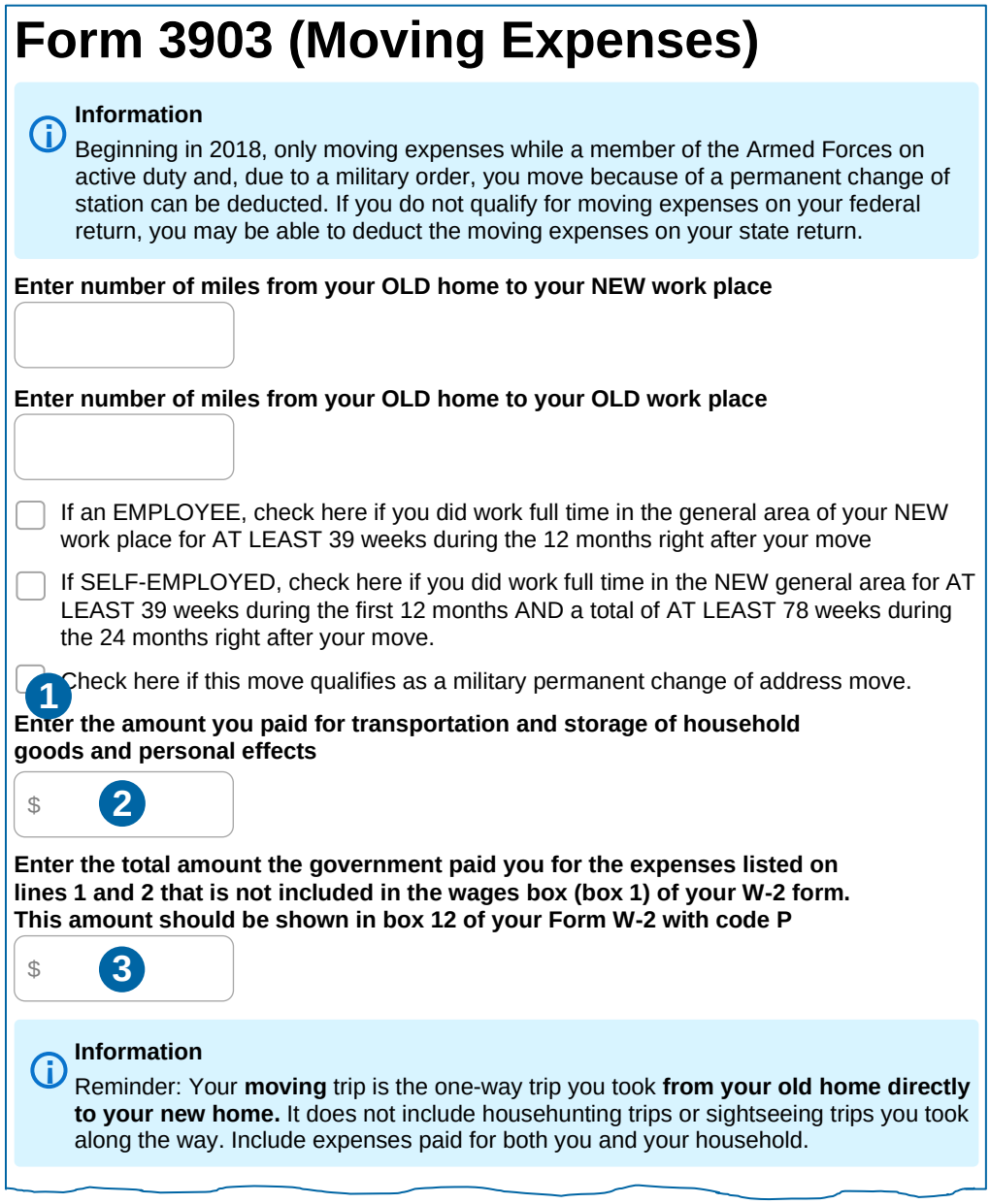


Deductions>Adjustments>Moving Expenses; or Keyword: 3903

Form 3903 requires Military Certification.

You can deduct moving expenses only if you are a Member of the Armed Forces on active duty and, due to a military order, you, your spouse, or your dependents move because of a permanent change of station, or you are a Member of the Intelligence Community who moves due to a change in assignment that requires relocation.

See the **Instructions for Form 3903** for more details.



1. If applicable, check this box to indicate this move qualifies for Form 3903. **Otherwise, this form cannot be used.**
2. You can deduct the expenses of moving your household goods and personal effects, including expenses for hauling a trailer, packing, crating, in-transit storage, and insurance. You can't deduct expenses for moving furniture or other goods you bought on the way from your old home to your new home. You can include only the cost of storing and insuring your household goods and personal effects within any period of 30 consecutive days after the day these goods and effects are moved from your former home and before they are delivered to your new home.
3. Enter amount from Form W-2, box 12, code P.

Moving Expenses (cont'd)

4. Enter lodging costs. You can't deduct the cost of unnecessary side trips or lavish and extravagant lodging.
5. If answered ***Yes***, enter either of the following (don't enter both):
   - Number of miles (separately for miles driven Jan 1–June 30 and July 1–Dec 31), ***or***
   - Actual amounts for gas and oil (if the taxpayer maintained receipts).

How much was spent on lodging?

$ 4

How much was spent on parking fees and tolls?

$

Did you use your own vehicle for your moving trip? *

○ Yes
○ No

5

Additional travel expenses (airfare, train tickets, etc) for you and your household

$

☐ Check here if the reimbursements are for the SPOUSE.

You can deduct the expenses that are more than your reimbursements in the year you paid or incurred the expenses.

For 2026, the standard mileage rate for medical or moving purposes is 20.5 cents per mile for travel from January 1 through June 30, and 23.5 cents per mile for travel from July 1 through December 31.

You can't deduct the following items as moving expenses:

- Any part of the purchase price of your new home
- Car tag
- Driver's license
- Expenses of buying or selling a home (including closing costs, mortgage fees, and points)
- Expenses of entering into or breaking a lease
- Home improvements to help sell your home
- Loss on the sale of your home
- Losses from disposing of memberships in clubs
- Mortgage penalties
- Real estate taxes
- Refitting of carpet and draperies
- Return trips to your former residence
- Security deposits (including any given up due to the move)
- Storage charges except those incurred in transit and for foreign moves

Ⓑ/Ⓐ Educator Expenses – Adjustment and Deduction

Deductions>Adjustments> Educator Expenses; or Keyword: EDUCA

New for TY2026: Eligible educators may be able to deduct qualifying educator expenses as an adjustment as well as an itemized deduction. Do not double count expenses.

- Ⓑ **Step 1:** Claim an adjustment on Schedule 1 up to the maximum listed in the table below.
- Ⓐ **Step 2:** Allocate any remaining qualifying expenses as an itemized deduction on Schedule A.

Don't rely on this page alone. Refer to **Publication 529**, *Miscellaneous Deductions*, for more details.

Ⓑ Adjustment for Educator Expenses (on Schedule 1, Part II):

Question	Answer
What is the maximum benefit?	For 2026, the maximum educator expense adjustment is $350. On a joint return, if both spouses are eligible educators, they can each claim up to $350 ***for their own expenses***, for a maximum total of $700.
Who is an eligible educator that can claim the expense?	An eligible educator is an early childhood or kindergarten through grade 12 teacher, instructor, counselor, principal, or aide who worked in a qualifying school for at least 900 hours during a school year.
What is a qualifying school?	• Grades K–12: any school which provides such education, as determined under State law • Early childhood education: any school or childcare facility which provides educational or childcare services for more than 2 individuals (other than individuals who reside at the school or facility) who have not attained age 6, and operates at the public expense or receives a fee, payment, or grant for providing such services for any of the individuals (regardless of whether such school or facility is operated for profit).
What are qualifying expenses?	Qualifying expenses include ordinary and necessary expenses paid or incurred for: • Books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. • Personal protective equipment, disinfectant, and other supplies used for the prevention of the spread of coronavirus. • The educator's own professional development expenses for courses related to the curriculum in which the educator provides instruction. These expenses do not qualify if reimbursement by the school is available.
What are nonqualifying expenses?	Expenses for home schooling or nonathletic supplies for courses in health or physical education.
What reduces qualified expenses?	Taxpayer must reduce qualified expenses by: • Any reimbursement not included in income box 1 of Form W-2 • Excludable U.S. series EE and I savings bond interest from Form 8815 (out of scope) • Nontaxable qualified tuition program earnings or distributions • Nontaxable distribution of earnings from a Coverdell education savings account

Ⓐ Itemized Deduction for Educator Expenses (on Schedule A):

The itemized deduction for educator expenses follows the same requirements as defined above, except:

- **No cap on qualifying expenses**, but only claim amounts in excess of the adjustment. Do not double count expenses.
- **Eligible educators** also include **interscholastic sports administrators and coaches** who worked in a qualifying school for at least 900 hours during a school year.
- **Qualifying expenses** also include **nonathletic supplies for health or physical education**.
- An **"as part of an instructional activity"** requirement replaces **"in the classroom."**

Ⓐ Self-Employed Health Insurance (SEHI) Deduction

Income>Schedule C>General Expenses; or Keyword SC or BUS

Do not use the Adjustments>Self-Employed Health Insurance Coverage navigation. Enter qualifying health insurance and LTC insurance premiums (limit based on age) for the SEHI Deduction at the above navigation per the instructions below. TaxSlayer will calculate the SEHI Deduction on Form 7206 and flow it as an adjustment to Schedule 1, line 17—the SEHI Deduction does not affect the Schedule C itself. The SEHI Deduction is limited to the net profit of a Schedule C, reduced by the deduction for half of the self-employment tax. TaxSlayer will automatically flow amounts entered in excess of the SEHI deduction limit to Schedule A.

1. **Health and long-term care (LTC) insurance coverage** can be for the self-employed individual (taxpayer or spouse) and/or for their spouse, dependents, and non-dependent children under age 27 at the end of the tax year. Children also includes step-, foster, and adopted children.
   - **a.** Health Insurance includes all parts of Medicare, Medicare supplemental policies (Medigap), retiree, or any private insurance for medical, dental, and vision policies. If coverage was purchased through the ACA Marketplace, then ...

     The return is out of scope if there is a Schedule C with a net profit and the taxpayer is eligible to take the premium tax credit (PTC). Exception: return remains in scope if the SEHI deduction limit is fully met by eligible non-Marketplace insurance, such as LTC insurance, Medicare, etc. In that case, enter the Marketplace insurance net premium as a deduction on Schedule A instead of using it for the SEHI deduction (see #3 on page F-9).
   - **b.** Policy must have been in the insured individual's name (taxpayer, spouse, dependent, or eligible child) or in the name of the business. Multiple policies can be used to figure the SEHI deduction.
   - **c.** Premiums must not have been on a pre-tax basis, reimbursed, or deducted/excluded elsewhere on the tax return. For a retired public safety officer (PSO), premiums not used for the PSO exclusion can be used for the SEHI deduction or as an itemized deduction (see note at top of next page).
   - **d.** Premiums must have been paid by the taxpayer (or spouse if MFJ). Medicare premiums deducted from Social Security benefits of the taxpayer (and spouse if MFJ) can be used to figure the SEHI deduction.
2. **Perform a monthly test** for Health Insurance and sum the premiums for months not excluded per (a) below. Separately perform a monthly test and summation for LTC Insurance per (b) below. It is not required that the business ran in a given month to be able to include premiums for that month.
   - **a.** Monthly test for Health Insurance: Exclude all health insurance premiums for months in which the sole proprietor was eligible to participate in any type of health insurance plan subsidized by any current employer: their own, their spouse's, or that of a dependent or under 27 child (even if the sole proprietor did not actually participate). Test each month separately if circumstances changed during the tax year. For months not eliminated by this test, include health insurance premiums that are eligible per #1 above.
   - **b.** LTC Insurance: Retest each month per the above paragraph, but substitute "qualified LTC insurance" for "health insurance." For any months not eliminated by this test, include qualified LTC premiums limited to the age-based deduction cap shown in the tip under #2 on page D-36.
3. **TaxSlayer entry:** Enter the premiums calculated in step 2 in Schedule C, General Expenses in the boxes for Health Insurance or Long-Term Care Insurance, as applicable. See #2 on page D-36.
   - **a.** To avoid double counting, do not enter the same premiums in more than one screen: on Schedule C – General Expenses for the SEHI deduction, on Schedule A – Medical and Dental Expenses, or on the Social Security income screen as Medicare premiums.
     - Amounts entered for the SEHI deduction in excess of the limit to Schedule A.
   - **b.** If there is more than one Schedule C, allocate premiums across them to maximize the SEHI deduction.

Self-Employed Health Insurance (SEHI) Deduction (cont'd)

SEHI versus Schedule A deduction: If taxpayer itemizes deductions, compare results for federal and state returns first using the SEHI deduction (premiums for SEHI excluded from Schedule A medical expenses), and then not using the SEHI deduction (premiums only included in Schedule A medical expenses). The latter scenario often results in lower taxable income even though the AGI is greater.

Do not double count or omit medical expenses when changing from one scenario to the other. Complete and review all other sections of the return before making this comparison. Compare the federal plus state impacts to determine which scenario is better, but also consider the next caution.

If this year's modified AGI exceeds an inflation adjusted threshold, an income-related adjustment may increase Medicare Part B and D premiums for a future year (see **SSA: Medicare Premiums**).

Example 1: Judy's self-employment income is reported on a Schedule C. She had privately purchased dental and LTC policies for her and her spouse. Judy was not offered subsidized LTC insurance (LTCI) at any point.

- Judy declined an offer of subsidized medical coverage through her spouse's employer for January through March. For these 3 months, the monthly test indicates that for the SEHI deduction:
  - Judy must exclude all health insurance premiums (medical, dental, and vision) for herself and her spouse since Judy had an offer for subsidized health insurance (medical, dental, or vision) from a current employer.
  - Judy can include the LTC premiums for herself and her spouse since the monthly test is performed independently for LTCI and Judy had no offer of subsidized LTCI.
- Judy had no offer of employer subsidized health insurance coverage from April onward after her spouse retired, so the monthly test is no longer an issue for health insurance. Therefore, for the last 9 months of the year Judy can include her family's premiums for both health and LTC insurance for the SEHI deduction.

Example 2: Bob has a SEHI deduction limit of $5,250, which is his Schedule C net profit reduced by half of the self-employment tax. Bob paid $2,000 for Medicare coverage for himself, but his spouse and daughter were covered by a Marketplace (ACA) insurance policy. You confirmed in the intake interview that they did not have any other health or LTC insurance and that Bob did not have any offer for employer subsidized health or LTC insurance. Bob is filing a joint return with his spouse and they are eligible for the Premium Tax Credit (PTC). Bob's return is out of scope per the scope caution on the prior page.

Example 2a: Same scenario as example 2, but Bob also paid $6,000 for a qualified LTC insurance policy, which was limited by his age of 67 to $4,810. His eligible non-Marketplace premiums sum to $6,810 ($2,000 for Medicare + $4,810 for LTCI). Per the exception in the scope caution on the prior page, Bob's return now remains in scope since his $5,250 SEHI deduction limit was fully met by these non-Marketplace premiums. If all of the non-Marketplace premiums were entered for the SEHI deduction, then TaxSlayer would automatically carry the excess ($6,810 - $5,250) to Schedule A. The net Marketplace premiums can be manually entered on Schedule A, but not used for the SEHI deduction.

Example 3: Betsy's self-employment income is reported on a Schedule C. She had no health or LTC insurance, so the SEHI deduction is not applicable (no premiums). The scope caution on the prior page is also not applicable since Betsy is not eligible for the PTC (she did not have Marketplace insurance)

Don't rely on this document alone. Also refer to **Publication 969**, **Form 8889**, and the **Instructions for Form 8889**. See page E-13 for TaxSlayer entry details.

Screening Sheet for Health Savings Accounts (HSA)

Instructions: This Screening Sheet provides general information on HSA eligibility and Form 8889 and will help you identify HSA issues, including scope issues.

Determine Eligibility to Make Contributions to an HSA

Step	Probe/Ask the taxpayer:	Action
PART I – HSA Contributions and Deduction		
1	Were contributions made to the HSA of the taxpayer (or spouse if MFJ) by themself, their employer, or anyone else?	If **YES**, go to Step 2. If **NO**, go to Step 4.
2	Did the individual meet **all** these requirements to be an eligible individual to make HSA contributions: • Was covered under a high deductible health plan (HDHP) on the first day of any month of the year. • Had no other health coverage except what is permitted as described in *Other Health Coverage* in **Publication 969**. • Could not be claimed as a dependent on someone else's tax return (disregard if the other person is not required to file a return or files only to get a refund of taxes paid in or withheld). • Was not enrolled in Medicare (but the individual can be HSA-eligible for the months before being covered by Medicare)	If **YES**, go to Step 3. If **NO**, refer the taxpayer to a professional tax preparer.
3	Was the taxpayer enrolled in the same HDHP coverage for the **entire** year? Answer **YES** if the last-month rule applies (see **Instructions for Form 8889**). **Caution:** If line 2 is more than line 13, the taxpayer must withdraw the excess contribution to avoid an additional tax. If the excess is not timely withdrawn, refer the taxpayer to a professional tax preparer. See *line 13* in the **Instructions for Form 8889**.	For **YES** and **NO**, complete Form 8889, Part I. **Lines 4 and 10 are out of scope**. Go to Step 4. If **NO**, refer to **Instructions for Form 8889** for additional information on completing line 3.
PART II – HSA Distributions		
4	Did the taxpayer receive distributions from the HSA trustee (whether or not Form 1099-SA received)?	If **YES**, complete Form 8889 Part II, line 14a, 14b (if applicable), and 14c. Go to Step 5. If **NO**, STOP, do not complete Part II.
5	Did the taxpayer offset all or part of the distribution with qualified medical expenses that were incurred after the HSA was established and were for qualified persons?	If **YES**, enter the amount on line 15 and complete line 16. Go to Step 6. If **NO**, Enter zero on line 15 and complete line 16. Go to Step 6.
6	If any part of the distribution is taxable, was the distribution made after the taxpayer died, became disabled or turned 65?	If **YES**, Check box on line 17a and complete 17b. If **NO**, taxpayer will be subject to an additional 20% tax.

Note: The above screening sheet is based on IRS Publication 4885 (Rev. 10-2024)

Complete Form 8889, Health Savings Accounts (HSAs), if any of these apply:

- The Interview/Intake & Quality Review Sheet has the box checked for "Have a health savings account (HSA)" and you determine that the taxpayer (or spouse) made HSA contributions or distributions.
- The taxpayer's (or spouse's) Form W-2, box 12 contains code W (employer contributions).
- The taxpayer (or spouse) has a Form 1099-SA with an X in box 5 indicating distributions from an HSA.
- The taxpayer (or spouse) has a Form 5498-SA showing their HSA contributions, or provides their HSA contribution information based on their records. Form 5498-SA may not have been received as it is not required to be sent until after the filing deadline.

Contributions to an employee's HSA account through a Section 125 (cafeteria) plan are treated as employer contributions and aren't deductible. Such contributions are included as part of the code W amount in Form W-2 box 12.

Qualifying Medical Expenses

Except for health insurance premiums, qualifying expenses include all medical and dental expenses deductions allowed on Schedule A. Additional items are considered "qualified medical expenses" and may be reimbursed by HSAs, Archer MSAs, Health FSAs, and HRAs. Specifically, the cost of menstrual care products is now reimbursable. These products are defined as tampons, pads, liners, cups, sponges or other similar products. In addition, over-the-counter products and medications are now reimbursable without a prescription. The purchase of personal protective equipment (PPE), such as masks, hand sanitizer and sanitizing wipes, for the primary purpose of preventing the spread of coronavirus are also eligible to be paid or reimbursed. The cost of home testing for COVID-19 is also an eligible medical expense.

Only these insurance premiums can be included:

- Long-term care insurance premiums subject to limits. See page F-9.
- Health care continuation coverage such as coverage under COBRA,
- Health care coverage while receiving unemployment compensation, and
- Medicare and other health care coverage if the taxpayer was 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap).

Beginning January 1, 2026:

- **Bronze and catastrophic plans** available through an ACA Marketplace Exchange are considered HSA-compatible and treated as HDHPs, regardless of whether the plans satisfy the general definition of an HDHP. A bronze plan or catastrophic plan purchased off-Exchange on the individual market will be treated as an HDHP if the same plan is available as individual coverage through an Exchange. This includes plans sold exclusively off-Exchange without a cost-sharing reduction load that are otherwise identical to plans sold on-Exchange with a cost sharing reduction load.
- An otherwise eligible individual enrolled in certain **direct primary care (DPC) service arrangements** (DPCSA) may contribute to an HSA. In addition, they may use their HSA funds tax-free to pay periodic DPC fees. However, the aggregate fees for all DPCSAs for the individual for a month may not exceed $150 ($300 for a DPCSA covering more than one individual).

Health Savings Accounts (HSA) (cont'd)

Deductions>Adjustments>Health Savings Accounts HSAs; or Keyword: HSA

1. Add a second Form 8889 if taxpayer and spouse have separate HSAs.

2. Select the applicable HDHP coverage for the individual: ***Self-only*** or ***Family***. This determines the maximum HSA contribution limits.

   Select family if taxpayer had family coverage on Dec 1 or if married and either spouse had family coverage at any time in the tax year. Otherwise select the coverage that was in effect the longest.

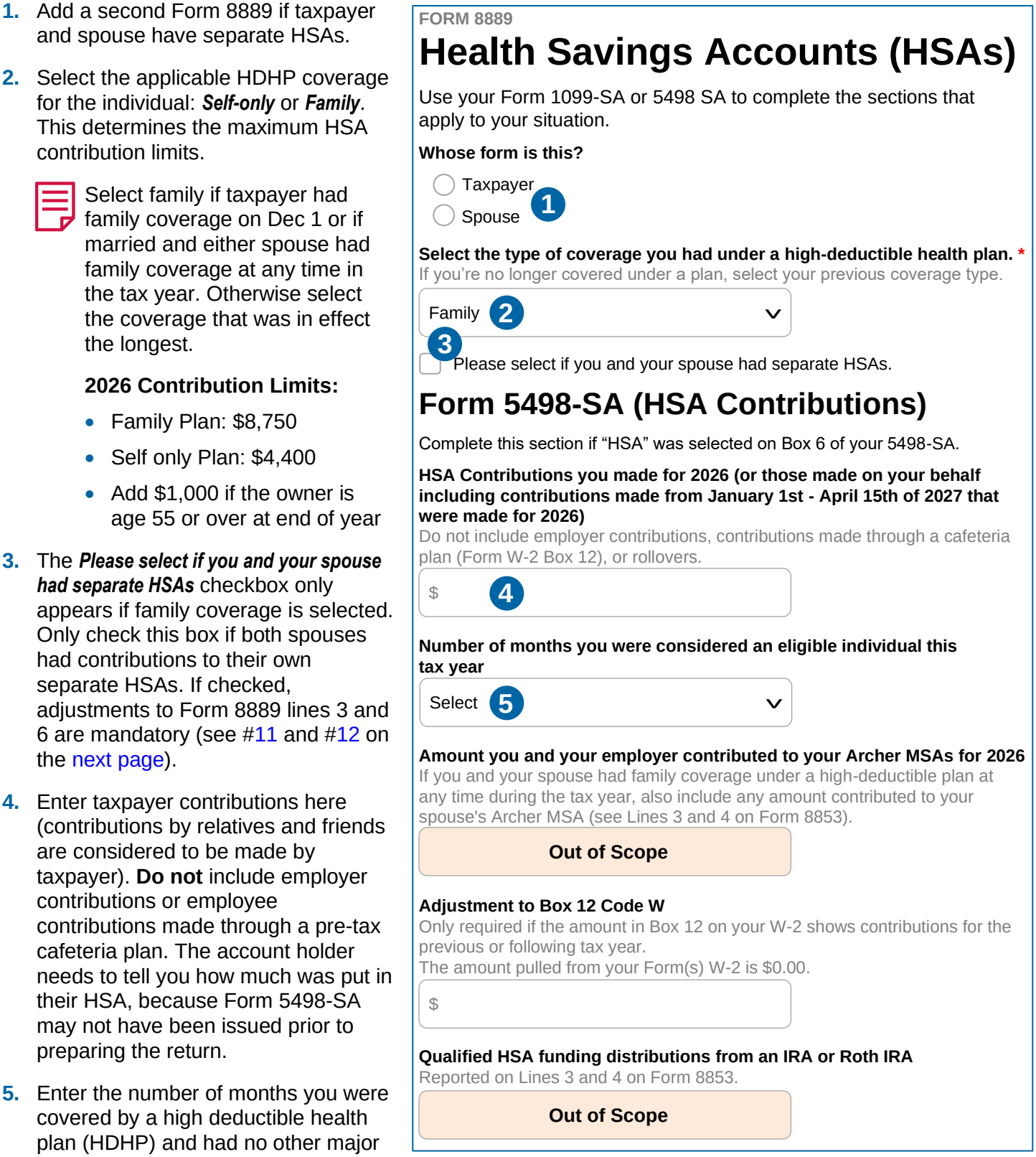
   2026 Contribution Limits:

   - Family Plan: $8,750
   - Self only Plan: $4,400
   - Add $1,000 if the owner is age 55 or over at end of year

3. The ***Please select if you and your spouse had separate HSAs*** checkbox only appears if family coverage is selected. Only check this box if both spouses had contributions to their own separate HSAs. If checked, adjustments to Form 8889 lines 3 and 6 are mandatory (see #11 and #12 on the next page).

4. Enter taxpayer contributions here (contributions by relatives and friends are considered to be made by taxpayer). **Do not** include employer contributions or employee contributions made through a pre-tax cafeteria plan. The account holder needs to tell you how much was put in their HSA, because Form 5498-SA may not have been issued prior to preparing the return.

5. Enter the number of months you were covered by a high deductible health plan (HDHP) and had no other major medical policy (including Medicare) and could not be claimed as dependent. Enter "12" if the last-month rule applies (you were eligible on December 1st and will continue coverage for the full next year).



FORM 8889

Health Savings Accounts (HSAs)

Use your Form 1099-SA or 5498 SA to complete the sections that apply to your situation.

Whose form is this?

○ Taxpayer
○ Spouse
1

Select the type of coverage you had under a high-deductible health plan. *
If you're no longer covered under a plan, select your previous coverage type.

Family 2

3 ☐ Please select if you and your spouse had separate HSAs.

Form 5498-SA (HSA Contributions)

Complete this section if "HSA" was selected on Box 6 of your 5498-SA.

HSA Contributions you made for 2026 (or those made on your behalf including contributions made from January 1st - April 15th of 2027 that were made for 2026)
Do not include employer contributions, contributions made through a cafeteria plan (Form W-2 Box 12), or rollovers.

$ 4

Number of months you were considered an eligible individual this tax year

Select 5

Amount you and your employer contributed to your Archer MSAs for 2026
If you and your spouse had family coverage under a high-deductible plan at any time during the tax year, also include any amount contributed to your spouse's Archer MSA (see Lines 3 and 4 on Form 8853).

Out of Scope

Adjustment to Box 12 Code W
Only required if the amount in Box 12 on your W-2 shows contributions for the previous or following tax year.
The amount pulled from your Form(s) W-2 is $0.00.

$

Qualified HSA funding distributions from an IRA or Roth IRA
Reported on Lines 3 and 4 on Form 8853.

Out of Scope

6. Enter HSA distributions here. Ask the taxpayer for Form 1099-SA, with the HSA box checked. If not an HSA distribution, refer the taxpayer to a professional tax preparer.

7. Enter amount spent on qualifying expenses not reimbursed by insurance or taken as an itemized deduction in any year. See *Qualifying Medical Expenses* on page E-12.

8. If Form 8889 line 2 exceeds line 13, there are excess contributions. Enter excess contributions (plus earnings) here if they were timely withdrawn; see caution below.

   ⚠ If the excess contributions and earnings are not withdrawn by the due date of the return, including extensions, then the return is out of scope.

9. If the taxpayer meets one of exceptions to the 20% additional tax, select ***Yes***. The exceptions are that the account beneficiary dies, becomes disabled, or turns age 65.

10. If no adjustments to calculated amounts are needed, stop here.

11. Only answer ***Yes*** when an adjustment needs to be entered. An adjustment to line 3 is required if either of the following apply. If so, see **Instructions for Form 8889** and Caution below.
    - Account owner had changes in coverage or eligibility during the year, or
    - Married couples where each spouse had contributions to their own separate HSAs and they had family HDHP coverage at any time during the year. If they had 12 months of family coverage, enter $8,750 in the first adjustment box.

12. If ***Please select if you and your spouse had separate HSAs*** was checked, then this entry for the line 6 adjustment is mandatory. If they had family coverage for all 12-months, the $8,750 limit can be split between the spouses however they'd like. Otherwise see **Instructions for Form 8889** and the Caution below.

13. Always answer ***No***. An entry is not needed in the age 55 or older box. This is a calculated amount.

⚠ The scenarios that require adjustments as indicated in 11 and 12 above require complex calculations as described in the **Instructions for Form 8889**. If the volunteer is not trained on the scenario encountered, they should refer the taxpayer to a professional tax preparer.

Form 1099-SA (HSA Distributions)

Complete this section if "HSA" was selected on Box 5 of your 1099-SA.

Total HSA distributions received during 2026 (including those made on January 1st - April 15th, 2027)
See Box 1 on Form 1099-SA.

$ 6

Distributions used for qualified medical expenses
If no amount is entered, all your distributions will be considered taxable.

$ 7

Distributions you received in 2026 that you rolled over into another HSA, including any excess contributions (and the earnings on those excess contributions) included in Line 1 of your 1099-SA that were withdrawn by the date your return was due.

$ 8

Did you receive any distributions that meet the exceptions to the additional 20% tax?
The additional 20% tax does not apply to distributions made on or after the date the beneficiary turns 65, becomes disabled, or dies.

○ Yes
○ No 9

HSA Adjustments 10

Complete this section if it applies to you. This will help us adjust any amounts that are auto-carried by the program.

Did you change your coverage during the tax year? Note: Also answer Yes if you and your spouse have separate HSAs?

○ Yes
○ No 11

Did you and your spouse have separate HSAs with family coverage under a high deductible health plan?

○ Yes
○ No 12

Did you and your spouse have separate HSAs with family coverage under a high-deductible health plan and you were age 55 or older at the end of the tax year?

○ Yes
○ No 13

Alimony

For Alimony Paid: Deductions>Adjustments>Alimony Paid; or Keyword: ALIM
For Alimony Received: Income>Alimony Received; or Keyword ALIM

Alimony Requirements

Payments ARE defined as alimony if all of the following are true:	Payments aren't alimony if any of the following are true:
Payments are required by a divorce or separation instrument.	Payments aren't required by a divorce or separation instrument.
Payer and recipient spouse don't file a joint return with each other.	Payer and recipient spouse file a joint return with each other.
Payment is in cash or cash equivalents (including checks or money orders).	Payment is: • Not in cash, • A noncash property settlement, • Spouse's part of community income, or • To keep up the payer's property.
Payment isn't designated in the instrument as not alimony.	Payment is designated in the instrument as not alimony.
Spouses legally separated under a decree of divorce or separate maintenance aren't members of the same household.	Spouses legally separated under a decree of divorce or separate maintenance are members of the same household.
Payments aren't required after death of the recipient spouse.	Payments are required after death of the recipient spouse.
Payment isn't treated as child support.	Payment is treated as child support.
These payments are deductible by the payer and includible in income by the recipient.	These payments are neither deductible by the payer nor includible in income by the recipient.

The federal tax treatment of alimony and separate maintenance payments depends on the execution date of the divorce or separation instrument. State tax law may vary.

- Instruments executed **on or before December 31, 2018**: alimony is deductible by the payer and includible in income by the recipient, unless the instrument was modified as described below.
- Instruments executed **after December 31, 2018**: Alimony is **not** deductible by the payer and **not** includible in income by the recipient. This also applies to instruments executed on or before December 31, 2018 that were **modified after that date**, if the modification expressly provides that the changes made by the Tax Cuts and Jobs Act (TCJA), Section 11051, apply.

Pre-1985 divorce agreements are out of scope.

Entering Alimony Paid

If the taxpayer paid alimony to more than one person, add a second payee after entering the first.

1. If you don't provide your spouse's SSN or ITIN, you may have to pay a $50 penalty and your deduction may be disallowed.

Alimony Paid

Information
Alimony paid is not included in your federal adjustments to income if you entered into divorce or separation agreement after December 31, 2018. Alimony paid after December 31, 2018 may still carry to your state return, if applicable.

Recipient's SSN *
___-__-____ 1

Amount Paid *
$

Date of original divorce or separation agreement *
MM/DD/YYYY

IRA Deduction

Deductions>Adjustments>Traditional IRA Contributions; or Keyword: IRA D

For 2026, the limit on total contributions you can make to all of your traditional and Roth IRAs is the lesser of:

- $7,500 ($8,600 if age 50 or older), or
- Your taxable compensation for 2026. Compensation for purposes of an IRA contribution includes wages, salaries, commissions, net profit from self-employment, taxable alimony and separate maintenance, certain taxable non-tuition fellowship and stipend payments and nontaxable combat pay.

No deduction can be taken for contributions to a Roth IRA. For a traditional IRA, the deduction may be limited based on Modified AGI and if taxpayer or spouse is covered by a retirement plan at work. For more information, see **Publication 590-A** or **IRS.gov/retirement-plans/ira-deduction-limits**.

1. Enter traditional IRA contributions made by the taxpayer or spouse that they want to deduct. The deductible portion will carry to Schedule 1, line 20. The full amount will carry to Form 8880, *Credit for Qualified Retirement Savings Contributions*.

   If the deduction was limited by TaxSlayer, the nondeductible portion will carry to Form 8606. See note above and caution below.

   If the total of traditional and Roth IRA contributions exceeds the above limit, the taxpayer must withdraw the excess plus earnings before the filing deadline (including extensions). Otherwise, a penalty will apply and the return will be out of scope. The earnings are taxable. **If Form 8606 is included in the return PDF, verify no excess contribution was made.**

2. Select the applicable radio button(s) after checking the taxpayer's and spouse's Forms W-2 to see if ***Retirement plan*** was checked in box 13.

Contributions to a traditional or Roth IRA must be made by the tax year's filing deadline. Contributions can be made at any age, however IRA deductions taken at or after age 70½ reduce the excludable portion of Qualified Charitable Distributions (see note on page D-68).

Medicaid waiver payments excluded from gross income may increase the amount of nondeductible traditional or Roth IRA contributions that can be made, but not in excess of the above limit.

IRA Deduction

Enter amount of IRA Contribution made by Taxpayer
(Generally this is to a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary/Print" tab located on the left menu after continuing through this page.)
If you entered over $X,XXX ($X,XXX if age 50 or older), visit Form 5329, Part III to report any excess contribution amount for the current year.

$ 1

Enter amount of IRA Contribution made by Spouse
(Generally this is to a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary/Print" tab located on the left menu after continuing through this page.)
If you entered over $X,XXX ($X,XXX if age 50 or older), visit Form 5329, Part III to report any excess contribution amount for the current year.

$ 1

☐ Check here if contributions were made to a non-working spouse's IRA.

If checked above, select the non-working spouse

Taxpayer

Taxpayer Retirement Plan 2

○ Taxpayer is covered by a retirement plan.
○ Taxpayer IS NOT covered by a retirement plan.

Spouse Retirement Plan 2

○ Spouse is covered by a retirement plan.
○ Spouse IS NOT covered by a retirement plan.

Entering IRA Contributions

If eligible, the software will calculate a Retirement Savings Contributions Credit after IRA contributions are entered. Be sure to enter any applicable retirement plan distributions. See page G-18 for more information on this credit.

Basic Certification for Roth IRA contributions. Advanced Certification required for traditional IRA contributions.

Enter IRA contributions as follows:

- Ⓑ **Roth IRA** contributions are always nondeductible. Enter them on Form 8880 (see #3 on page G-21) at ***Deductions>Credits>Credit for Qualified Retirement Savings Contributions*** in the field ***Enter Any Current Year Traditional and Roth IRA Contributions, and ABLE account contributions (Do not re-enter Traditional IRA contributions already reported in IRA Deduction menu)***.
- Ⓐ **Deductible traditional IRA** contributions are entered as shown in #1 on the prior page.
- Ⓐ **Nondeductible traditional IRA** contributions need to be entered in two places, but omit amounts entered in #1 on the prior page as those are auto-carried:
  1. First, report the increase to IRA basis by entering the contribution on Form 8606 at ***Deductions>Adjustments>Nondeductible IRAs***. If the taxpayer already had an IRA basis from prior nondeductible contributions, also manually carry forward their prior basis by entering the amount from their last Form 8606, line 14 into TaxSlayer. If there are also distributions from an IRA, see page D-59 for additional Form 8606 entries that are needed.
  2. Then, also enter the contribution on Form 8880 at ***Deductions>Credits>Credit for Qualified Retirement Savings Contributions*** in the field ***Enter Any Current Year Traditional and Roth IRA Contributions, and ABLE account contributions (Do not re-enter Traditional IRA contributions already reported in IRA Deduction menu)***. See #3 on page G-21.

Student Loan Interest Deduction

Deductions >Adjustments>Student Loan Interest Deduction; or Keyword: STU

This table is only an overview of the rules. For details see **Publication 970**, *Tax Benefits for Education*.

Feature	Description
Maximum benefit	Taxpayers can reduce their income subject to tax by up to $2,500.
Loan qualifications	Taxpayer must be legally liable for the loan, and the loan • must have been taken out solely to pay education expenses, and • can't be from a related person or made under a qualified employer plan.
Student qualifications	• The student must be the taxpayer, spouse, or a person who was the taxpayer's dependent when the loan was taken out, or could've been a dependent except that they filed MFJ, had gross income over the exemption amount, or the taxpayer could be claimed as a dependent. • The student must have been enrolled at least half-time in a program leading to a degree, certificate or other recognized educational credential.
Time limit on deduction	Taxpayer can deduct interest paid during the remaining period of the student loan.
Phaseout	This deduction begins to phase out for taxpayers with MAGI more than $85,000 ($175,000 for joint returns) and is completely phased out for taxpayers with MAGI of $100,000 or more ($205,000 or more for joint returns).

If student loan interest is paid by someone who isn't legally liable for it, the payment is treated as made by the person who's legally liable, and the person legally liable is allowed to take the adjustment. Student loan interest is generally reported to the taxpayer on Form 1098-E. Do not deduct any student loan interest paid by an employer under an educational assistance program.

Taxpayer cannot claim the deduction if filing status is Married Filing Separately or if the taxpayer or spouse (if MFJ) is claimed as a dependent.

For Student Loan Forgiveness, see page D-87.

Coordination with 529 Plan Distributions Used to Pay Student Loans

A distribution from a qualified tuition plan (Section 529 plan) of up to a lifetime total of $10,000 can be used tax-free to pay the principal or interest for any qualified student loan for the designated beneficiary or their sibling.

However, any tax-free earnings from a 529 distribution used to pay student loan interest cannot be double-counted to claim the student loan interest deduction.

Before entering this adjustment in TaxSlayer:

- Ask the taxpayer if a Section 529 plan distribution was used to pay student loan interest (Form 1099-Q may have been issued to the account owner or the beneficiary).
- Reduce the student loan interest entered in TaxSlayer for this adjustment by the tax-free portion of the earnings shown in box 2 of Form 1099-Q.
- Note this reduction on the Form 1098-E for the taxpayer's records and to assist with quality review.

Tab F: Deductions

Standard Deduction

This chart provides the standard deduction amounts for TY2026. Use the chart or worksheet on the next page instead if the taxpayer (or spouse if MFJ) was born before January 2, 1962, is blind, or can be claimed as a dependent by another taxpayer.

Standard Deduction Chart for Most People

If the taxpayer's filing status is…	Their standard deduction is…
Single or married filing separate return	$16,100
Married filing joint return or qualifying surviving spouse	$32,200
Head of household	$24,150

If you (or your spouse if MFJ) can be claimed as a dependent on another taxpayer's return (such as your parents' return), your standard deduction may be limited.

Persons Not Eligible for the Standard Deduction

Your standard deduction is zero and you should itemize any deductions you have if:

Your filing status is married filing separately, and your spouse itemizes deductions on their return. It doesn't matter who files first. See page F-6.

You are filing a tax return for a short tax year because of a change in your annual accounting period (out of scope).

You are a nonresident or dual-status alien during the year. You are considered a dual-status alien if you were both a nonresident and resident alien during the year (out of scope).

If you are a nonresident alien who is married to a U.S. citizen or resident alien at the end of the year, you can choose to be treated as a U.S. resident. (See **Publication 519**, *U.S. Tax Guide for Aliens*.) If you make this choice, you can take the standard deduction. See Tab L, including footnote 8 on page L-5.

Charitable Contribution Deduction for Non-Itemizers

New for TY2026: Taxpayers who do not itemize can deduct up to $1,000 ($2,000 if MFJ) ***of cash contributions*** made to eligible tax-exempt organizations. The contributions must be made to organizations that are religious, charitable, educational, scientific, or literary in purpose. The following do not qualify: noncash donations, donations to a donor-advised fund, and donations to a §509(a)(3) supporting organization. See **Publication 6196** for more details.

Charitable cash contributions for non-itemizers are entered on the same screen used for the itemized deduction—see #1 on page F-15. That page also includes a tip for searching for qualified organizations using the Tax Exempt Organization Search Tool.

Standard Deduction Chart for People Born Before January 2, 1962 or Were Blind

Don't use this chart if someone can claim you (or your spouse if filing jointly) as a dependent. Instead, use the second worksheet below. **Note:** Blind is defined in the Glossary.

Standard Deduction Chart for People Who Were Born Before January 2, 1962, or Were Blind

Don't use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet below.

☐ You were born before January 2, 1962. ☐ You are blind.
☐ Spouse was born before January 2, 1962. ☐ Spouse is blind.

Enter the total number of boxes checked ---------- ▶ ☐

IF your filing status is …	AND the number in the box above is …	THEN your standard deduction is …
Single	1 2	$18,150 20,200
Married filing jointly	1 2 3 4	$33,850 35,500 37,150 38,800
Qualifying surviving spouse	1 2	$33,850 35,500
Married filing separately*	1 2 3 4	$17,750 19,400 21,050 22,700
Head of household	1 2	$26,200 28,250

* You can check the boxes for spouse if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.

Standard Deduction Worksheet for Dependents—Line 12e

Use this worksheet **only** if someone else can claim you, or your spouse if filing jointly, as a dependent.

1. Check if: ☐ You were born before January 2, 1962.
☐ You are blind.
☐ Spouse was born before January 2, 1962.
☐ Spouse is blind.

Total number of boxes checked ---------- **1.** _____

2. Is your **earned income*** more than $900?
☐ **Yes.** Add $450 to your earned income. Enter the total.
☐ **No.** Enter $1,350

---------- **2.** _____

3. Enter the amount shown below for your filing status.
- Single or married filing separately—$16,100
- Married filing jointly—$32,200
- Head of household—$24,150

---------- **3.** _____

4. Standard deduction.

4a. Enter the **smaller** of line 2 or line 3. If born after January 1, 1962, and not blind, **stop here** and enter this amount on Form 1040 or 1040-SR, line 12e. Otherwise, go to line 4b ---------- **4a.** _____

4b. If born before January 2, 1962, or blind, multiply the number on line 1 by $1,650 ($2,050 if single or head of household) ---------- **4b.** _____

4c. Add lines 4a and 4b. Enter the total here and on Form 1040 or 1040-SR, line 12e ---------- **4c.** _____

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant. Generally, your earned income is the total of the amount(s) you reported on Form 1040 or 1040-SR, line 1z, and Schedule 1, lines 3, 6, 8r, 8t, and 8u minus the amount, if any, on Schedule 1, line 15.

Interview Tips – Itemized Deductions

These interview tips assist in determining whether a taxpayer's itemized deductions are more than their standard deduction, to aid in determining if it is advantageous for a taxpayer to itemize their deductions. Consider having the taxpayer complete the NTTC **Itemized Deductions Worksheet** if itemizing deductions may be beneficial, considering their federal and state returns.

Step	Probe/Ask the taxpayer:	Action
1	Do you have expenses in any of the following categories: medical and dental expenses, taxes you paid, home mortgage interest or points you paid, gifts to charity, gambling losses and expenses incurred in gambling activities (up to the lesser of winnings or 90% of losses) and work-related expenses for disabled individuals that enables them to work. **Note:** Casualty and theft losses are out of scope.	If **YES**, go to Step 2. If **NO**, generally speaking, you should take the standard deduction if eligible.
2	Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in box 1 of the taxpayer's Form W-2) or were the expenses paid/reimbursed by an insurance company or Health Savings Account (HSA)?	If **YES**, you can't deduct reimbursed expenses. Go to Step 4. If **NO**, you can claim these expenses. Go to Step 3.
3	Were the medical and dental expenses more than 7.5% of your adjusted gross income? **Note:** You can include medical and dental bills you paid for: • Yourself and your spouse • All dependents you claim on your return • Your child whom you don't claim as a dependent because of the rules for children of divorced or separated parents • Any person you could have claimed as a dependent on your return except that person received $5,300 or more of gross income or filed a joint return • Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2026 return	If **YES**, you can claim qualified expenses. Go to Step 4. If **NO**, you can't deduct these expenses. Go to Step 4. For more information refer to **Publication 502**, *Medical and Dental Expenses*
4	Did you pay any of the following taxes: state and local general sales tax; state, local, or foreign income tax; real or personal property taxes? **Note:** The itemized deduction for the total amount of these taxes is limited, as described on page F-10. This limit does not apply to foreign income taxes.	If **YES**, go to Step 5. If **NO**, you can't claim this expense as a deduction because you weren't obligated to pay the taxes. Go to Step 6.
5	Did you pay these taxes during this tax year?	If **YES**, you can claim these expenses and go to Step 6. If **NO**, you can't deduct taxes for this year that were paid in another year. Go to Step 6.
6	Are you legally liable for a home mortgage loan?	If **YES**, go to Step 7. If **NO**, you can't take an interest expense for a mortgage for which you aren't legally liable. Go to Step 12.
7	Was the mortgage a secured debt on a main or second home? For more information refer to **Publication 936**, *Home Mortgage Interest Deduction*	If **YES**, go to Step 8. If **NO**, you can't take an interest expense. Go to Step 12.
8	Did you pay mortgage interest or points in this tax year?	If **YES**, go to Step 9. If **NO**, you can't take the mortgage interest deduction. Go to Step 12.

Interview Tips – Itemized Deductions (cont'd)

Step	Probe/Ask the taxpayer:	Action
9	Is either of the following true?[1,2] • All of your home mortgages were taken out on or before October 13,1987, or • All of your home mortgages taken out after October 13, 1987 were used to buy, build, or substantially improve your main or second home **and** the balance of all mortgages was $750,000 or less ($375,000 if MFS).	If **YES**, your mortgage interest is fully deductible. Go to Step 10. If **NO**, follow the *Is My Home Mortgage Interest Fully Deductible?* flowchart in **Publication 936**, *Home Mortgage Interest Deduction*, to determine what is deductible. Go to Step 10.
10	Did you pay premiums in 2026 for qualified mortgage insurance (PMI, etc.) for a home acquisition debt that was issued after 2006?	If **YES**, you can take a deduction for qualified mortgage insurance. However, this deduction begins to phase out when AGI exceeds $100,000 ($50,000 if MFS). Go to Step 11. If **NO**, go to Step 11.
11	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?[3]	If **YES**, follow the *Are My Points Fully Deductible This Year?* flowchart in **Publication 936** and then go to Step 12.[4] If **NO**, go to Step 12.
12	Did you make a cash contribution to a qualified organization?[5]	If **YES**, advise taxpayer they must have a written record as described in *Substantiation Requirements* in **Publication 526**. Go to Step 13. If **NO**, go to Step 13.
13	Did you make a noncash donation to a qualified organization?[5] **Note:** Generally, the value of a donation is the lesser of your cost or fair market value.	If **YES**, go to Step 14. If **NO**, go to Step 15.
14	Is the total of all noncash donations $5,000 or less?	If **YES**, advise taxpayer they generally must have a written receipt from that particular organization.[6] See **Publication 526**, for details. Go to Step 15. If **NO**, the return is out of scope.
15	Did you have qualified educator expenses?	If **YES**, your qualified educator expenses are deductible (no maximum), however an adjustment also remains available. Do not enter the same expenses in both places. See page E-8 for details. If **NO**, you can't take the educator expenses deduction.

[1] Interest on home equity loans and lines of credit is deductible only if the borrowed funds are used to buy, build, or substantially improve the taxpayer's home that secures the loan. The loan must be secured by the taxpayer's main home or second home (qualified residence), and meet other requirements.

[2] A Homeowner Assistance Fund (HAF) payment is a qualified disaster relief payment and is not included in the homeowner's gross income. Eligible homeowners who received a Homeowner Assistance Fund (HAF) payment may use a safe harbor to calculate the homeowner's itemized deduction for qualified mortgage interest expenses and/or qualified real property tax expenses, as applicable. See **Revenue Procedure 2021-47** for details.

[3] If you refinanced in an earlier year, and weren't eligible to take all the points in that year, you can add in this year's portion of those prior year points.

[4] If in Step 9 you determined that your deductible mortgage interest is limited, then your deductible points are also limited. See *Claiming your deductible points* in *Part II* of **Publication 936**.

[5] To search for qualified organizations, see the tip for using the Tax Exempt Organization Search Tool on page F-15.

[6] For noncash donations less than $250, you are not required to have a receipt where it is impractical to get one (for example if you leave property at a charity's unattended drop site). But the taxpayer must keep a written record with the required information of each such donation.

Itemized Deductions Menu

Deductions>Itemized Deductions; or Keyword: ITEM

Itemized Deductions

Choose to Itemize or Take the Standard Deduction 1 Select whether to itemize your deductions or take the standard deduction. Your selection may override the program's suggestion	BEGIN
Medical, Dental, and Vision Expenses 2 Out-of-pocket expenses, medical travel, and long-term care premiums	BEGIN
Mortgage Interest and Expenses 3 Mortgage interest and points reported or not reported on Form 1098	BEGIN
Qualified Mortgage Interest Worksheet on Loans > $750,000	BEGIN
Taxes You Paid 4 Property taxes, state and local taxes, sales tax deduction, and other taxes	BEGIN
Gifts to Charity 5 Cash and noncash donations, prior-year carryover and donation limits	BEGIN
Employee Business Expenses Employee expenses, reimbursements, and vehicle expenses	BEGIN
Unreimbursed Employee Business Expense Professional dues, work supplies, and job search expenses. For state income tax reporting purposes only	BEGIN
Other Itemized Deductions Estate taxes, gambling losses, state-only deductions, investment fees and expenses, and other specialized deductions	BEGIN
Less Common Deductions Casualty and losses, business use of home worksheet, and investment interest expenses	Out of Scope

1. If MFS and spouse itemizes, taxpayer must also itemize. Standard deduction can't be used. It doesn't matter which spouse files first. Select ***Choose to Itemize or Take the Standard Deduction*** then select the option ***Must itemize because spouse itemized***.
2. Select to enter unreimbursed ***Medical, Dental, and Vision Expenses***. See next two pages for a list of common deductible and nondeductible medical expenses. See page F-9 for TaxSlayer entry details.
3. Select to enter ***Mortgage Interest and Expenses***. See page F-13.
4. Select to enter taxes not entered elsewhere in the software. See page F-12.
5. Select ***Gifts to Charity*** to enter Charitable Contributions. See page F-15.
6. Select to enter Other Itemized Deductions, including gambling losses and certain state-only deductions. See page F-16.

Ⓐ Deductible Medical Expenses

The following does not include all possible medical expenses. For more details, refer to *What Medical Expenses Are Includible?* in **Publication 502**, *Medical and Dental Expenses*.

Schedule A – Common Deductible Medical Expenses, You Can Include:	
• Acupuncture • Ambulance • Bandages • Birth control pills prescribed by your doctor and condoms • Body scan • Braille books • Breast pump and supplies • Capital expenses for equipment or improvements to your home needed for medical care. See *Worksheet A. Capital Expense Worksheet* in **Publication 502**. • Chiropractor • COVID-19 home testing (see also *Personal protective equipment*) • Diagnostic devices • Expenses of an organ donor • Eye Exam • Eyeglasses and contact lenses needed for medical reasons • Eye surgery (to promote the correct function of the eye) • Fertility enhancement, certain procedures • Guide dogs or other animals aiding the blind, deaf, and disabled • Hospital services fees (lab work, therapy, nursing services, surgery, etc.) • Lead-based paint removal • Legal abortion • Legal operation to prevent having children such as a vasectomy or tubal ligation • Long-term care (LTC) and qualified services and LTC insurance contracts	• Meals and lodging provided by a hospital during medical treatment • Medical services fees (from doctors, dentists, surgeons, specialists, and other medical practitioners) • Medicare premiums (not Medicare tax) • Medical and hospital insurance premiums • Nursing services, including wages for nursing services • Oxygen equipment and oxygen • Part of life-care fee paid to retirement home designated for medical care • Personal protective equipment, such as masks, hand sanitizer and hand sanitizing wipes, for the primary purpose of preventing the spread of Coronavirus Disease 2019 (COVID-19). • Physical examination • Pregnancy test kit • Prescription medicines (prescribed by a doctor) and insulin • Psychiatric and psychological treatment • Social Security tax, Medicare tax, FUTA, and state employment tax paid to a worker providing medical care. See *Wages for nursing services*, below. • Special items (artificial limbs, false teeth, hearing aids, crutches, wheelchair, etc.) • Special education for mentally or physically disabled persons • Stop-smoking programs • Transportation for needed medical care • Treatment at a drug or alcohol center (includes meals and lodging provided by the center) • Weight loss, certain expenses for obesity

Lifetime Care—Advance Payments: Some senior residences as part of a life-care arrangement have an entry fee and monthly cost. The part of these payments includible as a medical expense is the amount properly allocable to medical care. The residence should provide that amount in a statement.

Lodging for the purpose of obtaining medical care away from home is limited to $50 per person per night, up to $100 per day. See *Lodging* in **Publication 502**, *Medical and Dental Expenses*.

Nursing homes: Taxpayers can include in medical expenses the cost of medical care in a nursing home, home for the aged or similar institution. This includes the cost of meals and lodging if a principal reason for being there is to get medical care. This can also include qualified long-term care such as maintenance and personal care services if conditions are met as described under *Qualified Long-Term Care Services* in **Publication 502**.

Don't include the cost of meals and lodging if the reason for being in the home is personal. You can, however, include in medical expenses the part of the cost that is for medical or nursing care.

Parking fees and tolls can be included under ***Other Medical Expenses*** even when using the standard mileage rate.

Ⓐ Nondeductible Medical Expenses

Following is a partial list of expenses that are not deductible. For more details, refer to *What Expenses Aren't Includible?* in **Publication 502**, *Medical and Dental Expenses*.

Schedule A – Common Nondeductible Medical Expenses, You Cannot Include:
• Baby sitting and childcare • Bottled water • Contributions to Archer MSAs. See **Publication 969**. • Diaper service • Expenses for your general health (even if following your doctor's advice) such as—Health club dues—Household help (even if recommended by a doctor)—Social activities, such as dancing or swimming lessons—Trip for general health improvement • Flexible spending account reimbursements for medical expenses (if contributions were on a pre-tax basis) • Funeral, burial, or cremation expenses • Health savings account payments for medical expenses • Operation, treatment, or medicine that is illegal under federal or state law • Life insurance or income protection policies, or policies providing payment for loss of life, limb, sight, etc. • Maternity clothes • Medical insurance included in a car insurance policy covering all persons injured in or by your car • Medicine you buy without a prescription • Nursing care for a healthy baby • Prescription drugs you brought in (or ordered shipped) from another country, in most cases • 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 • Surgery for purely cosmetic reasons • Toothpaste, toiletries, cosmetics, etc. • Teeth whitening • Weight-loss expenses not for the treatment of obesity or other disease

⚠ You can't include in medical expenses amounts you pay for controlled substances that aren't legal under federal law, even if such substances are legalized by state law.

Entering Medical Expenses

Deductions>Itemized Deductions>Medical, Dental, and Vision Expenses; or Keyword: MED

Enter unreimbursed medical expenses on this screen. Do not include insurance premiums used for Public Safety Officer (PSO) exclusion or Self-Employed Health Insurance (SEHI) Deduction.

1. TaxSlayer automatically pulls in Medicare premiums from the Social Security Benefits screen. It also pulls in premiums entered for the SEHI Deduction in excess of the SEHI limit. Do not reenter these premiums in #3 on this screen.
2. To enter multiple items for an expense category, click the small gray Itemized Amounts icon to the right of the line. The software will calculate and carry the total.
3. If taxpayer has medical insurance through the Marketplace, remember to adjust the total premium after the PTC is calculated. Increase for APTC repayment (Schedule 2, line 1a, *Excess advance premium tax credit repayment*). Decrease for additional PTC (Schedule 3, line 9, *Net premium tax credit*).
4. Enter number of miles. For 2026, the standard mileage rate for medical purposes is 20.5 cents per mile for travel from Jan 1–June 30, and 23.5 cents per mile for July 1–Dec 31.
5. Qualified long-term care premiums up to the amounts shown below can be included as medical expenses on Schedule A, or in calculating the self-employed health insurance deduction. Limit premiums based on the age of the insured person to:
   - Age 40 or under: $500
   - Age 41 to 50: $930
   - Age 51 to 60: $1,860
   - Age 61 to 70: $4,960
   - Age 71 and over: $6,200

The medical and dental floor percentage is 7.5% of AGI.

ITEMIZED DEDUCTIONS

Medical, Dental, and Vision Expenses

Complete the form below to add medical, dental, and vision expenses to your return. Do not include premiums deducted from your pay through a cafeteria plan (pre-taxed).

We automatically pull over the following:

- Medicare premiums paid on your SSA-1099 (Social Security) and RRB-1099 is $X,XXX.00.
- Self-employed health insurance you've already entered is $X,XXX.00.

1

Out-of-Pocket Expenses

2

Insurance premiums you paid (medical, dental, vision)	$ 3
Amount paid to providers (doctors, dentists, etc.)	$
Prescriptions	$
X-rays, lab work, etc.	$
Nursing services (in-home or at a care facility)	$
Hospital care (including meals and lodging)	$
Alcohol and drug rehabilitation	$
Medical aids (hearing aids, crutches, wheelchairs, etc.)	$

Medical Travel Expenses

Miles driven before 7/1 to get medical care	
Miles driven after 6/30 to get medical care	4

Other Medical Expenses

Amount	$

Long-Term Care Premiums

The amount of qualified long-term care premiums you can include is limited based on your age.

Long-Term Care Premiums	Total premiums paid

Add a premium 5

Taxes You Paid

Deductions>Itemized Deductions>Taxes You Paid; or Keyword: TAX

The itemized deduction for state and local taxes (SALT) (income, sales, and property taxes) is limited to a combined total deduction of up to $40,400 ($20,200 if Married Filing Separately) for 2026. This SALT deduction limit begins to phase down when the taxpayer's modified AGI (MAGI) exceeds $505,000 ($252,500 if MFS), but it will not go below $10,000 ($5,000 if MFS). MAGI for this purpose is the same as is calculated on **Schedule 1-A**, Part I.

1. Real estate taxes reported on Form 1098 can be entered on the Mortgage Interest and Expenses screen, see #7 on page F-14. Amounts entered there will be added to entries made here in the Real Estate Taxes box.
2. Enter state and local ***Personal property taxes***, such as vehicle registration fees, but only if based on value alone (ad valorem) and imposed on a yearly basis.
3. Enter amount paid with last year's state return and any other state and local income tax payments not entered elsewhere. Mandatory contributions to state disability, paid family leave programs, and certain other state programs qualify as state income taxes and should be included in the additional state and local income tax box if not automatically carried there by TaxSlayer. Sometimes these amounts are reported on Form W-2, box 14. See **Instructions for Schedule A** for details.
4. Always add a sales tax deduction worksheet when itemizing deductions for states that have sales tax. Select ***Add sales tax deduction*** and then complete the worksheet that pops up. See page F-12 for details.

ITEMIZED DEDUCTIONS

Taxes You Paid

Property Taxes

Additional real estate taxes for non-business property
Do not enter real estate taxes from Form 1098
$ 1

Personal property taxes
This includes car registration, but not the amount paid for car tags
$ 2

State and Local Taxes

Additional state and local income tax paid
We have already imported $X,XXX.00 from any W-2, 1099, W-2G, and Estimates
$ 3

Prior-year 4th quarter states estimates paid after Dec. 31, 2025
$

Sales Tax Deduction

Deducting state and local sales tax instead of income tax is most beneficial to taxpayers in states that don't have an income tax. Enter your sales tax below, and we'll determine which deduction benefits you the most.

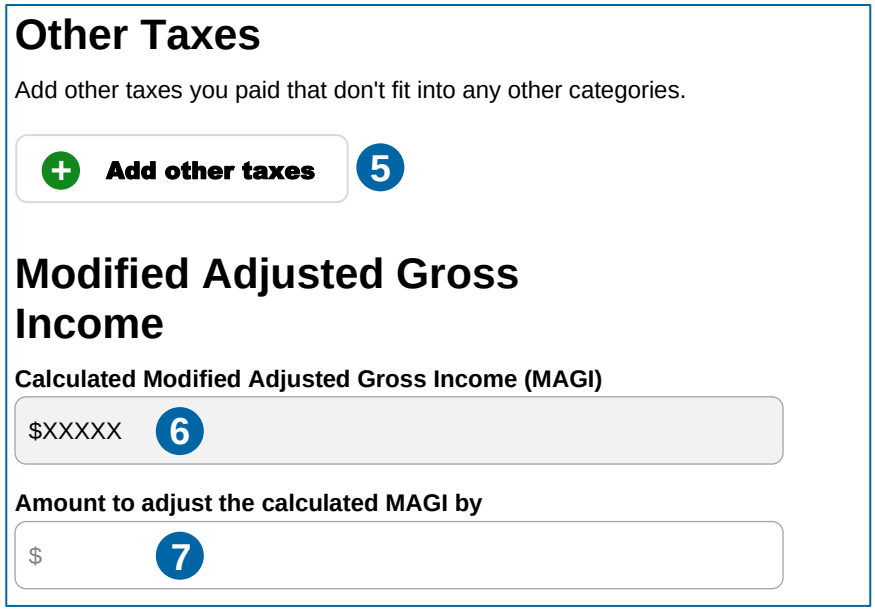
Add sales tax deduction 4

☐ I want to deduct sales tax instead of income tax, even if it lowers my refund (less common)

5. If taxpayers wish to deduct their foreign income taxes (instead of claiming a credit), select ***Add other taxes*** and describe as "Foreign Income Tax." This is not subject to the SALT limit stated on the prior page.

   To prevent the Foreign Tax Credit from also being claimed, you must remove all foreign taxes entered on the Form 1099-DIV, Form 1099-INT, and Form 1116 screens.

6. Calculated MAGI is auto populated by TaxSlayer for its use when calculating sales tax (see next page).



The MAGI on this screen is AGI plus nontaxable income. This is different from and does not affect the MAGI used to phase down the SALT deduction limit (see note at top of prior page).

7. Enter any nontaxable income not already included in #6 that should be added for sales tax calculation purposes. Do not duplicate nontaxable income that TaxSlayer automatically includes in Calculated MAGI (#6); e.g., do not enter nontaxable portion of Social Security, tax exempt interest, nontaxable portion of certain 1099-R distributions other than rollovers and 1035 exchanges, etc. For examples of nontaxable income, see page D-3 or the **Sales Tax Deduction Worksheet** in the **Colorado Resource Toolbox**.

If taxpayers purchased or sold a home in the tax year, they may not be able to deduct all Real Estate Taxes. See *State and Local Real Estate Taxes* in **Publication 17** for more information.

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.).

The following items aren't deductible on Schedule A: Federal income and excise taxes, Social Security or Medicare taxes, federal unemployment (FUTA), railroad retirement taxes (RRTA), customs duties, federal gift taxes, per capita taxes, or foreign real property taxes.

Sales Tax Deduction

TaxSlayer will automatically select the greater of sales tax or state and local income tax.

1. It is generally simpler to adjust MAGI to let TaxSlayer calculate the sales tax deduction (see #7 on page F-11). However, you can instead calculate this using the IRS **Sales Tax Deduction Calculator** with the aid of the **Sales Tax Deduction Worksheet** in the **Colorado Resource Toolbox**. Enter any non-taxable income item in either the worksheet or the IRS calculator, but not both.

   Click ***OVERRIDE*** to enter the amount calculated instead of completing the remaining fields on this screen.

State and Local Sales Tax Override

If you know the total amount of your state and local sales taxes (from receipts), you can enter the full amount instead of individual transactions.

Total amount paid

$

*Click here to view the IRS sales tax deduction calculator.

2. Enter the ZIP code and number of days the taxpayer lived in that ZIP code for TaxSlayer to calculate the deduction. If the taxpayer moved during the year, then after saving this worksheet you can select ***Add another zip code*** to enter an additional sales tax deduction worksheet.

3. Leave the local and general sales tax fields blank if you want the software to use the default rates for the zip code you entered.

4. Enter the amount of sales tax for specified large items purchased during the year (such as a motor vehicle) in the general sales taxes paid box. See **Instructions for Schedule A** for details.

Sales Tax Deduction

Tell us about your sales tax deduction.

Information
To calculate your sales tax deduction, complete the information below. If you would rather enter the deduction amount from your receipts, select the 'Override' button below.

OVERRIDE 1

ZIP Code *

2

Number of days you've lived in this ZIP code during the last year *

2

Information
Leave rates blank for the system to use default rates. Enter a value to override your percentage.

Local general sales tax percent

3

State general sales tax percent

3

Warning
In addition to calculating your sales tax spending based on your zip code, family size and income level, including some nontaxable income items entered, you can deduct additional sales tax paid on specified items such as purchases/leases made during the tax year on motor vehicles, boats and aircrafts or for materials you purchased to build a home or to perform a major renovation if you paid the sales tax directly.

Sales tax paid on specified items
Enter the taxes paid on qualifying major purchases such as motor vehicles or boats and aircrafts

$ 4

Ⓐ Mortgage Interest Paid

Deductions>Itemized Deductions>Mortgage Interest and Expenses; or Keyword: MORT

For mortgage acquisition debt secured after December 15, 2017, the amount of interest you can deduct is on no more than $750,000 of debt used to buy, build, or substantially improve your principal home and a second home ($375,000 in the case of married taxpayers filing separate tax returns). See *Qualified Home* in **Publication 936**, *Home Mortgage Interest Deduction*, for requirements related to a second home.

If the taxpayer secured a mortgage for acquisition debt on or before December 15, 2017, the new tax law doesn't change the amount of the deductible mortgage interest. Deductible interest remains limited to mortgage interest on up to $1 million ($500,000 MFS).

Points from refinancing must be spread over the life of the mortgage unless used to remodel. See *Refinancing* in the *Points* section of **Publication 936**. Enter the loan origination fee from the closing statement as points not reported on Form 1098 if it is not included as points on Form 1098.

1. Select ***Yes*** if the mortgage interest was reported on Form 1098, or ***No*** if not.

   If there are multiple mortgages, make separate ***Mortgage Interest and Expenses*** entries for each.

MORTGAGE INTERESTS AND EXPENSES

Mortgage Interest and Expenses

Let's get started with some basic info.

Did you receive a Form 1098? *

- ○ Yes
- ○ No

1

The deduction for interest paid on home equity debt is disallowed as a mortgage interest deduction unless the home equity loan proceeds were used to build, buy, or substantially improve the taxpayer's qualified residence.

A reverse mortgage is a loan where the lender pays you (in a lump sum, a monthly advance, a line of credit, or a combination of all three) while you continue to live in your home. With a reverse mortgage, you retain title to your home. Depending on the plan, your reverse mortgage becomes due with interest when you move, sell your home, reach the end of a preselected loan period, or die.

Because reverse mortgages are considered loan advances and not income, the amount you receive isn't taxable. Any interest (including original issue discount) accrued on a reverse mortgage isn't deductible until you actually pay it (usually when you pay off the loan in full).

Also, a deduction of interest may be limited because a reverse mortgage generally is subject to the limit on home equity debt, which is not deductible unless the proceeds are used to buy, build, or substantially improve the home that secures the loan. If loan proceeds were used for a mixture of qualified and nonqualified purposes, then the taxpayer should be referred to a professional preparer.

2. If the answer to this question is ***No***, the deduction for home mortgage interest may be limited. See *Is My Home Mortgage Interest Fully Deductible?* in **Publication 936**, *Home Mortgage Interest Deduction*.

3. Enter the amount of Mortgage Interest from Form 1098, box 1 that is deductible.

4. Amounts in box ***4 - Refund of overpaid interest*** may be taxable (if so, enter the taxable portion on the Other Income screen). See *Expense Recoveries* in Tax-Aide's **NTTC 4491**, *Income – Other* lesson. The **Taxable Refund and Recovery Calculator** in the **Colorado Resource Toolbox** can help determine the taxable portion of the recovery, if any.

5. Box 5 reports qualified ***Mortgage insurance premiums*** (PMI, etc.), which are again deductible on Schedule A starting in TY2026. However, this deduction begins to phase out when AGI exceeds $100,000 ($50,000 if MFS).

6. Enter the deductible portion of box ***6 - Points paid on purchase of principal residence*** here. See third paragraph on the prior page.

7. ***Real estate taxes*** entered here will be added to any real estate taxes entered on the Taxes You Paid screen. See page F-10.

FORM 1098

Mortgage Interest Information

Let's get some details from your Form 1098.

Before we begin, was the money from this loan used exclusively on this home?

- (2) **Yes** , I've only used the loan to purchase, build, or upgrade the home it is secured by
- **No** , I've used some or all of this loan on something other than the home it's secured by

Form 1098 Information

If a box is empty on your Form 1098, leave it blank below.

Lender's name *

1 - Mortgage interest received from payer/borrower
You should limit the interest reported in Box 1 if your mortgage exceeds $750,000 ($375,000 MFS)

$ (3)

2 - Outstanding mortgage principal

$

4 - Refund of overpaid interest

$ (4)

5 - Mortgage insurance premiums

$ (5)

6 - Points paid on purchase of principal residence

$ (6)

7 - Address of property securing mortgage is the same

10 - Other
What kind of information is in box 10?

- (7) Real estate taxes
- Other
- None - box 10 is blank

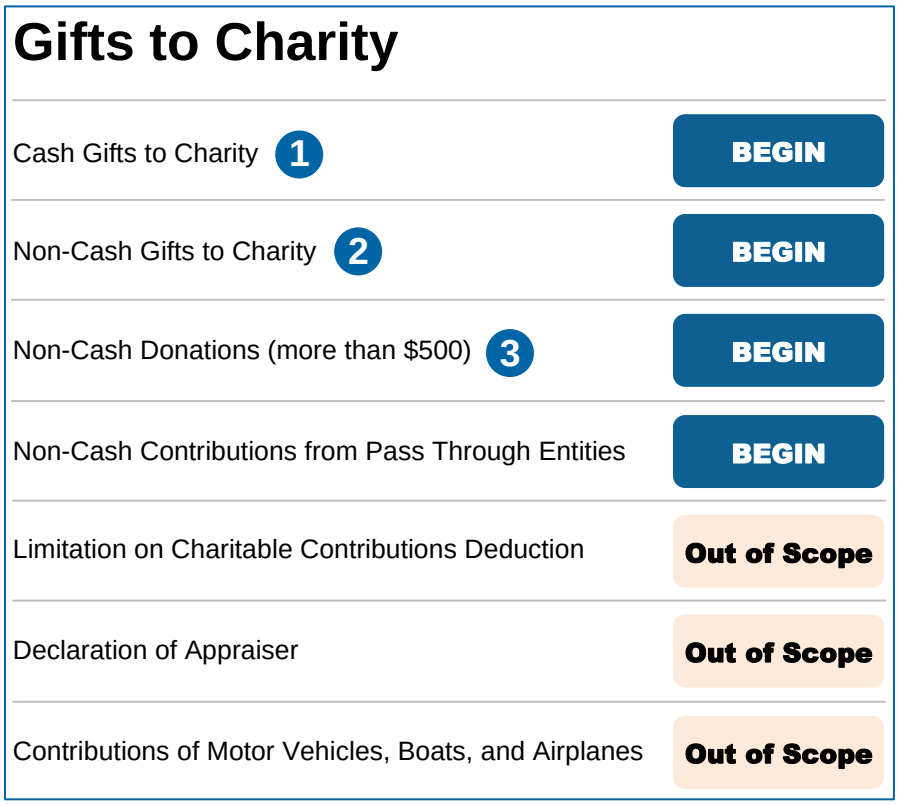
11 - Mortgage acquisition date

MM/DD/YYYY

Charitable Contributions

Deductions>Itemized Deductions>Gifts to Charity; or Keyword: CHARI

1. Select ***Cash Gifts to Charity*** to enter amounts given by cash or cash equivalent—see *Cash Contributions* in **Publication 526** for details. Cash contributions may be combined into a single entry on the ***Charity Cash Contributions*** screen by clicking the ***OVERRIDE*** button. The charitable contribution deduction for non-itemizers is also entered here—see page F-2—and will be limited by TaxSlayer to $1,000 ($2,000 if MFJ).
2. Only select ***Noncash Gifts to Charity*** if the value of all noncash donations totals to $500 or less. Separately enter miles driven in service to a charity, which will be included with cash gifts at 14 cents per mile.
3. If the total of all noncash contributions exceeds $500, select this option to complete Form 8283, *Noncash Charitable Contributions*.



The following are out of scope: noncash contributions in excess of $5,000; donation of a vehicle, boat, or airplane worth more than $500; donation of capital gain property (such as securities or art work); donation of assets used in a business; taxpayers affected by a charitable contribution carryover; and donations to organizations subject to reduced 20% or 30% of AGI limits.

Use the **Tax Exempt Organization Search Tool** to check if an organization is eligible to receive deductible charitable donations (select ***Pub 78 Data*** from the ***Select Database*** dropdown and search on EIN or organization name). After finding the organization, click its name and then click the circled question mark (?) to the right of the ***Deductibility Code*** to confirm its deductibility limitation is 50% (60% for cash contributions); e.g., for codes PC, POF, etc. Contributions to organizations with lesser limits are out of scope. Some qualified organizations may not be listed—see **Other eligible donees**.

New for TY2026: If you itemize, you can only deduct charitable contributions that are more than 0.5% of your adjusted gross income. This limitation is in addition to the overall limit on itemized deductions.

Although you can't deduct the value of your services given to a qualified organization, you may be able to deduct some volunteer expenses you pay in giving services to a qualified organization. The amounts must be unreimbursed; directly connected with the services; expenses you had only because of the services you gave; and not personal, living, or family expenses.

Donations to the following are not deductible: specific individuals, political; country club; 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. Donations to a domestic fraternal society operating under the lodge system are deductible only if the contribution is to be used exclusively for charitable purposes.

Deductions>Itemized Deductions>Other Itemized Deductions

1. Gambling losses and expenses incurred in gambling activities are deducted here. This is limited to the lesser of your gambling winnings, or 90% of your gambling losses.

2. A retired taxpayer who contributed to the cost of an annuity or pension can exclude from income a part of each payment received as a tax-free return of the investment. If the retired taxpayer dies before the entire investment is recovered tax free, any unrecovered investment can be deducted on the retired taxpayer's final income tax return in the unrecovered investment pension box (applicable after the death of the second person for a joint and survivor annuity). Use the **Annuity/Pension Exclusion Calculator** in the **Colorado Resource Toolbox** to determine the remaining unrecovered contributions that may be deducted.

   Unrecovered Investment in pension = Total Employee Contribution less amount recovered using Simplified Method prior to death.

3. Miscellaneous itemized deductions subject to the 2% AGI floor are not allowed as federal itemized deductions, however they may be deductible on state returns. e.g., ***Tax return preparation fees***, ***Safe deposit box rental fees***, ***Investment fees and expenses***.

Nondeductible expenses include: commuting, home repair, rent, loss from sale of home, personal legal expenses, lost/misplaced cash or property, fines/penalties.

ITEMIZED DEDUCTIONS

Other Itemized Deductions

Complete the form below to add other itemized deductions to your return.

Amortizable premium on taxable bonds

$

Federal estate tax on income in respect to a decedent

$

Gambling losses

Your gambling loss deduction cannot exceed the amount of winnings reported on your W-2G. Do not re-enter losses you've already reported on the W-2G income menu.

$ 1

Impairment-related work expenses

$

Repayment under claim of right (if greater than $3,000)

Out of Scope

Unrecovered investment in pension

$ 2

Ordinary loss debt instrument

$

State-Only Deductions

3

Important

The following expenses are no longer allowed as federal itemized deductions. The amounts entered here may be used for state income tax reporting purposes only, when applicable under state provisions.

Tax return preparation fees

$

Safe deposit box rental fees

$

Investment fees and expenses

$

1. Unreimbursed employee business expenses are miscellaneous itemized deductions subject to the 2% AGI floor, which are not allowed as federal itemized deductions. These expenses may be deductible on state returns.

ITEMIZED DEDUCTIONS

Unreimbursed Employee Business Expenses 1

Important
The following expenses are no longer allowed as federal itemized deductions. The amounts entered here may be used for state income tax reporting purposes only, when applicable under state provisions.

Union or professional dues

$

Job search expenses

$

Uniforms

$

Small tools used for work

$

Job supplies

$

Other Unreimbursed Employee Business Expenses

Report other expenses that don't fit into the categories listed above.

Add other expenses

Ⓑ/Ⓐ Qualified Business Income (QBI) Deduction

The QBI Deduction (QBID) is calculated by TaxSlayer when any of the following are entered:

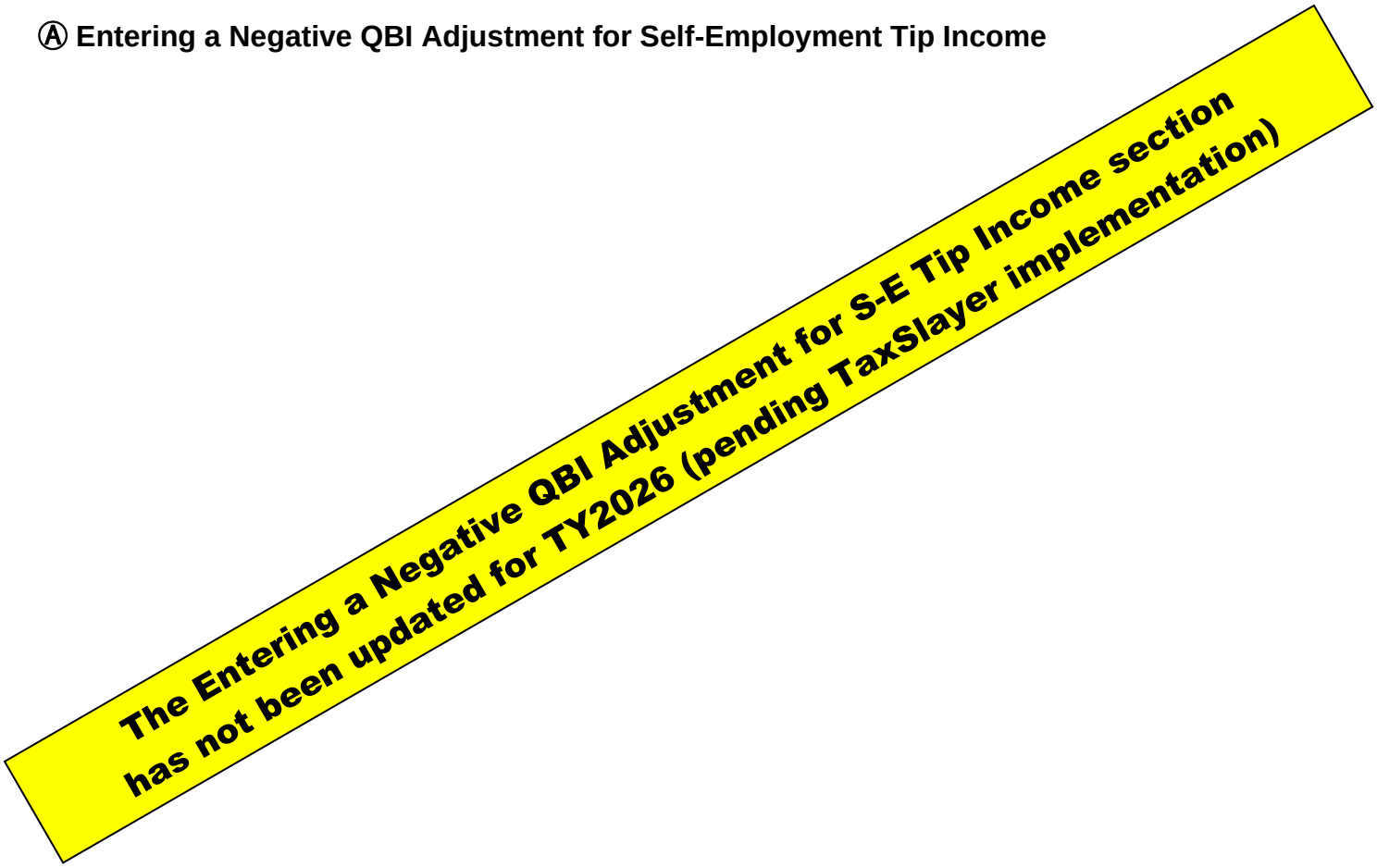
- Ⓑ Section 199A dividends on Form 1099-DIV
- Ⓐ Section 199A dividends on a Schedule K-1
- Ⓐ QBI from Schedule C

The return is out of scope if taxable income before the QBI deduction exceeds $403,500 if MFJ, $201,775 if MFS, or $201,750 for all other filing statuses. Sources of QBI not listed above are also OOS; e.g., Schedule E rentals treated as a business for purposes of Section 199A.

New for 2026: There is a minimum QBID of $400 for taxpayers with at least $1,000 of aggregate QBI across all businesses in which they materially participate.

For more information, see **Instructions for Form 8995**, *Qualified Business Income Deduction Simplified Computation*.

Ⓐ Entering a Negative QBI Adjustment for Self-Employment Tip Income



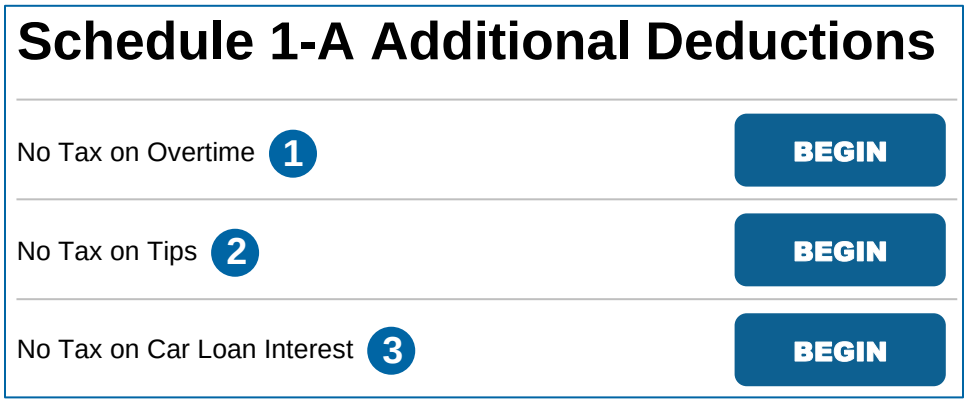
Ⓐ Carryforward of QBI losses

If TaxSlayer carries forward prior year data, it will include QBI loss carryforwards from lines 16 and 17 of the TY2025 Form 8995. Use the following navigation if these QBI loss carryforwards need to be entered manually:

Deductions>Qualified Business Income Deduction>Prior Year Qualified Business Loss Carryforward; or Keyword: QBI

Ⓑ/Ⓐ Schedule 1-A – Additional Deductions

Deductions>Additional Deductions; or Keyword: 1-A



The four additional deductions on Schedule 1-A are available to both itemizing and non-itemizing taxpayers from TY2025 through TY2028. For more details, see Tax-Aide's **NTTC 4491**, *Deductions* Lesson, the **Instructions for Form 1040**, and **Working Families Tax Cuts – Individuals and workers**.

1. Ⓐ See page F-21 for ***No Tax on Overtime*** (qualified overtime compensation deduction).
2. Ⓐ See next page for ***No Tax on Tips*** (qualified tips deduction).
3. Ⓐ See page F-22 for ***No Tax on Car Loan Interest*** (qualified passenger vehicle loan interest deduction).

Ⓑ Enhanced Deduction for Seniors

TaxSlayer automatically calculates the enhanced deduction for seniors on **Schedule 1-A**, Part V, when applicable. This additional deduction of up to $6,000 may be claimed by each eligible taxpayer (and/or spouse if filing jointly) who are age 65 or older at the end of the tax year; i.e., born before January 2, 1962 for TY2026. This is in addition to the increased standard deduction for taxpayers age 65 or older (see page F-3).

MFS Eligibility, SSN Requirement, Maximum Deduction, and Phaseout

The table below summarizes Married Filing Separately (MFS) eligibility, if a valid SSN is required, the maximum deduction, and the MAGI above which phaseout begins for each of the four additional deductions. MAGI is calculated automatically by TaxSlayer on **Schedule 1-A**, Part I.

Additional Deduction	Is MFS Eligible?	Is Valid SSN Required?[1]	Maximum Deduction	Phaseout Start
Qualified Overtime Compensation Deduction	No	Yes[2]	$12,500 ($25,000 if MFJ)	$150,000 ($300,000 if MFJ)
Qualified Tips Deduction	No	Yes[2]	$25,000	$150,000 ($300,000 if MFJ)
Qualified Vehicle Loan Interest Deduction	Yes	No	$10,000	$100,000 ($200,000 if MFJ)
Enhanced Deduction for Seniors	No	Yes[3]	$6,000 ($12,000 if MFJ and both spouses qualify)	$75,000 ($150,000 if MFJ)

[1] A valid SSN is one that is valid for employment and issued before the due date of the return (including extensions).
[2] On an MFJ return, the spouse earning the tips or overtime compensation must have a valid SSN.
[3] On an MFJ return, the spouse claiming the enhanced deduction for seniors must have a valid SSN.

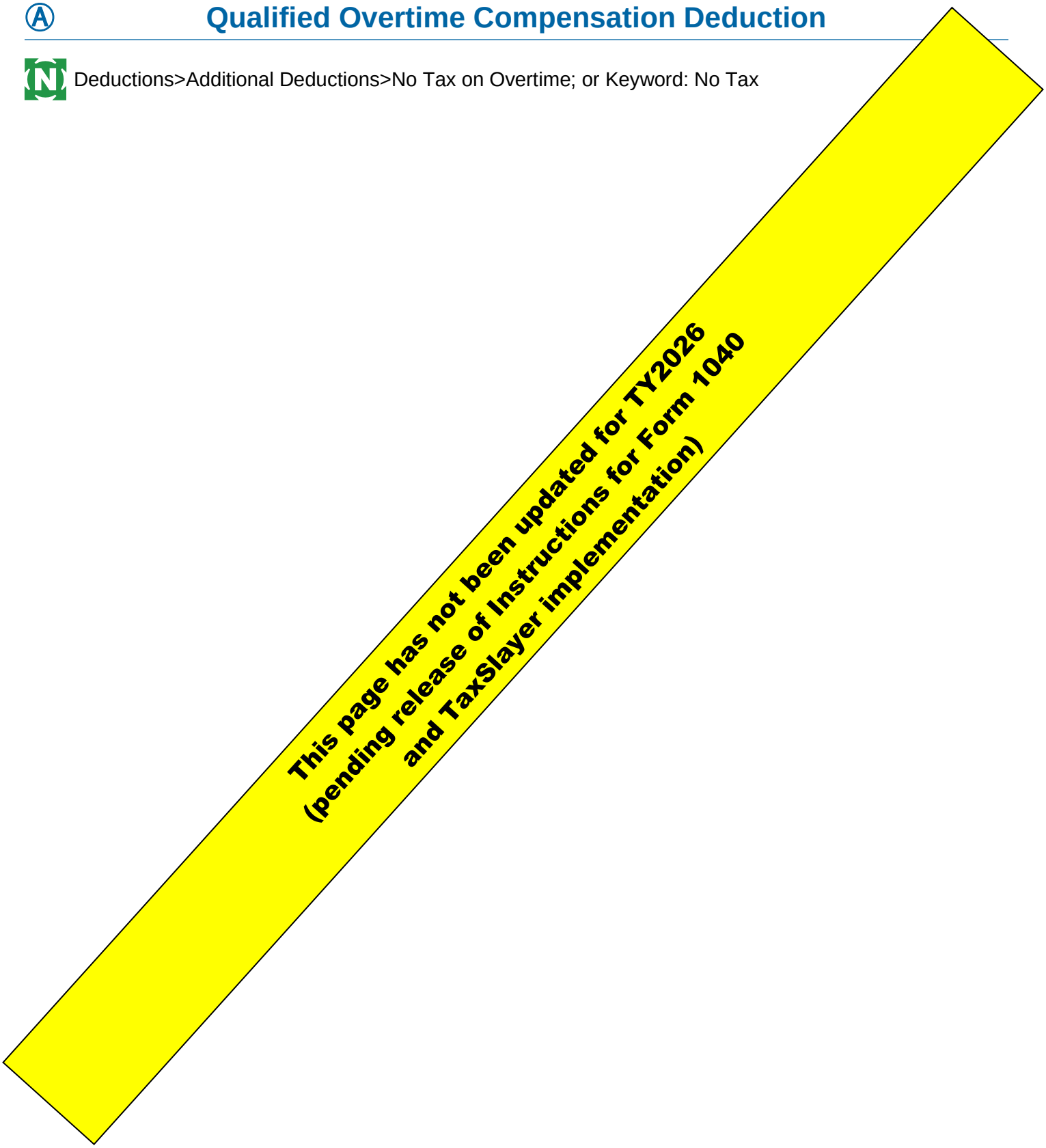
Qualified Tips Deduction

Deductions>Additional Deductions>No Tax on Tips; or Keyword: No Tax

This page has not been updated for TY2026
(pending release of Instructions for Form 1040
and TaxSlayer implementation)

Ⓐ Qualified Overtime Compensation Deduction

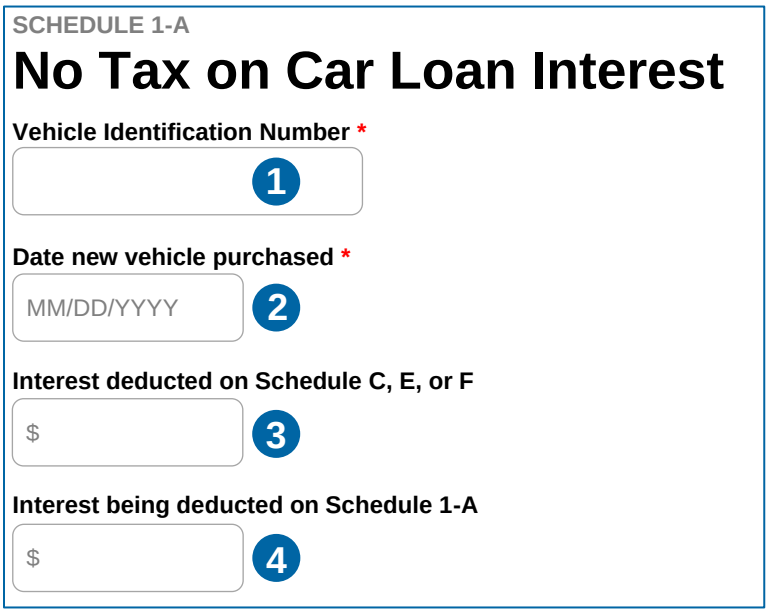
Deductions>Additional Deductions>No Tax on Overtime; or Keyword: No Tax



Ⓐ Qualified Passenger Vehicle Loan Interest Deduction

Deductions>Additional Deductions>No Tax on Car Loan Interest; or Keyword: No Tax

The NTTC **Qualified Passenger Vehicle Loan Interest Deduction Worksheet** helps taxpayers determine if their vehicle and loan qualify for this deduction. For a full discussion of this deduction and examples, see Tax-Aide's **NTTC 4491**, *Deductions* Lesson, *Qualified passenger vehicle loan interest deduction*.


SCHEDULE 1-A

No Tax on Car Loan Interest

Vehicle Identification Number *

1

Date new vehicle purchased *

MM/DD/YYYY 2

Interest deducted on Schedule C, E, or F

$ 3

Interest being deducted on Schedule 1-A

$ 4

Taxpayers may be able to claim this deduction if they (or their spouse if filing jointly) paid qualified passenger vehicle loan interest (QPVLI) in 2026 (see note on next page). If the taxpayer has multiple vehicles for this deduction, enter them separately in TaxSlayer. Unlike the other three additional deductions, MFS filers are eligible for this deduction and a Social Security number is not required.

1. Enter the 17-digit Vehicle Identification Number (VIN) for the applicable passenger vehicle (APV). See note on next page.

   Tax-Aide Best Practice: Reference a preprinted document with the VIN and use the NHTSA **VIN Decoder** to confirm the VIN has been entered correctly (copy & paste the VIN from there to TaxSlayer). The VIN Decoder can also be used to determine the location of final assembly and the gross vehicle weight rating (GVWR).

2. This date will not be reported on Schedule 1-A, but TaxSlayer will use it to confirm the loan origination date is after December 31, 2024.

3. If applicable, enter the amount of this vehicle's interest deducted on Schedule C or E. If deducted on Schedule E, Military Certification is required and scope limitations apply. Schedule F is out of scope.

4. Enter the amount of qualified passenger vehicle loan interest to deduct on Schedule 1-A. Any interest deducted on Schedule C, E, or F must be excluded.

   Lenders are required to report the receipt of $600 or more in specified passenger vehicle loan interest on **Form 1098-VLI**.

Qualified Passenger Vehicle Loan Interest Deduction (cont'd)

Applicable Passenger Vehicle (APV). In general, an APV is any vehicle that meets all of the following conditions:

- The original use of the vehicle starts with you (a used vehicle does not qualify);
- The vehicle has undergone final assembly in the United States;
- The vehicle is a car, minivan, van, SUV, pickup truck, or motorcycle with a gross vehicle weight rating (GVWR) of less than 14,000 pounds;
- The vehicle is a motor vehicle manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails); and
- The vehicle has at least 2 wheels.

Qualified passenger vehicle loan interest (QPVLI). To qualify for the QPVLI deduction, the interest must be paid or accrued on a loan that meets all the following requirements:

- Your loan was originated by you and after December 31, 2024;
- The proceeds from your loan were used to purchase an APV (lease payments do not qualify);
- The APV was purchased for personal use (see next note); and
- The loan is secured by a first lien on the purchased APV.

Personal use. Personal use means a use other than:

- Use in any business (except while performing services as an employee), or
- For the production of income.

Commuting mileage is personal use. You are considered to have purchased an APV for personal use if, at the time of purchase and considering your entire expected ownership period, you expect the APV to be used for personal use more than 50% of the time by you and/or any combination of individuals with certain relationships to you. These individuals include your spouse; your or your spouse's child, grandchild, parent, or sibling; as well as any individual who shares your main home and is a member of your household.

Loan amount. Indebtedness incurred to finance the purchase price of the APV, as well as items or amounts that are customarily financed in an APV purchase and directly related to the purchased APV can be counted in determining QPVLI. For example, this includes vehicle service plans, extended warranties, sales tax, and vehicle-related fees. Interest on items and services not directly related to the APV purchase or not customarily financed in an APV purchase transaction are ineligible for the deduction, such as liability insurance, a trailer, or debt on a vehicle trade-in (so-called negative equity).

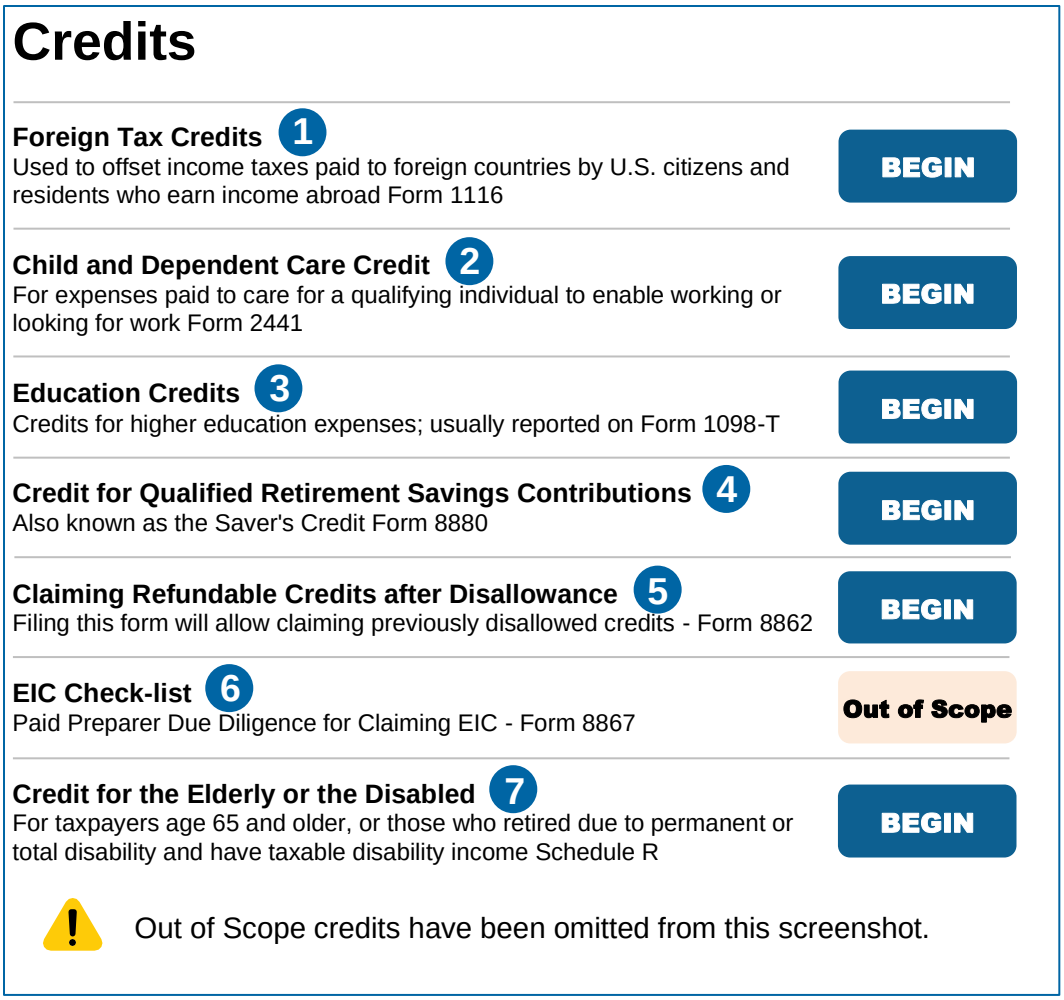
Refinanced loan. If a loan with QPVLI is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction, so long as the new loan is secured by a first lien on the APV with respect to which the refinanced loan was incurred. The amount is limited to the outstanding balance of the refinanced loan as of the date of the refinancing.

Tab G: Nonrefundable Credits

Nonrefundable Credits

Deductions>Credits

1. Ⓘ Select ***Foreign Tax Credits*** for Form 1116. See page G-7.
2. Ⓑ Select ***Child and Dependent Care Credit*** for Form 2441. See page G-13 and Screening Sheet on page G-14.
3. Ⓑ Select ***Education Credits*** for Form 8863. Refer to Tab J, Education Benefits.
4. Ⓑ Select ***Credit for Qualified Retirement Savings Contributions*** (AKA the Saver's Credit) for Form 8880. Complete this screen if taxpayer (or spouse if MFJ) made any contributions to a qualified retirement plan. See page G-18.
5. Ⓑ Select ***Claiming Refundable Credits after Disallowance*** for Form 8862. See page I-7.



6. Do not select ***EIC Check-list***. Form 8867, *Paid Preparer's Due Diligence Checklist*, is not applicable to volunteer preparers.
7. Ⓑ Select ***Credit for the Elderly or the Disabled*** for Schedule R. See Screening Sheet on page G-23.

Nonrefundable credits can't exceed the taxpayer's federal income tax.

Form 5695, *Carryforward of Residential Energy Credit*, is out of scope. This credit does not apply to expenditures or property placed in service after December 31, 2025.

Child Tax Credit (CTC)

Make sure the taxpayer's credit hasn't been disallowed previously. If previously disallowed, see **Form 8862**, *Information To Claim Certain Credits After Disallowance*, on page I-7.

Use Tax-Aide's **Qualifying Child or Relative Resource Tool** or the **Dependent Qualification Calculator** in the **Colorado Resource Toolbox** to determine all the benefits for a taxpayer.

This is a credit intended to reduce tax. This part of the credit isn't refundable. The credit is up to $2,200 per qualifying child and calculates automatically based on entries in the Basic Information screens. To claim the CTC or ACTC on your original or amended return, you must have a valid Social Security number, which means it must be valid for employment and issued before the due date of the return (including extensions). If filing jointly, only one spouse is required to have a valid SSN to be eligible for the CTC and ACTC. The other spouse must have either an SSN or ITIN, and it must have been issued on or before the due date of the return.

If an ITIN is applied for on or before the due date of the return (including extensions) and the IRS issues an ITIN as a result of the application, the IRS will consider the ITIN as issued on or before the due date of the return.

Qualifying child:

1. Under age 17 at the end of the tax year.
2. A U.S. citizen or U.S. national[1] or resident alien of the United States. See Tab L, *Resident/NR Alien*.
3. Child must be claimed as your dependent.[2]
4. Your:
   - **a.** child, adopted child, stepchild, eligible foster child, or a descendant of any of them
   - **b.** sibling, half sibling, stepsibling, or a descendant of any of them (for example, your niece or nephew)
5. Didn't provide over half of their own support.
6. Lived with the taxpayer for more than half of the tax year.[3]
7. Must have a Social Security number that is valid for employment issued before the due date of the return, including extensions.

If the taxpayer is able to claim the dependent under the rules for divorced and separated parents, he or she is the only parent entitled to claim the child tax credit or additional child tax credit.

Schedule 8812 (Form 1040), *Credits for Qualifying Children and Other Dependents*, is intended to be filed by all taxpayers claiming the child tax credit, the additional child tax credit, or the credit for other dependents. See Tab C, *Dependents*, for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).

[1] A national is an individual who, although not a U.S. citizen, owes their 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. If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the citizen test.

[2] Refer to the tables in Tab C, *Dependents*, for the rules governing who may be claimed as a dependent.

[3] A child is considered to have lived with you for all of the current tax year if the child was born or died in the tax year and your home was this child's home for more than half the time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or incarceration, count as time lived at home. If applicable, see *Kidnapped child* under *Residency Test* in **Publication 501**.

Ⓑ Additional Child Tax Credit (ACTC) – General Eligibility

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 $2,500 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with earned income, but less than $2,500, may also qualify for the additional child tax credit if they have three or more qualifying children.
- Limited to $1,700 per qualifying child.



The IRS cannot issue refunds before mid-February for returns that claim the earned income credit (EIC) or the ACTC.



Taxpayers may not file an amended return to retroactively claim the additional child tax credit for a qualifying child if a valid SSN for the child is issued after the due date of the tax return.



(International Certification only) If you claim the foreign earned income exclusion, the housing exclusion, or the housing deduction on Form 2555, you can't claim the additional child tax credit.



See *Disallowance of Certain Credits* on page I-7 if the taxpayer received a letter saying they had to complete Form 8862.

Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents?

Remember to apply the steps for each dependent. To claim the child tax credit and/or the credit for other dependents, you can't be a dependent of another taxpayer.

Step	Probe/Ask the taxpayer:	Action
1	Is this person your qualifying child dependent? See page C-4, *Table 1: All Dependents*.	If **YES**, go to Step 2. If **NO**, you can't claim the child tax credit for this person. This person may qualify for the credit for other dependents, go to Table 2 on the next page.
2	Did the child have an SSN, ITIN, or adoption taxpayer identification number (ATIN) issued on or before the due date of your return (including extensions)? Note: Answer **YES** if you are applying for an ITIN or ATIN for the child on or before the due date of your return (including extensions).	If **YES**, go to Step 3. If **NO**, you can't claim the child tax credit or the credit for other dependents for this child.
3	Was the child a U.S. citizen, U.S. national, or U.S. resident alien? (See **Publication 519**, *U.S. Tax Guide for Aliens*, for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see *Exception to Citizen Test*, below.)	If **YES**, go to Step 4. If **NO**, you can't claim the child tax credit or the credit for other dependents for this child.
4	Was the child under age 17 at the end of 2026?	If **YES**, go to Step 5. If **NO**, you can't claim the child tax credit for this person. This person may qualify for the credit for other dependents, go to Step 4 in Table 2 on the next page.
5	Did you, or your spouse if filing a joint return, **and** this child have SSNs valid for employment and issued before the due date of the return (including extensions)?	If **YES**, you can claim the child tax credit for this person using Schedule 8812. If **NO**, you can't claim the child tax credit for this person. This person may qualify for the credit for other dependents, go to Table 2 on the next page.

Modified Adjusted Gross Income Limits

- Married filing jointly - $400,000
- All other filing statuses - $200,000

Children of Divorced or Separated Parents

If the noncustodial parent can claim the child as a dependent, the noncustodial parent can also claim the child as a qualifying child for the child tax credit, the credit for other dependents, or the additional child tax credit.

Exception to Citizen Test

If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the citizen test.

Ⓑ Credit for Other Dependents (ODC)

The $500 nonrefundable ODC is available for dependents who don't qualify for the child tax credit, such as children who are age 17 and above, dependents with other relationships (such as elderly parents), or children who do not have a valid SSN. The dependent must be a U.S. citizen, U.S. national, or resident of the U.S, and have a valid identification number (ATIN, ITIN, or SSN) issued on or before the due date of the return (including extensions).

Taxpayers cannot claim the credit for themselves or their spouse. To claim the ODC on your original or amended return, you (and your spouse if filing jointly) must have either an SSN or ITIN issued on or before the due date of the return (including extensions).



Dependents who are not U.S. citizens or U.S. nationals, but are residents of Canada or Mexico do not qualify for either the Child Tax Credit or the Credit for Other Dependents.



If an ITIN is applied for on or before the due date of the return (including extensions) and the IRS issues an ITIN as a result of the application, the IRS will consider the ITIN as issued on or before the due date of the return.

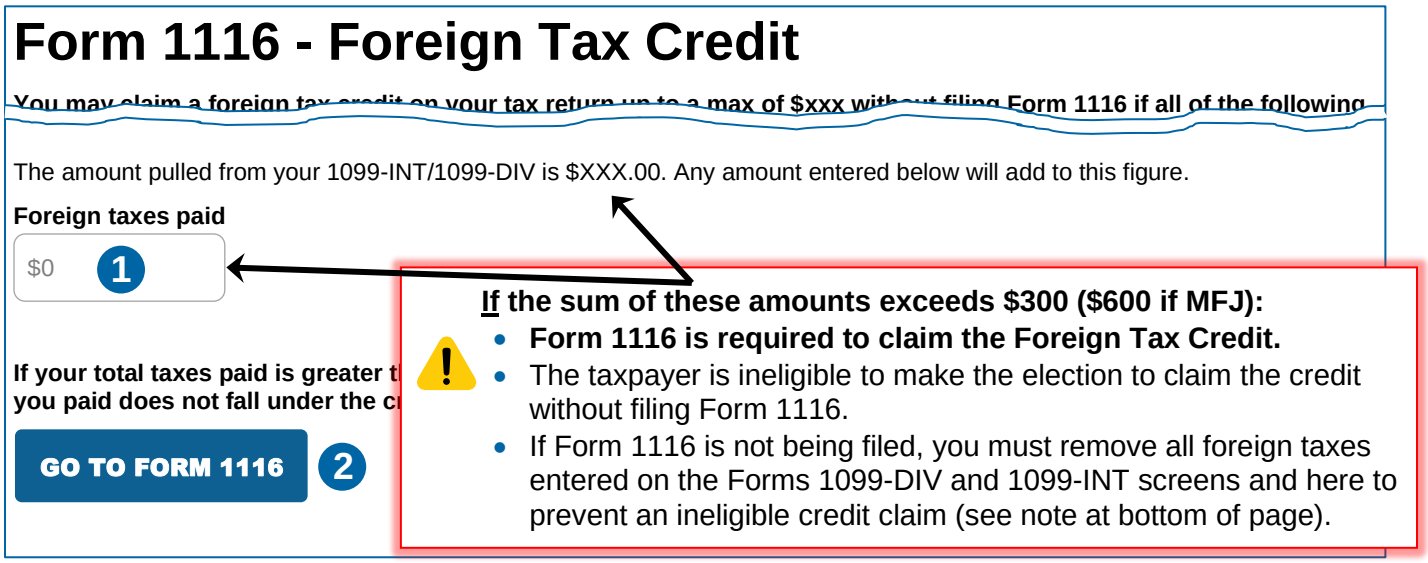


If previously disallowed, see *Disallowance of Certain Credits* on page I-7 to complete Form 8862.

Table 2: Does Your Qualifying Relative Qualify You for the Credit for Other Dependents?

Step	Probe/Ask the taxpayer:	Action
1	Is this person your qualifying relative dependent? See page C-5, *Table 2: Qualifying Relative Dependents*.	If **YES**, go to Step 2. If **NO**, you can't claim the credit for other dependents for this person.
2	Did your qualifying relative have a SSN, ITIN, or ATIN issued on or before the due date of your 2026 return (including extensions)? Note: Answer **YES** if you are applying for an ITIN or ATIN for the qualifying relative on or before the return due date (including extensions).	If **YES**, go to Step 3 If **NO**, you can't claim the credit for other dependents for this person
3	Was your qualifying relative a U.S. citizen, U.S. national, or U.S. resident alien?	If **YES**, go to Step 4. If **NO**, you can't claim the credit for other dependents for this person.
4	Did you, and your spouse if filing a joint return, have either an SSN or ITIN issued on or before the due date of your 2026 return (including extensions)? Note: Answer **YES** if you are applying for an ITIN on or before the return due date (including extensions).	If **YES**, you can claim the credit for other dependents for this person using Schedule 8812. If **NO**, stop. You can't claim the credit for other dependents for this person.

Deductions>Credits Menu>Foreign Tax Credit; or Keyword: 1116



Form 1116 is used to (1) figure the foreign tax credit limit, and (2) calculate and claim the credit.

Form 1116 is in scope only with International certification for taxpayers who live outside the U.S. and whose foreign source qualified dividends, capital gain distributions, and net capital gains total less than $20,000. The rules that apply to residents of Puerto Rico aren't addressed in this guide.

With Basic or Advanced certifications, the Foreign Tax Credit is only in scope when the taxpayer is eligible to make the *Election to Claim the Foreign Tax Credit Without Filing Form 1116* and makes that election. This election also exempts the taxpayer from the foreign tax credit limit figured on Form 1116, but not other credit requirements. This election can only be made if all these requirements are met:

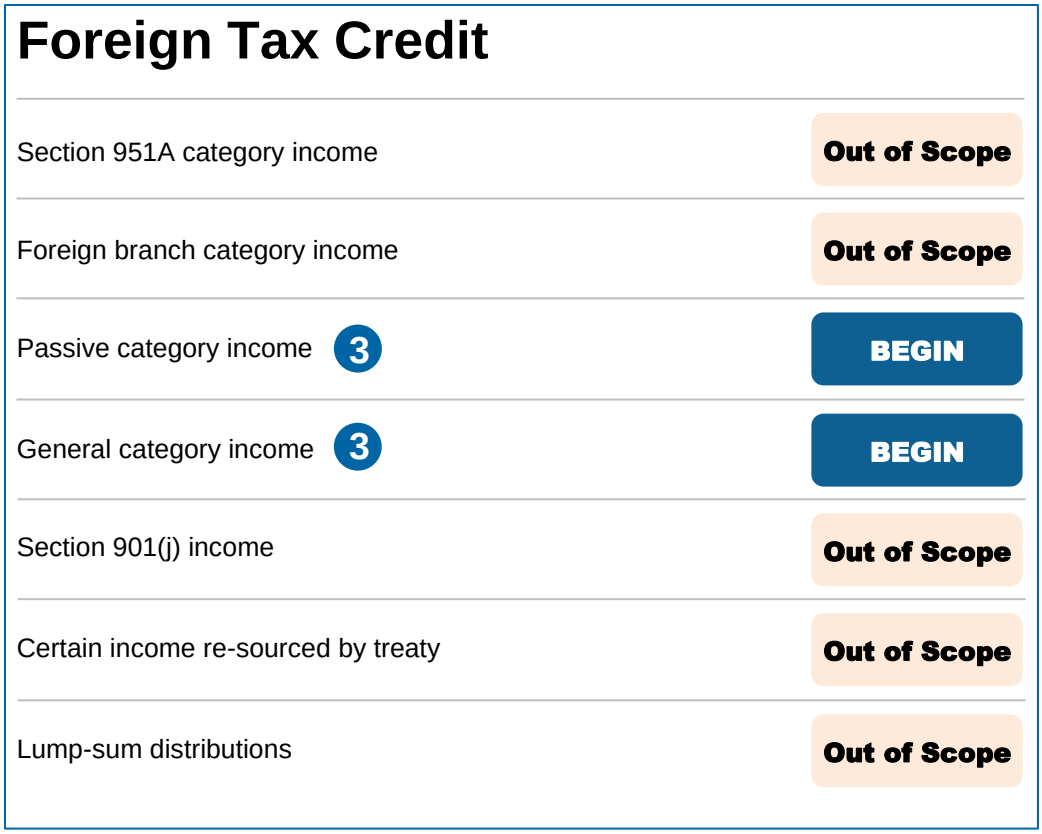
- **Total qualified foreign taxes do not exceed $300 ($600 if MFJ)**—all such taxes paid or withheld must be counted in determining whether the requirement is met; none may be omitted to qualify for the election.
- All foreign source income is passive category (which includes most interest and dividends),
- All the income and any foreign taxes paid on it were reported on a Form 1099-DIV, Form 1099-INT, Schedule K-1, or similar substitute statements, and
- All other requirements are met, as explained in **Instructions for Form 1116**.

1. Enter foreign taxes from Schedule K-1 here. Do not enter Forms 1099-INT and 1099-DIV amounts here—instead enter them on those screens to include them in the foreign tax credit calculation.
2. Ⓘ/(PR) Click the ***GO TO FORM 1116*** button to prepare Form 1116 after completing the rest of the return (entries may need to be updated if changes are made elsewhere). See cautions above and below.

The return is out of scope if Form 1116 results in a carryover of unused foreign tax, or if the taxpayer has a carryover from a prior year or a carryback from 2027. **Check for Form 1116, Schedule B.**

Capital gains transactions that result in a loss must be entered separately in TaxSlayer's Schedule D screens to allow Form 1116, line 3e to calculate correctly.

Ⓐ Foreign income tax can instead be claimed as an itemized deduction on Schedule A. See #5 on page F-11. However, it is generally more advantageous for taxpayers to claim the foreign tax credit.



Passive and General category income are in scope with International or Puerto Rico Level II certification only.

3. Select the applicable category. If the taxpayer has income in both categories enter them separately (a separate Form 1116 will be created for each category).
   - ***Passive category income*** includes dividends, interest, royalties, rents, annuities, net gain from the sale of property that produces such income or of non-income-producing investment property.
   - ***General category income*** includes wages and self-employment income.

Foreign or U.S. source income? The source of income can be complex. Earned income is generally sourced to where the services were performed. For unearned income:

- Interest is sourced to the residence of the payer.
- Dividends are sourced based on whether the payer is a U.S. or foreign corporation.
- Sale of personal property is generally sourced to the seller's residence (tax home). Stocks, mutual funds, ETFs, and similar securities are generally treated as personal property. Certain exchange-traded products, such as those structured as grantor trusts, may be exceptions.
- Sale of real property is sourced to the location of the property.
- Rent is sourced to the location of the property.

See *Table 2. Source of Income* in **Publication 514** for additional items and exceptions.

Entering Form 1116 – Foreign Tax Credit (cont'd)

The ***General category income*** screen is similar to the ***Passive category income*** screen shown to the right.

4. Select ***Country of residence***.
5. Check this box if you are reporting all regulated investment company (RIC) income and foreign taxes in total instead of by country.
6. If the taxpayer has a carryover from a prior year or a carryback from 2027, the return is out of scope.
7. Select ***Yes*** if the taxpayer qualifies for the *adjustment exception* and elects not to adjust foreign source qualified dividends and capital gains distributions. See note below.
8. Enter ***Type of Income***; e.g., "Dividends and Interest" or "Wages not excluded on Form 2555."
9. Select ***Paid*** to claim the credit for foreign taxes paid during the tax year, unless the taxpayer has chosen to take the credit for ***Accrued*** taxes.

Once the taxpayer chooses to use the accrual method, they must continue to use it for the foreign tax credit on all future returns.

Adjustment to foreign source qualified dividends and capital gains. You may need to adjust the amount of your foreign source qualified dividends and capital gains distributions that you include on line 1a of Form 1116. If you don't have to file Schedule D[1], adjustment is required if you completed the Qualified Dividends and Capital Gain Tax Worksheet, and line 5 of that worksheet is greater than zero, and line 23 of that worksheet is less than line 24. See **Instructions for Form 1116** for more details

Adjustment exception. If you qualify for the adjustment exception, you can elect not to adjust your foreign source qualified dividends and capital gains distributions. If you are not required to file Schedule D[1], you qualify if you meet both of the following requirements:

- Your foreign source dividends and capital gain distributions total to less than $20,000.
- Line 5 of the Qualified Dividends and Capital Gain Tax Worksheet doesn't exceed $201,775 if Single or MFS, $201,750 if HOH, or $403,550 if MFJ or QSS.

Passive category income

Country of residence *

Select 4

5 Are you reporting income that passed through a mutual fund or other regulated investment company (RIC) on a country-by-country basis?

Do you have passive income that is treated as general category income because it is highly taxed?

Check here if, Gross income is from compensation for personal services as an employee, AND Your total compensation from all sources is $250,000 or more, AND You used an alternative basis to determine its source.

Carryback or Carryover

$ 6 **Out of Scope**

Foreign Tax Carryover Reconciliation

Out of Scope

Reduction in Foreign Taxes

$ **ADD**

Adjustments

$ **ADD**

Taxes reclassified under high tax kickout

$

Increase in limitation - Sec 960c

$

Qualifies for the taxable income adjustment exception?

Yes
No 7

Reduction of credit for international boycott operations

$

Type of Income

8

Credit is claimed for taxes paid or accrued *

Paid 9
Accrued

[1] If taxpayer is required to file Schedule D, see *Schedule D Filers* in **Instructions for Form 1116** for adjustment requirements.

10. Either:

- Select the country that imposed the tax, or
- Check the box for ***Use the Foreign Tax Credit Splitting Event Code*** to report all RIC income and foreign taxes in total instead of on a country-by-country basis. This checkbox only appears if you checked #5 on the prior screen.

If the taxpayer has income from more than one country in the same category, add another entry later.

11. Only use these three fields if the taxpayer is required to adjust their foreign source qualified dividends and capital gains. Unadjusted income is instead entered in #12.

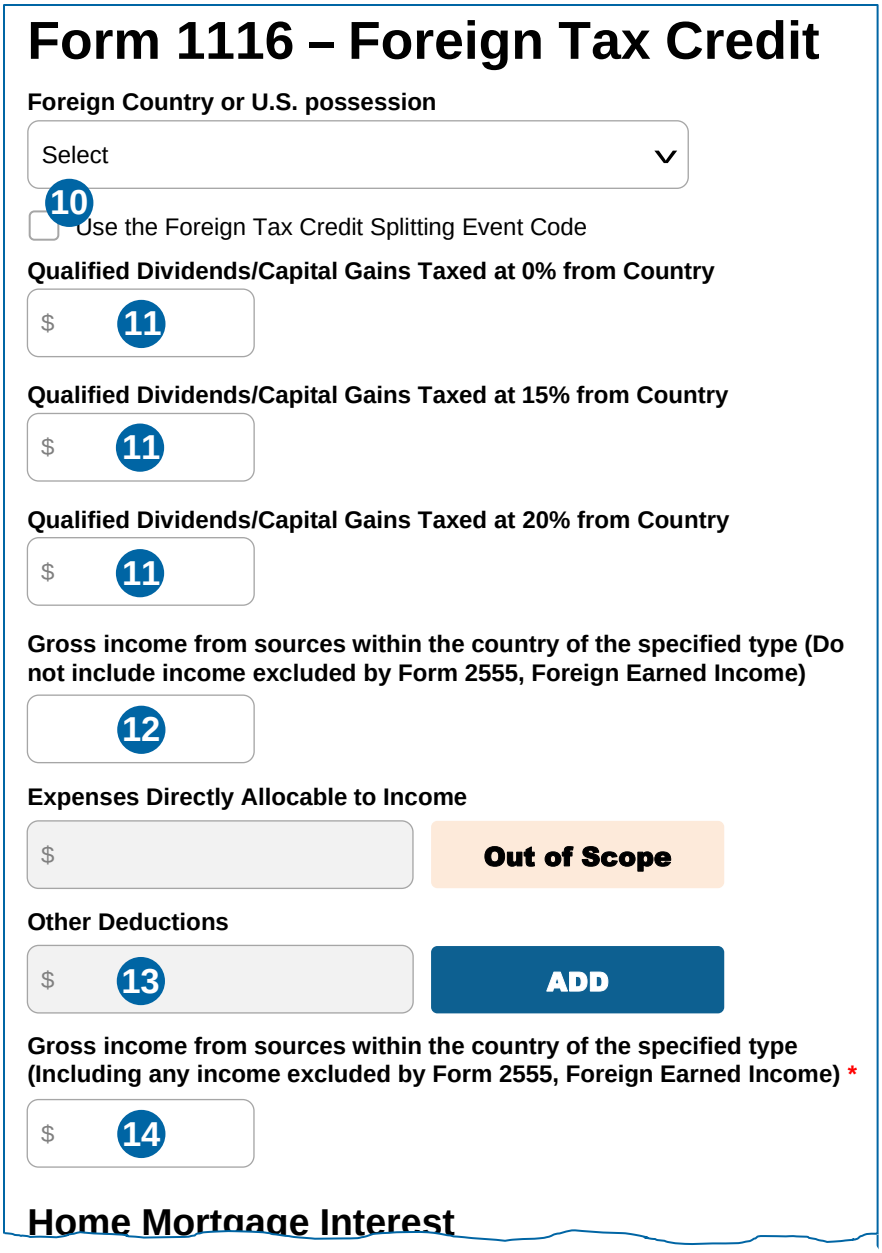
Do not use these three fields if taxpayer qualifies for the adjustment exception and elects not to adjust these items (see #7 and the note on the prior page).

12. Enter the gross income (not the tax) within the country of this category type. Enter income from this category type only, not total income. Exclude any income excluded by Form 2555. Do not duplicate income already entered in #11.

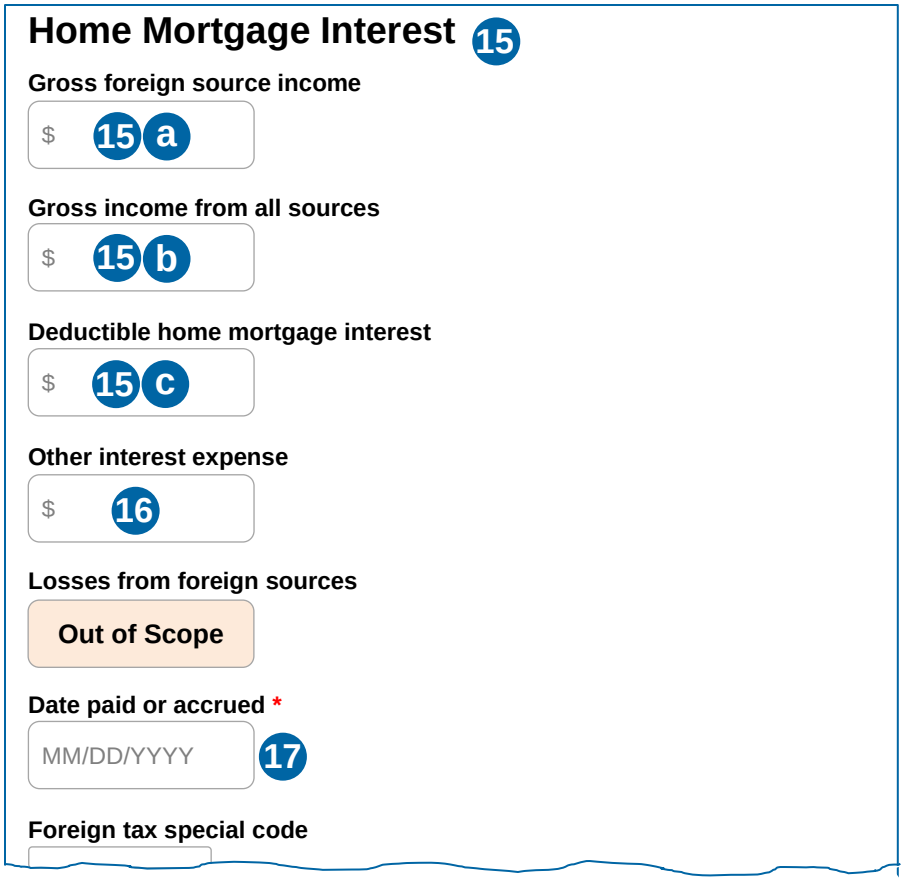
13. Use the ***ADD*** button to enter any ***Other Deductions*** that don't definitely relate to any specific type of income; e.g., deductions shown on Schedule 1, Part II, Adjustments to Income. Don't include the standard deduction, itemized deductions, or the enhanced deduction for seniors. Deductible student loan interest from Schedule 1 and qualified passenger vehicle loan interest from Schedule 1-A are reported in #16 below.

14. Enter the gross income within the country of this category type. Enter income from this category type only, not total income. Include any income of this category type that was excluded by Form 2555. If income was entered in #11, include those amounts without regard to any adjustments.

The return is out of scope if the taxpayer has foreign losses; e.g., foreign capital losses.



Entering Form 1116 – Foreign Tax Credit (cont'd)



15. If your gross foreign source income (including income excluded on Form 2555) does not exceed $5,000, you can allocate all your interest expense to U.S. source income by leaving these three fields blank.

Otherwise, make the following three entries. TaxSlayer will apportion deductible home mortgage interest using the gross income method specified in the **Instructions for Form 1116**.

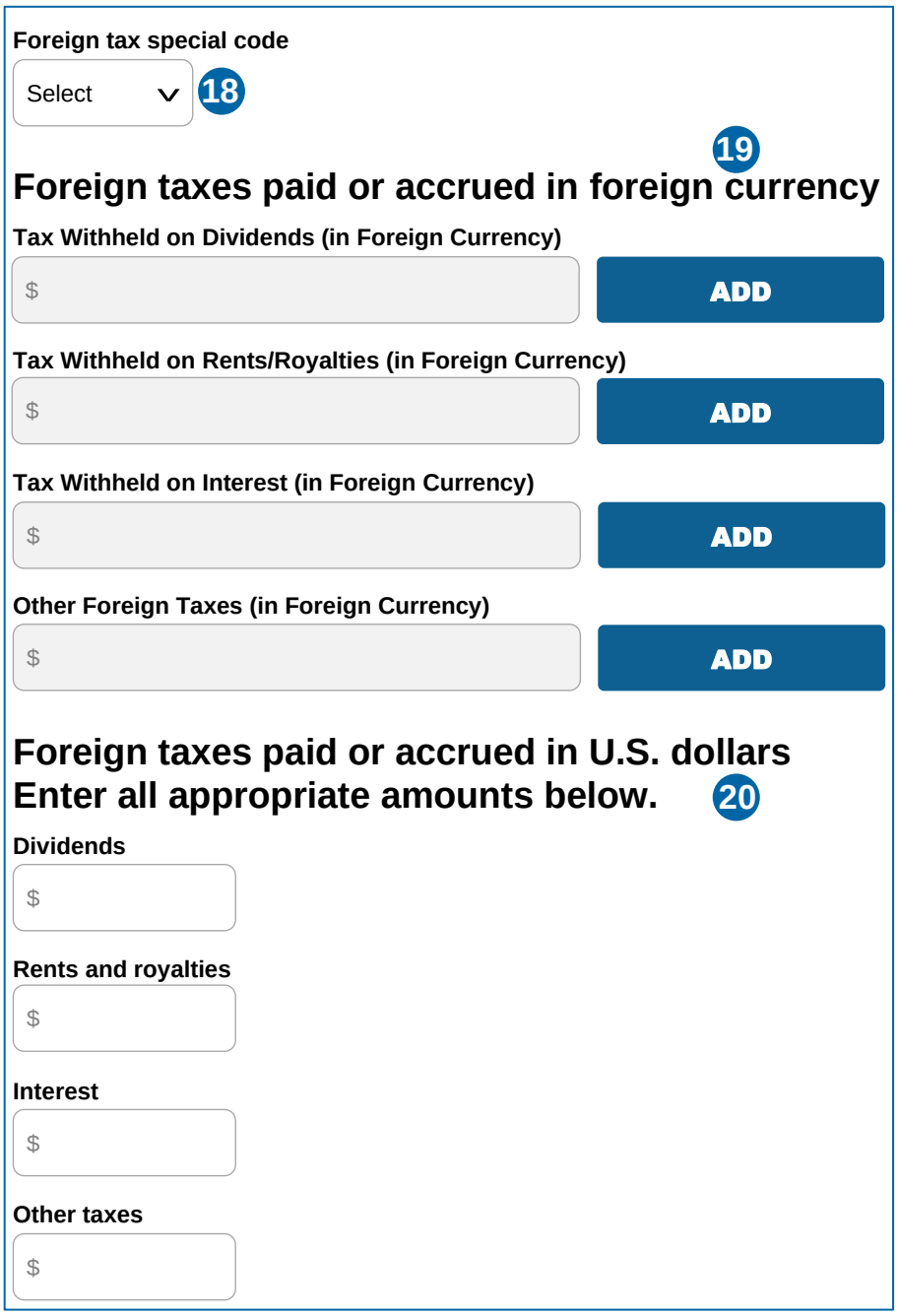
- **a.** Enter the ***Gross foreign source income*** for this country and category type. Don't enter income excluded on Form 2555.
- **b.** Enter ***Gross income from all sources***. Don't enter income excluded on Form 2555.
- **c.** Enter ***Deductible home mortgage interest*** (including points and qualified mortgage insurance premiums) from Schedule A.

16. ***Other interest expense*** includes deductible student loan interest from Schedule 1, qualified passenger vehicle loan interest from Schedule 1-A, and interest incurred in a trade or business. It also includes investment interest (out of scope). If you are a U.S. citizen or resident alien and your gross foreign source income (including any income excluded on Form 2555) does not exceed $5,000, you can allocate all your interest expense to U.S. source income by leaving this field blank.

Otherwise, enter the manually apportioned amount here. Each type of interest expense must be apportioned separately using an "asset method." See **Publication 514** for more information.

17. Enter the date the tax was paid or accrued.

Entering Form 1116 – Foreign Tax Credit (cont'd)



Generally, you must enter the amount of foreign taxes, in both the foreign currency denomination(s) and as converted into U.S. dollars, that relate to the category of income checked (Passive or General limited income). See *Foreign Currency Conversion* in the **Instructions for Form 1116**.

18. If foreign tax paid on passive income is reported to you in U.S. dollars on a Form 1099-DIV, 1099-INT, or similar statement, you don't have to convert the amount shown into foreign currency. In this case, select ***1099 Tax*** in the ***Foreign tax special code*** dropdown.

19. These entries can be skipped if the rule for 1099 taxes applies (***1099 Tax*** was selected in #18). Otherwise, click the applicable ***ADD*** button to enter taxes paid in foreign currency in the appropriate category.

20. Enter the foreign taxes paid (in U.S. dollars) in the appropriate category.

The return is out of scope if Form 1116, Schedule B is produced, which indicates a foreign tax credit carryover. This cannot be confirmed until the return is completed.

Ⓑ Child and Dependent Care Expenses

Use the screening sheet on the next page to determine if a taxpayer qualifies for either or both of:

- The Credit for Child and Dependent Care Expenses
- The exclusion from income of dependent care benefits shown in box 10 of Form W-2

If an amount is included in **box 10 of a Form W-2**, the taxpayer ***must*** complete **Form 2441**, *Child and Dependent Care Expenses*, to exclude these benefits from income. If Form 2441 is omitted, the box 10 amount will automatically flow to Form 1040, line 1e as taxable dependent care benefits. A maximum of $7,500 of employer dependent care benefits can be excluded ($3,750 for certain MFS filers).

Who is a qualifying person?

- A qualifying child who was under the age of 13 when the expenses were incurred and who can be claimed as a dependent. However, see the caution below.

  Only the custodial parent may claim the child and dependent care credit (CDCC) even if the noncustodial parent claims the child as a dependent under the rules for divorced or separated parents. See *Child of divorced or separated parents or parents living apart* in **Publication 503**, and #7.b on page B-26.

- A spouse who was physically or mentally incapable of self-care*.

*Incapable of self-care—persons who can't dress, clean, or feed themselves. Also, persons who must have constant attention to prevent them from injuring themselves or others.

- Any person who was incapable of self-care* whom the taxpayer can claim as a dependent, or could've been claimed as a dependent except that:
  - They had gross income of $5,300 or more, or
  - They filed a joint return, or
  - The taxpayer, or spouse if filing jointly, could be claimed as a dependent on someone else's 2026 return.
- The qualifying person must live with the taxpayer more than half the year.

Use Tax-Aide's **Qualifying Child or Relative Resource Tool** or refer to Tab C, *Dependents*, for the rules governing who may be claimed as a dependent.

Qualified work-related expenses

- Expenses must be paid for the care of the qualifying person to allow the taxpayer and spouse, if married, to work or look for work.
- The care includes the costs of services for the qualifying person's well-being and protection.
- Expenses to attend kindergarten or a higher grade aren't an expense for care. Expenses for before- and after-school care qualify.
- Expenses for summer day-camp are qualifying, but those for overnight camp aren't.

If the qualifying child turned 13 during the tax year, the qualifying expenses include amounts incurred for the child while under age 13 when the care was provided.

Dependent care benefits can include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and can't be separated from the total cost.

Screening Sheet – Child and Dependent Care Expenses

Step	Probe/Ask the taxpayer:	Action
1	Was the care for one or more qualifying persons? See *Who is a qualifying person?* on prior page.	**YES –** Go to Step 2. **NO –** You CAN'T claim the child and dependent care credit.
2	Did you (and your spouse if filing jointly) have earned income [1] during the year? Refer to the *Earned Income Table* on page I-2.	**YES –** Go to Step 3. **NO –** You CAN'T claim the child and dependent care credit.
3	Did you pay the expenses[2] to allow you to work or look for work? See *Qualified work-related expenses* on prior page.	**YES –** Go to Step 4. **NO –** You CAN'T claim the child and dependent care credit.
4	Were your payments made to someone you or your spouse could claim as a dependent?	**YES –** You CAN'T claim the child and dependent care credit. **NO –** Go to Step 5.
5	Were your payments made: • to your spouse, or • to the parent of your qualifying person who is your child and under age 13?	**YES –** You CAN'T claim the child and dependent care credit. **NO –** Go to Step 6.
6	Were your payments made to your child who was under the age of 19 at the end of the year?	**YES –** You CAN'T claim the child and dependent care credit. **NO –** Go to Step 7.
7	Are you single?	**YES –** Go to Step 10. **NO –** Go to Step 8.
8	Are you filing a joint return?	**YES –** Go to Step 10. **NO –** Go to Step 9.
9	Do you meet the requirements to be considered unmarried?[3]	**YES –** Go to Step 10. **NO –** You CAN'T claim the child and dependent care credit, but must complete Form 2441 for the exclusion if you had an amount in Form W-2, box 10.
10	Do you know the care provider's name, address, and identifying number? Or did you make a reasonable effort to get this information? (See *Due Diligence* in **Publication 503**.)	**YES –** Go to Step 11. **NO –** You CAN'T claim the child and dependent care credit.
11	Will you exclude at least $3,000 of Form W-2, box 10, Dependent care benefits ($6,000 if you have two or more qualifying persons)? See first caution on prior page.	**YES –** You CAN'T claim the child and dependent care credit, but must still complete Form 2441 for the exclusion. **NO –** You CAN claim the child and dependent care credit. Fill out Form 2441.

[1] Your spouse is treated as having earned income for any month that they are:

- A full-time student, or
- Physically or mentally not able to care for themselves (your spouse also must live with you for more than half the year).

If you are filing a joint return, this rule also applies to you. However, this rule applies to only one spouse for any 1 month. If, in the same month, both you and your spouse didn't work and are either full-time students or not physically or mentally able to care for yourselves, only one of you can be treated as having earned income in that month.

If your spouse died during the year and you file a joint return as a surviving spouse, you aren't required to take into account the earned income of your spouse who died during the year.

[2] If you had expenses that met the requirements for 2025, except that you didn't pay them until 2026, you may be able to claim those expenses in 2026.

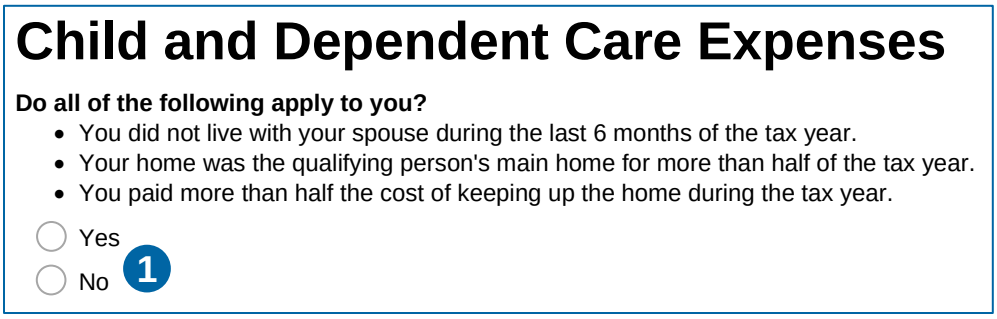
[3] All of the following requirements must be met to be considered unmarried:

- You file a return apart from your spouse,
- Your home is the home of the qualifying person more than half the year,
- You paid more than half the cost of keeping up your home for the year, and
- Your spouse doesn't live in your home for the last 6 months of the year.

Ⓑ Entering Child and Dependent Care Expenses

Deductions>Credits Menu>Child and Dependent Care Credit; or Keyword 2441

1. The screen to the right only appears for taxpayers who are Married Filing Separately (MFS). If you answer ***No***:
   - The taxpayer generally can't take the credit.
   - The taxpayer may still be able to take the exclusion from income of dependent care benefits shown on Form W-2, box 10.
   - The spouse's earned income will need to be entered in the ***Additional Spouse Income*** field that appears. See **Instructions for Form 2441**, Part III, line 19.

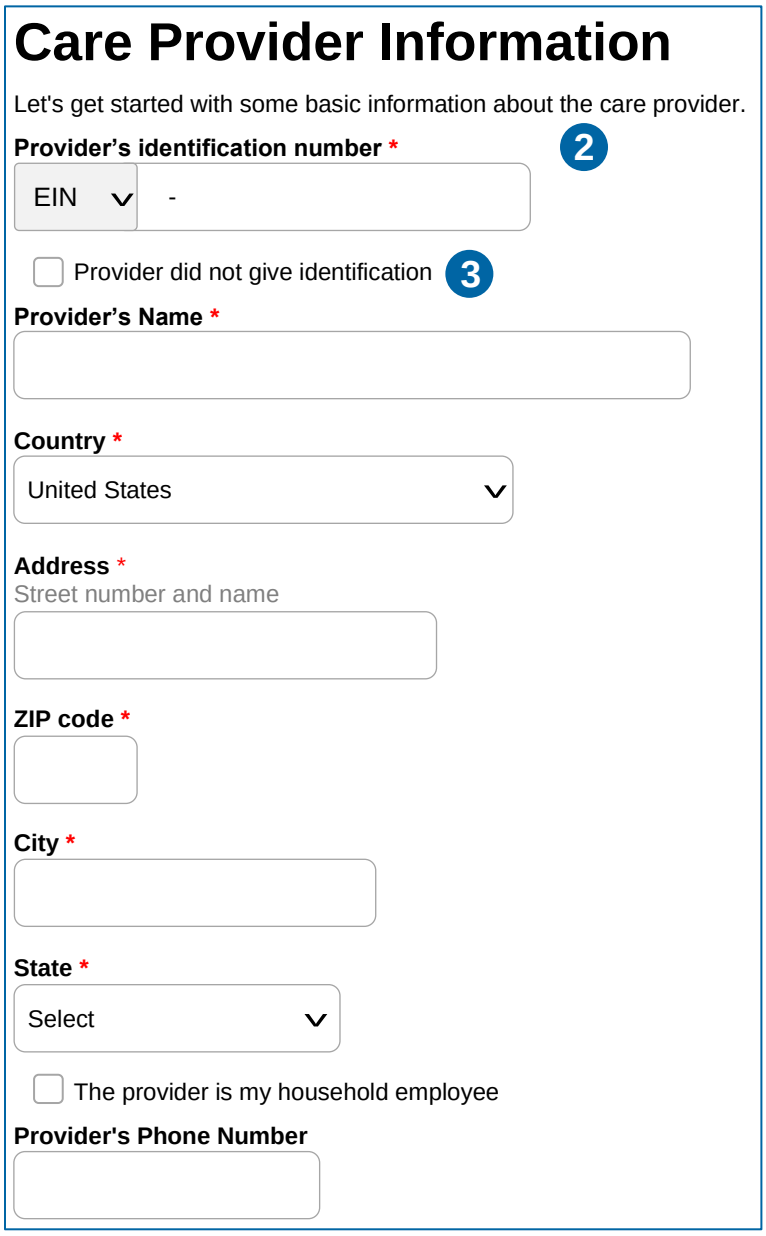


2. Enter ***Care Provider Information***. If needed, click the dropdown to switch from EIN to SSN or ITIN for the care provider.

   You'll be able to add additional providers after completing the one you are entering.

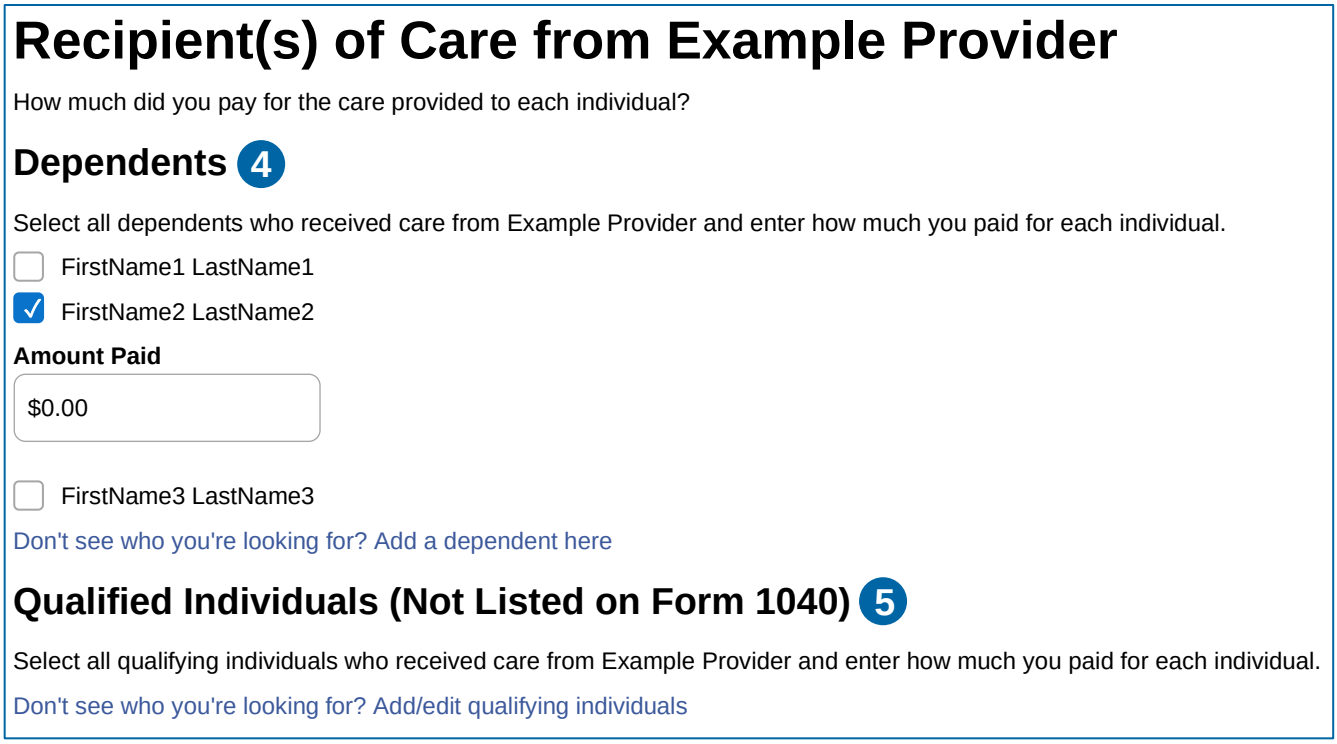
3. If ***Provider did not give identification*** is checked, a reason must be selected. An identification number is not required if:
   - The care provider is a tax-exempt organization, such as a church or a school, or
   - The taxpayer is living abroad and the care provider does not have and is not required to get a U.S. taxpayer identification number.

   Otherwise, the return will need to be paper filed with a statement attached. See *Due Diligence* in the **Instructions for Form 2441**.



When figuring this credit, earned income excludes any foreign earned income (and any housing exclusion) excluded on Form 2555, and any amount earned while incarcerated or on work release.

If your spouse died during the year and you file a joint return as a surviving spouse, you aren't required to take into account the earned income of your spouse who died during the year. TaxSlayer handles this automatically when the ***Spouse is deceased*** or ***Taxpayer is deceased*** box is checked in Basic Information (see pages B-22 and B-20).



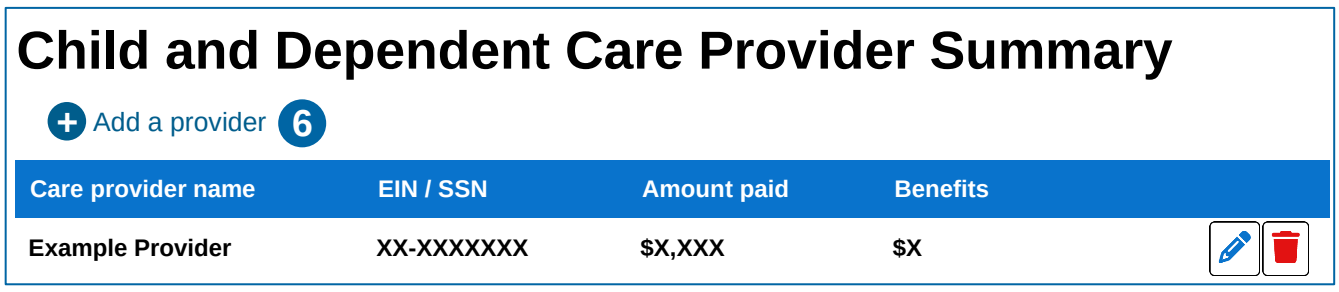
4. For each qualifying person, check the box and enter the total qualified work-related expenses **paid to this provider**. If a qualifying person has no expenses, ensure their box is checked and enter $0 for ***Amount Paid*** (see note below).

   See page G-13 for definitions of *Who is a qualifying person?* and *Qualified work-related expenses*.

   If one qualifying person has no expenses and a second has more than $3,000 of qualified work-related expenses, check the box for both. Enter $0 for the person without expenses and the actual amount for the other. Checking the box for a second qualifying person raises the credit's eligible expense limit from $3,000 to $6,000.

5. For a qualifying person who is not a dependent, click the link at the bottom of the screen to ***Add/edit qualifying individuals***. After adding the non-dependent qualifying individual(s), check the box(es) next to their name(s) and enter the total qualified work-related expenses **paid to this provider** for each. If a qualifying person has no expenses, ensure their box is checked and enter $0 for ***Amount Paid*** (see note above).

   A disabled taxpayer/spouse meeting the qualifying person criteria must be added using this link, even though they are already listed on Form 1040. See *Who is a qualifying person?* on page G-13.



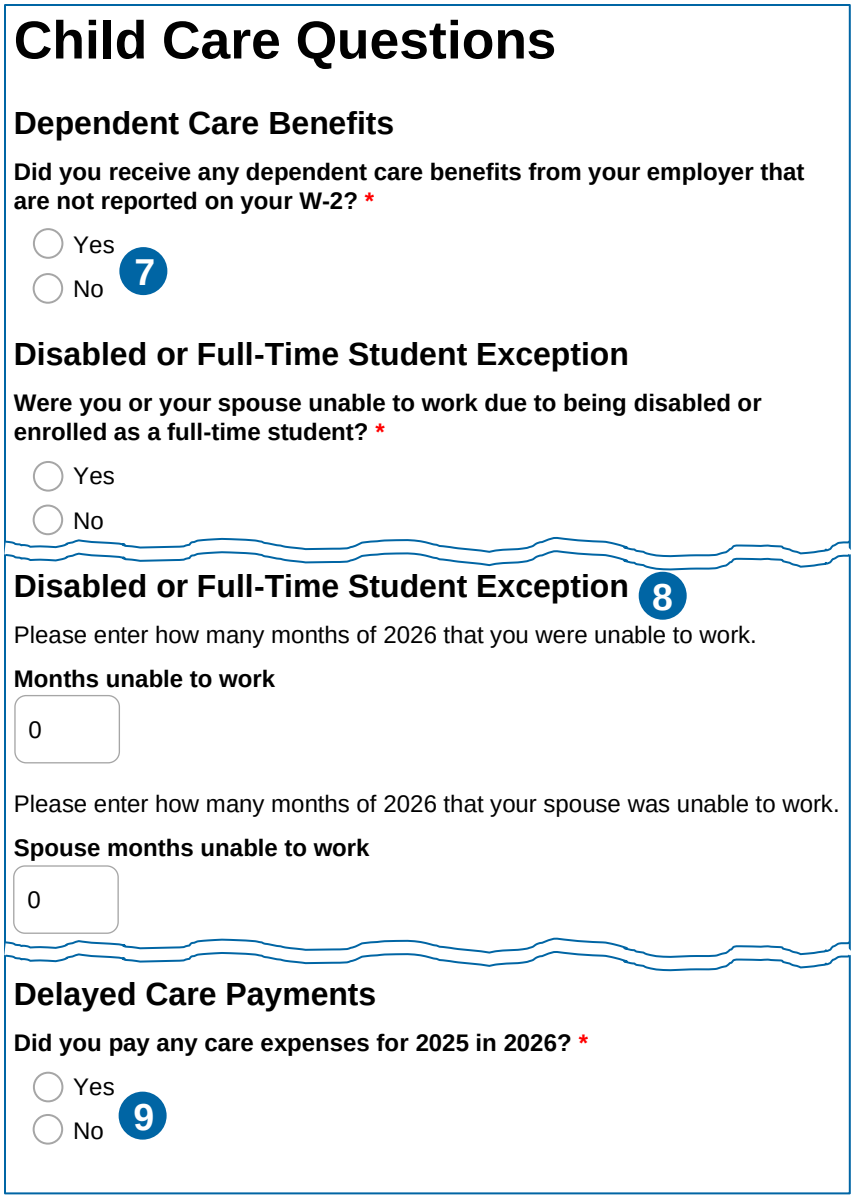
6. Click ***Add a provider*** to add additional care providers and repeat starting from #2 on the prior page. Select ***CONTINUE*** after entering all providers and qualified work-related expenses paid. Use the pencil or trash icons to the right of a provider to edit or delete their data.

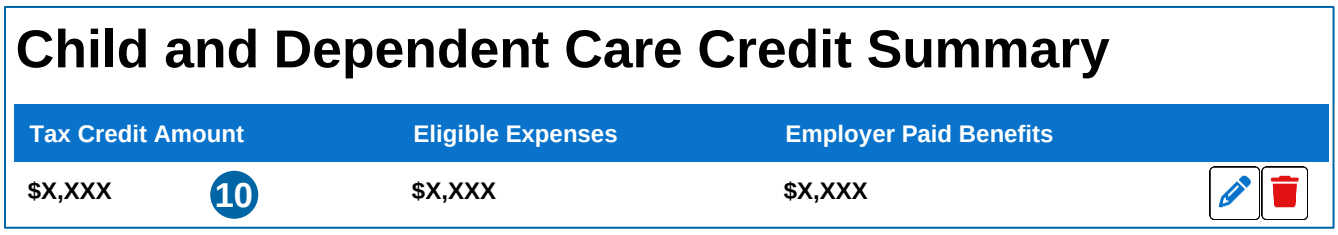
7. Only enter dependent care benefits not reported on a Form W-2.

8. This section only applies when the filing status is MFJ and will only be displayed if you answered ***Yes*** to the question above it. Enter the number of months that the taxpayer and/or spouse was unable to work due to being disabled or enrolled as a full-time student. Total combined months for taxpayer and spouse cannot exceed 12 as this exception can only be applied to one spouse in any one given month.

   Both spouses must have earned income in order to claim the credit. TaxSlayer will multiply the number of ***Months unable to work*** by $250 ($500 if more than one qualifying person was entered) and add that to the earned income for the taxpayer/spouse when calculating this credit.

9. If the taxpayer paid any qualified work-related expenses for 2025 in 2026, do not include these expenses in the entries for #4 or #5 shown on page G-16. Instead, answer ***Yes*** to the ***Delayed Care Payments*** question on this screen and complete the additional fields that appear. TaxSlayer will complete *Worksheet A* from the **Instructions for Form 2441** and flow the result to Form 2441, line 9b.





10. TaxSlayer's final screen for this credit summarizes the results of its calculations. Select the pencil icon if you need to edit any entries. The trash icon deletes the entire credit.

Screening Sheet – Retirement Savings Contributions Credit

Step	Probe/Ask the taxpayer:	Action
1	Did you make a voluntary contribution or deferral to an IRA, other qualified plan, or ABLE account for 2026?[1]	**YES –** Go to Step 2. **NO –** Not qualified for credit.
2	Is AGI $40,250 or less ($60,375 if head of household, $80,500 if married filing jointly)?	**YES –** Go to Step 3. **NO –** Not qualified for credit
3	Were you born before January 2, 2009?	**YES –** Go to Step 4. **NO –** Not qualified for credit
4	Have you taken a distribution from your retirement savings in the two prior years and/or between January 1 and the tax filing deadline?	**YES –** May qualify for reduced credit. Go to Step 5 (See Important Reminders). **NO –** Go to Step 5.
5	Are you being claimed as a dependent on someone else's tax return for 2026?	**YES –** Not qualified for credit. **NO –** Go to Step 6.
6	Were you a full-time student[2] during 2026?	**YES –** Not qualified for credit. **NO –** Qualified for credit.

[1] Plans that qualify are listed in *General Instructions, Line 4* on **Form 8880**. Answer **YES** if the taxpayer will make a qualifying IRA contribution for tax year 2026 by the due date of the return.

[2] You were a student if during any part of 5 calendar months of 2026 you:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency. **Note:** A school includes technical, trade and mechanical schools. It does not include on-the job training courses, correspondence schools, or schools offering courses only through the Internet.

Important Reminders for Retirement Savings Contributions Credit

- **Form 8880**, is used to claim the Retirement Savings Contributions Credit, AKA the Saver's Credit.
- Be sure to look at the taxpayer's Form(s) W-2. An entry in box 12 or an "X" in the Retirement box is an indicator that the taxpayer may be eligible for this credit. A full description of all codes used in box 12 can be found in the *Box 12—Codes* section of the **Instructions for Forms W-2 and W-3**.
- An entry in box 14 on the Form W-2 may also indicate a contribution to a state retirement system. If the contribution qualifies (contribution must be voluntary; i.e., optional), then on TaxSlayer's Form W-2 screen select ***Retirement (Not in Box 12) - Carry to Form 8880*** from the box 14 drop-down list. If treated as employer contributions, they aren't eligible for the credit. See **Instructions for Form W-2**.
- If the taxpayer seems to qualify for the credit, be sure to visit the Form 8880 entry screen in the Credits Menu and address any necessary questions there.
- A contribution to a traditional or Roth IRA qualifies for this credit, but may not appear on any taxpayer document. Remember to review the expenses section of the Form 13614-C, *Intake/Interview and Quality Review Sheet*, and ask taxpayers if they made any IRA contributions.
- Some distributions reduce the eligible contributions for this credit. In addition to distributions for the current year as shown on Forms 1099-R, be sure to ask about distributions from the two prior years or between January 1 and the tax filing deadline.
- See next page for details regarding which distributions reduce the eligible contributions for this credit.
- If taxpayer (or spouse if MFJ) is a full-time student, be sure to mark it in the Personal Information Section in the software. This credit is not available to full-time students.

Entering Qualifying Contributions for the Saver's Credit

Verify total contribution amounts with the taxpayer. Total IRA contributions cannot exceed the lesser of total compensation or the annual limit. See page E-16.

- Enter deductible contributions to a traditional IRA made before the filing deadline on the Traditional IRA Contributions screen. TaxSlayer will automatically carry these entries to Form 8880. See page E-16.
- Enter the following on the Form 8880 screen for them to be included as qualifying contributions for the Saver's Credit. See page G-21.
  - Contributions to a Roth IRA or a nondeductible traditional IRA made before the filing deadline
  - Contributions to an Achieving a Better Life Experience (ABLE) account made by the designated beneficiary by December 31st of the tax year.
- TaxSlayer will automatically carry the following taxpayer or spouse's Form W-2 entries to Form 8880 as qualifying contributions for this credit:
  - Box 12 entries of D, E, F, G, H, S, AA, BB, EE
  - Box 14a voluntary retirement contribution amounts marked as ***Retirement (Not in Box 12) - Carry to Form 8880***

Internal Revenue Code Section 414(h)(2) provides that any plan established by a governmental unit, where the contributions of employing units are designated employee contributions, but the employer "picks up" the contributions, the contributions are treated as employer contributions, not voluntary contributions made by the employee. They do not qualify for the credit.

Certain Distributions Reduce Eligible Contributions for the Saver's Credit

If the taxpayer or spouse had qualifying contributions and meets the eligibility criteria on the prior page, these contributions must be reduced by the **gross amount** of *certain* distributions. If filing jointly, include distributions for both spouses, even if only one had qualifying contributions. TaxSlayer automatically carries all distributions entered on the Form 1099-R or RRB-1099-R screens to Form 8880, line 4, since it cannot identify which are relevant. However, TaxSlayer only carries the **taxable amount** of the distribution.

Steps 1-5 of the chart below guide you in determining whether a distribution should be included on or excluded from Form 8880. Steps 6 and 7 explain the entries needed for an excludible distribution, while steps 8 and 9 explain the entries that needed for an includible distribution.

If adjustments are required for more than one distribution, combine them to arrive at a net adjustment, keeping in mind if each adjustment is negative or positive.

Step	Probe/Ask the taxpayer:	Action
1	Was the distribution received in the two prior tax years, in the current tax year, or up to the due date of the return (including extensions)?	**YES –** Go to Step 2. **NO –** STOP (disregard for Form 8880).
2	Did the Form 1099-R box 7a Distribution Code include any of the following codes: 6, 8, D, F, G, H, L, or U? If box 7a had more than one code, then answer **YES** if either code is in this list.	**YES –** Go to Step 6. **NO –** Go to Step 3.
3	Was the distribution from an IRA, plan or annuity for which contributions would be eligible for the Retirement Savings Contributions Credit? Answer without regard to if the distribution was taxable. Includes: • Traditional or Roth IRAs, or ABLE accounts, • 401(k), 403(b), governmental 457(b), 501(c)(18)(D), SEP, SIMPLE, or the federal TSP, • Qualified retirement plans, as defined in section 4974(c).	**YES –** Go to Step 4. **NO –** Go to Step 6.

Retirement Savings Contributions Credit (cont'd)

Step	Probe/Ask the taxpayer:	Action
4	Was the distribution from either: • a military retirement plan (other than the federal Thrift Savings Plan (TSP)), or • a pension for which contributions were mandatory and no voluntary contributions were allowed, such as some defined benefit and government pensions? Note: Answer **YES** for Form RRB-1099-R distributions since voluntary contributions were not allowed.	**YES –** Go to Step 6. **NO –** Go to Step 5.
5	Was the distribution any of the following: • not taxable as the result of a rollover* or a trustee-to-trustee transfer, • rolled over* or converted* to your Roth IRA or designated Roth account, • a loan from a qualified employer plan treated as a distribution, • a return of contributions made during the tax year (with any income allocable to such contributions) on or before the due date (including extensions) for the tax year, • dividends paid on stock held by an employee stock ownership plan under IRC section 404(k), • from an inherited IRA by a nonspousal beneficiary • a return of excess contributions or deferrals (and income allocable to such contributions or deferrals)?	**YES –** Go to Step 6.* **NO –** Go to Step 8.* * If only a portion of the distribution was rolled over or converted, then exclude that portion and evaluate the remaining portion separately using this list. If the overall distribution is only partially includible, then do not go to Step 6 or 8; instead follow the instructions in the note below this table.
6	**The distribution is excludible from the Saver's Credit. This and the next step address the required TaxSlayer entries.** Was the distribution received in the current tax year?	**YES –** Go to Step 7. **NO –** STOP (disregard for Form 8880).
7	Is the checkbox for ***Does not carry to Form 8880*** available on TaxSlayer's Form 1099-R or RRB-1099-R screen? See #4 on page D-56.	**YES –** Check the box. STOP. **NO –** On the Form 8880 screen, enter a negative manual adjustment equal to the taxable amount of the distribution. See #2 on the next page. STOP.
8	**The gross amount of the Distribution is fully includible for the Saver's Credit. This and the next step address the required TaxSlayer entries.** Was the distribution received for TY2024, TY2025, or between January 1, 2027 and the tax filing deadline (including extensions)?	**YES –** Enter distribution on the Form 8880 screen as shown in #1 on the next page. STOP. **NO –** Go to Step 9.
9	Is the taxable amount of the distribution less than the gross distribution amount? If yes, then an adjustment is needed since TaxSlayer only carries the taxable amount to Form 8880. Examples include non-taxable Roth distributions, IRA distributions reduced for a QCD, etc.	**YES –** On the Form 8880 screen, enter a positive manual adjustment equal to the nontaxable portion of the distribution. See #2 on the next page. **NO –** STOP.

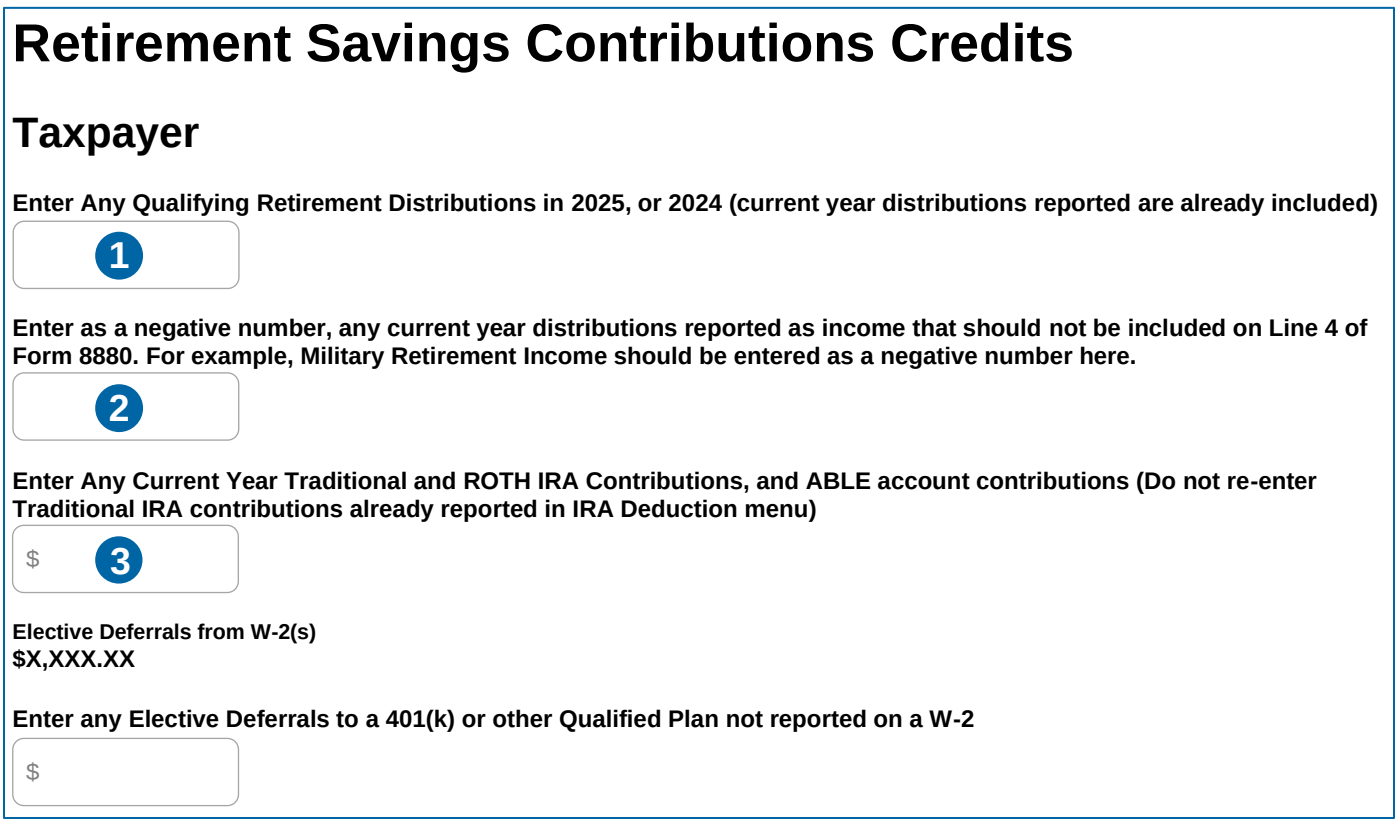


If only part of a distribution is excludible (due to a partial rollover or partial Roth conversion):

- If the distribution is for TY2026, then do not check the box for ***Does not carry to Form 8880***. Instead, calculate the required manual adjustment as:
  [gross distribution] – [taxable amount] – [amount of rollover or Roth conversion].
  The calculated adjustment may be positive or negative. Enter the adjustment on the Form 8880 screen as shown in #2 on the next page.
- If the distribution was instead received for TY2024, TY2025, or between January 1, 2027 and the tax filing deadline (including extensions), then enter a positive manual adjustment equal to the includible portion of the distribution. See #1 on the next page.

Ⓑ Making Entries on the Retirement Savings Contributions Credits Screen

Deductions>Credits>Credit for Qualified Retirement Savings Contributions; or Keyword SAVE or 8880



For Married Filing Jointly returns, enter data in the applicable section on this screen: Taxpayer or Spouse. TaxSlayer will total #1 and #2 across both Taxpayer and Spouse and flow this sum to line 4 of Form 8880 for both. Entries for #3 are not totaled and flow to line 1 of Form 8880 separately for Taxpayer or Spouse.

1. Enter any includible distributions from the two prior tax years as well as distributions between January 1 and the tax filing deadline (including extensions). Distributions entered on Forms 1099-R or RRB-1099-R are already included by TaxSlayer and should not be re-entered on this screen. Exception (not supported by TaxSlayer): Don't include your spouse's prior year distributions with yours if you and your spouse didn't file a joint return for the year the distribution was received.

2. If a manual adjustment to the amount TaxSlayer carries to line 4 of Form 8880 is required, then enter the (combined) adjustment here. See the chart on page G-19 for instructions on how to determine if an adjustment is needed for a distribution, and if so, how to calculate the adjustment.

   T Even though the field label on the screen only mentions negative adjustments, a positive value should instead be entered if a positive adjustment is required.

3. Enter any Roth IRA contributions, nondeductible contributions to traditional IRAs, or ABLE account contributions here. Do not re-enter IRA contributions already reported on the IRA Deduction screen. For nondeductible IRA contributions, you must also report the increase in basis by entering them at: ***Deductions>Adjustments>Nondeductible IRAs*** (see page E-17).

Examples: Includible/Excludible Distributions and Required Adjustments to Form 8880

The table below lists eleven example 1099-R distributions. Assume for each that the distribution was received in the current tax year and that the box 1 Gross Distribution is $5,000. The last column indicates if the distribution is includible or excludible on Form 8880, line 4 and what adjustment is needed (if any). Any required adjustments would be entered in TaxSlayer as shown in #2 on the prior page.

Exam-ple #	Box 2a Taxable Amount*	Box 7a Dist. Code(s) and additional information	Includible or Excludible? And Required Adjustment
1	5,000	7, IRA/SEP/SIMPLE is checked	Includible, no adjustment needed
2	2,000	7, IRA/SEP/SIMPLE is checked, $3000 was rolled over to another IRA	Partially includible, adjustment calculated at $0 (so no adjustment is needed)
3	5,000	7, Military pension	Excludible, no adjustment needed, but must check the "Does not carry to Form 8880" checkbox
4	3,728	7D (dist. from nonqualified annuity), or D4 (dist. from nonqualified annuity, death benefit)	Excludible, no adjustment needed, but must check the "Does not carry to Form 8880" checkbox
5	0	6, Section 1035 exchange	Excludible, no adjustment needed, recommended to check the "Does not carry to Form 8880" checkbox
6	4,000	7, plan that allowed voluntary contributions reduced via the simplified method	Includible, +1,000 adjustment needed
7	4,000	7, plan that did not allow voluntary contributions reduced via the simplified method	Excludible, -4,000 adjustment needed (checkbox for "Does not carry to Form 8880" not available)
8	0	Q (qualified distribution from a Roth IRA)	Includible, +5,000 adjustment needed
9	2,000	1B (early dist. from a designated Roth account)	Includible, +3,000 adjustment needed
10	4,000	7, IRA/SEP/SIMPLE is checked, taxable amount was reduced for a $1,000 QCD	Includible, +1,000 adjustment needed
11	2,000	7, IRA/SEP/SIMPLE is checked, taxable amount was reduced for a $1,000 QCD and a $2,000 rollover to another IRA	Partially includible, +1,000 adjustment needed

*Box 2a amount as entered in TaxSlayer (may or may not correspond to amount printed on the Form 1099-R)

Calculation of the Retirement Savings Contribution Credit

For qualifying taxpayers, the Saver's Credit is calculated using a percentage of their eligible contributions reduced by certain distributions. The percentage applied depends on their 2026 filing status and AGI:

Credit Rate (as % of your contribution*)	AGI for Married Filing Jointly	AGI for Head of Household	AGI for Single, Married Filing Separately, or Qualifying Surviving Spouse
50%	$48,500 or below	$36,375 or below	$24,250 or below
20%	$48,501–$52,500	$36,376–$39,375	$24,251–$26,250
10%	$52,501–$80,500	$39,376–$60,375	$26,251–$40,250
0%	more than $80,500	more than $60,375	more than $40,250

*Contributions after reducing for certain distributions, if applicable. TaxSlayer will limit credit as needed based on tax liability.

Screening Sheet – Credit for the Elderly or the Disabled

Figure A. Are You a Qualified Individual?

Use the following chart to determine if the taxpayer is eligible for this nonrefundable credit. On a joint return, make this determination separately for the spouse (only one spouse needs to be a qualified individual).

Step	Probe/Ask the taxpayer/spouse:	Action
1	Were you married at the end of the tax year?	**YES –** Go to Step 2. **NO –** Go to Step 4.
2	Did you live with your spouse at any time during the year?	**YES –** Go to Step 3. **NO –** Go to Step 4.
3	Is your filing status Married Filing Jointly (MFJ) or Head of Household (HOH)?	**YES –** Go to Step 4. **NO –** You aren't a qualified individual and can't take the credit for the elderly or the disabled
4	Are you a U.S. citizen or resident alien?[1]	**YES –** Go to Step 5. **NO –** You aren't a qualified individual and can't take the credit for the elderly or the disabled.
5	Were you 65 or older at the end of the tax year?	**YES –** You are a qualified individual and may be able to take the credit for the elderly or the disabled unless your income exceeds the limits in Figure B on the next page. **NO –** Go to Step 6.
6	Are you retired on permanent and total disability?	**YES –** Go to Step 7. **NO –** You aren't a qualified individual and can't take the credit for the elderly or the disabled
7	Did you reach mandatory retirement age before this year?[2]	**YES –** You aren't a qualified individual and can't take the credit for the elderly or the disabled. **NO –** Go to Step 8.
8	Did you receive taxable disability benefits this year?	**YES –** You are a qualified individual and may be able to take the credit for the elderly or the disabled unless your income exceeds the limits in Figure B on the next page. **NO –** You aren't a qualified individual and can't take the credit for the elderly or the disabled.

[1] If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident alien at the end of the tax year, see *U.S. Citizen or Resident Alien* under *Qualified Individual* in the **Instructions for Schedule R**, *Credit for the Elderly or the Disabled*. If you and your spouse choose to treat you as a U.S. resident alien, answer **YES** to this question.

[2] Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

Screening Sheet – Credit for the Elderly or the Disabled (cont'd)

Qualified individuals (see Figure A on the prior page) may be able to take the Credit for the Elderly or the Disabled unless their income exceeds either of the limits in the applicable row of Figure B, below.

Figure B. Income Limits

IF your filing status is…	THEN you generally CAN'T take the credit if…	
	Your AGI (Form 1040 or 1040-SR, Line 11a) is…	**OR the total of your nontaxable Social Security and other nontaxable pension annuities or disability income is…**
single, head of household, or qualifying surviving spouse	$17,500 or more	$5,000 or more
married filing jointly **and** both spouses qualify in Figure A $	$25,000 or more	$7,500 or more
married filing jointly **and** only one spouse qualifies in Figure A	$20,000 or more	$5,000 or more
married filing separately **and** you lived apart from your spouse for all of 2026	$12,500 or more	$3,750 or more



The software does not calculate this credit automatically. If the taxpayer appears to qualify for the credit, proceed to the navigation path shown on the next page and answer the questions.

Ⓑ Entering the Credit for the Elderly or the Disabled

Deductions>Credits>Credit for the Elderly or the Disabled; or Keyword: ELD

Schedule R Retired/Disability Question

Choose One 1

- ◯ Both spouses were 65 or older.
- ◯ Both spouses were under 65, but only one spouse retired on permanent and total disability.
- ◯ Both spouses were under 65 and both retired on permanent and total disability.
- ◯ One spouse was 65 or older and the other spouse was under 65 and retired on permanent and total disability.
- ◯ One spouse was 65 or older, and the other spouse was under 65 and NOT retired on permanent and total disability.

1. The options in the screen above will vary depending on filing status. Select the applicable radio button and then click ***CONTINUE***. The ***Statement of Disability*** screen shown below must be completed if the selected radio button indicates the taxpayer (or spouse if filing jointly) was under 65 and retired on permanent and total disability. Otherwise, TaxSlayer will proceed directly to the screen shown for #3.

Statement of Disability

IF **You filed a physician's statement for this disability for 1983 or an earlier year**

OR **You filed or got a statement for tax years after 1983 and your physician signed line B on the statement,**

AND **Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2026**

2 ☐ Check this box only if this entire statement is true.

2. Only check the box if the statements above regarding the taxpayer's disability are true. If the box is not checked, the screen to the right will be displayed. This does not prevent the taxpayer from claiming the credit, but they must obtain a physician's statement and keep it for their records. A sample *Physician's Statement* is provided in the **Instructions for Schedule R**.

Physician's Statement Needed

ⓘ Because you did not meet both qualifications on the previous page, the IRS requires you to obtain another physician's statement. Your physician must complete the statement for Schedule R and you must retain it for your records.

3. Enter the taxpayer's taxable disability income, if any, such as from Form 1099-R.

4. Enter the total of:
   - Nontaxable veterans' pensions (but not military disability pensions), and
   - Any other pension, annuity or disability benefit that is excluded from income under any other provision of federal law other than the Internal Revenue Code. Don't include amounts that are treated as a return of your cost of a pension or annuity.

Income

Taxable disability income

$ 3

Other pension, annuity, or disability benefit that is excluded from income under any other provision of law (DO NOT re-enter non-taxable income already reported such as Social Security Benefits)

$ 4

Do not enter Social Security or RRB-1099 Social Security equivalent benefits here. Instead, enter these benefits on the Social Security Benefits screen. See page D-70.

Tab H: Other Taxes, Payments, and Refundable Credits

Other Taxes

Federal Section>Other Taxes

TaxSlayer provides all the forms and schedules you need in order to figure and report these taxes, and in most cases, performs the calculations.

1. Ⓐ See next page for details on Schedule SE, *Self-Employment Tax*.
2. Ⓐ See page H-4 for details on Form 4137, *Social Security and Medicare Tax on Unreported Tip Income*.
3. Ⓐ See page H-6 for details on Form 5329, Part I – *Additional Tax on Early Distributions*. See pages H-9 and H-10 for details on Required Minimum Distributions (RMDs) and failure to take an RMD.
4. Ⓐ Form 8615 is in scope only for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends. See page H-5.
5. Ⓐ Form 8814 is in scope only for Alaska residents receiving permanent fund dividends. See page H-5.

Other Taxes

Self-Employment Tax 1 Reported on Schedule SE	BEGIN
Alternative Minimum Tax Reported on Form 6251	Out of Scope
Tax on Unreported Tip Income 2 Reported on Form 4137	BEGIN
Recapture of Investment Credit Reported on Form 4255	Out of Scope
Tax on Early Distribution 3 Reported on Form 5329	BEGIN
Household Employment Tax Schedule H	Out of Scope
Tax For Certain Children Who Have Unearned Income 4 Reported on Form 8615	BEGIN
Child's Interest/Dividend Earnings 5 Reported on Form 8814	BEGIN
Recapture of Federal Mortgage Subsidy Reported on Form 8828	Out of Scope
Net Investment Income Tax (Individuals, Estates, & Trusts) Reported on Form 8960	Out of Scope
Uncollected Social Security and Medicare Tax on Wages Reported on Form 8919	Out of Scope
Recapture of Low-Income Housing Credit Form 8611	Out of Scope
Income Averaging for Farmers and Fishermen Reported on Schedule J	Out of Scope
Tax on Lump-Sum Distributions Form 4972	Out of Scope
Other Additional Taxes	Out of Scope

Ⓐ Self-Employment Tax (and Church Employee or Notary Income)

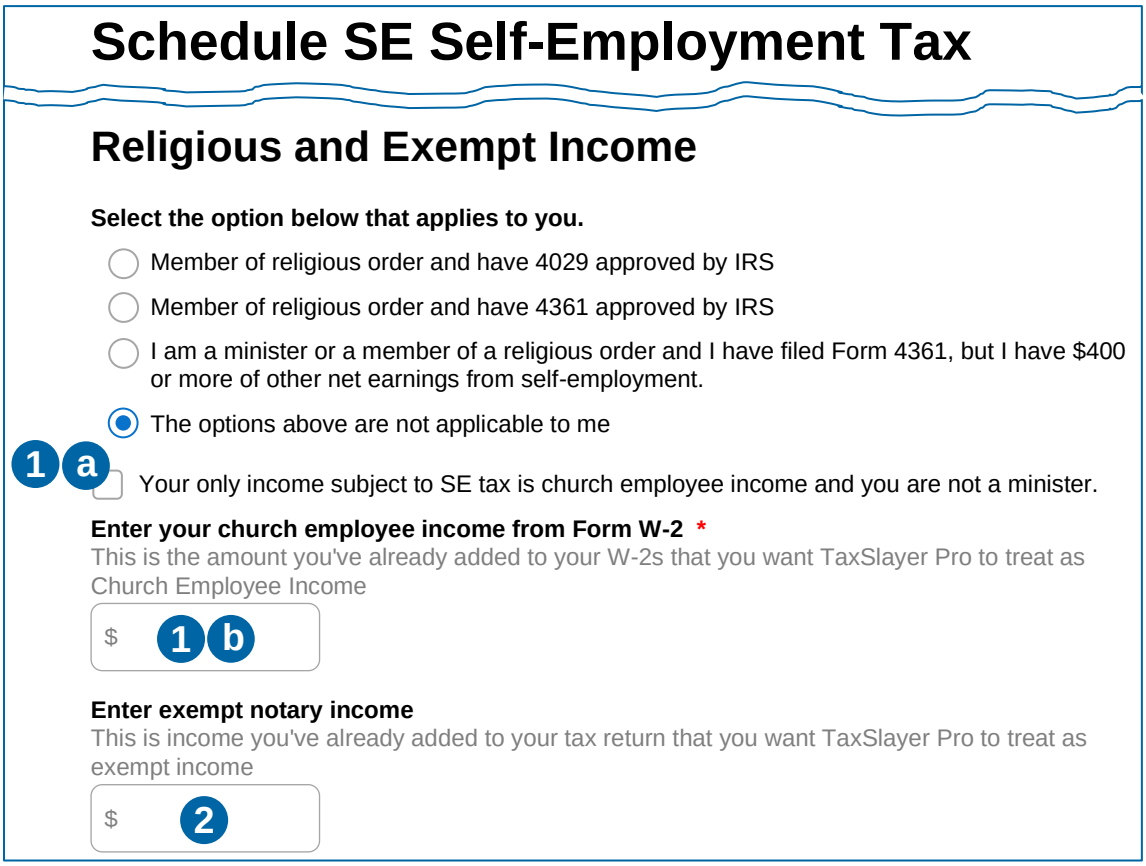
Self-employment (SE) tax is the Social Security and Medicare taxes paid primarily by self-employed individuals. The SE tax rate is 15.3% (12.4% for Social Security plus 2.9% for Medicare).

When a Schedule C is added to the return, TaxSlayer uses the net profit from that Schedule C to calculate the SE tax on Schedule SE. The calculated SE tax flows to Schedule 2, line 4, and the deduction for one-half of SE tax flows to Schedule 1, line 15.

Self-Employment Tax – Adjustment for Church Employee Income and Notary Income

Navigate to this screen only if you need to make the adjustments to SE tax shown in #1 or #2 below.

Ⓝ Other Taxes>Self-Employment Tax; or Keyword: SELF



1. **Church employee income:** You must pay Self-employment (SE) tax if you received $108.28 or more in wages from a church or qualified church-controlled organization that is exempt from employer Social Security and Medicare taxes. This is reflected on Form W-2 by blanks or zeros in boxes 3 – 6 (out of scope for members of the clergy as special rules may apply). For more information, see *Employees of Churches and Church Organizations* in the **Instructions for Schedule SE**. To add this tax:
   a. Check the box labeled ***Your only income subject to SE tax is church employee income and you are not a minister***. The field for #1b only appears after checking this box.
   b. Enter the amount of church employee income from Form W-2, box 1.
2. **Notary income:** Fees received for services performed as a notary public are not included in net earnings from self-employment. Enter the net profit from a Notary's business in #2 so that SE tax is not calculated on this income.

Ⓐ Form 4137, Social Security and Medicare Tax on Unreported Tip Income

Other Taxes>Tax on Unreported Tip Income; or Keyword: 4137

Form 4137 Social Security and Medicare Tax on Unreported Tip Income

Form belongs to:

Taxpayer

Total cash and charge tips you **received** including unreported tips
$XXX.00

Total cash and charge tips **reported** to your employer and included on Form(s) W-2
$XXX.00

Cash and charge tips you received but did not report to your employer because the total was less than $20 in a calendar month

$ 1

Tips received as a Federal, State or Local Government Employee

$ 2

Form 4137, *Social Security and Medicare Tax on Unreported Tip Income*, is created automatically when ***Allocated tips*** or ***Unreported tips*** are entered on the Form W-2 screen (see #6 and #9 on page D-9).

If applicable, make the following additional entries. Do not enter the same unreported tips in both #1 and #2.

1. The following types of unreported tips are exempt from Social Security and Medicare tax. Enter this portion of unreported tips here to exclude them (income tax still applies):
   - Cash and charged tips totaling less than $20 in a calendar month
   - Noncash tips; e.g. merchandise, meals, etc.
2. Any unreported tips received by a taxpayer for work performed as a federal, state, or local government employee whose pay was subject only to the 1.45% Medicare tax should be entered here. This excludes these tips from the 6.2% Social Security tax.

Ⓐ Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax)

Do you have to use Form 8615 to figure your child's tax on your child's tax return?

Step	Probe/Ask the taxpayer:	Action
1	Was the child's unearned income, including taxable scholarships and grants, more than $2,700?	**YES –** Go to Step 2. **NO –** Don't use Form 8615 to figure the child's tax.
2	Is the child required to file a tax return for the tax year? See Chart B - For Children and Other Dependents on page A-3.	**YES –** Go to Step 3. **NO –** Don't use Form 8615 to figure the child's tax.
3	Was the child under age 18 at the end of the tax year?	**YES –** Go to Step 8. **NO –** Go to Step 4.
4	Was the child age 18 at the end of the tax year?	**YES –** Go to Step 7. **NO –** Go to Step 5.
5	Was the child under age 24 at the end of the tax year?	**YES –** Go to Step 6. **NO –** Don't use Form 8615 to figure the child's tax.
6	Was the child a full-time student during the tax year?	**YES –** Go to Step 7. **NO –** Don't use Form 8615 to figure the child's tax.
7	Did the child have earned income that was more than half of their support?	**YES –** Don't use Form 8615 to figure the child's tax. **NO –** Go to Step 8.
8	Was at least one of the child's parents alive at the end of the tax year?	**YES –** Go to Step 9. **NO –** Don't use Form 8615 to figure the child's tax.
9	Is the child filing a joint return?	**YES –** Don't use Form 8615 to figure the child's tax. **NO –** Go to Step 10.
10	Form 8615 must be used to figure the tax on the child's tax return, but see note below regarding Form 8814. ⚠ Form 8615 is in scope for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends. For all other purposes, Form 8615 remains out of scope for the child's tax return (but does not make the parents' tax return out of scope).	

Ⓐ Form 8814, Parents' Election To Report Child's Interest and Dividends

If the child's parent chooses to report the child's income by filing **Form 8814**, *Parents' Election To Report Child's Interest and Dividends*, the child isn't required to file a tax return. Don't use **Form 8615**.

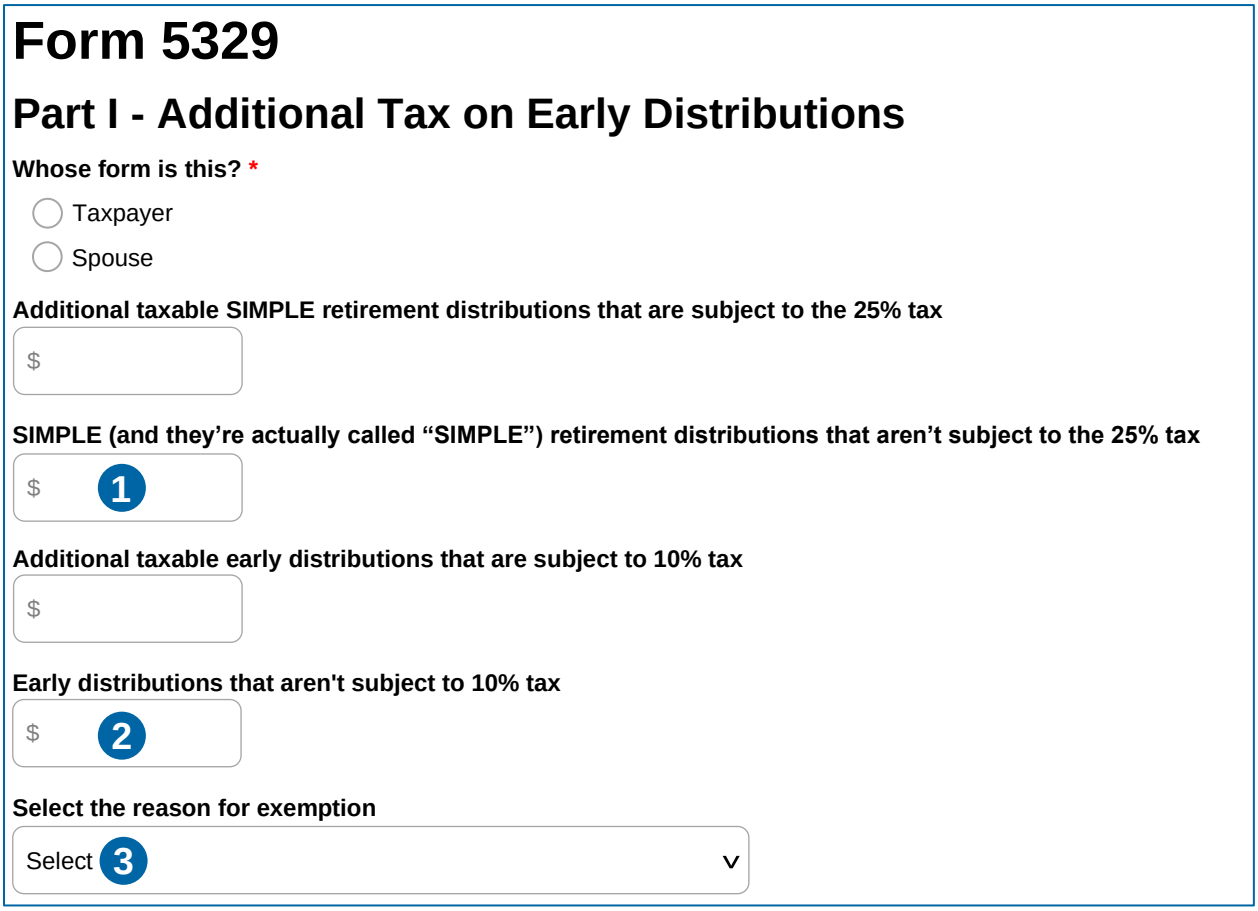
⚠ Form 8814 is in scope for Alaska residents receiving permanent fund dividends. For all other purposes, Form 8814 remains out of scope.

Ⓐ Form 5329, Part I – Additional Tax on Early Distributions

Other Taxes>Tax on Early Distribution; or Keyword: 5329

The 10% additional tax on early distributions is calculated on **Form 5329**, *Additional Tax on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*, for early withdrawal before age 59½. The 10% additional tax will not be applied when Form 1099-R has code 2 in box 7a. Otherwise, if an exception applies, complete ***Part I – Additional Tax on Early Distributions*** as shown below.

Form 5329 is in scope only for Parts I and IX. Part I is for the Additional Tax on Early Distributions and applicable exceptions. Part IX is in scope only to request a waiver of the additional tax for failure to take a required minimum distribution (RMD), as described on page H-9.



1. Funds distributed from a SIMPLE IRA within 2 years from the date the taxpayer first participated in the SIMPLE IRA plan are subject to a 25% early distribution tax. If an exception applies, enter the amount not subject to the tax here.
2. Enter the amount not subject to additional tax.
3. Select the appropriate exception from the drop-down list. See next page.

Ⓐ Early Distribution Exception Codes

The table below lists exception codes and explanations for early distributions from IRAs or other qualified retirement plans. The exception description will indicate if a code is restricted to a specific type of plan.

Do not rely on this list alone. For rules and details pertaining to each exception, see **Publication 590-B** for IRAs, or **Publication 575** for pensions or annuities. Also see the **Instructions for Form 5329**.

No	Exception Description
01	Qualified retirement plan distributions (doesn't apply to IRAs) you received after **separation from service** when the separation occurs in or after the year you reach age 55 (the earlier of age 50 or 25 years of service under the plan for qualified public safety employees and private sector firefighters). See *Separation from service* and *Qualified public safety employees* in **Publication 575**.
02	Distributions made as part of a **series of substantially equal periodic payments** (made at least annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary (if from an employer plan, payments must begin after separation from service). See *Substantially periodic payments in* **Publication 590-B** or **Publication 575**.
03	Distributions due to **total and permanent disability**. Does not apply if the disability occurred after the distribution.[1]
04	Distributions made on or after the date of **death** (doesn't apply to modified endowment contracts).
05	Qualified retirement plan distributions up to the amount you paid for unreimbursed **medical expenses** during the year **minus 7.5% of your AGI (adjusted gross income)** for the year. The same expenses can also be entered on Schedule A.[2]
06	Qualified retirement plan distributions **made to an alternate payee** under a **qualified domestic relations order** (doesn't apply to IRAs).
07	IRA distributions made to **unemployed individuals for health insurance premiums**.[3]
08	IRA distributions up to amount you paid for qualified **higher education expenses**, unless paid with tax free education aid or Pell grant.[4]
09	IRA distributions made for **purchase of a first home**, up to $10,000 per taxpayer and paid within 120 days of distribution.
10	Distributions due to an **IRS levy** on the qualified retirement plan.
11	Qualified distributions to **reservists while serving on active duty** for at least 180 days.
12	Distributions **incorrectly indicated as early distributions by code 1, J, or S** in box 7a of Form 1099-R. Include on line 2 the amount you received when you were age 59½ or older.
13	Distributions **from a section 457 plan, which aren't from a rollover** from a qualified retirement plan.
14	Distributions from a **plan maintained by an employer if you separated from service by March 1, 1986**, ***and*** as of March 1, 1986, your entire interest was in pay status under a written election that provides a specific schedule for the distribution of your entire interest; ***and*** the distribution is actually being made under the written election.
15	Distributions that are **dividends paid with respect to stock described in section 404(k).**
16	Distributions from **annuity contracts to the extent that the distributions are allocable to the investment** in the contract before August 14, 1982. For additional exceptions that apply to annuities, see *Tax on Early Distributions* under *Special Additional Taxes* in **Pub. 575**.
17	Distributions that are **phased retirement annuity payments made to federal employees**. See **Publication 721** for more information.
18	**Permissible withdrawals under section 414(w)** from eligible automatic contribution arrangements.
19	**Qualified birth or adoption distributions**. Include an explanation that provides the name, age, and TIN of the child or eligible adoptee.[5]
20	**Distributions due to terminal illness**. Must be made on or after the date on which your physician has certified that you have an illness or physical condition that can reasonably be expected to result in death in 84 months or less after the date of the certification.[6]
21	**Corrective distributions of the income on excess contributions** distributed before the due date of the tax return (including extensions).
22	**Qualified distributions to victims of domestic abuse**. made to an individual from an applicable eligible retirement plan during the 1-year period beginning on any date on which the individual is a victim of domestic abuse by a spouse or a domestic partner.[7]
23	**Eligible emergency expense distribution** from an applicable eligible retirement plan for the purposes of meeting the unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses.[8]
24	**Distributions for qualified long-term care insurance** made from your employer's defined contribution plan.[9]
99	**More than one exception applies** (and claimed). To aid in QR, add a preparer's note in TaxSlayer listing the amount of each exception.

Early Distribution Exception Codes (cont'd)

Footnotes for table on prior page

[1] You are considered disabled if you can furnish proof that you can't do any substantial gainful activity because of your physical or mental condition. A medical determination that your condition can be expected to result in death or to be of long, continued, and indefinite duration must be made.

[2] The distributions do not have to be specifically for unreimbursed medical expenses, but must occur in the same tax year as the expenses. This exception applies to IRA and employer plan distributions. The same medical expenses used for exception code 05 may also be claimed on Schedule A if itemizing.

Example: Taxpayer withdrew $10K from 401(k) to buy a car. Her AGI is $38K. She had $8,000 of unreimbursed medical expenses.

Item	Amount
Early distribution included in income	**$10,000**
Medical expenses that can be applied to this exception	$8,000 - (0.075 x $38,000) = $8,000 - $2,850 = **$5,150**
Amount of distribution subject to 10% additional tax	$10,000 - $5,150 = **$4,850**
10% additional tax	$4,850 x 0.10 = **$485**

[3] The distributions do not have to be specifically for medical insurance premiums, but must occur in the same tax year as the premiums were paid for coverage of the taxpayer, spouse, or dependents (no 7.5% of AGI reduction). All of the following must apply:

- You lost your job.
- You received unemployment compensation paid under any federal or state law for 12 consecutive weeks because you lost your job.
- You receive the distributions during either the year you received the unemployment compensation or the following year.
- You receive the distributions no later than 60 days after you have been reemployed.

[4] The distributions do not have to be specifically for qualified higher education expenses, but must occur in the same tax year as the expenses were paid for the student. The student does not have to be a dependent, but must be the taxpayer; spouse; or either's child, foster child, adopted child, or grandchild. Other than room and board, qualified education expenses used for exception code 08 are also available for an education credit or deduction. Room and board are qualified education expenses for this exception if the student is at least a half-time student, but only up to the greater of the following two amounts:

- The actual amount charged if the student is residing in housing owned or operated by the educational institution.
- The allowance for food and housing (room and board) specified by the educational institution in their cost of attendance (COA) for federal financial aid purposes for the academic period of attendance and the student's living arrangement (e.g. on-campus housing, commuting, etc.). Taxpayer must obtain the COA from the student's institution (see example from **UCLA**).

Example: At age 54, Bob withdrew $10,000 from his traditional IRA to buy a hot tub. His son Jim incurred $9,000 in college tuition and book expenses as a half-time student at a local college. $6,000 of that was paid with a Pell grant and Bob paid the remaining $3,000 via a parent PLUS loan. That $3,000 qualifies for exception code 08 and additionally can be used to claim an education credit. Jim's room and board expenses, limited based on his living arrangement as described above, also qualify for exception code 08 to further reduce or eliminate Bob's early withdrawal penalty.

[5] Applies to distributions from IRAs or employer defined contribution plans (not pension plans). The limit is $5,000 for the birth or adoption per eligible child. Each spouse can use this exception. The distribution must be made within one year after the child is born or the adoption is finalized. Include explanation using navigation: Miscellaneous Forms>Explanations>Regulatory Explanations.

[6] See *Certification of terminal illness* in **Publication 590-B** for requirements of physician's signed statement.

[7] Limited to the lesser of $10,500 or half the account balance. The account balance is the total account balance for distributions from an IRA, or the employee's nonforfeitable accrued benefit (vested accrued benefit) for distributions from an employer plan. For more details, see **Notice 2024-55**.

[8] **Emergency personal expense distributions** are subject to three limitations:

a. No more than one distribution per calendar year is permitted to be treated as an emergency personal expense distribution by any individual.

b. The limit is the lesser of $1,000 or the amount by which the account balance exceeds $1,000 as of the distribution date; e.g., if the account balance is $1,300 at the time of distribution, then the maximum emergency expense distribution is $300. The account balance is the total account balance for distributions from an IRA, or the employee's nonforfeitable accrued benefit (vested accrued benefit) for distributions from an employer plan.

c. A subsequent emergency personal expense distribution cannot be taken in the following 3 calendar years unless the prior distribution was fully repaid or the taxpayer made plan contributions or deferrals equal to the amount not repaid.

The 7.5% of AGI reduction to unreimbursed medical expenses does not apply to this exception. For more details, see **Notice 2024-55**.

[9] If the individual covered by the long-term care coverage is the spouse of the employee, this exception applies only if the employee and employee's spouse file a joint return. See **Notice 2026–33** for more information.

Ⓐ Additional Tax on Health Savings Accounts (HSAs)

The additional 20% tax on HSA distributions not used for qualified medical expenses is reported on Schedule 2 (Form 1040), Additional Taxes. The additional 20% tax does not apply to distributions made after the account beneficiary dies, becomes disabled, or turns age 65. See page E-11 for more details about HSAs.

All other additional taxes on HSAs are out of scope, including Form 5329, Part VII, *Additional Tax on Excess Contributions to Health Savings Accounts (HSAs)*.

Repayment of Certain Distributions

Qualified Reservist Distributions may be repaid up to and including the date that is 2 years after your active-duty period ends. Include the amount of the repayment as a nondeductible contribution on line 1 of Form 8606, Nondeductible IRAs. See **Publication 3** for more information.

Qualified Birth or Adoption, Terminal Illness, Emergency Personal Expense, and Domestic Abuse Victim Distributions may be repaid at any time during the 3-year period beginning on the day after the date on which the distribution was received. To report these repayments in TaxSlayer:

- Enter the Form 1099-R in the return for the tax year the distribution was made. If the repayment occurred after that return was filed, you'll need to amend it.
- Within that Form 1099-R entry, indicate the amount repaid as a rollover (and reduce the taxable amount accordingly). This is not subject to the one-rollover-per-year limitation.
- If the distribution came from an IRA with basis, additional requirements apply. Refer to *Certain 2026 retirement plan distribution repayments treated as rollovers* in the **Instructions for Form 8606**.

The following are out of scope:

- Repayments of nonqualified distributions from Roth IRAs — requires Form 8606, Part III (OOS)
- Repayments of Qualified Disaster Distributions — requires Form 8915-F (OOS)

Required Minimum Distributions (RMDs)

Required minimum distributions (RMDs) are the minimum amounts you must withdraw from your IRAs and other retirement accounts each year. The age when RMDs begin generally depends on the date of birth as shown here.

Date of Birth	RMD Age
Before July 1, 1949	70½
July 1, 1949 – December 31, 1950	72
January 1, 1951 – December 31, 1959	73
January 1, 1960 or later	75

RMD deadlines: The first RMD must be taken by April 1st of the year after you reach your RMD age, with the second RMD due by December 31st of the same year. Subsequent RMDs are due by December 31st of each following year. For example, a taxpayer who **turned 73 in 2026** must take their first RMD (for 2026) by 4/1/2027 and their second RMD (for 2027) by 12/31/2027. A taxpayer who **turned 73 before 2026** must have taken their 2026 RMD by 12/31/2026.

The RMD rules for inherited retirement accounts depend on the relationship and age of the beneficiary and are beyond our scope. Refer taxpayers to their trustee for questions about inherited account RMDs.

Withdrawals from Roth IRAs and Designated Roth accounts (401(k) or 403(b)) are not required until after the death of the account owner. However, their beneficiaries are subject to RMD rules.

Participants in a workplace retirement plan can delay taking their RMDs until the year they retire (taken by April 1st of the following year), unless they're a 5% owner of the business sponsoring the plan.

Ⓐ Failure to Take Required Minimum Distribution (RMD)

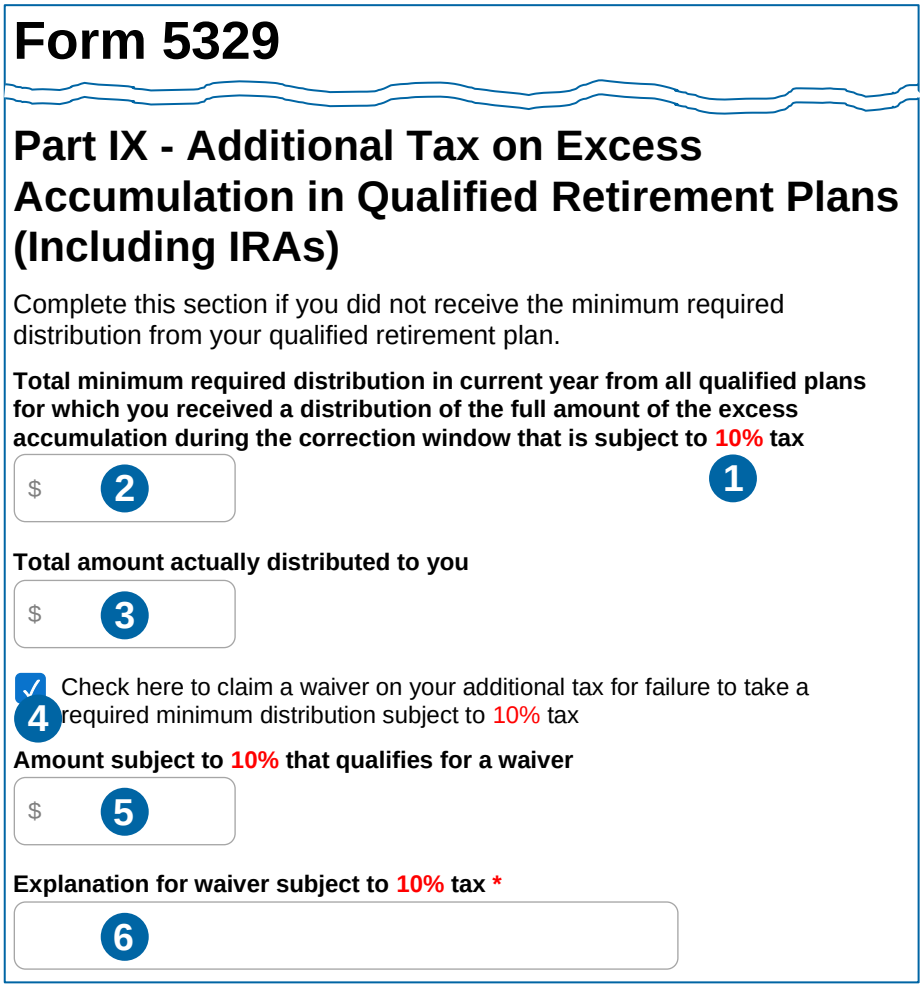
Other Taxes>Tax on Early Distribution; or Keyword: 5329

The return is out of scope if the taxpayer failed to take their RMD from an IRA or other qualified retirement plan by the RMD deadline, unless the failure was due to a reasonable error and a waiver is requested for the shortfall. A waiver can be requested by filing Form 5329, Part IX.

First, determine if the missed RMD was later fully distributed within the correction window. The correction window spans from the deadline of the missed RMD to the earliest of the following:

- The end of the second year after the year in which the additional tax is due. For example, if the RMD deadline was 12/31/2026 (or 4/1/2026 for a first RMD for 2025), this would be 12/31/2028.
- The date the IRS mailed a deficiency notice regarding the imposition of this additional tax.
- The date the IRS assessed this additional tax.

1. Use the top or bottom section of the Form 5329, Part IX screen in TaxSlayer, as applicable. If the late RMD was fully distributed within the correction window, use the top section (indicated by ***10%*** in four places — highlighted in red in the screenshot to the right). For all other late RMDs, use the bottom section, which reflects a 25% tax (not shown, but identical to the top section except it says ***25%*** instead of ***10%***).
2. Enter the full amount of the RMD.
3. Enter the amount of any partial distribution taken during the tax year, or leave blank if none of the RMD was taken. Do not include amounts distributed late.
4. Check the box to claim a waiver.
5. Enter the difference between #2 and #3 to request a waiver for the portion of the RMD that was missed.
6. Describe the reason(s) for not taking the RMD by the deadline (illness, trustee error, clerical error in calculation, etc.).



To be eligible for the waiver, the taxpayer must take the missed RMD as soon as possible, even if the correction window has passed. This is in addition to taking the current year RMD and can be done in a separate or single, combined distribution.

IRA trustees are required to inform owners or beneficiaries of the RMD for the year using Form 5498 or similar statement. It is the owner's/beneficiary's responsibility to arrange to take their RMD.

Federal Section>Payments & Estimates

Payments and Estimates

Amount Paid with Extension 1 Amount paid with Form 4868	BEGIN
Apply Overpayment to Next Year's Taxes 2 Option to apply all or part of your refund to next year's taxes	BEGIN
Federal Estimated Tax Payments 3 Federal tax payments already made for 2026	BEGIN
IRC 1341 Repayment Amount Claim of Right related tax credit	Out of Scope
Other Federal Withholdings 4 Federal withholdings you haven't already entered	BEGIN
Other State Withholdings 4 State withholdings you haven't already entered	BEGIN
State Estimated Payments 3 State tax payments already made for 2026	BEGIN
Underpayment of Estimated Tax 5 Determine if you owe a penalty for underpayment of estimated tax and next steps	Out of Scope
Vouchers for 2027 Estimated Tax Payments 6 Print vouchers for estimated tax payments	BEGIN
Other Payments or Refundable Credits	Out of Scope

1. Select ***Amount Paid with Extension*** to enter a payment that was made with an extension to file. When preparing a prior year return, remember to ask if payments have been made.
2. Select ***Apply Overpayment to Next Year's Taxes*** to apply some or all of the federal refund to TY2027. To apply a state refund, go to ***State>Payments>Apply your state refund to next year's tax return*** (varies by state).
3. Select ***Federal Estimated Tax Payments*** or ***State Estimated Payments*** to enter estimated tax payment amounts paid in each quarter, as well as to enter any prior year refund amount that was applied to TY2026.
4. Select ***Other Federal Withholdings*** or ***Other State Withholdings*** to enter federal or state income tax withheld that was not already entered on the screens for Forms W-2, 1099, SSA-1099, etc.
5. Form 2210, *Underpayment of Estimated Tax*, is out of scope. Inform the taxpayer that, if applicable, the IRS will figure any penalty for underpayment of estimated tax and send them a bill/notice. Refer taxpayer to a professional preparer if they want to use Form 2210 to figure their penalty or request a waiver.
6. Select to print **Form 1040-ES**, federal estimated tax payment vouchers for 2027. See page K-26. For state vouchers, go to ***State>Miscellaneous Forms>Estimated Tax Payments*** (varies by state).

Form 1095-A Overview

Form 1095-A will be issued to any individual who purchased insurance for themself or others through the Marketplace. The return must include **Form 8962**, *Premium Tax Credit (PTC)*, if advance payments of the premium tax credit (APTC) were made for coverage of the taxpayer, spouse (if filing jointly), or a dependent. Form(s) 1095-A are needed to prepare Form 8962.

The taxpayer should seek a corrected Form 1095-A if it has incorrect information. This is not necessary if the only incorrect information is the second lowest cost silver plan (SLCSP) premium and the correct SLCSP is looked up (see #5 on next page).

To obtain an original or corrected Form 1095-A, the taxpayer can log into their online account at **HealthCare.gov** or call the **Marketplace call center: 1-800-318-2596 (TTY: 1-855-889-4325).**

- Look up your state's Marketplace at **HealthCare.gov/marketplace-in-your-state/**

Form **1095-A**

Department of the Treasury
Internal Revenue Service

Health Insurance Marketplace Statement

Do not attach to your tax return. Keep for your records.
Go to *www.irs.gov/Form1095A* for instructions and the latest information.

☐ VOID
☐ CORRECTED

OMB No. 1545-2232

20**XX**

Part I **Recipient Information** 1

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name	
4 Recipient's name		5 Recipient's SSN	6 Recipient's date of birth
7 Recipient's spouse's name		8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth
10 Policy start date	11 Policy termination date 2	12 Street address (including apartment no.)	
13 City or town	14 State or province	15 Country and ZIP or foreign postal code	

Part II **Covered Individuals**

	A. Covered individual name 3	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date 2
16					
17					
18					
19					
20					

Carefully examine Form 1095-A to make sure it reflects the taxpayer's account of coverage. Look for critical errors that will affect the PTC calculation, such as errors in enrollment premiums, SLCSP premiums, or APTC.

Examine these areas:

1. Part I, Recipient Information
2. Policy start and end dates (Part I) and Coverage start and termination dates (Part II)
3. Covered individuals (Part II): Are all listed individuals included in this tax return? If not, the return may be out of scope. See *Allocation of Policy Amounts (Shared Policy)* on page H-16.

Form 1095-A Overview (cont'd)

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	4	5	6
22 February			
23 March			
24 April			
25 May			
26 June			
27 July			
28 August			
29 September			
30 October			
31 November			
32 December			
33 **Annual Totals** 7			

Examine Part III for:

4. **Column A – Monthly enrollment premiums:** These are the monthly premiums for the policy in which the listed individuals are covered. This is the full premium, including the amount paid by APTC for essential health benefits. The amount does not include the cost of certain "extra" benefits such as adult dental coverage. It may not match the taxpayer's actual monthly premium.

5. **Column B – Monthly second lowest cost silver plan (SLCSP) premium:** The SLCSP premium is the premium for the second lowest cost silver-level plan that covers all members of the coverage family. If this column is blank, look up the SLCSP premium to enter in the software for Column B at **HealthCare.gov/tax-tool/** or at your state's Marketplace (find it at **HealthCare.gov/marketplace-in-your-state/**).

   You may need to look up the SLCSP premium if:

   - It is incorrect, perhaps because a change in family size was not reported. See *Change in coverage family* on page H-22.
   - It is missing. When someone paid the full premium because they did not request APTC, Marketplaces routinely leave this column blank.
   - There are multiple Forms 1095-A with conflicting information or the taxpayer otherwise thinks it's incorrect.

6. **Column C – Monthly advance payment of premium tax credit (APTC)**

7. An **Annual Totals** line provides the sum of the monthly amounts for Columns A, B and C

A person may be entitled to PTC even if no APTC was paid for the coverage — do not assume they are ineligible for PTC just because Columns B and C of Form 1095-A are blank. If an individual meets all eligibility rules in the **Form 8962 Instructions**, look up their SLCSP premium as described in #5 above.

Multiple Forms 1095-A

Some taxpayers will have multiple Forms 1095-A. This will happen if the taxpayer:

- Changed Marketplace plans during the year
- Updated their application with new information that resulted in a new enrollment
- Had family members enrolled in different Marketplace plans
- Had more than 5 family members in the same plan

Make sure everyone on each Form 1095-A is also on the tax return. If not, this may require the taxpayer to allocate policy amounts with another taxpayer, which makes this return out of scope.

Combining Multiple Forms 1095-A

Only one Form 8962 may be submitted with the tax return. Combine the Part III amounts across the Forms 1095-A as follows:

Part III **Coverage Information**

Month	**A.** Monthly enrollment premiums	**B.** Monthly second lowest cost silver plan (SLCSP) premium	**C.** Monthly advance payment of premium tax credit
21 January	8	9	10
22 February			
23 March			
24 April			
25 May			
26 June			
27 July			
28 August			
29 September			
30 October			
31 November			
32 December			
33 **Annual Totals**			

8. **Column A – Monthly enrollment premiums:** Add the premiums together.

9. **Column B – Monthly SLCSP premium:**
   - If everyone is enrolled in the same state, the SLCSP premium should be the same on all Forms 1095-A for a given month. Enter that amount.
   - If the enrollees are enrolled in different states, add the SLCSP premiums.

   When in doubt, look the SLCSP premium up at **HealthCare.gov/tax-tool/** or at your state's Marketplace (find it at **HealthCare.gov/marketplace-in-your-state/**).

10. **Column C – Monthly APTC**: Add the amounts together.

Taxpayer Stopped Paying Premiums

What you'll see on Form 1095-A, Part III:

Amounts in Columns B and C but no premium in Column A (-0-) for a month on Form 1095-A, Part III. See line 25 in the example below.

Example:

Part III **Coverage Information**

Month	**A.** Monthly enrollment premiums	**B.** Monthly second lowest cost silver plan (SLCSP) premium	**C.** Monthly advance payment of premium tax credit
21 January			
22 February	$301	$288	$87
23 March	$301	$288	$87
24 April	$301	$288	$87
25 May	- 0 -	$288	$87
26 June			
27 July			

What to do:

- The taxpayer can only claim a PTC for a month of enrollment if the premium for the month is paid by the tax return due date (without extensions). If the APTC covers most of the premium, it may be more cost effective to pay the premium than to repay the APTC. When the taxpayer pays the premium, they need to get a corrected Form 1095-A. Failure to get a corrected Form 1095-A may result in an IRS notice.
  - An exception for policies that remained in force with partial payment is described in *Enrollment premiums* in the **Instructions for Form 8962**. If that exception applies, reduce the amount in Column A by any portion of the premium that is unpaid.
- If the premium payment has not and will not be made, enter -0- in Column A and Column B for the month and enter the APTC for the month in Column C.

If there are consecutive months with no premium payment, there is likely an error on Form 1095-A.

PTC – Out of Scope Situations

See the *Premium Tax Credit* lesson in the **NTTC 4491** and **Publication 974**, *Premium Tax Credit (PTC)*, for more details about these out-of-scope topics.

Allocation of Policy Amounts (Shared Policy)

The return is out of scope if the taxpayer must allocate amounts with another taxpayer for a shared policy. A shared policy exists when a person on this tax return (taxpayer, spouse if MFJ, or claimed dependent) **and** a person not on this tax return are both covered persons on the same Form 1095-A.

However, the following are not shared policies and the return remains in scope:

- The covered taxpayer or spouse on this return is claimed as a dependent by another taxpayer. In this case, the other taxpayer must file Form 8962 to take the PTC and reconcile any APTC.
- The taxpayer or spouse enrolled a covered person who is not included in any tax family. i.e., the covered person is not claimed as a dependent by any taxpayer and, if they file a tax return, it indicates someone can claim them as a dependent. In this case, include the covered person's APTC on this tax return, but do not include their enrollment premiums, SLCSP premiums, or MAGI. For more details, see *An unclaimed dependent on Form 1095-A* in the *Premium Tax Credit* lesson of Tax-Aide's **NTTC 4491**.

Alternative Calculation for Year of Marriage

The combined income of a couple who married in 2026 may result in a larger repayment of excess APTC. This repayment may be reduced by electing the Alternative Calculation for Year of Marriage. However, this can only be elected if all of the below criteria apply and the return is out of scope if the taxpayer makes this election.

- Taxpayer and spouse got married during 2026, are filing jointly for 2026, and both were unmarried on January 1, 2026, and
- A member of the taxpayers' tax family was enrolled in a qualified health plan for which APTC was paid for months prior to the first full month of marriage, and
- Taxpayers have excess APTC (their APTC exceeds their allowed PTC).

Taxpayers may choose to file MFJ or MFS without the alternative calculation, in which case the return would remain in scope.

Self-Employed Taxpayers

Self-employed taxpayers can deduct their health insurance premiums as an adjustment to gross income. When a taxpayer is eligible for PTC, the computation of each is a circular calculation and the return is out of scope. Exception: return remains in scope if the allowable self-employed health insurance (SEHI) deduction limit is fully met by eligible non-Marketplace insurance, such as LTC insurance, Medicare, etc. See page E-9.

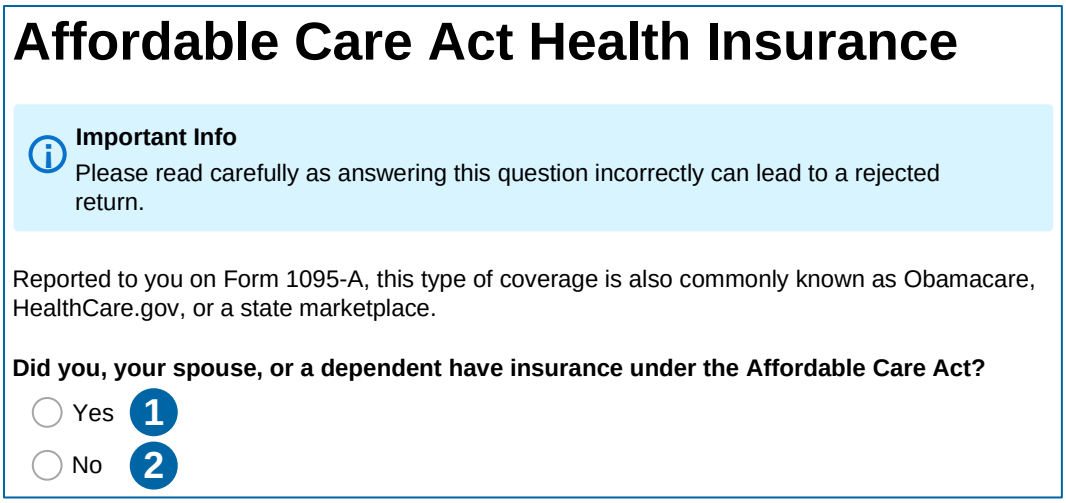
Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)

Under a QSEHRA, an eligible employer can reimburse eligible employees for health care costs, including Marketplace health insurance premiums. If Form W-2, box 12 has code FF (coverage under a QSEHRA) and the employee has a Marketplace policy and is otherwise eligible for PTC, the return is out of scope.

Individual Coverage Health Reimbursement Arrangement (ICHRA)

Employers may offer an ICHRA to reimburse employees or retirees for individual market coverage, including Marketplace health insurance premiums. Employees and family members with ICHRA coverage are not allowed a PTC. However, if the employee or family member could have been covered by an ICHRA, but opted out of coverage, they may be allowed a PTC if the ICHRA is considered unaffordable. The return is out of scope for an employee or family member with ICHRA coverage if the taxpayer claims entitlement to the PTC.

Access the Health Insurance section from the navigation menu on the left side of the screen



1. Answer ***Yes*** if Form 1095-A, Health Insurance Marketplace Statement, was received for coverage of the taxpayer, taxpayer's spouse if taxpayer is filing a joint return, or a dependent for any part of the year.
2. Answer ***No*** if the taxpayer applied for coverage via the Marketplace but was instead enrolled in Medicaid.

Answer ***No*** if you (and your spouse if filing jointly) are claimed as a dependent on another person's tax return (see #2 on page B-20). The person who claims you will file **Form 8962** to take the PTC and, if necessary, repay excess APTC for your coverage. You do not need to file Form 8962.

A ***Yes*** answer will lead to additional screens and require entry of information from Form 1095-A. If taxpayers answer ***No***, no further action is necessary.

IRS E-File Reject Code F8962-070

If reject code F8962-070 is received after e-Filing the return, this indicates the IRS was expecting Form 8962 to be included on the return, but it was not. Reconfirm whether the taxpayer, spouse, or dependent had Marketplace coverage at any time during the tax year. If so, have the taxpayer provide any missing Form(s) 1095-A and then return to the Health Insurance section in TaxSlayer. The above screen will be updated to provide a ***Yes*** and two ***No*** options:

- Select ***Yes*** if any member of the tax family had Marketplace coverage at any time during the tax year. Complete the Healthcare Insurance screens that follow to add Form 8962 to the return.
- Otherwise, select the applicable ***No*** option. A binary statement disputing the need for Form 8962 will be attached to the e-file.

If Marketplace fraud is suspected then the taxpayer should also contact the Marketplace. For more information taxpayers can refer to: **HealthCare.gov/protect-from-fraud-and-scams/**.

The return can be e-filed a second time after completing the above.

If ***Yes*** was answered on the prior screen, the following additional screens will be presented by the software.

Verify Your Household Members

If you have additional family members that are neither a spouse nor a dependent, click "Add a New Household Member."

If you need to add or remove dependents, click here to go to Personal Information.

Household Member

Name	SSN	Date of Birth
Taxpayer Sample	**xxx-xx-9996**	**6/6/1991**
Spouse Sample	**xxx-xx-9997**	**3/3/1994**
Daughter Sample	**xxx-xx-9998**	**2/2/2022**

If you wish to override the calculated Tax Family Size please click here. 3

3. Never override the calculated tax family size!

See the **Instructions for Form 8962** or **Publication 974**, for more details about the Premium Tax Credit.

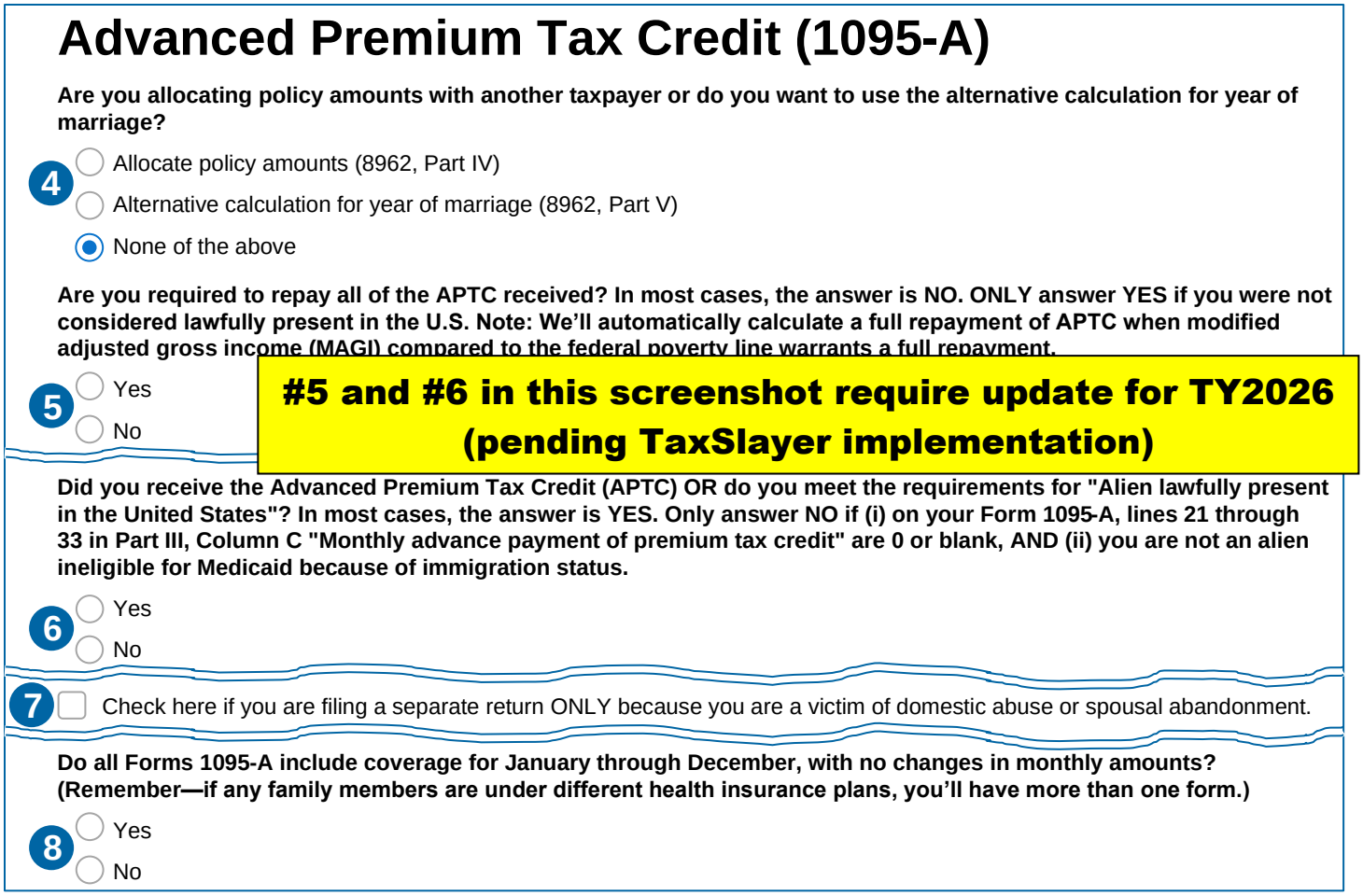
Tax Family. Your tax family may include individuals who are not in your coverage family. For purposes of the PTC, your tax family consists of the following individuals:

- You, if you file a tax return for the year and you can't be claimed as a dependent on someone else's 2026 tax return.
- Your spouse if filing jointly and they can't be claimed as a dependent on someone else's 2026 tax return.
- Your dependents whom you claim on your 2026 tax return. If you are filing Form 1040-NR, additional rules apply.

Coverage Family. Your coverage family includes only individuals in your tax family who are enrolled in a qualified Marketplace health plan and are not eligible for Minimum Essential Coverage (MEC) (other than individual market coverage). Also:

- An individual is in your coverage family for a particular month only if the portion of the enrollment premiums for the month for which you are responsible was paid by the due date of your tax return (not including extensions), the entire premium was covered by APTC, or the amount of the premium paid for the month was sufficient to avoid termination of the individual's coverage for that month described under *Enrollment premiums* in the **Instructions for Form 8962**.
- The individuals included in your coverage family may change from month to month.

Federal Poverty Line (FPL). TaxSlayer will look up the applicable FPL from Table 1-1, 1-2, or 1-3 of the **Instructions for Form 8962** based on tax family size and the Resident State entered on the Personal Information screen (see #17 on page B-23). Starting in TY2026, taxpayers with household income exceeding 400% of their FPL are no longer eligible for the PTC.



Complete this screen using the taxpayer's Form(s) 1095-A.

4. Allocation of policy amounts and the alternative calculation for year of marriage are both out of scope. See page H-16 for more details.

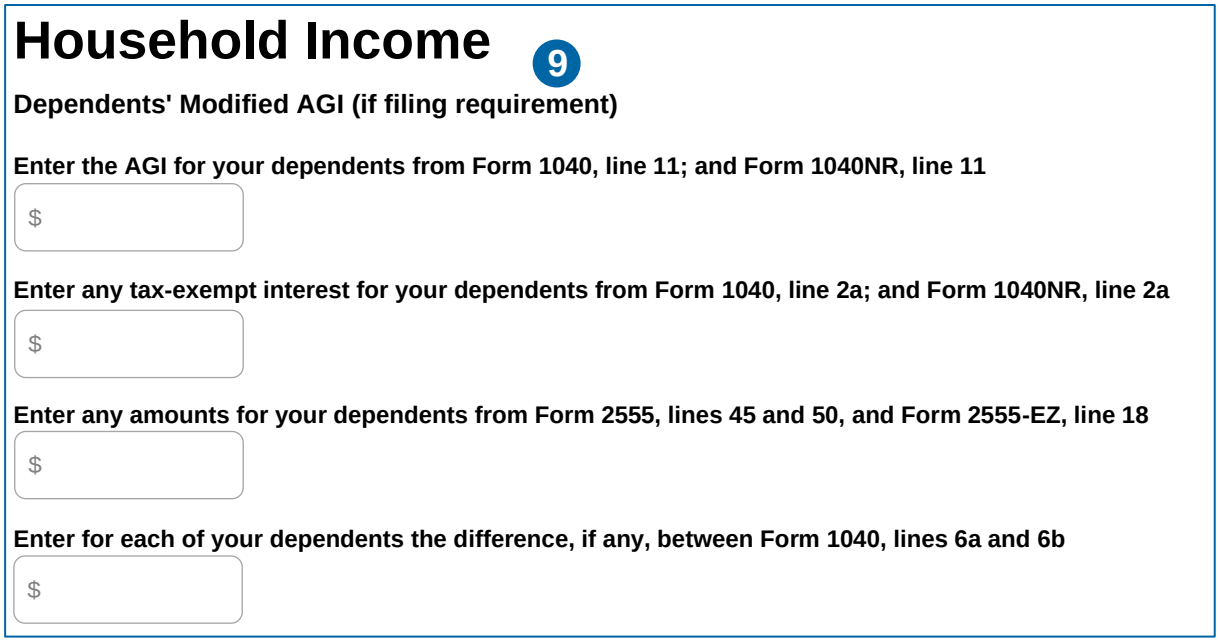
5. The question asking ***Are you require to repay all of the APTC received?*** should be deleted by TaxSlayer (to be confirmed after implementation). Starting in TY2026, full repayment of excess APTC is required.

6. This question only appears if the taxpayer's income is below 100% of the FPL. **Answer *Yes* in most cases.** Only answer ***No*** if no APTC was paid. This question should get reworded or deleted by TaxSlayer (to be confirmed after implementation)

7. This checkbox only appears if the taxpayer is Married Filing Separately (MFS). If the taxpayer is unable to file a joint return because they are a **victim of domestic abuse or spousal abandonment** check the box. See *Exception 2* in the **Instructions for Form 8962** for details. Married Filing Separately taxpayers who do not qualify for this exception are not eligible for the PTC and must repay APTC (however, the return **may** be out of scope due to requiring allocation of policy amounts, see page H-16).

8. If Form 1095-A Part III shows full-year coverage with the same monthly amounts in Columns A and B for all 12 months, select ***Yes***. Otherwise, select ***No***. Also select ***No*** if one or more of the amounts in column B is incorrect and the correct SLCSP premium amounts are not the same for all 12 months.

   Complete the fields that appear below after answering ***Yes*** (annual totals) or ***No*** (monthly amounts).



9. Enter household income ONLY for dependents who are required to file a return because their income meets the filing threshold. See page A-3, *Who Must File*, *Chart B – For Children and Other Dependents*.

Do not include household income for any dependents who are filing a 2026 return only to claim a refund of withheld income tax or estimated tax.

TaxSlayer calculates **Household income** as MAGI of the taxpayer (and spouse if filing jointly) plus dependents' MAGI entered via the screen above. **MAGI** is adjusted gross income (AGI) + tax-exempt interest + excluded foreign earned income + the nontaxable portion of Social Security benefits.

10. After completing the Health Insurance section in TaxSlayer, it will calculate either of the following:

- **Form 8962, line 26, Net PTC** (the amount by which the PTC exceeds the APTC). This will flow to Form 1040, Schedule 3, line 9, and increase the refund or reduce the balance due.
- **Form 8962, line 27, Excess advance payment of PTC** (the amount by which the APTC exceeds the PTC). This amount must be repaid and will flow to Form 1040, Schedule 2, line 1a.

If a taxpayer is itemizing deductions on Schedule A, remember to adjust the amount deducted for Marketplace insurance premiums. Increase the deduction for APTC repayment (Schedule 2, line 1a); decrease the deduction for additional PTC (Schedule 3, line 9).

Important! If the taxpayer is currently enrolled in Marketplace coverage and has a 2026 repayment of APTC, the taxpayer should contact the Marketplace now to adjust their 2027 APTC to minimize repayments for TY2027! **There are no repayment caps for TY2026 or later.** Also see *Handling Unexpected APTC Repayments* on next page.

Handling Unexpected APTC Repayments

You may encounter a taxpayer with an unexpected excess APTC on Form 8962, line 27, that they must repay. An unexpected repayment may occur when the taxpayer receives unanticipated income, such as retroactive disability, lump-sum Social Security benefits, a work bonus or gambling winnings.

Review the Health Insurance section in the software:

- Make sure Form 1095-A is correct and complete (see *Form 1095-A Overview* on page H-12).



Ask the taxpayer to contact the Marketplace if the form doesn't reflect premiums that were paid or if there are other errors.

  - **Marketplace call center: 1-800-318-2596 (TTY: 1-855-889-4325), or if applicable**...
  - **Look up your state's Marketplace at HealthCare.gov/marketplace-in-your-state/**

- If the taxpayer received Form 1095-A and their income was below 100% of the FPL, make sure the question ***Is your household income below 100%...*** is answered correctly on the ***Advanced Premium Tax Credit*** screen (see #6 on page H-19). Also see *Medicaid or Children's Health Insurance Program (CHIP)* on the next page.
- If the taxpayer or spouse lived in Hawaii or Alaska at any point during the year, ensure that state is selected as the ***Resident State*** on the Personal Information screen. See #17 on page B-23.

Consider income adjustments to reduce household income:

- If the taxpayer is eligible to claim an IRA deduction, remember that taxpayers can contribute to an IRA until the tax filing deadline (not including extensions).
- If the taxpayer or spouse has an HSA and has not contributed the maximum for the tax year, he or she may contribute to their HSA until the tax filing deadline (not including extensions).
  - If the taxpayer or spouse is self-employed, ensure all business expenses have been claimed. The taxpayer may be able to claim the self-employed health insurance (SEHI) deduction which reduces household income, in which case the return is out of scope. Exception: return remains in scope if the allowable SEHI deduction limit is fully met by eligible non-Marketplace insurance, such as LTC insurance, Medicare, etc. See page E-9.
- If the taxpayer or spouse is eligible and wishes to establish a SEP-IRA, which has a higher deduction limit than a traditional IRA, refer him/her to a professional return preparer.

Taxpayer is ineligible for PTC for one or more months

See *Who Can Take the PTC* in the **Instructions for Form 8962**. Enter -0- in Column B for any months the taxpayer was ineligible.

Change in coverage family

See *Coverage Family* on page H-18 for definition. If the coverage family changed during the year and this was not timely reported to the Marketplace, then the SLCSP entry for Column B must be adjusted:

- For months where the SLCSP is correctly shown in Column B, use the reported amount.
- For months where the actual coverage family size was zero, enter -0- in Column B.
- Otherwise look up and enter the SLCSP in Column B applicable for that month's coverage family. Look up the applicable SLCSP premium at **HealthCare.gov/tax-tool/** or at your state's Marketplace (find it at **HealthCare.gov/marketplace-in-your-state/**).

See below if *Overlapping Coverage* also applies.

Overlapping Coverage

There are special rules for taxpayers who wish to claim PTC when they had another offer of coverage. See **Publication 974** for additional information. If applicable, see *Taxpayer is ineligible for the PTC for one or more months* above. **In general:**

- A person who is eligible for PTC and becomes eligible for other coverage after the first day of the month can claim PTC for that month.
- If a person eligible for PTC for whom APTC is being paid informs the Marketplace that he or she is now eligible for other minimum essential coverage and APTC should be discontinued, and the Marketplace does not discontinue APTC by the first day of the following month, the person remains eligible for PTC until the first day of the second month the individual may enroll in other coverage.

Medicaid or Children's Health Insurance Program (CHIP):

- If the Marketplace determined the taxpayer was eligible for APTC and therefore ineligible for Medicaid or CHIP, and APTC was paid for the taxpayer, the taxpayer will generally remain ineligible for Medicaid or CHIP for the plan year, even if actual household income suggests the person may have been eligible for Medicaid or CHIP. If this is the case, answer ***Yes*** to the question in TaxSlayer which asks ***Did you receive the Advanced Premium Tax Credit (APTC)?***
- If an individual for whom APTC is being paid is determined to be eligible for government-sponsored coverage retroactively, the individual is not considered eligible for that coverage until the month after the eligibility determination is made. (For example, a person who enrolled at the beginning of the year in Marketplace coverage with APTC, but in July is determined eligible for Medicaid retroactive to April 1, can, if otherwise eligible, claim PTC for January through July, despite concurrent enrollment in Medicaid in April through July.)

Medicare:

- If someone becomes eligible for Medicare and completes the requirements necessary to receive Medicare benefits by the last day of the third full calendar month after the event that establishes eligibility (such as turning 65), they remain eligible for PTC until the first day of the first full month they can receive Medicare benefits.

  Example 1: Jane was enrolled in a qualified Marketplace plan. She turned 65 on June 3 and applied for Medicare in July. Her Medicare coverage began August 1. Because she completed the requirements by September 30, the last day of the third full calendar month after turning 65, she remained eligible for PTC through July. She was not eligible for PTC beginning August 1.

- If the requirements are not completed by the end of the third full calendar month, the individual is considered eligible for Medicare beginning on the first day of the fourth calendar month after the event establishing eligibility (such as turning 65). They are not eligible for PTC beginning on that date.

  Example 2: Assume the same facts as in Example 1, except Jane did not complete the requirements by September 30. She was considered eligible for Medicare beginning October 1, the first day of the fourth calendar month after she turned 65. She remained eligible for PTC through September and was not eligible for PTC beginning October 1. The date Jane becomes ineligible for PTC is the same whether she completes the requirements late or does not enroll in Medicare at all.

Employer-sponsored coverage:

- Except as provided above (a person for whom APTC is being paid informs the Marketplace that he or she is now eligible for other minimum essential coverage and APTC should be discontinued), a person cannot claim PTC for their Marketplace coverage for any full month the person was enrolled in employer-sponsored coverage; if APTC was paid for a person's Marketplace coverage for a month the person was enrolled in employer-sponsored coverage, it must be repaid (unless the person informed the Marketplace of the eligibility and the APTC was not discontinued, as noted above).
- PTC can be claimed for an individual who was eligible for, but not enrolled in, employer-sponsored coverage only if:
  - The employer coverage was unaffordable, or
  - The taxpayer advised the Marketplace of the employer offer and the Marketplace determined the coverage was unaffordable for the employee (see Exception below), or
  - The coverage did not provide a minimum level of benefits, referred to as "minimum value." A taxpayer who suspects coverage did not meet minimum standards can check with the employer.
- Exception: A person who is eligible for employer-sponsored coverage and gave the Marketplace accurate information about the offer of coverage but was still determined eligible for APTC can claim PTC for their Marketplace coverage, if otherwise eligible, even if the employer coverage is affordable based on the taxpayer's actual household income.
- See **Publication 974** for more information and special rules on employer-sponsored coverage, including coverage waiting periods, health reimbursement arrangements, coverage after employment ends, and determining if a plan is affordable.

Tab I: Earned Income Credit (EIC)

Ⓑ Earned Income Table

Earned Income for EIC[1]

Includes	Doesn't include
• Taxable wages, salaries, tips, and third-party sick pay • Medicaid Waiver Payments[2] • Union strike benefits • Taxable long-term disability benefits received prior to minimum retirement age • Net earnings from self-employment • Gross income of a statutory employee • Household employee income • Nontaxable combat pay election • Nonemployee compensation • The rental value of a home or a housing allowance provided to a minister as part of the minister's pay (out of scope) • Election/poll worker compensation[3]	• Interest and dividends • Social Security, including SSI and SSDI, and railroad retirement benefits • Welfare benefits • Workfare payments • Pensions and annuities (except if disability pension and taxpayer is under minimum retirement age) • Veteran's benefits (including VA rehabilitation payments) • Workers' compensation benefits • Alimony • Child support • Nontaxable foster-care payments • Unemployment compensation • Taxable scholarship or fellowship grants that aren't reported on Form W-2 • Earnings for work performed while an inmate at a penal institution or on work release[4] • Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan) • The value of meals or lodging provided by an employer for the convenience of the employer • Disability Insurance payments resulting from premiums paid by the taxpayer • Excludable dependent care benefits (line 25 of Form 2441) • Salary reductions such as under a cafeteria plan • Excludable employer-provided educational assistance benefits (may be shown in box 14 of Form W-2)

1 The same definitions can be applied to the Additional Child Tax Credit and the Dependent Care Credit.

2 Only if Taxpayer chooses to include Medicaid Waiver Payments (MWP) in earned income. See page D-13.

3 See page D-83 for instructions on entering election/poll worker compensation.

4 This particular income is entered as other income on the return and not counted as earned income. For instructions on entering this income, see #1 on page D-81 and #3 on page D-87.

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
- Not claiming a qualifying child because the child is not a dependent, e.g., a full-time student under age 24 who supported themselves, or a disabled family member whose income covers half of their support. Support is not a test for EIC

Ⓑ Summary of EIC Eligibility Requirements

To claim the EIC, you must meet certain rules, as summarized below. See **Publication 596**, *Earned Income Credit (EIC)*, for more details on these rules.

A. Rules for Everyone		B. Rules If You Have a Qualifying Child	C. Rules If You Don't Have a Qualifying Child
Rules 1 and 15: Both your AGI and earned income must ***each*** be less than: • $62,974 ($70,244 if Married Filing Jointly) with three or more qualifying children • $58,629 ($65,899 if Married Filing Jointly) with two qualifying children • $51,593 ($58,863 if Married Filing Jointly) with one qualifying child • 19,540 ($26,820 if Married Filing Jointly) with no qualifying child	**Rule 2:** You, your spouse if filing jointly, and your qualifying children[1] must all have SSNs that are valid for employment by the due date of the return (including extensions).[2] **Rule 3:** You must meet certain requirements if you are married and filing as MFS or HOH.[3] **Rule 4:** You must be a U.S. citizen or resident alien all year.[4] **Rule 5:** You can't file Form 2555, *Foreign Earned Income*. **Rule 6:** Your investment income must be $12,200 or less. **Rule 7:** You must have earned income to qualify for this credit.	**Rule 8:** Your child must meet the relationship, age, residency, and joint return tests but not the support test. The child doesn't have to be your dependent.[5] **Rule 9:** Your qualifying child can't be used by more than one person to claim the EIC. **Rule 10:** You can't be a qualifying child of another taxpayer.[6] **Note:** There is no taxpayer age requirement when claiming the EIC with a qualifying child.	**Rule 11:** You must be at least age 25 but under age 65 as of December 31.[7] **Rule 12:** You can't be the dependent of another person. **Rule 13:** You can't be a qualifying child of another taxpayer.[6] **Rule 14:** You must have lived in the United States more than half the year.

[1] A child without an SSN valid for EIC cannot be counted for the credit. However, if the taxpayer (and spouse, if filing jointly) have valid SSNs and meet all other rules, they may still claim the EIC based on other qualifying children with valid SSNs, or claim the smaller credit without a qualifying child if no children have valid SSNs.

[2] See the note at the bottom of page B-21 for details on SSNs valid for employment and EIC.

[3] Married taxpayers who don't file a joint return can claim the EIC only if they had a ***qualifying child*** living with them for more than half the year ***and*** either of the following apply:

- They lived apart from their spouse for the last 6 months of the year, or
- They are legally separated according to state law under a written separation agreement or a decree of separate maintenance and didn't live in the same household as their spouse at the end of the year.

If all requirements are met, check the applicable box in TaxSlayer (flows to checkbox at bottom of the Form 1040 Dependents section):

- ***MFS:*** In Personal Information, check ***Filing Married filing separately and meets the requirements to claim the EIC*** (see #6 on page B-21).
- ***HOH:*** In Filing Status, check ***Married and lived apart from spouse the last 6 months of the year*** (see #3 on page B-17).

If the child who meets the conditions to be a qualifying child for purposes of this special rule doesn't have a valid SSN, the taxpayer may still qualify to claim a self-only EIC, if all other requirements are met.

[4] If you were a nonresident alien for any part of the year, you can't claim the EIC unless you file as MFJ. You can use that filing status only if your spouse is a U.S. citizen or resident, and you made the election to be treated as a U.S. resident (see #11 on page B-22).

[5] To meet the joint return test, the child cannot file a joint return for the year unless it's only to claim a refund of income tax withheld or estimated tax paid.

[6] If the taxpayer is a qualifying child of another taxpayer for EIC purposes, you must indicate the Taxpayer is not eligible for EIC as described on page I-7. Note that this is not necessary if the taxpayer can be claimed as a dependent by another taxpayer—in that case, the EIC is blocked by checking the box for ***Taxpayer*** (or Spouse) ***can be claimed as a dependent on someone else's return*** in the Personal Information section (as shown in #2 on page B-20).

[7] You meet this age test if you were born after December 31, 1961, and before January 2, 2002. If filing a joint return, either you or your spouse must meet this age requirement.

Taxpayers cannot file an amended return to claim the credit for a year they did not originally have a valid Social Security number.

The NTTC **EITC Graph** can help explain why a taxpayer's EIC changed from last year. To generate a custom chart with both overlayed, see the **Tax Credit Plotter** in the **Colorado Resource Toolbox**.

Ⓑ EIC General Eligibility Rules

Use the interview tips below and on the next two pages to determine if a taxpayer with earned income is eligible to claim the EIC.

Start here:

Step	Probe/Ask the taxpayer:	Action
1	Calculate the taxpayer's earned income and adjusted gross income (AGI) for the tax year. Are both less than: • $62,974 ($70,244 if Married Filing Jointly) with three or more qualifying children • $58,629 ($65,899 if Married Filing Jointly) with two qualifying children • $51,593 ($58,863 if Married Filing Jointly) with one qualifying child • $19,540 ($26,820 if Married Filing Jointly) with no qualifying children?	If **YES,** go to Step 2. If **NO,** STOP. You can't claim the EIC.
2	Do you, and your spouse, if filing jointly, have a Social Security number (SSN) issued on or before the due date of your return (including extensions) that allows you to work?[1] Answer **NO** if the taxpayer's Social Security card says "NOT VALID FOR EMPLOYMENT," and the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.	If **YES,** go to Step 3. If **NO,** STOP. You can't claim the EIC.
3	Do any of the following apply: • you were not married at the end of 2026, or • you are filing a joint return with your spouse, or • you meet the requirements of the special rule for married taxpayers filing MFS or HOH?[2]	If **YES,** go to Step 4. If **NO,** STOP. You can't claim the EIC.
4	Were you or your spouse a nonresident alien for any part of the year? Answer **NO** if filing a joint return where one spouse is a U.S. citizen or resident married to a nonresident alien spouse, and they've made the election to treat the NRA spouse as a U.S. resident (see #11 on page B-21).	If **YES**, STOP. You can't claim the EIC. If **NO,** go to Step 5.
5	Are you (or your spouse, if filing jointly) filing Form 2555, *Foreign Earned Income*, to exclude income earned in a foreign country?	If **YES,** STOP. You can't claim the EIC. If **NO,** go to Step 6.
6	Is your investment income (interest, tax exempt interest, dividends, capital gains distributions & capital gains) more than $12,200?	If **YES,** STOP. You can't claim the EIC. If **NO,** go to Step 7.
7	Could you (or your spouse, if filing jointly) be the qualifying child of another taxpayer? Answer **NO** if the other taxpayer isn't required to file, and isn't filing a tax return or is filing a return only to claim a refund of withheld income tax or estimated tax paid.	If **YES,** STOP. You can't claim the EIC.[3] If **NO,** go to the interview tips for EIC With a Qualifying Child or EIC Without a Qualifying Child.

[1] If a Social Security card says "VALID FOR WORK ONLY WITH INS AUTHORIZATION" or "VALID FOR WORK ONLY WITH DHS AUTHORIZATION," and that authorization is still valid, the SSN is valid to claim the EIC.

[2] If these special requirements are met, the checkbox at the bottom of the Dependents section of Form 1040 must be checked. See Footnote 3 on the prior page.

[3] If the taxpayer is a qualifying child of another taxpayer, they are not allowed to claim EIC. Prevent an ineligible claim in TaxSlayer as described in Footnote 6 on the prior page.

Do not open the EIC Checklist in TaxSlayer. Form 8867, *Paid Preparer's Due Diligence Checklist*, is not applicable to volunteer preparers.

The IRS cannot issue refunds before mid-February for returns that claim the EIC.

Ⓑ EIC With a Qualifying Child

Do not start with the interview tips on this page. Always start with the interview tips for the EIC General Eligibility Rules on the prior page.

Interview Tips: EIC With a Qualifying Child

Step	Probe/Ask the taxpayer:	Action
1	Does your qualifying child have an SSN that allows him or her to work? Answer **NO** if the child's Social Security card says "NOT VALID FOR EMPLOYMENT" and their SSN was only obtained to get a federally funded benefit.	If **YES,** go to Step 2. If **NO,** STOP. You can't claim the EIC on the basis of this child. Use this table to check any other qualifying child. If no child has an SSN valid for EIC, go to interview tips for EIC Without a Qualifying Child.
2	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?	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.
3	Was the child any of the following at the end of the tax year? • Under age 19 and younger than the taxpayer (or spouse, if filing jointly) • Under age 24 and a full-time student and younger than the taxpayer (or spouse, if filing jointly), or • Any age and permanently and totally disabled	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.
4	Did the child file a joint return for the year?[1] Answer **NO** if the child and his or her spouse filed a joint return only to claim a refund of income tax withheld or estimated tax paid.	If **YES,** STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child. If **NO,** go to Step 5.
5	Did the child live with you in the United States for more than half (183 days) of the tax year?[2] Active-duty military personnel stationed outside the United States are considered to live in the United States for this purpose.	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.
6	Is the child a qualifying child of another person? There may be a case when a qualifying child can't be claimed by anyone. Example: The only parent that the child lives with doesn't work or file 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.	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, TaxSlayer will automatically calculate the EIC if all entries have been made correctly. If **NO,** TaxSlayer will automatically calculate the EIC if all entries have been made correctly.

[1] **Married child.** Even if your child doesn't file a joint return, if your child was married at the end of the year, your child can't be your qualifying child unless:

- You can claim the child as a dependent, or
- The reason you can't claim the child as a dependent is that you let the child's other parent claim the child as a dependent under the special rules described in Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart.

[2] **Temporary absences.** Count time that you or your child is away from home on a temporary absence due to a special circumstance as time the child lived with you. Examples of a special circumstance include illness, school attendance, business, vacation, military service, and detention in a juvenile facility.

Ⓑ EIC Without a Qualifying Child

Do not start with the interview tips on this page. Always start with the interview tips for the EIC General Eligibility Rules on page I-4.

Interview Tips: EIC Without a Qualifying Child

Step	Probe/Ask the taxpayer:	Action
1	Can you (or your spouse, if filing jointly) be claimed as a dependent by another person? Answer **NO** if the other person isn't required to file, and isn't filing a tax return or is filing a return only to claim a refund of withheld income tax or estimated tax paid.	If **NO,** go to Step 2. If **YES,** STOP. You can't claim the EIC.
2	Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year? Note: You meet this age test if you were born after December 31, 1961, and before January 2, 2002. If filing a joint return, either you or your spouse must meet this age requirement.	If **NO,** STOP. You can't claim the EIC. If **YES,** go to Step 3.
3	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?	If **NO,** STOP. You can't claim the EIC. If **YES,** TaxSlayer will automatically calculate the EIC if all entries have been made correctly.

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 tiebreaker rules on page C-3 explain who, if anyone, can claim the EIC when more than one person has the same qualifying child. Review all the conditions to see which one applies.

The tiebreaker rules are included in Tax-Aide's **Qualifying Child or Relative Resource Tool**.

If the taxpayers can't claim the EIC because their qualifying child is treated under the tiebreaker rules as the qualifying child of another person for 2026, they may be able to take the EIC using a different qualifying child, or take the EIC if they qualify using the above rules for EIC Without a Qualifying Child.

Subject to these tiebreaker rules, the taxpayer and the other person may be able to choose which of them claims the child as a qualifying child. Only parents have the option to choose which parent will claim the child. All other taxpayers wanting to claim the qualifying child must follow the tiebreaker rules. See **Publication 596**, *Earned Income Credit (EIC)*, for examples. The IRS will apply the tiebreaker rules when the child is claimed by multiple taxpayers.

Ⓑ Disallowance of Certain Credits

Deductions>Credits>Claiming Refundable Credits after Disallowance; or Keyword: 8862

Form 8862, *Information to Claim Certain Credits After Disallowance*, must be completed for any taxpayer whose EIC, credit for other dependents (ODC), child tax credit (CTC), additional child tax credit (ACTC), or American opportunity tax credit (AOTC), 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. See the **Instructions for Form 8862** for more details.

If the IRS determined a taxpayer claimed the credit(s) due to reckless or intentional disregard of the rules (not due to math or clerical errors) 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.

Two situations may require completion of Form 8862

1. The IRS advised the taxpayer that Form 8862 must be completed for a future tax return.
2. A return has been rejected with reject code IND-046-01 – "Incorrect Data: Form 8862 must be present in the return. The IRS e-file database indicates the taxpayer must file Form 8862 to claim Earned Income Credit after disallowance."

Steps for completing Form 8862:

- Go to the above navigation
- Select ***Information to Claim Certain Refundable Credits After Disallowance***
- Select ***BEGIN*** for the credit to be claimed; e.g., ***Claim EIC After Disallowance***

  Credits listed will be the ones for which the taxpayer is eligible.

To Claim EIC After Disallowance

- Do not check the first box ***Check here if the only reason your EIC was reduced or disallowed in the earlier year was because you incorrectly reported your earned income or investment income*** unless that is the actual reason the EIC was reduced/eliminated.
- Answer remaining questions and click ***CONTINUE***. Questions must be answered for all children.

To Claim CTC/ACTC After Disallowance

- Click the ***Claim Credit*** button and then ***CONTINUE***.

To Claim AOTC After Disallowance

- Click the ***FORM 8863*** button and then confirm education credit entries.

Taxpayer is not eligible for EIC

If the taxpayer is not eligible for the Earned Income Credit for any reason (not only due to a previous year disallowance), navigate to ***Deductions>Credits>Claiming Refundable Credits after Disallowance>Not Eligible for EIC***. After reading both statements carefully, select both checkboxes to confirm the taxpayer agrees to not claim the EIC on the return. This marks the checkbox on Form 1040, line 27c, and blocks the calculation of the EIC.

Tab J: Education Benefits

Tax Treatment of Scholarship and Fellowship Payments

A scholarship or fellowship is tax free (excludable from gross income) only if:

- You are a candidate for a degree at an eligible educational institution. You are a candidate for a degree if you attend a primary or secondary school or are pursuing a degree at a college or university, or attend an educational institution that offers a program of training to prepare students for gainful employment in a recognized occupation and is authorized under federal or state law to provide such a program and is accredited by a nationally recognized accreditation agency.

A scholarship or fellowship is tax free only to the extent:

- It doesn't exceed your qualified education expenses;
- It isn't designated or earmarked for other purposes (such as room and board), and doesn't require (by its terms) that it can't be used for qualified education expenses; and
- It doesn't represent payment for teaching, research, or other services required as a condition for receiving the scholarship. For exceptions, see *Payment for services* in **Publication 970**, *Tax Benefits for Education*.

Use Worksheet 1-1 on the next page to figure the amount of a scholarship or fellowship you can exclude from gross income.

Education Expenses

The following are qualified education expenses for the purposes of tax-free scholarships and fellowships:

- Tuition and fees required to enroll at or attend an eligible educational institution.
- Course-related expenses, such as fees, books, supplies, and equipment that are required for the courses at the eligible educational institution. These items must be required of all students in your course of instruction.

Qualified education expenses don't include the cost of:

- Room and board
- Research
- Equipment and other expenses not required for enrollment in or attendance at an eligible educational institution
- Travel
- Clerical help



If scholarships and grants exceed the qualified educational costs, some of the grant or scholarship may be taxable to the student (not the taxpayer claiming the student as a dependent). See #1 on page D-86 for information on how to enter taxable scholarships.

Worksheet 1-1. Taxable Scholarship and Fellowship Income

1.	Enter the total amount of any scholarship or fellowship grant for 2026. See *Amount of scholarship or fellowship grant* in **Publication 970**. • If you are a degree candidate at an eligible educational institution, go to line 2. • If you **aren't** a degree candidate at an eligible educational institution, **stop here**. The entire amount is **taxable**. For information on how to report this amount on your tax return, see *Entering Other Compensation* on page D-86.	**1.** _____
2.	Enter the amount from line 1 that was for teaching, research, or any other services required as a condition for receiving the scholarship. Don't include amounts received for these items under the National Health Service Corps Scholarship Program, the Armed Forces Health Professions Scholarship and Financial Assistance Program, or a comprehensive student work-learning-service program (as defined in Section 448(e) of the Higher Education Act of 1965) operated by a work college (as defined in that section).	**2.** _____
3.	Subtract line 2 from line 1	**3.** _____
4.	Enter the amount from line 3 that your scholarship or fellowship grant **required** you to use for other than qualified education expenses	**4.** _____
5.	Subtract line 4 from line 3	**5.** _____
6.	Enter the amount of your qualified education expenses	**6.** _____
7.	Enter the smaller of line 5 or line 6. This amount is the most you can exclude from your gross income (the tax-free part of the scholarship or fellowship grant)[1]	**7.** _____
8.	Subtract line 7 from line 5	**8.** _____
9.	**Taxable part.** Add lines 2, 4, and 8. See *Entering Other Compensation* on page D-86 for how to report this amount on your tax return	**9.** _____

[1] However, a scholarship or fellowship grant isn't treated as tax free to the extent the student includes it in gross income (the student may or may not be required to file a tax return for the year the scholarship or fellowship grant is received) and either:

- The scholarship or fellowship grant (or any part of it) **must** be applied (by its terms) to expenses (such as room and board) other than qualified education expenses.
- The scholarship or fellowship grant (or any part of it) **may** be applied (by its terms) to expenses (such as room and board) other than qualified education expenses.

You may be able to increase the combined value of an education credit and certain educational assistance if the student includes some or all of the educational assistance in income in the year it is received. For more information, see the examples under *Coordination with Pell grants and other scholarships or fellowship grants* in **Publication 970**.

Highlights of Education Tax Benefits

This chart highlights some differences among the benefits discussed in **Publication 970**. See the text for definitions and details. Don't rely on this chart alone.

Expenses for professional development of an educator can be claimed as an educator expense adjustment.

You generally can't claim more than one benefit for the same education expense.

What type of benefit?	What is your benefit?	What is the annual limit?
Scholarships, Fellowships, Grants, and Tuition Reductions	Amounts received may not be taxable	None
American Opportunity Credit	Credits can reduce the amount of tax you have to pay. 40% of the credit may be refundable (limited to $1,000 per student).	$2,500 credit per student (100% of the first $2,000 plus 25% of the second $2,000 of qualified expenses per student)
Lifetime Learning Credit	Credits can reduce amount of tax you must pay	$2,000 credit per tax return (20% of up to $10,000 of qualified expenses)
Student Loan Interest Deduction	Can deduct interest paid on qualified loans. See page E-18 for more information.	$2,500 deduction per return
Coverdell ESA[1] OOS if taxable	Earnings not taxed	$2,000 contribution per beneficiary
Qualified Tuition Program (QTP) (529 Plan)[1] OOS if taxable	Earnings not taxed	None
Education Exception to Additional Tax on Early IRA Distributions[1]	No 10% additional tax on early distribution	Amount of qualified education expenses reduced by any tax-free educational assistance
Education Savings Bond Program[1] OOS	Interest not taxed	Amount of qualified education expenses
Employer-Provided Educational Assistance[1]	Employer benefits not taxed	$5,250 exclusion
Business Deduction for Work-Related Education	Can deduct expenses	Amount of qualifying work-related education expenses

OOS = Out of Scope

[1] Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

Highlights of Education Tax Benefits (cont'd)

What type of benefit?	What expenses qualify besides tuition and required enrollment fees?
Scholarships, Fellowships, Grants, and Tuition Reductions	Course-related expenses such as fees, books, supplies, and equipment
American Opportunity Credit	Course-related books, supplies, and equipment. See *What are Qualifying Expenses* on page J-9 for additional information. **Note:** The maximum amount of qualified education expenses is $4,000.
Lifetime Learning Credit	Student activity fees and expenses for course related books, supplies, and equipment are included in qualified education expenses only if the fees and expenses must be paid to the institution for enrollment or attendance. **Note:** The maximum amount of qualified education expenses is $10,000.
Coverdell ESA[1] OOS if taxable	• Books, Supplies, Equipment • Expenses for special needs services • Payments to QTP • Higher education: Room and Board if at least half-time student[2] • Elem/sec (K-12) education: Tutoring, Room & board, Uniforms, Transportation, Computer access • Supplementary expenses
Qualified Tuition Program (QTP) (529 Plan)[1] OOS if taxable	• Higher Education: ○ Books, Supplies, Equipment ○ Room & board if at least half-time student[2] ○ Expenses for special needs services ○ Computer Equipment, computer software, or internet access and related services • Elem/sec (K-12) education: curriculum materials, tutoring, testing fees related to college or university admission. See **Publication 970** for details. • Qualified postsecondary credentialing expenses. See **Publication 970** for details. • Principal or interest on beneficiary's or sibling's student loan. The amount of distributions for loan repayments of any individual is limited to $10,000 lifetime.
Education Exception to Additional Tax on Early IRA Distributions[1]	• Books, Supplies, Equipment including computer or peripheral equipment, computer software and internet access and related services if used primarily by the student enrolled at an eligible education institution • Room & board if at least half-time student[2] • Expenses for special needs services • Elem/sec (K-12) education: curriculum materials, tutoring, testing fees related to college or university admission. See **Publication 970** for details.
Education Savings Bond Program[1] OOS	• Payments to Coverdell ESA • Payments to QTP
Employer-Provided Educational Assistance[1]	• Books, Supplies and Equipment • Principal or interest on any qualified education loan
Business Deduction for Work-Related Education	• Transportation • Travel • Other necessary expenses

OOS = Out of Scope

[1] Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

[2] Room and board expenses qualify only up to the greater of the following two amounts:

- The actual amount charged if the student is residing in housing owned or operated by the educational institution.
- The allowance for food and housing (room and board) specified by the educational institution in their cost of attendance (COA) for federal financial aid purposes for the academic period of attendance and the student's living arrangement (e.g. on-campus housing, commuting, etc.). Taxpayer must obtain the COA from the student's institution (see example from **UCLA**).

Highlights of Education Tax Benefits (cont'd)

Taxpayers filing MFS cannot claim the American opportunity credit, lifetime learning credit, or student loan interest deduction.

What type of benefit?	What education qualifies?	What are some of the other conditions that apply?	MAGI range for phaseout?
Scholarships, Fellowships, Grants, and Tuition Reductions	• Undergraduate & graduate • K-12	• Must be in degree or vocational program • Payment of tuition and required fees must be allowed under the grant	No phaseout
American Opportunity Credit	• Undergraduate & graduate • A graduate student can claim the American opportunity credit if and only if the student hasn't completed the first four years before the beginning of the tax year	• Can be claimed for only 4 tax years (which includes years Hope credit claimed) • Must be enrolled at least half-time in a program leading to a degree, certificate, or other recognized educational credential • No felony drug conviction(s) • Must not have completed first 4 years of postsecondary education before end of preceding tax year	$80,000–$90,000 ($160,000–$180,000 if MFJ)
Lifetime Learning Credit	• Undergraduate & graduate • Courses to acquire or improve job skills	• No other conditions	$80,000–$90,000 ($160,000–$180,000 if MFJ)
Student Loan Interest Deduction	• Undergraduate & graduate	• Must have been at least half-time student in degree program	$85,000–$100,000 ($175,000–$205,000 if MFJ)
Coverdell ESA[1] OOS if taxable	• Undergraduate & graduate • K-12	• Assets must be distributed at age 30 unless special needs beneficiary	$95,000–$110,000 ($190,000–$220,000 if MFJ)
Qualified Tuition Program (QTP) (529 Plan)[1] OOS if taxable	• Undergraduate & graduate • K–12 for no more than $20,000 of qualified expenses • Apprenticeship program that is registered and certified by the Dept of Labor • Recognized postsecondary credential programs	• Distributions for principal or interest paid on the designated beneficiary's or their sibling's qualified student loan have a lifetime limit of $10,000 per individual.	No phaseout
Education Exception to Additional Tax on Early IRA Distributions[1]	• Undergraduate & graduate • K-12	• No other conditions	No phaseout
Education Savings Bond Program[1] OOS	• Undergraduate & graduate	• Applies only to qualified series EE bonds issued after 1989 or series I bonds	$101,800–$116,800 ($152,650–$182,650 if MFJ or QSS)
Employer-Provided Educational Assistance[1]	• Undergraduate & graduate	• No other conditions	No phaseout
Business Deduction for Work-Related Education	• Required by law to keep present job, salary, status • Maintain or improve job skills	• Can't be to meet minimum educational requirements of present trade/business • Can't qualify you for a new trade/business	No phaseout

OOS = Out of Scope

[1] Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

Ⓑ Education Credits

Probe/Action: To determine if a taxpayer qualifies for the education credit.

The NTTC **Education Credits Worksheet** is available for taxpayers to record information and expenses for each student. The **Education Benefits Calculator** in the **Colorado Resource Toolbox** can help maximize tax benefits from educational expenses

Taxpayers who claim the American opportunity credit even though they are not eligible can be banned from claiming the credit for up to 10 years.

Comparison of Education Credits

Credit Conditions	American Opportunity Credit (AOC)	Lifetime Learning Credit (LLC)
Maximum credit	Up to $2,500 credit per eligible student	Up to $2,000 credit per return
Limit on modified adjusted gross income (MAGI)	$90,000 ($180,000 if MFJ, ineligible if MFS)	
Refundable or nonrefundable	40% of credit may be refundable[1]; the rest is nonrefundable	Nonrefundable—credit limited to the amount of tax you must pay on your taxable income
Number of years of postsecondary education	Available ONLY if the student had not completed the first 4 years of postsecondary education before 2026. See *Completion of first 4 years* in **Publication 970**.	Available for all years of postsecondary education and for courses to acquire or improve job skills
Number of tax years credit available	Available ONLY for 4 tax years per eligible student (including any year(s) Hope credit was claimed)	Available for an unlimited number of tax years
Type of program required	Student must be pursuing a program leading to a degree or other recognized education credential	Student does not need to be pursuing a program leading to a degree or other recognized education credential
Number of courses	Student must be enrolled at least half-time[2] for at least one academic period beginning during 2026 (or the first 3 months of 2027 if the qualified expenses were paid in 2026)	Available for one or more courses
Felony drug conviction	As of the end of 2026, the student had not been convicted of a felony for possessing or distributing a controlled substance	Felony drug convictions do not make the student ineligible
Qualified expenses	Tuition, required enrollment fees, and course materials that the student needs for a course of study whether or not the materials are bought at the educational institution as a condition of enrollment or attendance	Tuition and required enrollment fees (including amounts required to be paid to the institution for course-related books, supplies, and equipment)
Payments for academic periods	Payments made in 2026 for academic periods beginning in 2026 or beginning in the first 3 months of 2027	
SSN requirement	Taxpayer (or spouse if MFJ) and students must have a Social Security number (SSN) that is valid for employment and that was issued before the due date of their 2026 return (including extensions)	
Educational institution's employer identification number (EIN)	The institution's EIN must be provided on Form 8863, *Education Credits*	If Form 1098-T was received from the institution for TY2026, or for TY2025 with box 7 checked, the EIN must be provided on Form 8863

[1] If the student is under age 24 and claiming the AOC on their own return, use the chart on page J-15 to determine if a portion of the credit is refundable.

[2] The standard for what is half of the normal full-time workload is determined by each eligible educational institution.

Who Can Claim the Credit?

- Taxpayers who paid qualified educational expenses of higher education for an eligible student unless filing MFS.
- Taxpayers who paid the education expenses for a student enrolled at or attending an eligible educational institution. A searchable database of all accredited schools is available on the U.S. Department of Education website: **ed.gov/accreditation** .
- The eligible student is either the taxpayer, taxpayer's spouse or their dependent.

Qualified education expenses are considered paid by the taxpayer if paid by their dependent or a third party on behalf of the dependent. If a student isn't claimed as a dependent (even if eligible to be claimed), only the student can claim an education credit no matter who paid the expenses. Anyone paying the expenses (even directly to the institution) is considered to have given a gift to the student who in turn is treated as having paid the expenses.

There are two 4-year tests for the American opportunity credit. First, the credit can be taken for only 4 tax years. Second, the student must not have completed four years of postsecondary academic credit before the beginning of this tax year. Follow the examples in *Who is an Eligible Student?* in the *American Opportunity Credit* chapter of **Publication 970** for additional information.

Who Can Claim a Dependent's Expenses?

If the taxpayer…	Then only…
Claims a dependent who is an eligible student	The taxpayer can claim the credit based on that dependent's expenses. The dependent can't claim the credit.
Doesn't claim the dependent on the tax return (even if entitled to claim the dependent)	The dependent can claim the credit. The taxpayer can't claim the credit based on the dependent's expenses.

Who Can't Claim the Credit?

- Married filing separately filing status
- Anyone listed as a dependent on another person's tax return
- Taxpayers whose modified AGI is more than the allowable income limits
- Taxpayer (or the spouse) was a nonresident alien for any part of the tax year unless one of the exceptions listed in **Publication 519**, *U.S. Tax Guide for Aliens*, applies

What Expenses Qualify?

- Expenses paid in 2026 for an academic period beginning in 2026 or the first 3 months of 2027
- Expenses not refunded when the student withdraws from class
- Expenses paid with the proceeds from a loan

What are Qualifying Expenses?

- For the American opportunity credit, course-related materials are books, supplies, and equipment needed for a course of study whether or not the materials are purchased from the educational institution as a condition of enrollment or attendance. The purchase of computer or peripheral equipment, computer software, or internet access and related services qualify for the credit if the student needs the computer for attendance at the educational institution.
- For the lifetime learning credit, student activity fees and expenses for course-related books, supplies, and equipment are included in qualified education expenses only if the fees and expenses are required to be paid to the institution for enrollment or attendance.

What is Tax-Free Educational Assistance?

- Tax-free parts of scholarships and fellowships
- Pell Grants (see **Publication 970**)
- Employer-provided educational assistance (see **Publication 970**)
- Veterans' educational assistance
- Any other nontaxable payment (other than gifts or inheritances) received as educational assistance



Don't reduce the qualified education expenses by any scholarship or fellowship reported as income on the student's tax return if the use of the scholarship isn't restricted and used to pay education expenses that aren't qualified (such as room and board).



Taxpayers must have a Form 1098-T from an eligible educational institution to claim education benefits. Form 1098-T is typically available in the student's online school account. If a student's educational institution isn't required to provide Form 1098-T to the student, they can claim a credit without Form 1098-T if the student otherwise qualifies, can demonstrate that they (or a dependent) were enrolled at an eligible educational institution, and can substantiate the payment of qualified tuition and related expenses. Refer to the *Form 1098-T requirement* section in **Publication 970** for required steps.



If the student includes the tax-free educational assistance in income, has a filing requirement, and unearned income (including the taxable scholarship) is over $2,700, the student may need to file Form 8615, *Tax for Certain Children Who Have Unearned Income* (Kiddie Tax). See the chart on page H-5 to determine if filing Form 8615 is required. Form 8615 is out of scope for this purpose.

Recovery of Prior Year's Education Expenses

For education expenses claimed in a prior year and later refunded or reimbursed in the current tax year:

- If it was claimed as a credit, the return is out of scope if recapture is necessary. Recapture does not apply if prior year's tax liability would remain unchanged after adjusting qualified education expenses as needed for this refund/reimbursement. See the example in the *Credit recapture* section of the **Instructions for Form 8863**. Note: that example results in an OOS return due to change in tax liability.
- If it was claimed as a business expense, then enter recovery as income on Schedule C in current year.

Ⓑ Determining Qualified Education Expenses

Form 1098-T box 1 may include nontaxable scholarship and grant amounts. Some students may choose to pay nonqualifying expenses with scholarship/Pell Grant funds, making the scholarship/Pell Grant taxable. This is true even if the scholarship/grant was paid directly to the school. This may increase the amount of qualifying expenses that can be used in calculating an education credit. Examples can be found in *Coordination with Pell grants and other scholarships or fellowship grants* in **Publication 970**.

The **Education Benefits Calculator** in the **Colorado Resource Toolbox** can help maximize tax benefits from educational expenses.

Determine the amount paid by verifying the payment received from the student account statement with the amount shown in box 1 of Form 1098-T. Remember to include books, supplies, course related materials and equipment if claiming the American opportunity credit. Also remember to include out of pocket payments made by the student or on the student's behalf. This includes student loans, payments, credit cards and taxable portions of scholarships/grants.

If the student doesn't have a copy of their student account statement, ask them to go online through their college or university to get this information.

Example – Bill and Sue are eligible to claim the American opportunity credit for their daughter Sarah, who is in her first year of college. Sarah's Form 1098-T has $7,000 in box 1 and $3,000 in box 5. During your interview with Bill and Sue, you determine that $3,000 was paid by Pell Grant and $4,000 was paid by loan proceeds. They paid $500 for books in 2026. To calculate the eligible expenses for their credit, take the $7,000 ($3,000 grant + $4,000 loan) paid in 2026, plus the $500 for books and enter on line 1 of the worksheet below. The $3,000 Pell Grant will be entered on line 2a. The line 3 amount is $3,000. Subtracting line 3 from line 1, you get qualified education expenses of $4,500. If the resulting qualified expenses are less than $4,000, the student may choose to treat some of the grant as income to make more of the expenses eligible for the credits.

☐ CORRECTED

FILER'S name: Clark University	1 Payments received for qualified tuition and related expenses: $ 7,000	OMB No. 1545-1574	Tuition Statement
Street address: 150 Learning Drive; Room/suite no.	2	20XX	
City/town: Memphis; State/province: TN; Country: US; ZIP/foreign code: 38101		Form 1098-T	
Telephone number: (xxx) 555-1234	3		Copy B For Student
FILER'S employer identification no.: 98-000XXXX; STUDENT'S TIN: XXX-XX-XXXX	4 Adjustments made for a prior year: $ See caution at right	5 Scholarships or grants: $ 3,000	This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.
STUDENT'S name: Sarah Pine			
Street address: 123 Main Street; Apt. no.	6 Adjustments to scholarships or grants for a prior year: $ See caution at right	7 Checked if the amount in box 1 includes amounts for an academic period beginning January–March 20xx ☐	
City/town: Memphis; State/province: TN; Country: US; ZIP/foreign code: 38101			
Service Provider/Acct. No. (see instr.); 8 Checked if at least half-time student ☑	9 Checked if a graduate student ☐	10 Ins. contract reimb./refund: $	

Form 1098-T (keep for your records) www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service

⚠ Forms 1098-T boxes 4 and 6 are out of scope (OOS) if amending prior year's return or recapture of a prior education credit is necessary. See *Recovery of Prior Year's Education Expenses* on prior page.

Adjusted Qualified Education Expenses Worksheet (from Instructions for Form 8863)

1.	Total qualified education expenses paid for on behalf of the student in 2026 for the academic period	7,500
2.	Less adjustments:	
a.	Tax-free educational assistance received in 2026 allocable to the academic period	3,000
b.	Tax-free educational assistance received in 2027 (and before you file your 2026 tax return) allocable to the academic period	0
c.	Refunds of qualified education expenses paid in 2026 if the refund is received in 2026 or in 2027 before you file your 2026 tax return	0
3.	Total adjustments (add lines 2a, 2b, and 2c)	3,000
4.	Adjusted qualified education expenses. Subtract line 3 from line 1. If zero or less, enter -0-	4,500

Entering Education Credits

Deductions>Credits>Education Credits; or Keyword: 1098 or 8863
and/or (for taxable scholarships): Income>Other Income>Other Compensation>Scholarships and Grants

The NTTC **Education Credits Worksheet** is available for taxpayers to record information and expenses for each student. The **Education Benefits Calculator** in the **Colorado Resource Toolbox** can help maximize tax benefits from educational expenses.

- Only the taxpayer is eligible to claim the credit if the taxpayer claims the student as a dependent.
- Only the student is eligible to claim the credit if the student isn't claimed as a dependent (even if the student can be claimed) – no matter who pays.

EDUCATION GUIDE

Select a Student

Please select the student you wish to explore education credits for:

- ○ Child Example XXX-XX-XXXX
- ○ Spouse Example XXX-XX-XXXX (1)
- ○ Taxpayer Example XXX-XX-XXXX

⊕ Don't see who you're looking for? Add a dependent or spouse here

1. Select the student for whom you'll be entering qualified education expenses, or click the link to return to Basic Information.
2. Indicate if a Form 1098-T was provided for 2026. It is typically available in the student's online school account.
3. Amounts paid in 2025 can't be used to figure qualified education expenses for TY2026 education credits. See *Prepaid expenses* in **Publication 970**.
4. Enter the information for the educational institution. You can add additional institutions later in step #8 if the student attended more than one institution.

See page I-7, *Disallowance of Certain Credits*, if the taxpayer received a letter saying they had to complete Form 8862, Information To Claim Certain Credits After Disallowance.

EDUCATION GUIDE

Form 1098-T

Do you have a 1098T form?

Did the student receive Form 1098-T from the educational institution for 2026?

- ○ Yes
- ○ No (2)

Did the student receive Form 1098-T from this institution for 2025 with box 7 checked?

- ○ Yes
- ○ No (3)

EDUCATION GUIDE

Add an Institution

Employer identification number (EIN) *

__-_____

(4)

Institution Name *

Country *

United States

Address (Number and Street) *

ZIP Code *

City, Town, or Post Office *

State *

EDUCATION GUIDE

Form 1098-T Information — Bogart University

If you paid expenses for higher education in 2026, enter the amounts in the corresponding fields to determine the amount eligible for an education tax credit.

Tuition Paid

$0.00 5

Grants and Scholarships

$0.00 6

Other Qualified Expenses

$0.00 7

5. Enter amount from Form 1098-T, box 1.
6. Enter the amount of tax-free ***Grants and Scholarships***. TaxSlayer will use this amount to adjust qualified education expenses. Enter the amount from Form 1098-T, box 5:
   - Reduced by any taxable scholarship/grant amounts included in box 5
   - Increased by any tax-free educational assistance amounts not reflected in box 5 (see *What is Tax-Free Educational Assistance?* on page J-9).
7. Enter any additional qualified education expenses not included in #5, ***Tuition Paid***. The definition of qualifying expenses differs for the American opportunity credit vs. the lifetime learning credit (see *What are qualifying expenses?* on page J-9).

   The following aren't qualifying expenses for education credits: room and board, insurance, medical, transportation, or personal expenses, even if the amount must be paid to the institution as a condition of enrollment or attendance. If the educational expenses are associated with sports, games, hobbies, or noncredit courses, see **Publication 970** for more information.

EDUCATION GUIDE

Institutions for Student

+ Add Another Institution 8

Institution Name	Qualified Expense	
Bogart University	**$X,XXX.00** 9	

8. Click ***Add Another Institution*** if qualified education expenses were incurred by this student at an additional institution.
9. The adjusted qualified education expenses for each institution will be calculated and shown here; i.e. [#5, ***Tuition Paid***] minus [#6, ***Grants and Scholarships***] plus [#7, ***Other Qualified Expenses***].

10. The answers to the first four questions shown will be used to determine eligibility for the American opportunity credit.

11. Use the chart on the next page to help answer ***Are you eligible for the refundable portion of the American Opportunity Credit?*** This question and the related on-screen guidance appear only if the taxpayer was under age 24 at the end of 2026.

TaxSlayer will recommend which credit is the most beneficial. You can make another selection if you don't want to accept TaxSlayer's recommendation. Click ***CONTINUE*** after making your choice.

Ensure the expenses you entered in #7 above are qualifying educational expenses for the credit that you selected. See *What are qualifying expenses?* on page J-9. If needed, click the pencil icon shown on the ***Education Credit Summary*** screen to adjust the ***Other Qualified Expenses*** that were entered.

After you've selected which credit you'd like to apply, TaxSlayer will display an ***Education Credit Summary*** screen. From there, you can:

- Click the pencil icon next to a student's name to edit the education credit data that was entered.
- Click ***Add Another Student*** to enter data for additional students.

EDUCATION GUIDE

American Opportunity Tax Credit Eligibility

Answer the following questions to determine your eligibility for the American Opportunity Tax Credit.

Has the American Opportunity Tax Credit or the former HOPE credit already been claimed on four prior tax returns? 10

- ○ Yes
- ○ No

Was the student enrolled at least half-time for at least one academic period beginning in 2026 (or the first 3 months of 2027, if paid in 2026)? 10

- ○ Yes
- ○ No

Did the student complete the first four years of higher education before 2026? 10

- ○ Yes
- ○ No

Did the student have a felony drug conviction before the end of 2026? 10

- ○ Yes
- ○ No

Are you eligible for the refundable portion of the American Opportunity Credit? 11

Answer NO if 1, 2, & 3 apply to you:

1. **You were:**
   a. **Under age 18 at the end of the year, or**
   b. **Age 18 at the end of the year and your earned income was less than one-half of your support, or**
   c. **A full-time student over age 18 and under 24 at the end of the year and your earned income was less than one-half of your support.**
2. **At least one of your parents was alive at the end of the year.**
3. **You are not filing a joint return for the year.**

- ○ Yes
- ○ No

Ⓑ Student Under Age 24 Claiming AOC on Own Return

Use this chart for a student under age 24 who is claiming the American opportunity credit (AOC) on their own return to **determine if they are eligible for the refundable portion of the AOC**.

Step	Probe/Ask the taxpayer:	Action
1	Were you under 24 at the end of the tax year?	If **YES,** go to question 2. If **NO,** stop here; you DO qualify to claim part of the allowable American opportunity credit as a refundable credit if you meet all other qualifications.
2	Were you over 18 at the end of the tax year?	If **YES,** go to question 3. If **NO,** go to question 4.
3	Were you a full-time student (defined below) for the tax year?	If **YES,** go to question 5. If **NO,** stop here; you DO qualify to claim part of your allowable American opportunity credit as a refundable credit if you meet all other qualifications.
4	Were you 18 at the end of the tax year?	If **YES,** go to question 5. If **NO,** go to question 6.
5	Was your earned income (defined below) less than one-half of your support for the tax year?	If **YES,** go to question 6. If **NO,** stop here; you DO qualify to claim part of your allowable American opportunity credit as a refundable credit if you meet all other qualifications.
6	Were either of your parents alive at the end of the tax year?	If **YES,** go to question 7. If **NO,** stop here; you DO qualify to claim part of your allowable American opportunity credit as a refundable credit if you meet all other qualifications.
7	Are you filing a joint return for the tax year?	If **YES,** you DO qualify to claim part of your allowable American opportunity credit as a refundable credit if you meet all other qualifications. If **NO,** you DO NOT qualify to claim part of your allowable American opportunity credit as a refundable credit.

Earned income. Earned income includes wages, salaries, professional fees, and other payments received for personal services actually performed. Earned income includes the part of any scholarship or fellowship that represents payment for teaching, research, or other services performed by the student that are required as a condition for receiving the scholarship or fellowship (should be reported on a Form W-2). Earned income does not include that part of the compensation for personal services rendered to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

Full-time student. Solely for purposes of determining whether a scholarship is considered support, you were a full-time student for 2026 if during any part of any 5 calendar months during the year you were enrolled as a full-time student at an eligible educational institution, or took a full-time, on-farm training course given by such an institution or by a state, county, or local government agency.

Support. Support includes food, shelter, clothing, medical and dental care, education, and the like. However, a scholarship received by a full-time student isn't considered support.

Tab K: Finishing the Return

Completing the E-File Section

Access the E-file section by selecting ***E-file*** from the navigation menu on the left side of the screen.

E-File Process

1. Before proceeding to the E-file section, review your notes. If you need to add any missing entries or change something in the return, navigate to the appropriate screen and make any additions or changes that are needed.

2. After all data has been entered, click ***E-file*** in the left navigation bar. This section should be completed prior to quality review. The return should not be filed electronically or as a paper return until the E-file section has been completed and quality reviewed.

   The software will display any warnings and errors concerning the return.

3. Review each warning if the software displays the ***Warnings Concerning Your Federal Return*** screen. If you need to change any information to address a warning:

   a. Click the ***REVIEW*** button adjacent to the warning or manually navigate to the appropriate screen.

   b. Make any needed additions or corrections.

   c. Navigate back to the E-file section and review any warnings that remain.

   You can still e-file a return with warnings, but review each warning to ensure you completed the return accurately. You can continue past the warnings screen by clicking ***CONTINUE***.

4. Read each error explanation if the software displays the ***Errors Concerning Your Federal Return*** screen. You cannot e-file the return until you correct all e-file errors.

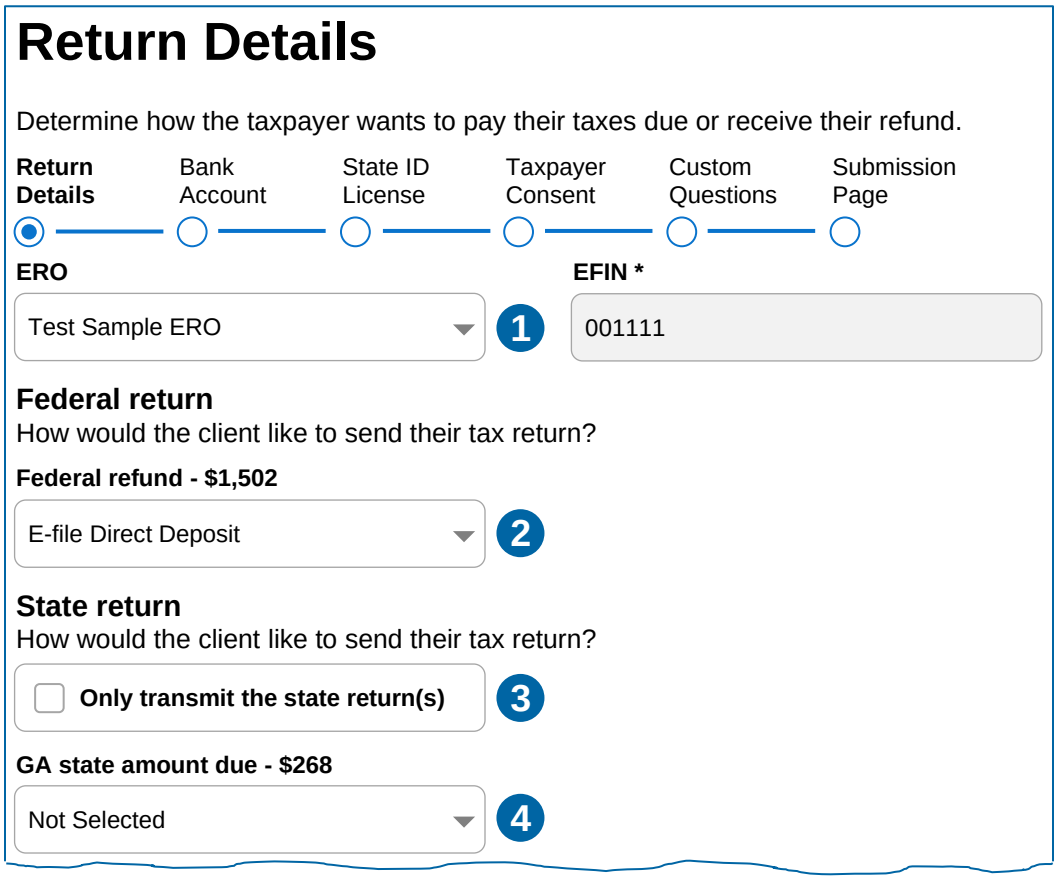
   a. Click the ***FIX THIS*** button adjacent to the error or manually navigate to the appropriate screen.

   b. Make corrections to the return to eliminate the error.

   c. Navigate back to the E-file section and correct any errors that remain.

5. After addressing all warnings (as needed) and errors, complete the rest of the ***E-file*** section as described on the following pages.

Return Details



Navigate between E-file section screens using either the radio buttons in the top navigation bar or the ***CONTINUE*** and ***BACK*** buttons at the bottom of the screen.

If the sidebars obscure the ***Submission Page*** button on your display, you can close the left or right sidebar, or reduce the browser's zoom setting.

If the taxpayer does not provide direct deposit information for a federal refund, inform them to expect their refund to be delayed and that the IRS will issue a **Notice CP53E**.

1. No action is necessary in most cases when your site is the default entry for the ***ERO*** and ***EFIN*** boxes. If you are volunteering at an ***ad hoc or virtual site***, the software will display your site's main location in the ***ERO*** dropdown. Select the correct location from the preprogrammed list.

2. Select the federal return type, referencing the table below.

Return Types (Federal/State Refund)	Return Types (Federal/State Amount Owed)
E-file: Paper Check (refund check mailed to taxpayer)	***E-file: Mail Payment*** (payment voucher generated)
E-file: Direct Deposit	***E-file: Direct Debit***
Paper Return with Direct Deposit	***Paper Return*** (payment check to be included)
Paper Return (refund check mailed to taxpayer)	

To e-file a return with no refund or amount owed, select ***E-file: Mail Payment*** for return type (a payment voucher will not be generated).

To apply a federal or state refund towards next year's taxes, navigate to:
Federal>Payments and Estimates>Apply Overpayment to Next Year's Taxes; or,
State>Payments>Apply your state refund to next year's tax return (varies by state)

3. Check the box for ***Only transmit the state return(s)*** if the state return is to be e-filed, but federal will not be e-filed. You may need to do this if the taxpayer is not required to file a federal return or has already filed a federal return. Before checking this box, set or change the federal return type to reflect how the federal return will be or was filed. Complete the remainder of the information on the E-file and Submission pages.

4. Select the return type(s) for the state(s), referencing the table above.

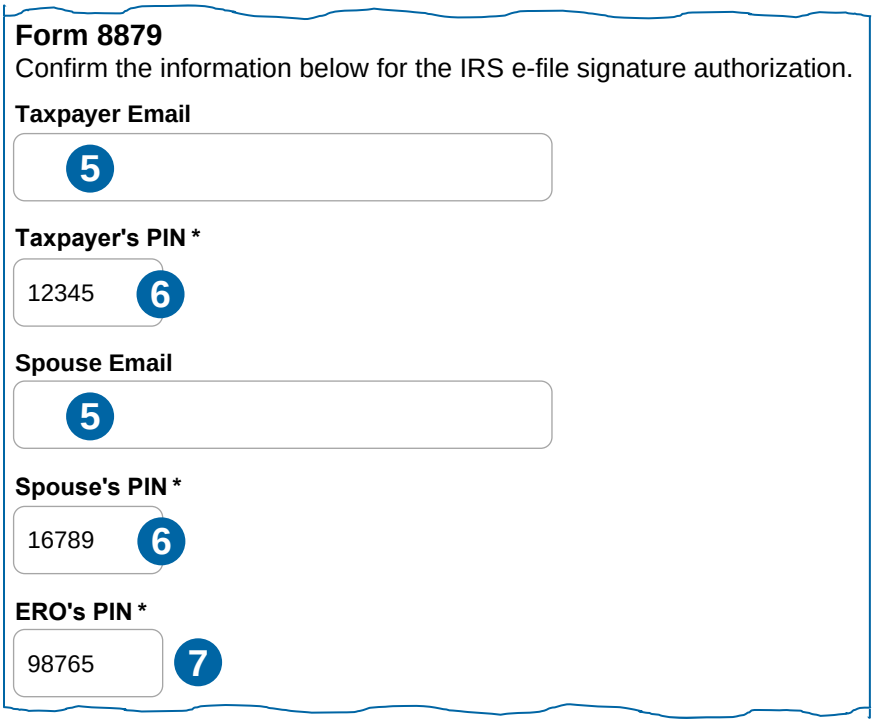
IRS e-file Signature Authorization

5. ***Taxpayer Email*** and ***Spouse Email*** will be prefilled if they were input in the Personal Information section.

6. ***Taxpayer's PIN*** and ***Spouse's PIN*** default to 1+ the last four digits of their SSNs, but their PINs can be any five numbers except all zeros.

⚠ After reviewing the return and being advised that they are ultimately responsible for the information on the return, the taxpayer (and spouse if filing jointly) must sign Form 8879, *IRS e-file Signature Authorization*, before their return is e-filed.

7. ***ERO's PIN*** is pulled in from Office Setup (default 98765) and is included on Form 8879, Part III.

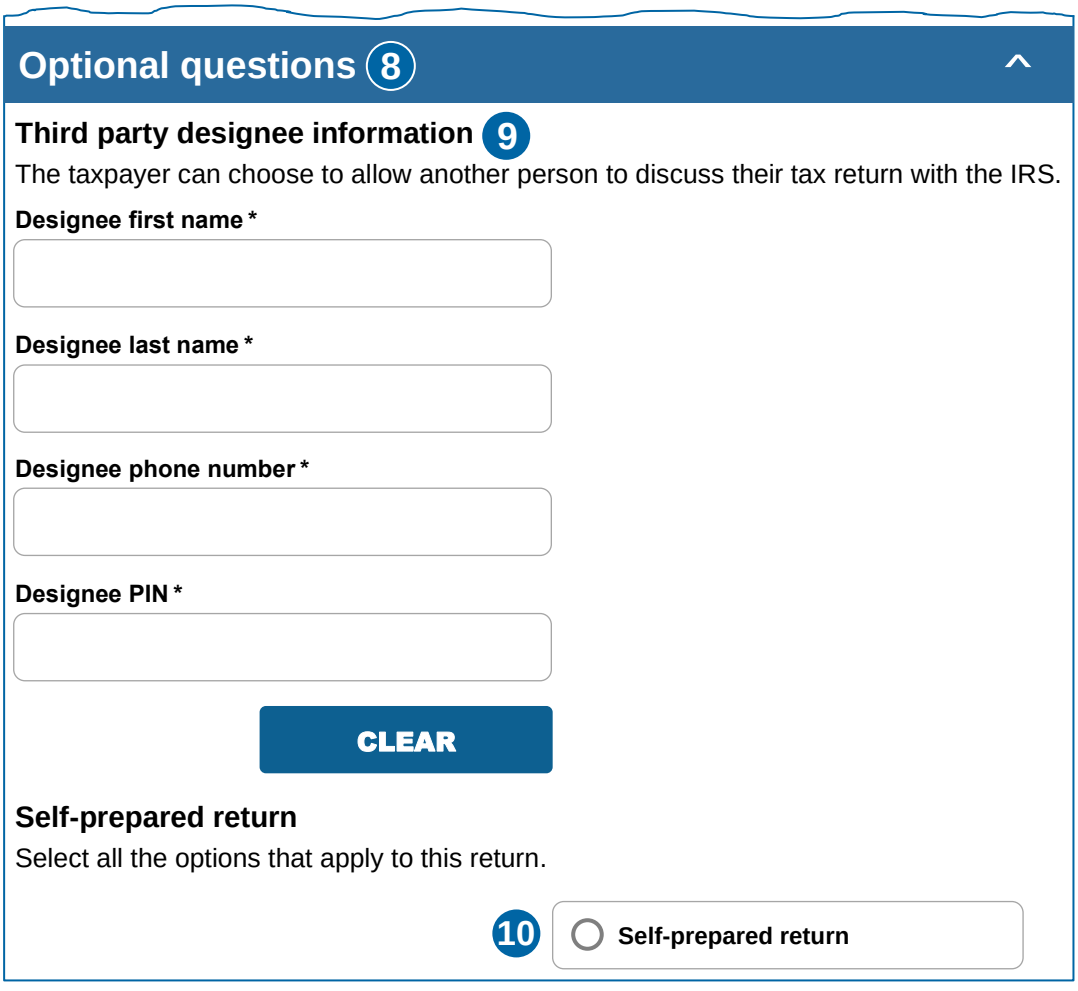


Third Party Designee Info

8. Click ***Optional questions*** at the bottom of the ***Return Details*** screen to show/hide this section.

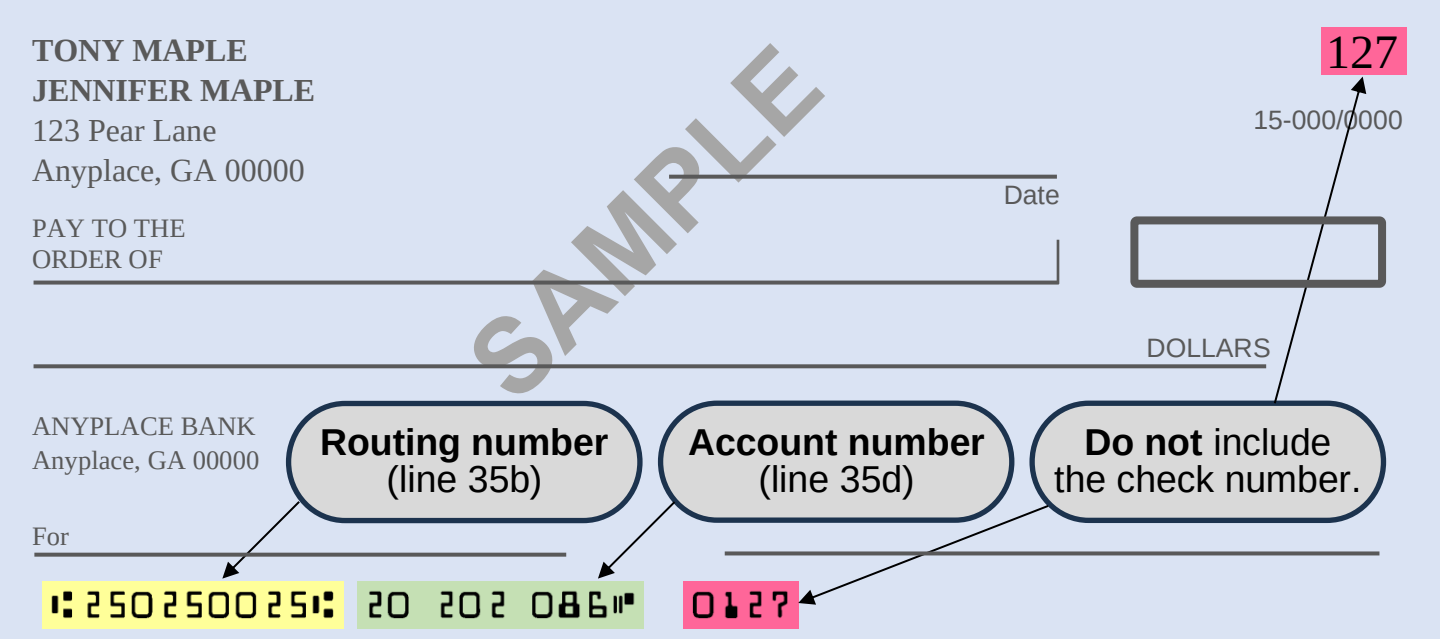
9. **Third party designee** information can be completed if the taxpayer wants to allow a friend, family member, or another person to discuss this tax return with the IRS. **The designee must never be the volunteer preparer.**

10. The ***Self-prepared return*** button is not applicable to Tax-Aide and may cause e-file rejections if selected.



Determining Bank Account Information

If direct deposit or direct debit is selected for either the federal or state return, ***Bank Account*** will be added to the top navigation bar, which goes to the ***Bank Information*** screen. The preparer uses this screen to input the bank routing and account number for direct deposit of refund or direct debit (automatic withdrawal) of balance due.



1. Using a check, paper or electronic documentation from the financial institution as proof of account, verify the account is in the name of the taxpayer (and spouse if filing jointly):
   - **a.** The routing number must contain 9 digits and begin with 01 through 12 or 21 through 32.
   - **b.** The bank account number can be up to 17 characters. Include hyphens, but omit spaces and special symbols. Don't include the check number or the dollar amount from canceled checks. The sample check above has account number 20202086. The 16-digit number on a debit card is not the account number.
   - **c.** Confirm if the account type is checking or savings.

   ⚠ Advise taxpayers their refund may only be deposited directly into his/her own account(s). Financial institutions generally don't allow a joint refund to be deposited into an individual account. Taxpayer refunds can't be deposited into the account of a VITA/TCE volunteer or partner.

   The IRS isn't responsible if a financial institution refuses a direct deposit. If the bank routing number or account number is not obtained from a check, you should consult with the Site Coordinator regarding the procedure for verifying bank account information.

2. **Tax-Aide Policy:** Don't use a deposit slip to determine or confirm the routing number. The routing number on the deposit slip may not be valid for direct deposit/debit.
   - **a.** For a savings account, the taxpayer should obtain a statement from the financial institution to verify the routing and account number for direct deposit/debit.
   - **b.** For a checking account, if the taxpayer doesn't have a check, the taxpayer should also contact their financial institution.

3. Entering an incorrect routing or account number will delay the refund or result in a deposit into someone else's account. If the direct deposit fails, the IRS will issue **Notice CP53E** requesting banking information from the taxpayer (if unanswered, a paper check will be mailed to the address on the return).

4. Double-check the routing number of the financial institution if:
   a. You are unfamiliar with the financial institution. Some types of accounts that exist through brokerage firms can't accept direct deposits.
   b. The routing number is for a credit union, but is payable through another financial institution. The taxpayer should contact his or her credit union for the correct routing number to use.
5. **Tax-Aide Policy:** Complete these steps for both the federal and state returns to ensure the direct deposit/debit information was entered correctly:
   a. Ask the taxpayer to review the bank account and routing numbers on the printed return (for a direct deposit) or on the return summary page (for a direct debit).
   b. Ask the taxpayer to initial next to the banking information on their copy of the return to confirm they have verified the information and that it is correct.

Reloadable Prepaid Bank Cards and Cash App Accounts: The taxpayer must provide the routing number and account number for the card/cash app account so that it can be entered on the bank information screen.

To combat fraud and identity theft, IRS permits a maximum of three refunds to be electronically deposited into a single financial account. The fourth and subsequent refunds automatically convert to a paper refund check and will be mailed to the taxpayer.

Form 8888 – Split Refund Option

(Administrator) Configuration>Office Setup

The taxpayer can elect to have their federal refund split as desired and direct deposited into two or three accounts using **Form 8888**, *Allocation of Refund*. For this option to be available, someone with Administrator privileges must have updated Configuration>Office Setup and checked the box for ***Offer 8888***. Volunteers will not see this change reflected until the next time they log on. This will allow all preparers at that site to offer Form 8888.

Form 8888 cannot be accessed through the left menu or form finder. If this option is enabled, it is incorporated into the Bank Information screen shown on the next page, where sections for ***Bank Account 2*** and ***Bank Account 3*** would be displayed below the ***Bank Account 1*** section. Only one active account is displayed at a time (click ***Bank Account X*** to expand or collapse a section). If the taxpayer wants the refund deposited into multiple accounts, the preparer will expand and complete the ***Bank Account 2*** section, and then, if applicable the ***Bank Account 3*** section. Form 8888 will be generated accordingly.

State refunds will be deposited to the account specified as ***Bank Account 1***.

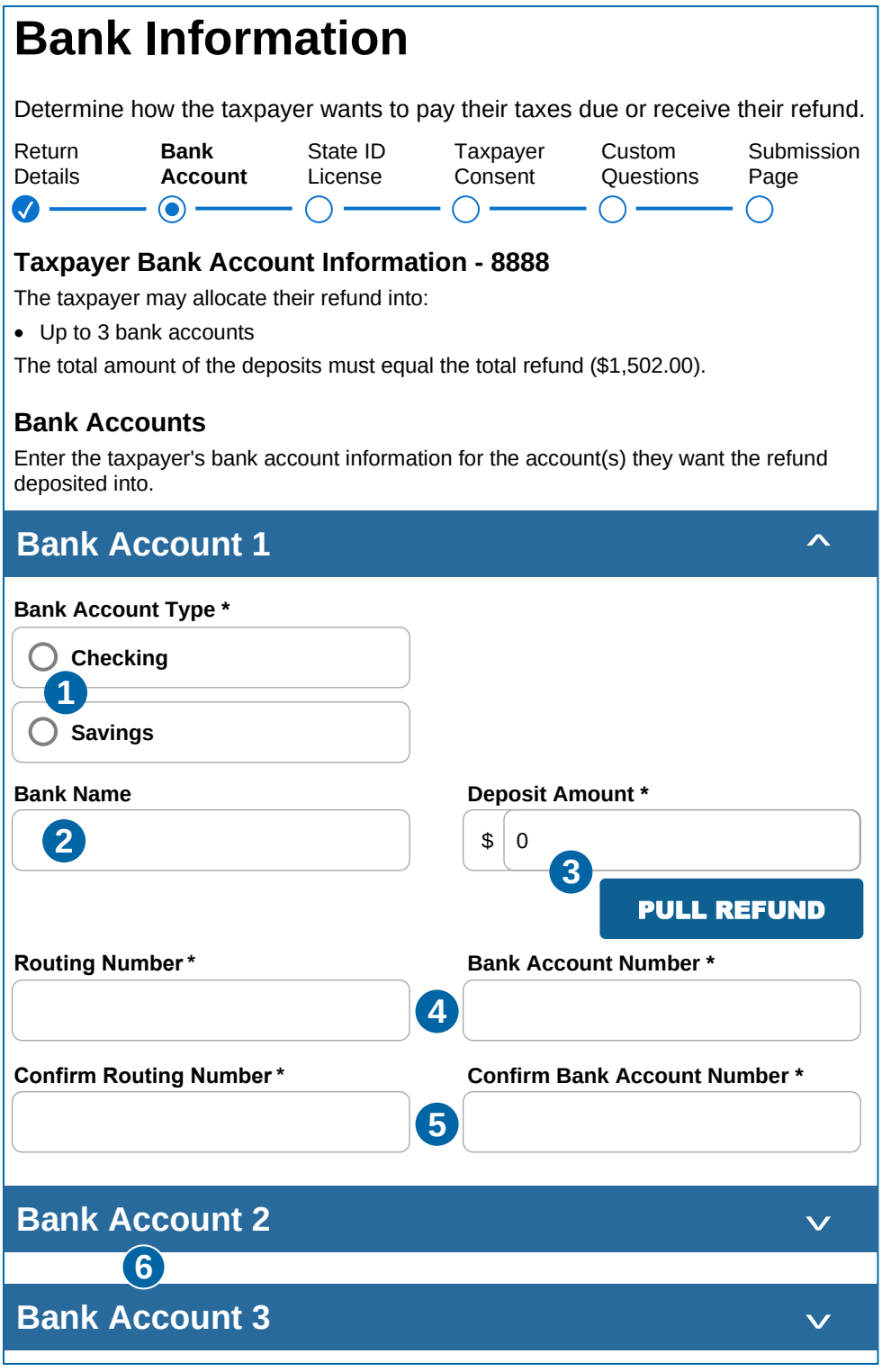
Entering Direct Deposit Information

Use a check, or paper or electronic documentation from the financial institution. See Determining Bank Account Information on page K-5.

The account must be in the name of the taxpayer (or spouse if filing jointly).

1. Select the applicable radio button for the ***Bank Account Type***: ***Checking*** or ***Savings***. Some financial institutions may reject the direct deposit if the wrong type is selected.
2. Enter the ***Bank Name*** (optional).
3. Click ***PULL REFUND*** to populate ***Deposit Amount*** with the calculated federal refund. If the return is updated later and the refund changes, click ***PULL REFUND*** again to refresh the amount.

   If the split refund option is being used (see prior page), manually enter the amount to be deposited into this bank account.
4. Enter the ***Routing Number*** and ***Bank Account Number***.
5. Confirm the ***Routing Number*** and ***Bank Account Number*** by entering them a second time. Do not copy and paste these numbers from the first field into the confirmation field!
6. If the Form 8888 split refund option is enabled (see prior page), collapsed ***Bank Account 2*** and ***Bank Account 3*** section headings will be shown. Click these headings to expand or collapse these sections as needed.



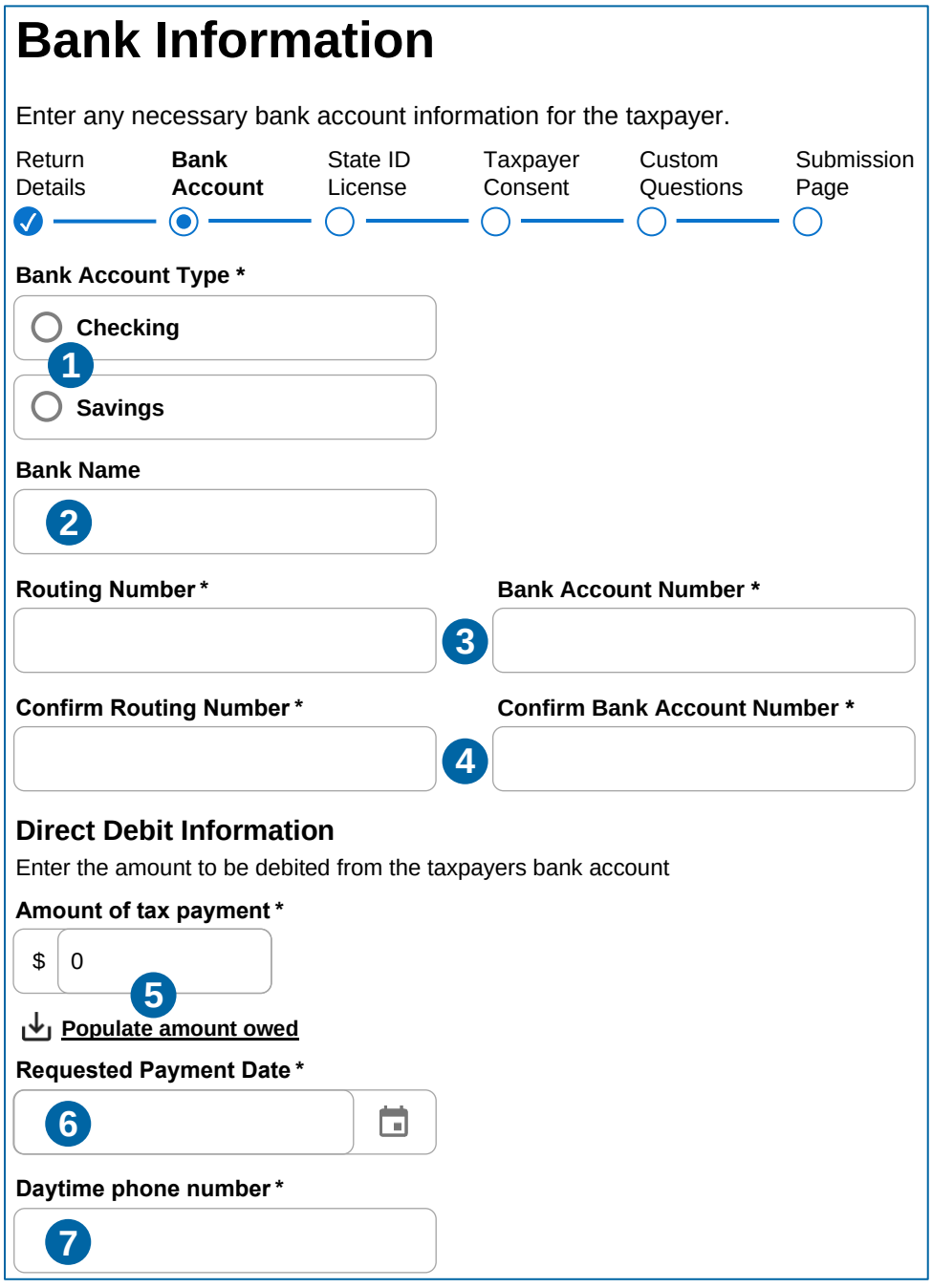
If there is a state direct debit in addition to a federal direct deposit, then the ***Direct Debit Information*** section shown in the screenshot on the next page will be appended to the bottom of the screen shown above. The state direct debit will be taken from ***Bank Account 1***.

Entering Direct Debit Information

⚠ Use a check, or paper or electronic documentation from the financial institution. See page K-5, Determining Bank Account Information.

⚠ A scheduled direct debit will not automatically get canceled if an amended return is filed or a manual payment is made. Instructions to cancel a direct debit are shown in Part II of **Form 8879**.

⚠ Advise taxpayer to confirm their scheduled direct debit actually gets withdrawn. Remind them that they are still responsible for making their payment by the due date if the funds are not withdrawn by the IRS or state agency.



1. Select the applicable radio button for the ***Bank Account Type***: ***Checking*** or ***Savings***. Some financial institutions may reject the direct debit if the wrong type is selected.
2. Enter the ***Bank Name*** (optional).
3. Enter the ***Routing Number*** and ***Bank Account Number***.
4. Confirm the ***Routing Number*** and ***Bank Account Number*** by entering them a second time. Do not copy and paste these numbers from the first field into the confirmation field!
5. Click ***Populate amount owed*** to populate ***Amount of tax payment*** with calculated federal amount due. If the return is updated later and the amount due changes, click ***Populate amount owed*** again to refresh the amount. This field is only shown for federal direct debits as any state direct debits will be for the full amount due.

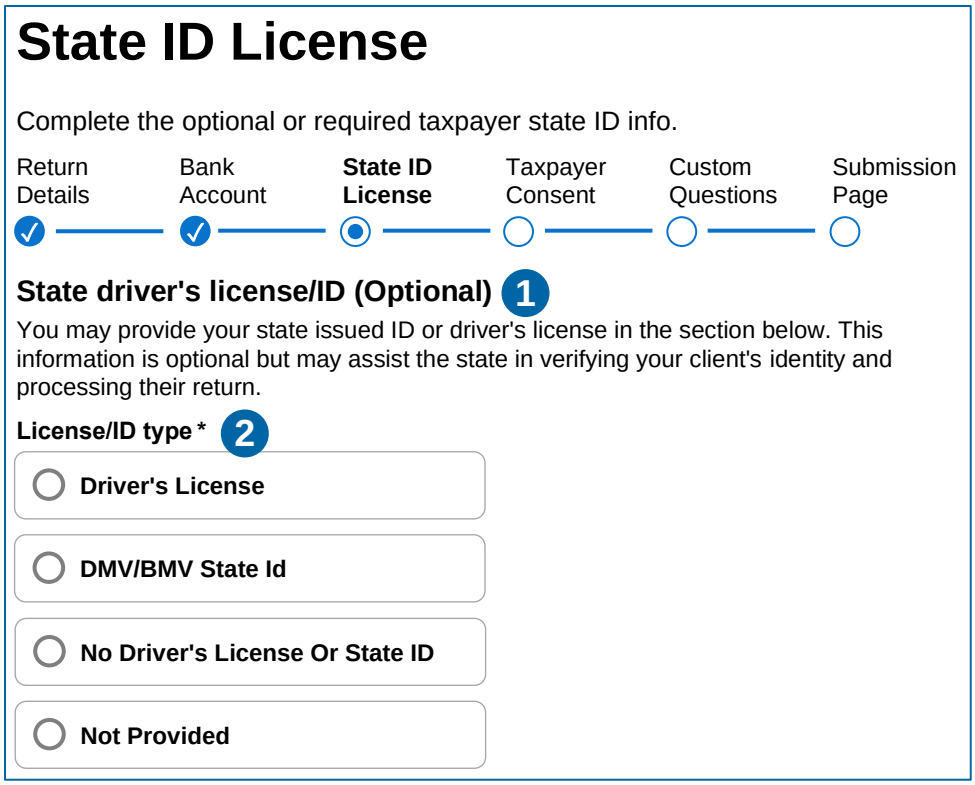
   ⚠ If ***Amount of tax payment*** is less than the amount due, the taxpayer will have to mail in the remainder of the payment to the IRS with a payment voucher.
6. Enter the taxpayer's ***Requested Payment Date***, no later than the due date of the return. If filing after the due date, the current date must be entered.
7. ***Daytime phone number*** will be prefilled with the taxpayer's phone number from Personal Information.

State ID License

This screen only appears if there is a state return. On a joint return, a second section for spouse will appear below.

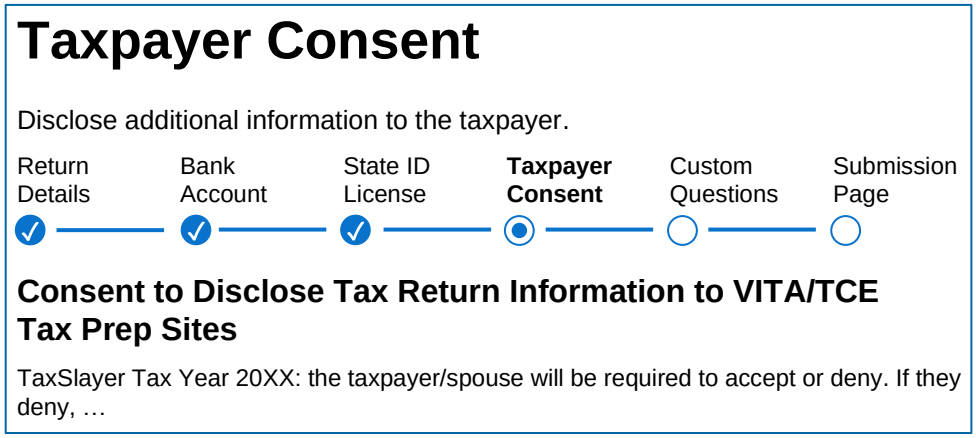
1. On-screen verbiage indicates if this information is ***Optional*** or ***Required*** in order to e-file the state return.
2. Select the applicable ***License/ID type***. If ***Driver's License*** or ***DMV/BMV State Id*** is selected, enter the license/ID number, date issued, expiration date, and issuing state.

   Some states will accept an expired license/ID. If not, select ***Not Provided***. Reference state requirement and work around if applicable.



Taxpayer Consents

This section includes all consents assigned to the site. All consents must be accepted (with date entered) or declined (date unnecessary) in TaxSlayer before the return can be marked as ready for review or complete. Consents will be displayed in the order assigned or created (scroll down to get to the next consent).



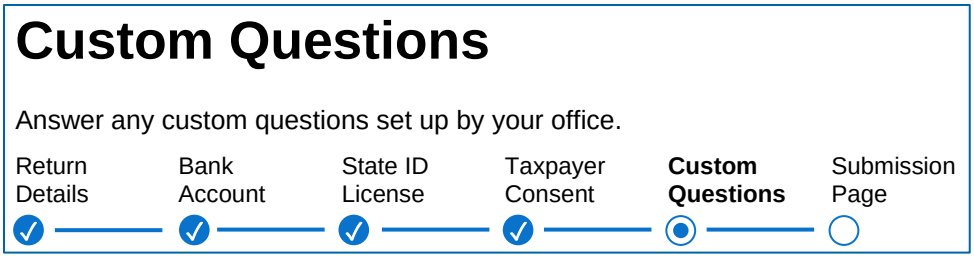
Consent #1: Global Carryforward may be authorized via Form 15080, *Consent to Disclose Tax Return Information to VITA/TCE Tax Return Preparation Sites*. **If accepted,** TaxSlayer will offer **carryforward of taxpayer data** to any VITA/TCE site. **If declined,** this carryforward will only be available next year to the site that prepared the return. **In either case,** only the site that prepares this year's return will be able to access the actual return next year.

Tax-Aide Consent #2: Consent to Disclose/Use Information to AARP Foundation. This permits the described information to be shared with the AARP Foundation to assist in funding the Tax-Aide program.

Tax-Aide Consent #3: Consent for AARP Foundation to Use Select Tax Return Information. This permits the AARP Foundation to send the taxpayer information about free programs and services. This consent is not effective unless consent #2 was also accepted.

Custom Questions

This screen includes the optional demographic questions from the Intake Booklet as well as additional questions added by your program or site.



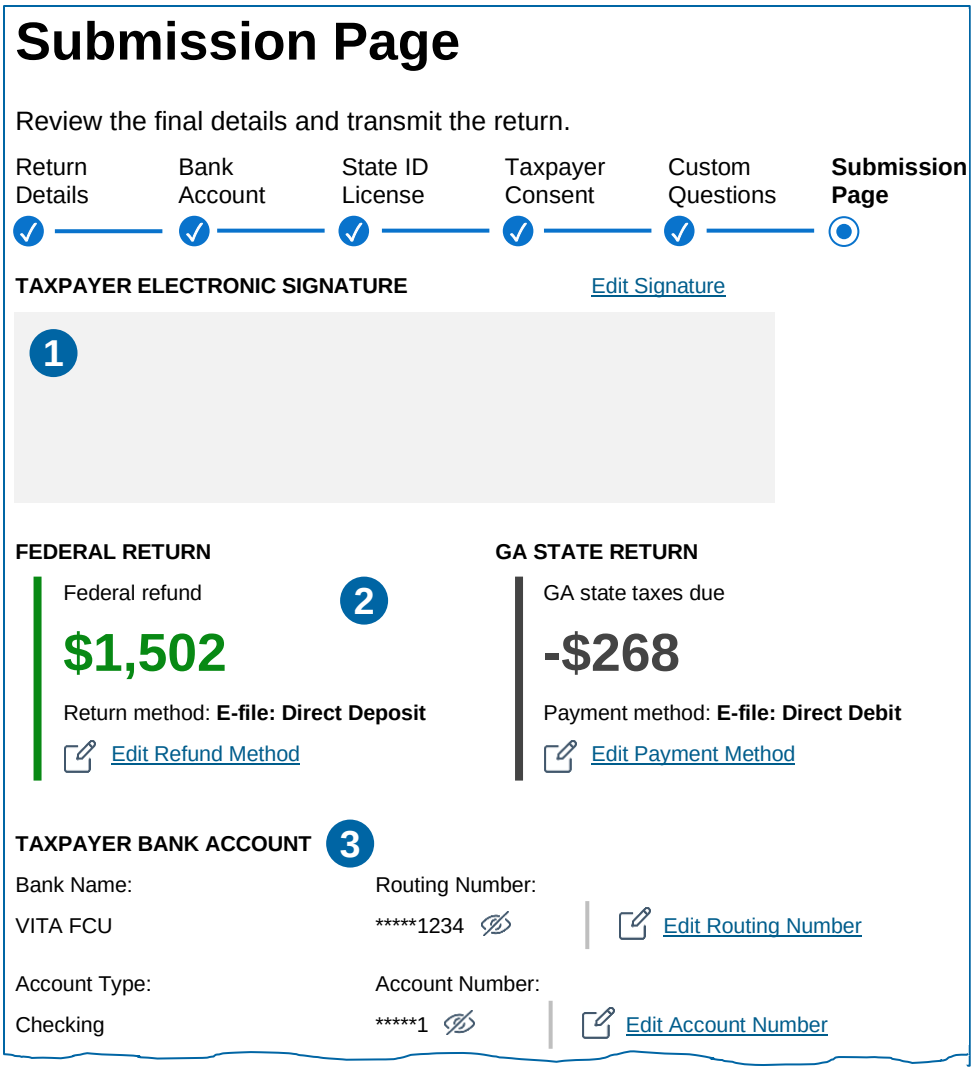
Use these fields for information that is helpful to your site. After the end of the tax season a custom report can be created. For example, these fields could be used to enter the preparer's name and/or new versus returning taxpayers. These fields are used by the military to report rank, grade, enlisted/retired, etc.

If your site or group administrator marked a question as ***Required***, you must answer the question to continue. If you select ***BACK***, TaxSlayer does **NOT** save any of the data entered.

Submission Page

Review the information carefully and make any necessary corrections. Links take you to the screen to edit the corresponding entry.

1. ***TAXPAYER ELECTRONIC SIGNATURE*** will be shown if entered in TaxSlayer's Customer Portal
2. The following are shown for the federal and each state return:
   - Amount of refund or taxes due
   - Return type; e.g., E-file: Direct Deposit, E-file: Direct Debit, Paper Return, etc.
3. Bank account details are shown if there is a direct deposit or debit (click the eye icons to show the routing and account numbers).



Submission Page (cont'd)

4. To ***Print Tax Documents***, select the desired print set from the dropdown and click ***PRINT***. If TaxSlayer does not use the selected print set, close the PDF and click ***PRINT*** again.

5. See Inviting Taxpayers to the Customer Portal on page K-12.

6. Click ***SEND DOCUMENT*** to add return PDF to Customer Portal.

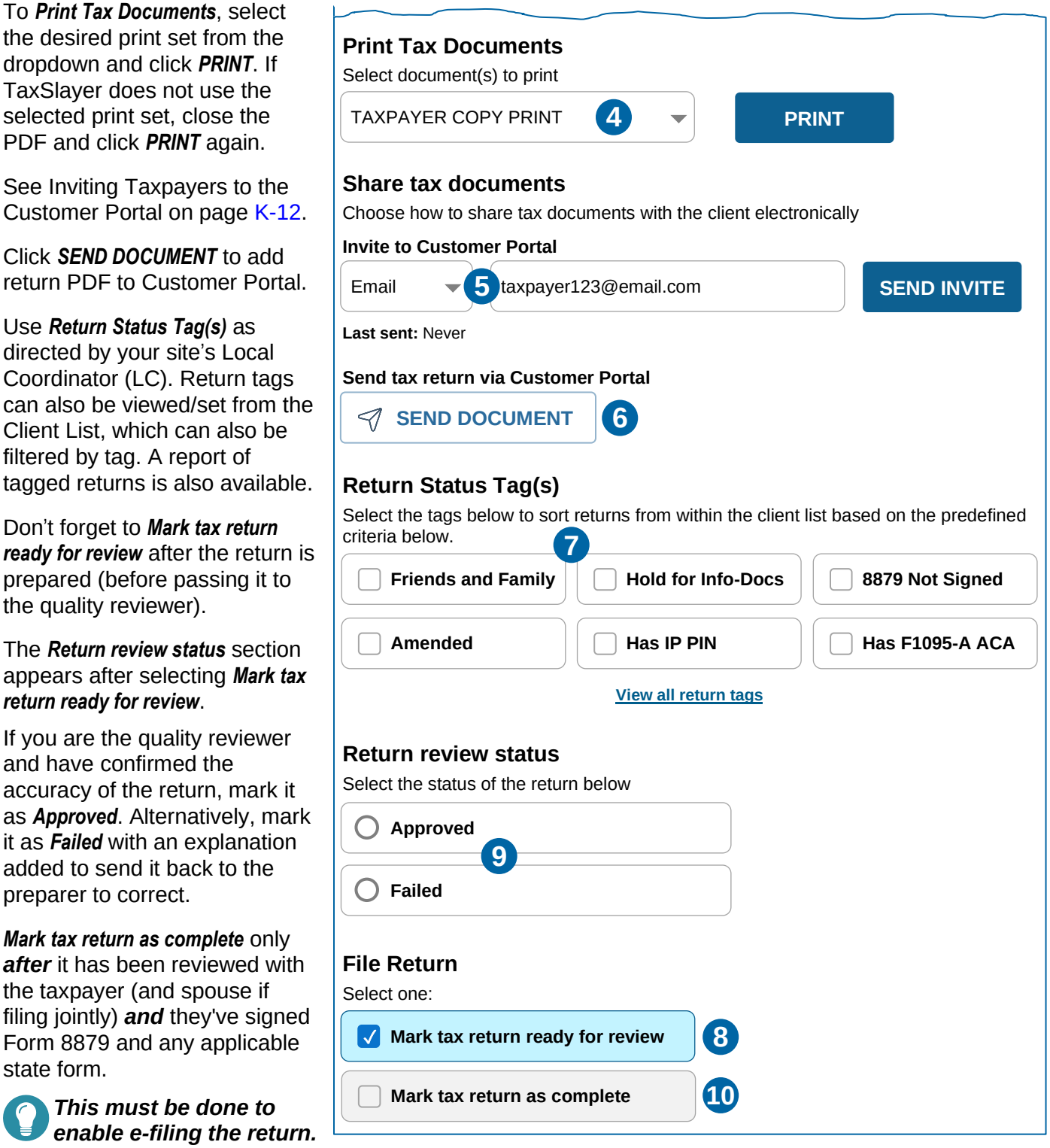
7. Use ***Return Status Tag(s)*** as directed by your site's Local Coordinator (LC). Return tags can also be viewed/set from the Client List, which can also be filtered by tag. A report of tagged returns is also available.

8. Don't forget to ***Mark tax return ready for review*** after the return is prepared (before passing it to the quality reviewer).

9. The ***Return review status*** section appears after selecting ***Mark tax return ready for review***.

   If you are the quality reviewer and have confirmed the accuracy of the return, mark it as ***Approved***. Alternatively, mark it as ***Failed*** with an explanation added to send it back to the preparer to correct.

10. ***Mark tax return as complete*** only ***after*** it has been reviewed with the taxpayer (and spouse if filing jointly) ***and*** they've signed Form 8879 and any applicable state form.



This must be done to enable e-filing the return.
A return in review status must be ***Approved*** before it can be marked as complete.

Preparers won't see the transmit button unless the return has been marked as complete and they've been authorized by their Local Coordinator (LC) via Roles & Permissions.

Customer Portal

See NTSC **T05 TaxSlayer Customer Portal** for detailed guidance for Counselors and Taxpayers. For more details, including supported file types, size limitations, etc., download and reference the ***20XX TS Pro Online User Guide***, available from ***VITA/TCE publications and User Guides*** in the left navigation bar (click ***ATTACHMENTS***).

Working in the Customer Portal

You can use the Customer Portal to share tax documents with the taxpayer, access files the taxpayer uploaded, chat with the taxpayer, and allow the taxpayer to electronically sign the current year return. This provides a full range of communication and document sharing options when working with a taxpayer on a tax return.

Inviting Taxpayers to the Customer Portal – Initial Invitation

You can invite the taxpayer to the Customer Portal at any point while or after you complete the taxpayer's Personal Information screen. Follow these steps to send them an invitation to the Customer Portal:

1. Do any of the following to access the Customer Portal invitation screen/section:
   a. Scroll to the ***Invite to Customer Portal*** section at the bottom of the Personal Information screen,
   b. Select ***Create Customer Portal*** from the Taxpayer drop-down menu,
   c. Select ***Create Customer Portal*** from the left navigation bar, or
   d. Scroll to the ***Invite to Customer Portal*** section at the bottom of the Submission Page in the E-file section.
2. Select either email or phone, and then enter the Taxpayers email address or phone number that accepts text messages.
3. Verify the taxpayer's email address or phone number is correct and then select ***SEND INVITE*** or ***RESEND***. That button will change to say ***SENT*** to indicate the invitation link was emailed or texted to the taxpayer. Each link is unique to the taxpayer and cannot be used to create a Customer Portal account for another taxpayer.

Making Documents Available to the Taxpayer

When you need a taxpayer to review tax documents, whether as a review before filing or after filing, you can make those documents available through Customer Portal.

- **To share the current year tax return:** Navigate to the Submission Page in the E-file section. Scroll down to ***Send tax return via Customer Portal*** (below ***Share tax documents***) and then select ***SEND DOCUMENT*** (see #6 on page K-11). This also allows the taxpayer (and spouse if MFJ) to electronically sign the current year return.
- **To share other documents:** See below. Note that these documents can't be electronically signed.

Accessing Documents After Taxpayer Upload

After a taxpayer uploads documents, you can access them from Scanned Documents. To do so:

1. Click Scanned Documents from the Taxpayer drop-down menu (see #3 on page D-6). The Scanned Documents page will open in another tab, listing documents the taxpayer uploaded as well as documents you have made available to them.
2. View, download, or delete documents as needed. You can also select ***Push to Portal*** to share a document you've uploaded with the taxpayer via the Customer Portal.

Form 8453 – Tax-Aide Best Practice

Tax-Aide Best Practice: Do not attach **Form 8453**, *U.S. Individual Income Tax Transmittal for an IRS e-file Return*, or the related forms/statements described below for inclusion in the electronic return. Inform the taxpayer that the IRS may ask them to provide this additional documentation.

- Tax-Aide states may establish their own policy regarding including attachments in TaxSlayer for state-related e-filing requirements.

Tax-Aide Policy: Volunteers may not mail taxpayer documents to the IRS or state agencies, including Form 8453 and related attachments. More broadly, policy prohibits the exchange of taxpayer data with anyone by email, fax, USPS mail or courier. The only exception is if you are using USPS mail solely to contact a taxpayer at the address provided because phone contact has been unsuccessful. Do not mail any taxpayer documents.

- TaxSlayer's Customer Portal can be used to securely share tax documents with taxpayers as described on the prior page.

Form 8453 is used when any of the supporting documents specifically listed on the form are being mailed to the IRS after an e-filed return is accepted. Those paper forms, schedules and supporting documents include:

- Form 2848, Power of Attorney and Declaration of Representative (or POA that states the agent is granted authority to sign the return)
- Form 8332, Release / Revocation of Release of Claim to Exemption for Child by Custodial Parent (or certain pages from a divorce decree or separation agreement, that went into effect after 1984 and before 2009) (see instructions)
- Form 8949, Sales and Other Dispositions of Capital Assets (or a statement with the same information), if you elect not to report your transactions electronically on Form 8949. Form 8453 is to be mailed to the Austin Submission Processing Center within three business days.

No accompanying Form 8453 is required when attaching a PDF to the e-file. However, only select forms can be uploaded into TaxSlayer. Refer to **Form 8453** for a list of acceptable documents.

Due Diligence

By law, tax return preparers must exercise due diligence in preparing or assisting in the preparation of tax returns. IRS-SPEC defines due diligence as the degree of care and caution reasonably expected from, and ordinarily exercised by a volunteer in the VITA/TCE program. This means, as a volunteer, you must do your part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete. Doing your part includes confirming a taxpayer's (and spouse's if filing jointly) identity and providing top-quality service by helping them understand and meet their tax responsibilities.

Generally, IRS-certified volunteers may rely in good faith on information from a taxpayer without requiring documentation as verification. However, part of due diligence requires volunteers to ask a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for accuracy, volunteers need to ask themselves if the information is unusual or questionable.

Tax-Aide Policy: Counselors must deny service if they feel that the taxpayer or spouse is providing misleading tax information or if any item in the return is out of scope. Counselors should confer with their local/shift coordinator to make this determination.

The Due Diligence Checklist (Form 8867) is not applicable to volunteer preparers. ***Do not open the Due Diligence Checklist.***

Quality Review Process

See the NTTC **Gold Standards for Quality Review**.

Quality Site Requirement #2: *Intake/Interview and Quality Review Process*, requires every site to use a complete quality review process for all returns prepared to ensure accuracy. Every item on the Quality Review Checklist must be addressed while reviewing **Form 13614-C**, *Intake/Interview and Quality Review Sheet*, all supporting documents, return preparer comments, and the completed tax return. The Quality Reviewer **must** contact the taxpayer so that they can participate in the quality review process.

There are two acceptable quality review methods:

Designated Review – This preferred quality review method uses a designated Quality Reviewer. This is a volunteer who is solely dedicated to reviewing returns prepared by the other volunteers at the site.

Peer Review – In this process an IRS-tax law certified volunteer preparer selected by the site may quality review returns of another preparer when the site is not able to use the preferred Designated Review method.

Self-review is not allowed. All returns must be quality reviewed by another volunteer certified to the level required for the return.

Quality Review Checklist

- The taxpayer's (and spouse's, if filing jointly) photo ID must be verified again by the Quality Reviewer
- Verify both counselors (preparer and quality reviewer) are certified to prepare/review this return and the return is within scope of the program
- Verify all applicable questions on Form 13614-C, Pages 1 through 3 were answered. Any errors or incomplete information were:
  - discussed with the taxpayer
  - corrected
  - notated on Form 13614-C
- All applicable information in the "to be completed by certified volunteer" gray-shaded area of Form 13614-C is completed
- Check Form 13614-C for additional comments left by the return preparer
- Names, addresses, SSNs, ITINs, and EINs are verified and correct on the return
- Filing status is correct
- Dependency determinations are correct. If Taxpayer can be claimed as a dependent on someone else's return, verify that it is properly recorded in the basic information section
- All Income indicated on pages 2 and 3 of Form 13614-C (with or without source documents) is verified and correct
- All applicable adjustments to income are verified and correct
- All applicable deductions are verified and correct; e.g., standard, itemized, additional, etc.
- All eligible credits are verified and correct

  Summary/Print will display ***Reasons for no Earned Income Credit (EIC)*** in a green box at the top of the ***Tax Return Summary*** screen, if applicable. This diagnostic can help identify potential issues that are preventing a claim for the EIC; e.g., ***Must live in U.S. more than Half the Year*** will be displayed if the corresponding checkbox was not checked on the Personal Information screen.

Quality Review Process (cont'd)

- All applicable provisions of Affordable Care Act (ACA) were considered for each person named on the tax return and are correct
- Federal income tax withholding and estimated tax payments are correct
- Direct deposit/debit details are correct, including:
    - ***Bank Account Type***: ***Checking*** or ***Savings***
    - ***Routing Number***
    - ***Account Number***
    - Direct debit date and amount (if applicable)
- Confirm federal and state return types are correct; e.g., e-file or paper.
- If there is a significant difference in refund or amount due compared to the prior year return, confirm that nothing has been omitted or entered incorrectly. For taxpayers returning to the same site, the ***Prior Year Comparison*** available from ***Summary/Print*** for significant year-to-year can be helpful.
- SIDN is included and correct on the return
- Advise taxpayers before they sign the return of their responsibility for information on their return. This must be done after the quality review process.

Refer to **Publication 5838**, *VITA/TCE Intake/Interview and Quality Review Handbook*, for additional guidance on how to conduct a quality review.

TaxSlayer Quality Review Print Set

Tax-Aide Best Practice: While reviewing every data entry screen within TaxSlayer is possible, primarily using the ***QUALITY REVIEW*** print set is more efficient, and reduces the possibility of accidentally introducing errors on input screens. See the NTTC **Gold Standards for Quality Review** for more details.

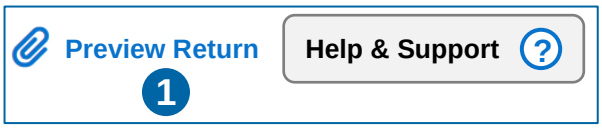
Using the ***QUALITY REVIEW*** print set, the Quality Reviewer will be able to review all documents included in the tax return. Compare the IRS Form 13614-C to the Client Form Listing Summary included at the start of the print set to verify all the correct documents are included in the tax return.

Once the basic Intake/Interview documents are reviewed, the Quality Reviewer should review the other pages included in the print set of the tax return. These pages include forms, schedules, and worksheets required to complete the Quality Review of the tax return.

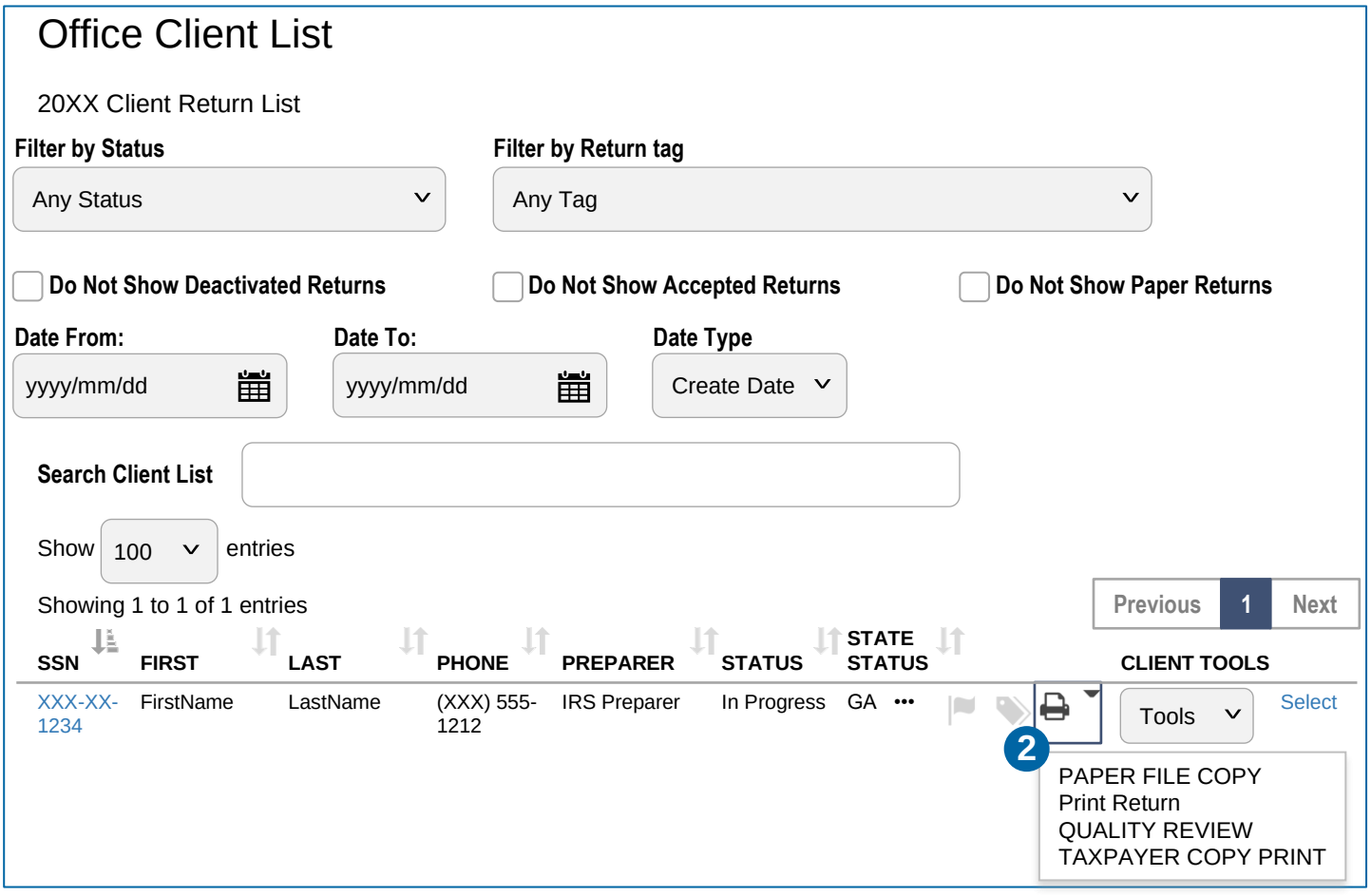
Once the Quality Reviewer confirms the accuracy of the return, the return should be marked Approved (see #9 on page K-11). Only after the return is shared with **and** Form 8879 is signed by the taxpayer(s), select the ***Mark tax return as complete*** button on the Submission Page in the E-file section. This makes the return available for transmission to the TaxSlayer Processing Center. See #10 on page K-11.

The Quality Reviewer can review the tax return PDF in their browser without printing it by either:

1. If the return is still open, click ***Preview Return*** at the top of the screen. Alternatively, select the ***QUALITY REVIEW*** print set from the E-file Submission Page (see #4 on page K-11).



2. If the return is closed, the Quality Reviewer should find the return in the Office Client List, click the adjacent printer icon, and select ***QUALITY REVIEW*** in the dropdown that appears.



Return Signature

A return isn't considered valid unless it is signed and dated by the taxpayer (and spouse if filing jointly). The occupation lines should be completed. Advise the taxpayer they're responsible for information on the return.

Electronic Signature

TaxSlayer's Customer Portal can be used to allow the taxpayer (and spouse if filing jointly) to electronically sign the current year return. See Customer Portal on page K-12. Electronic signature(s) will be shown on the Submission Page (see page K-10).

When Someone Can Sign for You

Child's Return

If a child can't sign his or her name, the parent, guardian, or another legally responsible person must sign the child's name in the space provided followed by the words "By (*parent/guardian signature*), parent (or guardian) for minor child."

Incapacitated Spouse

If the spouse can't sign because of injury or disease and tells the taxpayer to sign for him or her, the taxpayer can sign the spouse's name on the return followed by the words "By (*your name*), Spouse." Attach a dated statement that is signed by the taxpayer to the return. Alternatively, you may scan the statement as a PDF and attach it to the return prior to transmitting the e-file (see #5 on page D-40). For statement requirements, see *Injury or disease prevents signing* in **Publication 501**.

Military Spouse

If the taxpayer's spouse is unable to sign the return because he or she is serving in a combat zone or is performing qualifying service outside of a combat zone, and the taxpayer doesn't have a power of attorney (POA) or other statement, the taxpayer can sign for their spouse. Attach a signed statement to the return explaining that the spouse is serving in a combat zone. Alternatively, you may scan the statement as a PDF and attach it to the return prior to transmitting the e-file (see #5 on page D-40). For other situations, see *Do both my spouse and I have to sign our joint return?* in **Publication 3**, *Armed Forces' Tax Guide*.

Court-Appointed Conservator or Other Fiduciary

If you are a court-appointed conservator, guardian, or other fiduciary for a mentally or physically incompetent individual who has to file a tax return, sign your name for the individual and file **Form 56**, *Notice Concerning Fiduciary Relationship*. Preparation or filing of Form 56 is out of scope, but the return itself remains in scope.

Power of Attorney (POA)

Form 2848, *Power of Attorney and Declaration of Representative*, is in scope to use, but volunteers may not complete Form 2848 or assist taxpayers with completing it.

Once the e-file is accepted, the taxpayer's agent will need to mail a copy of the original paper POA with **Form 8453** to the address listed on page 2 of Form 8453. Alternatively, you may scan the POA as a PDF and attach it to the return prior to transmitting the e-file (see #5 on page D-40). If paper filed, a copy of the POA must be attached to the return. Follow this process even if the taxpayer's agent is using a POA other than Form 2848.



Tax-Aide Policy: Do not mail any taxpayer documents. **Best Practice:** Do not attach the POA for inclusion in the e-filed return.

(continued on next page)

The agent named by Form 2848 or other POA is not permitted to sign an income tax return unless specifically authorized by the POA (see *Authority to sign your return* in the **Instructions for Form 2848**). Additionally, Treasury Regulations section 1.6012-1(a)(5) permits an agent to sign an income tax return only under the following circumstances:

- Disease or Injury;
- Continuous absence from the United States (including Puerto Rico) for a period of at least 60 days prior to the date required by law for filing the return; or
- Other good cause if specific permission is requested of and granted by the IRS.

For additional details, see the **Instructions for Form 2848**, *Power of attorney* in **Publication 17**, and *Authorizing a Representative* in **Publication 947**, *Practice Before the IRS and Power of Attorney*.

If a counselor is not comfortable working with a POA, court appointment papers, or **Form 1310**, check with other volunteers. If no one else is available, refer the taxpayer to a professional preparer.

Ⓑ Deceased Taxpayer

Basic Information>Personal Information>***Taxpayer is deceased*** checkbox; or Keyword: PER

A Power of Attorney becomes invalid when the taxpayer dies; therefore **Form 56** or a new **Form 2848** must be completed and signed by the estate executor or representative. Preparation or filing of Form 56 or Form 2848 is out of scope, however the return itself remains in scope. See **Publication 559**, *Survivors, Executors, and Administrators*, for details.

In Basic Information (see #4 on page B-20), check the box to indicate that taxpayer and/or spouse is deceased and enter their date of death. TaxSlayer will automatically note this on the top of Form 1040. Paper file the return if the e-file rejects due to the SSN being locked by the IRS.

If the spouse died during the year and the surviving spouse didn't remarry, a joint return can be filed. A surviving spouse or personal representative must file a return for a decedent with a filing requirement. If a decedent had no filing requirement, but had tax withheld, a return must be filed to claim a refund. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent's property. The signature requirements are as follows:

- If a personal representative has been appointed by a court, that person must sign the return and attach a copy of the certificate showing their appointment to the return. If it is a joint return, the surviving spouse must also sign it.
- If no personal representative has been appointed:
  - The surviving spouse (on a joint return) signs the return and writes in the signature area "Filing as surviving spouse."
  - If there is no surviving spouse, the person in charge of the decedent's property must file and sign the return as "personal representative."

Claiming a Refund for a Deceased Person

Federal Section>Miscellaneous Forms>Statement of Person Claiming Refund Due a Deceased Taxpayer; or Keyword: 1310

If filing jointly and both spouses are deceased, add a separate **Form 1310** for each spouse. However, Form 1310, *Statement of Person Claiming Refund Due a Deceased Taxpayer*, is not applicable for a surviving spouse filing jointly with their deceased spouse.

1. Enter ***Person Claiming Refund Information***; i.e. their name, SSN, address, and optionally their phone number.
2. Select the applicable option in Part I. **Only option C can be filed electronically.**
   - **A.** ***Surviving spouse requesting reissuance of a refund check***: Must be paper filed.
   - **B.** ***Court-appointed or certified personal representative***: Only applicable when a court-appointed or certified personal representative is claiming a refund on Form 1040-X (must be paper filed, attaching a copy of the certificate that shows their appointment). Form 1310 does not apply to a representative filing the original return (they should instead just attach a copy of the certificate showing their appointment).
   - **C.** ***Person, other than A or B***: Not permitted if a personal representative has been or will be appointed or certified by a court.
3. Part II must also be completed if option C was selected in Part I. The filer must have proof of death and provide it if requested by IRS. They must also certify they will pay out the refund according to the laws of the state where the decedent was a legal resident.

The E-file section can't be accessed if Form 1310 has been added with Part I options A or B selected. A workaround is:

- Temporarily select option C
- Complete the E-file section, setting federal return type to Paper Return. Select "Save & Return" at the bottom of the submissions page.
- Change the Form 1310, Part I selection back to the original option.

Form 1310 for Refund Due a Deceased Taxpayer

Do not complete this form with your return if you are a surviving spouse filing an original or amended joint return with the decedent.

Decedent Information

Form belongs to:
Taxpayer

Date of death
mm/dd/yyyy

Person Claiming Refund Information

First Name * 1

☑ Check here if you plan on sending this form electronically. 2

Part I - Check the box that applies to you

- ○ A - Surviving spouse requesting reissuance of a refund check.
- ○ B - Court-appointed or certified personal representative. Attach a court certificate showing your appointment, unless previously filed.
- ◉ C - Person, other than A or B, claiming refund for the decedent's estate (complete Part II if checked)

Part II - Complete ONLY if you checked 'C' in Part I 3

- ☑ Check here if you have a valid proof of death.
- ☐ Check here if the decedent left a will.

Personal Representative.

- ○ a. A court HAS ALREADY appointed a personal representative for the estate of the decedent.
- ○ b. A court WILL provide a personal representative for the estate of the decedent.
- ◉ Neither

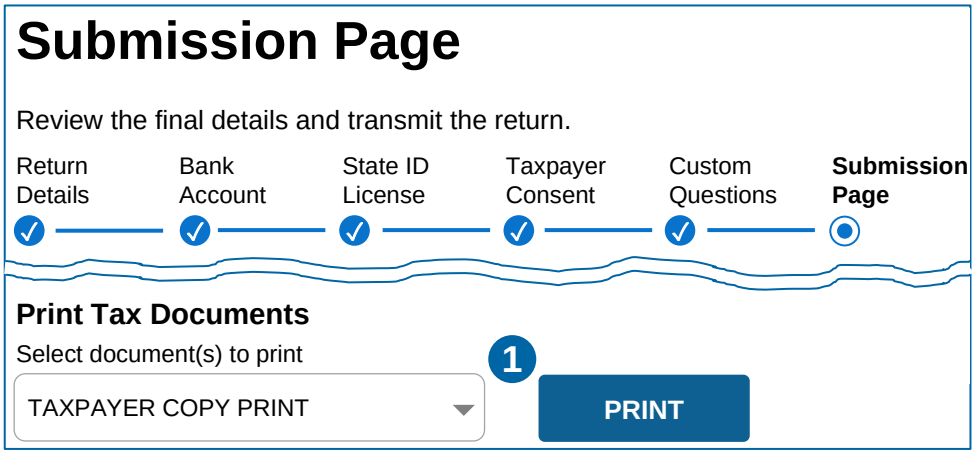
☑ Check here if, as the person claiming the refund for the decedent's estate, you will pay out the refund according to the laws of the state where the decedent was a legal resident.

Printing the Tax Return

Client Search>Office Client List, or E-file Section>Submission Page>Print Tax Documents

To create a return PDF, either:

1. Select the desired print set from the dropdown on the Submission Page within the E-file section and click ***PRINT***, or
2. Find the return in the Office Client List, click the adjacent printer icon, and select the desired print set in the dropdown that appears.

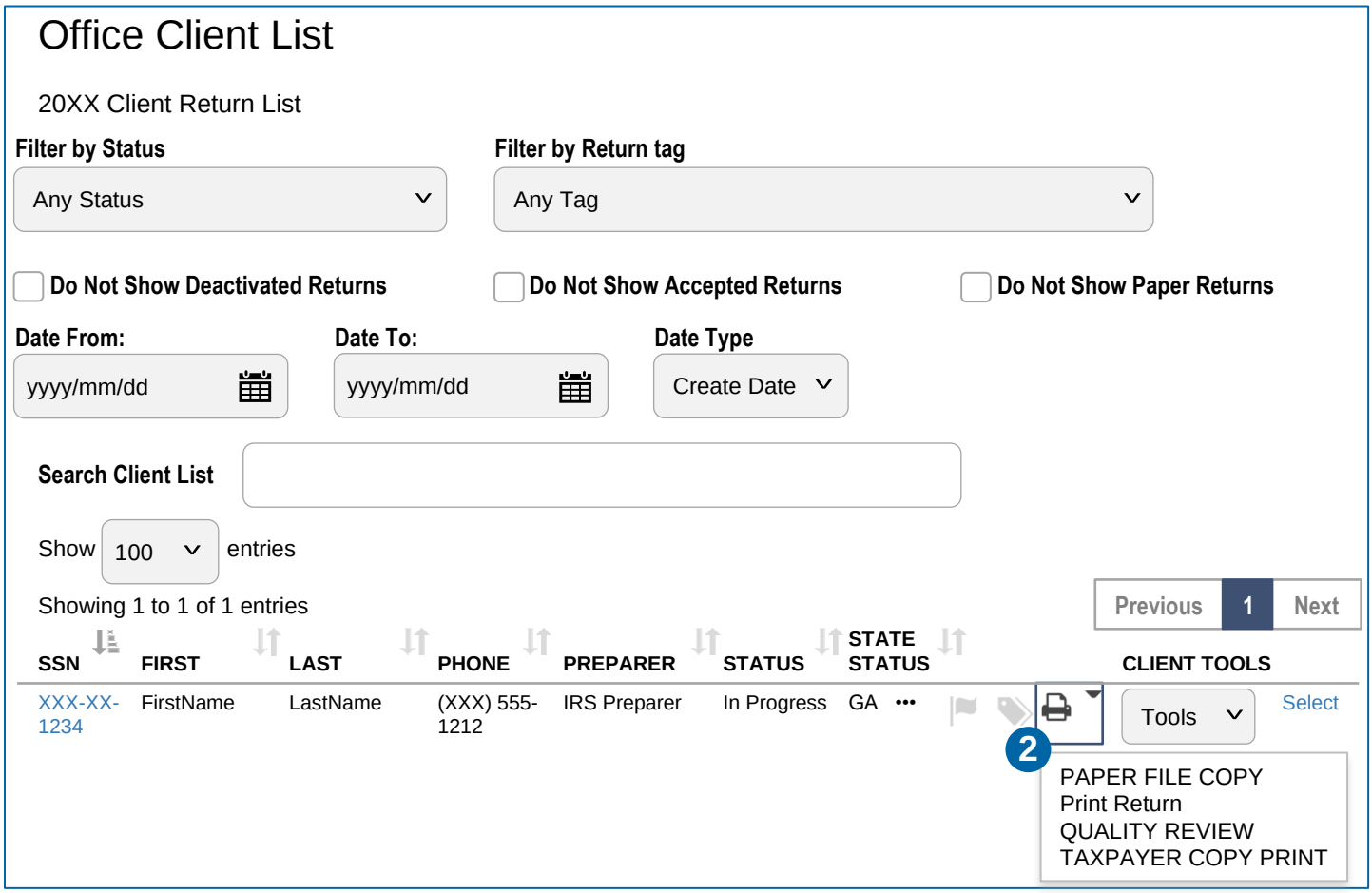


Once the PDF is generated, you can choose the pages you want to print and the number of copies needed.

If not already watermarked, clearly mark the taxpayer's file copy so they know not to send it to the IRS.

Tax-Aide Policy: Complete these steps for both the federal and state returns to ensure the direct deposit/debit information was entered correctly:

- Ask the taxpayer to review the bank account and routing numbers on the return summary page (the first page in the TAXPAYER COPY PRINT print set), **and**
- Ask the taxpayer to initial next to the banking information on their copy of the return to confirm they have verified the information and that it is correct.



Distributing Copies of Returns

Tax-Aide Policy: Volunteers may not mail any tax documents. See page K-13.

Taxpayer's Copy

- All taxpayer documents, including the Tax-Aide Intake Booklet, Form(s) W-2, Form(s) 1099, etc.
- Form 1040 with all forms/schedules/worksheets including signed Form 8879 and Form 8453, if applicable.
- Organize the taxpayer's copy of the return according to the attachment sequence at the top right corner of each form. Any supplemental schedules are put at the end.
- Form 8332, if applicable.
- Original Power of Attorney, if applicable.
- State forms/schedules, as applicable.
- If direct debit, highlight procedure for canceling the debit in case needed later.

Paper Federal Return

- Signed Form 1040 with all forms/schedules.
- Organize the federal copy of the return according to the attachment sequence at the top right corner of each form. Any supplemental schedules are put at the end.
- Attach federal copies of Form(s) W-2. Also attach any Form(s) W-2G and 1099 with withholding.

Paper State Return

- Signed state return with all forms and schedules.
- Attach a copy of the federal return if required by state instructions.
- Attach state copies of Form(s) W-2. Also attach any state copies of Form(s) W-2G and 1099 with withholding. Varies by state—confirm attachment requirements in state instructions.

Where to File Paper Returns

When a paper return must be filed, advise the taxpayer to sign and mail the federal return to the applicable IRS address for the state where the taxpayer lives. See page P-11 for links to find the applicable address.

The taxpayer must be given an exact copy of the paper return to be filed. Additional copies of the schedules and worksheets should also be provided. If applicable, state income tax returns should be signed and mailed to the appropriate address for that state. State mailing address can be found on the state tax form or on the tax department's website.

- Provide IRS address or pre-addressed envelope(s) to the taxpayer.
- Remind taxpayer that their return must be postmarked no later than the tax deadline.

Balance Due Returns

Taxpayers don't have to pay if balance due is less than $1.

Penalties and Interest

- Payment in full is due by the April filing due date to avoid interest and penalties.
- Taxpayer should file their return by the filing due date, including extensions to avoid a failure-to-file penalty.
- There are separate penalties for filing late and paying late. The late filing penalty is higher.
- Advise taxpayers to file the return on time, even if they can't pay the full amount owed. They should pay as much as they can with the return to reduce penalties and interest. For more information, see **Tax Topic No. 653, IRS notices and bills, penalties and interest charges** (IRS.gov/taxtopics/tc653).
- An **Underpayment of Estimated Tax by Individuals Penalty** applies to taxpayers who do not have sufficient withholding and don't pay enough estimated tax on their income, or pay it late. Form 2210 is out of scope, see #5 on page H-11.

Payment Methods

Form 1040-V includes information on electronic payment methods. **Publication 5034 (en-sp)**, *Need to Make a Payment?*, is a one-page summary of payment options that you can print for taxpayers with a balance due.

1. **Direct Debit / Electronic Funds Withdrawal**
   - E-filing allows taxpayers to file their return early and schedule their payment for withdrawal from their checking or savings account on a future date up to the April filing due date. Advise taxpayers that they should check their account to verify that the payment was made. See page K-8.
2. **IRS Individual Account** (IRS.gov/account)
   - Make a same-day payment or schedule payments up to 365 days in advance from your bank account. You can cancel payments before their scheduled date.
   - View up to 5 years of payment history, including your estimated tax payments.
   - View pending and scheduled payments.
3. **IRS Direct Pay** (IRS.gov/directpay)
   - IRS Direct Pay can be used without being logged into an individual account to pay your tax bill or make an estimated tax payment directly from your checking or savings account at no cost to you. You'll receive instant confirmation that your payment has been submitted. Bank account information isn't retained in IRS systems after payments are made.
4. **Mail a Check or Money Order (don't mail cash)**
   - Don't attach the payment to the return.
   - Refer to the instructions on **Form 1040-V**, *Payment Voucher* and/or state voucher.
   - Submit the payment with a properly completed Form 1040-V and/or state voucher. Don't staple or attach the payment to the 1040-V.
5. **Pay your taxes by debit or credit card or digital wallet** (IRS.gov/paybycard)
   - A convenience fee will be charged by the service providers.

See the **Instructions for Form 1040** for additional information. Check your state department of revenue website for payment options for a state amount owed.

6. **Pay by Cash at a Retail Partner** (IRS.gov/paywithcash)
   - Taxpayers can make a cash payment without the need of a bank account or credit card at participating retail locations nationwide. Visit the website above for more information or to find a location near you.

7. **Pay by Mobile Device (IRS app, formerly IRS2Go)**
   - To pay through a mobile device, taxpayers may download the IRS app at **IRS.gov/help/app**.

The **Electronic Federal Tax Payment System (EFTPS) (IRS.gov/eftps)** is no longer accepting new enrollments for individual taxpayers. Current EFTPS users can still use EFTPS for now.

What if the taxpayer can't pay?

Publication 594, *The IRS Collection Process*, explains taxpayers' rights and responsibilities regarding payment of federal taxes.

Online Payment Agreement (OPA):

Taxpayers with a balance of $50,000 or less can make a payment arrangement at **Apply Online for a Payment Plan** (IRS.gov/paymentplans). If the taxpayer can pay within 180 days, there is no user fee for an Online Payment Agreement (OPA). Taxpayers may also call the IRS to set up a short-term payment plan.

If the taxpayer requires more than 180 days to pay, there is an installment agreement user fee. The amount of the fee is less if the payments are set up using direct debit or applying online compared to applying by phone, mail, or in person. If the taxpayers' income is below certain limits, they may qualify for a reduced fee, which may be identified when going through the OPA process.

Taxpayers can revise their agreement via OPA. OPA can be used even before the taxpayer receives a bill for the balance due.

See **Form 9465**, *Installment Agreement Request*, and *Installment agreement user fees* in **Instructions for Form 9465**. Also see **Form 13844**, *Application for Reduced Use Fee for Installment Agreement*.

Taxpayers who don't use OPA:

Taxpayers who can pay the full amount they owe within 180 days should not use **Form 9465**. They can avoid paying the fee to set up an installment agreement by calling the IRS at 800-829-1040.

For taxpayers needing longer than 180 days, an installment agreement user fee applies. This fee is more using this method than using OPA. **Form 9465** can be used to apply for an installment agreement, and can be included with an e-filed return. Low-income taxpayers may qualify for a reduced user fee by using **Form 13844**.

Miscellaneous Forms>Installment Agreement Request; or Keyword: 9465

OPA payment plans are processed quicker than requests made with electronically filed returns.

Taxpayers who need to revise their agreement must call IRS at 800-829-1040 or file a new **Form 9465**. This may also be done in TaxSlayer.

Ensure the taxpayer understands that interest and penalties will be included and some payment plans have setup costs (see above for reduced fees for low-income taxpayers).

Requesting additional time to pay due to undue hardship

The taxpayer can request an extension of time to pay if paying the tax by the due date will be an undue hardship. For details see **Form 1127**, A*pplication for Extension of Time for Payment of Tax Due to Undue Hardship*. This form is out of scope.

Offer in Compromise

If the taxpayer can't pay through an installment agreement and/or by liquidating assets, they may be eligible for an Offer in Compromise (offer). An offer is an agreement between the taxpayer and the IRS that settles a tax debt for less than the full amount owed. The IRS may accept an offer if:

- The IRS agrees that the tax debt may not be accurate,
- The taxpayer has insufficient assets and income to pay the amount due in full, or
- The taxpayer has exceptional circumstances and paying the amount due would cause an economic hardship or would be unjust.

Offer in Compromise is out of scope, but volunteers can make taxpayers aware of the option. The taxpayer can use the **Offer in Compromise Pre-Qualifier Tool** (IRS.gov/offers) to determine if an offer is a realistic option to resolve their balance due. The questionnaire format assists in gathering the information needed and provides instant feedback as to eligibility. To apply for an offer, the taxpayer must read and complete the forms located in **Form 656-B**, *Offer in Compromise*. An offer is subject to a user fee. If the taxpayers' income is below certain limits, they may qualify for a waiver of the user fee. The application for this is part of **Form 656-B**.

Currently not collectible (CNC) status

Taxpayer's who can't pay any of the amount due because payment would prevent them from meeting basic living expenses, can request the IRS to delay collection until they're able to pay. Prior to approving their request, the IRS may ask them to complete a Collection Information Statement and provide proof of their financial status. Note that even if the IRS delays collection, applicable penalties and interest we still be charged until the taxpayer pays the full amount, and the IRS may file a Notice of Federal Tax Lien.

To request a temporary delay of collection, taxpayers can call the IRS at 800-829-1040, or call the phone number on their bill or notice. For more information, taxpayers can refer to **Temporarily delay the collection process** (IRS.gov/businesses/small-businesses-self-employed/temporarily-delay-the-collection-process).

How Can a Taxpayer Avoid a Balance Due in the Future?

Taxes withheld are based on filing status, dependents, and other adjustments on the return.

If there is an amount owed on the current return:

- If the taxpayer didn't have enough withheld from their paycheck, pension income or taxable Social Security benefits, advise them to access the **Tax Withholding Estimator (IRS.gov/withholding)**. To increase or adjust their withholding, they should:
  - For wages: submit a revised **Form W-4**, *Employee's Withholding Certificate*, to their employer
  - For pensions or annuities: submit a revised **Form W-4P**, *Withholding Certificate for Periodic Pension or Annuity Payments*, to the pension payer (or contact the pension administrator)
  - For retirement payments other than pensions or annuities, submit **Form W-4R**, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*, to the payer of their retirement payments to increase withholding.
  - For Social Security benefits or unemployment, submit **Form W-4V**, *Voluntary Withholding Request*, to request withholding from Social Security or certain other federal government payments.
- If the taxpayer had income that wasn't subject to withholding (such as self-employment, interest income, dividend income, or capital gain income):
  - Explain estimated taxes to the taxpayer.
  - In TaxSlayer, add Form 1040-ES, Estimated Tax for Individuals, and complete it. Discuss with taxpayer(s) whether to use the minimum required amount or the total amount expected to be due. See next page.
- Advise the taxpayer to review **Publication 505**, *Tax Withholding and Estimated Tax*.
- **Forms, Instructions, and Publications** can be obtained from **IRS.gov/forms-instructions**.
- If the taxpayer is receiving the advanced premium tax credit (APTC), they should notify the Marketplace when they have any significant change to geographic location, income, family size or a life event.

This information only applies to federal balance due returns. For state information, consult the applicable state.

To access TaxSlayer's 1040 Estimated Payments Calculator go to:

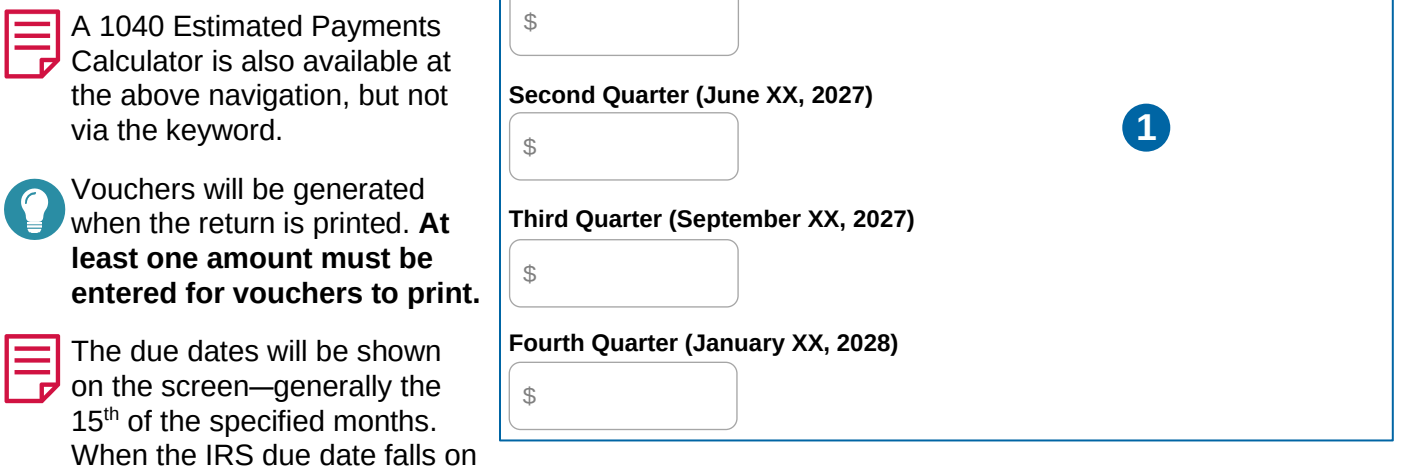
Payments & Estimates>Vouchers for 20XX Estimated Tax Payments>1040 Estimated Payments Calculator

The **Estimated Tax Worksheet with MFJ/MFS Comparison** in the **Colorado Resource Toolbox** can also be helpful.

Ⓑ Estimated Tax Payments for Next Year

Payments & Estimates>Vouchers for 2027 Estimated Tax Payments; or Keyword VOU

1. Enter amount to be printed on each voucher. Taxpayer can make pen and ink changes to a voucher if the situation changes during the year.



A 1040 Estimated Payments Calculator is also available at the above navigation, but not via the keyword.

Vouchers will be generated when the return is printed. **At least one amount must be entered for vouchers to print.**

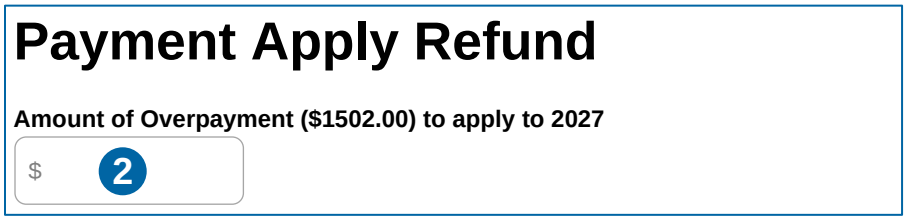
The due dates will be shown on the screen—generally the 15th of the specified months. When the IRS due date falls on Saturday, Sunday, or a legal holiday, the due date is the next business day.

To enter State Estimated Payments, navigate to:

State>Miscellaneous Forms>Estimated Payment Vouchers (may vary by state).

Applying a Refund to Next Year's Taxes

2. If the taxpayer would like to apply some or all of their federal refund for TY2026 to TY2027, navigate to:



Payments & Estimates>Apply Overpayment to Next Year's Taxes

To apply state refunds to TY2027, navigate to State>Payments>Apply your state refund to next year's tax return (varies by state).

Tab L: Resident/NR Alien

Resident vs. Non-Resident for U.S. Tax Purposes

If ***In the U.S. on a visa*** is checked or ***A U.S. citizen*** is not checked for either the taxpayer or spouse on Form 13614-C, you must determine whether they are considered a resident alien or nonresident alien for tax purposes.

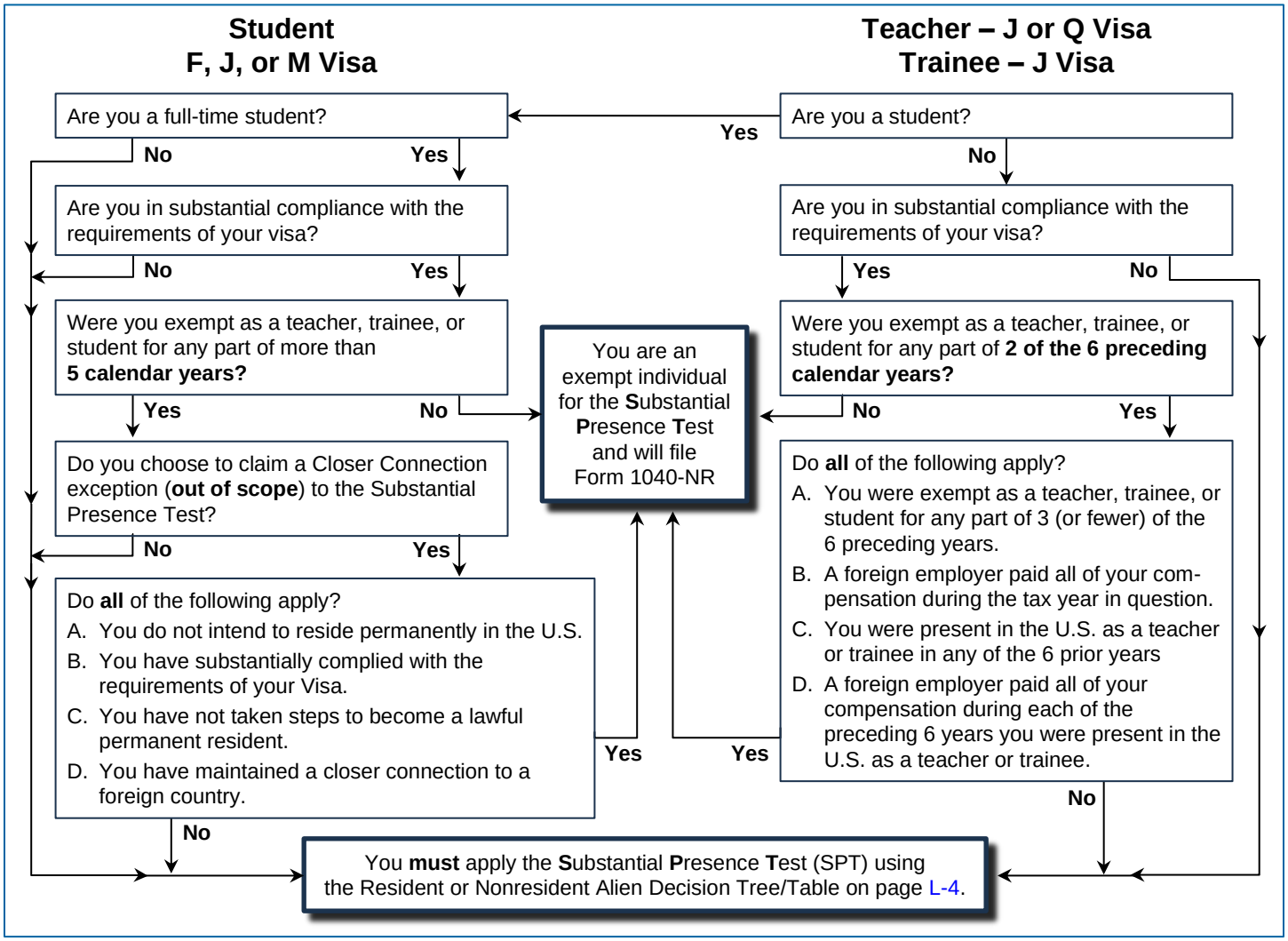
- If the taxpayer or spouse was temporarily present in the U.S. on an F, J, M, or Q visa, then use the Substantial Presence Test? – Decision Tree/Table below to determine if they are an exempt individual for the Substantial Presence Test (SPT). If they are, then Foreign Student and Scholar certification is required (see **Publication 4011** and **Publication 519**).

  ⚠ Taxpayers who changed from an exempt-individual visa status, such as F, J, M, or Q, to another visa status during the year may have a dual-status alien return and are out of scope.

- For all other aliens, instead proceed directly to the Resident or Nonresident Alien Decision Tree/Table on page L-4.

Review and pay close attention to Footnotes 6 through 8 on page L-5.

Substantial Presence Test? – Decision Tree



⚠ For purposes of the Substantial Presence Test, do not count any days during which you qualified as an exempt individual.

⚠ Trainees on a Q visa are **out of scope** for the Foreign Student and Scholar program.

Substantial Presence Test? – Decision Table

The decision table below is an alternative to the decision tree on the prior page (the information is the same). If you are temporarily present in the United States on an F, J, M, or Q visa, use this chart to determine if you are an exempt individual for the Substantial Presence Test (SPT).

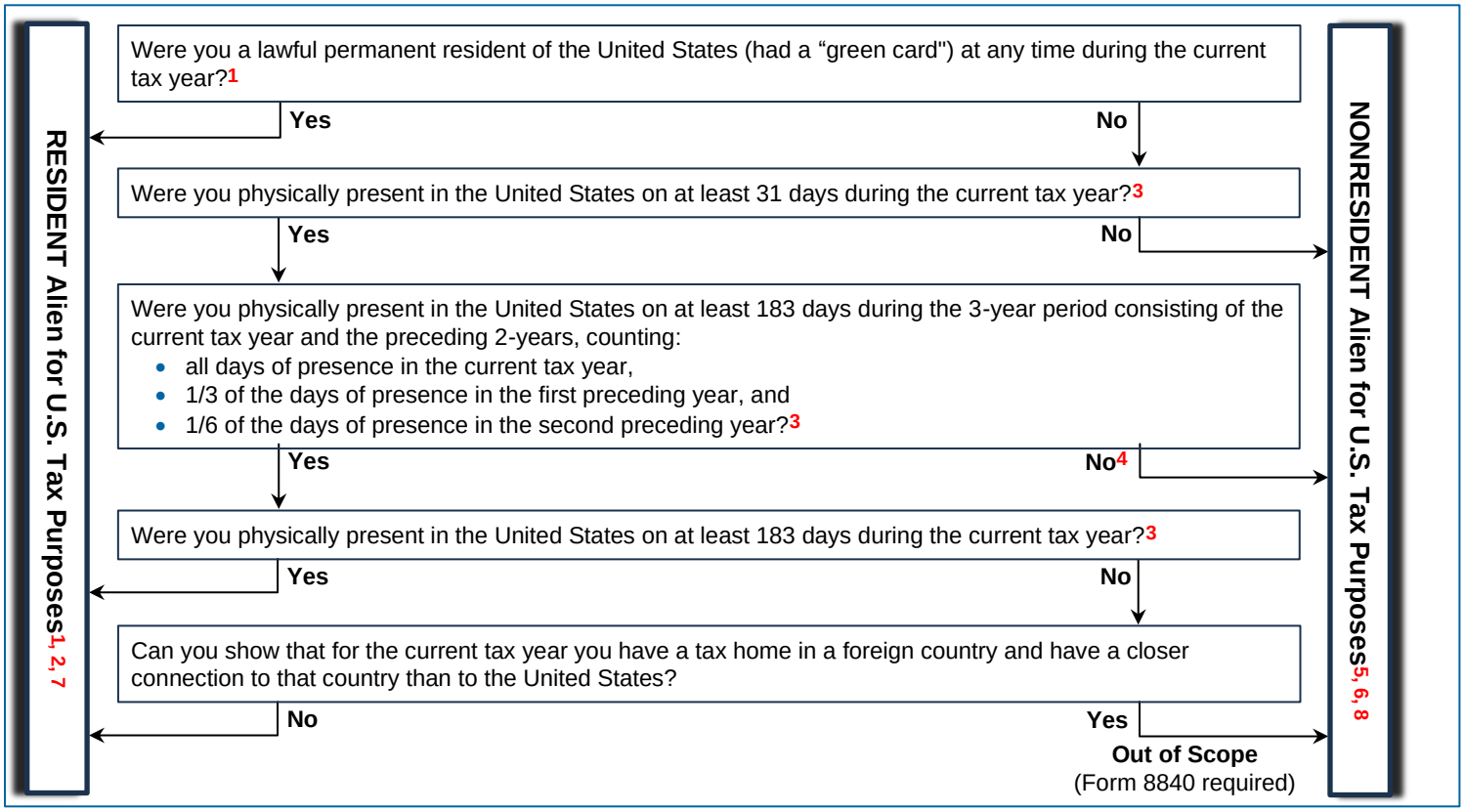
Step	Probe/Ask the taxpayer:	Action
1	Are you a teacher or trainee on a J visa, or a teacher on a Q visa?	**YES –** Go to Step 7. **NO –** Go to Step 2.
2	Are you a full-time student on an F, J, or M visa?	**YES –** Go to Step 3. **NO –** Go to Step 12.
3	Are you in substantial compliance with the requirements of your visa?	**YES –** Go to Step 4. **NO –** Go to Step 12.
4	Were you exempt as a teacher, trainee, or student for any part of more than 5 calendar years?	**YES –** Go to Step 5. **NO –** Go to Step 11.
5	Do you choose to claim a Closer Connection exception (**out of scope**) to the Substantial Presence Test?	**YES –** Go to Step 6. **NO –** Go to Step 12.
6	Do **all** of the following apply? A. You do not intend to reside permanently in the U.S. B. You have substantially complied with the requirements of your visa. C. You have not taken steps to become a lawful permanent resident. D. You have maintained a closer connection to a foreign country.	**YES –** Go to Step 11. **NO –** Go to Step 12.
7	Are you a student?	**YES –** Go to Step 2. **NO –** Go to Step 8.
8	Are you in substantial compliance with the requirements of your visa?	**YES –** Go to Step 9. **NO –** Go to Step 12.
9	Were you exempt as a teacher, trainee, or student for any part of 2 of the 6 preceding calendar years?	**YES –** Go to Step 10. **NO –** Go to Step 11.
10	Do **all** of the following apply? A. You were you exempt as a teacher, trainee, or student for any part of 3 (or fewer) of the 6 preceding years. B. A foreign employer paid all of your compensation during the tax year in question. C. You were you present in the U.S. as a teacher or trainee in any of the 6 prior years. D. A foreign employer paid all of your compensation during each of the preceding 6 years you were present in the U.S. as a teacher or trainee.	**YES –** Go to Step 11. **NO –** Go to Step 12.
11	You are an exempt individual for the Substantial Presence Test and will file Form 1040-NR.	
12	You must apply the Substantial Presence Test using the Resident or Nonresident Alien Decision Tree/Table on the next page.	

⚠ For purposes of the Substantial Presence Test, do not count any days during which you qualified as an exempt individual.

⚠ Trainees on a Q visa are **out of scope** for the Foreign Student and Scholar program.

Resident or Nonresident Alien Decision Tree/Table

Determine residency status for federal income tax purposes.



See footnotes on next page.

The decision table below is an alternative to the decision tree above (the information is the same).

Step	Probe/Ask the taxpayer:	Action
1	Were you a lawful permanent resident of the United States (had a "green card") at any time during the current tax year?	**YES –** RESIDENT Alien for U.S. tax purposes.[1,2,7] **NO –** Go to Step 2.
2	Were you physically present in the United States on at least 31 days during the current tax year?[3]	**YES –** Go to Step 3. **NO –** NONRESIDENT Alien for U.S. tax purposes.[5,6,8]
3	Were you physically present in the United States on at least 183 days during the 3-year period consisting of the current tax year and the preceding 2 years, counting: • all days of presence in the current tax year, • 1/3 of the days of presence in the first preceding year, and • 1/6 of the days of presence in the second preceding year?[3]	**YES –** Go to Step 4. **NO –** NONRESIDENT Alien for U.S. tax purposes.[4,5,6,8]
4	Were you physically present in the United States on at least 183 days during the current tax year?[3]	**YES –** RESIDENT Alien for U.S. tax purposes.[1,2,7] **NO –** Go to Step 5.
5	Can you show that for the current tax year you have a tax home in a foreign country and have a closer connection to that country than to the United States?	**YES –** NONRESIDENT Alien for U.S. tax purposes[5,6,8]. **Out of scope** as Form 8840, *Closer Connection Exception Statement for Aliens* is required. **NO –** RESIDENT Alien for U.S. tax purposes.[1,2,7]

See footnotes on next page.

Footnotes for decision tree/table on prior page

1 If this is your first or last year of residency, you may have a dual status for the year. See *Dual-Status Aliens* in **Publication 519**, *U.S. Tax Guide for Aliens*. **(out of scope)**

2 In some circumstances you may still be considered a nonresident alien and eligible for benefits under an income tax treaty between the U.S. and your country. See *Effect of Tax Treaties* in **Publication 519** and check the provision of the treaty carefully. **(out of scope)**

3 See *Days of Presence in the United States* in **Publication 519** for days that do not count as days of presence in the U.S. (Exempt individuals such as students, scholars, and others temporarily in the U.S. under an F, J, M, or Q visa's immigration status do not count their days of presence in the U.S. for specified periods of time.) Foreign Student and Scholar certification is required to prepare a return for these individuals.

4 If you meet the substantial presence test for the following year, you may be able to choose treatment as a U.S. resident alien for part of the current tax year. See *Substantial Presence Test* under *Resident Aliens* and *First-Year Choice* under *Dual-Status Aliens* in **Publication 519**. **(out of scope)**

5 Nonresident alien students from Barbados and Jamaica, as well as trainees from Jamaica, may qualify for an election to be treated as a resident alien for tax purposes under their tax treaty provisions with the U.S. A formal, signed, election statement must be attached to the Form 1040 **(preparation of the statement is out of scope)**. This election continues until formally revoked.

6 **If you determined a taxpayer is a nonresident alien** for U.S. Tax Purposes after using the Substantial Presence Test? – Decision Tree/Table on pages L-2 and L-3 and the Resident or Nonresident Alien Decision Tree/Table on the prior page:

- You will only complete a tax return for a nonresident alien if you and another volunteer at your site who can quality review the return are both certified on the Foreign Student and Scholar tax law, and you have confirmed the taxpayer's circumstances are within the scope of the Foreign Student and Scholar VITA program.
- See the **Tax-Aide Scope Manual**, *Form 1040-NR*, to confirm if the return is in scope.
- Be sure to have the taxpayer complete **Form 13614-NR**, *Nonresident Alien Intake and Interview Sheet*, and use **Publication 4011**, *VITA/TCE Foreign Student and Scholar Volunteer Resource Guide*, to conduct the Quality Review.
- As the initial return screen opens or under the Basic Information Section in TaxSlayer, select ***Nonresident Alien*** for filing status. You will then need to select the applicable filing status: ***Single nonresident alien***, ***Married nonresident alien***, or ***Qualifying Surviving Spouse***.

7 **If you determined a taxpayer is a resident alien** for U.S. Tax Purposes after using the Substantial Presence Test? – Decision Tree/Table on pages L-2 and L-3 and the Resident or Nonresident Alien Decision Tree/Table on the prior page, and they do not meet any of the exceptions that would be out of scope, select one of the filing statuses listed under the Basic Information Section in TaxSlayer. A resident alien is treated like a U.S. Citizen when determining filing status.

8 At the end of the tax year, if you are married and one spouse is a U.S. citizen or a resident alien and the other spouse is a nonresident alien, you can choose to treat the nonresident spouse as a U.S. resident. In this case, both spouses must report and pay tax on their worldwide income.

This choice is in effect for the taxable year for which you made the election and for all subsequent years until revoked or suspended. See *Nonresident Spouse Treated as a Resident* in **Publication 519**, *U.S. Tax Guide for Aliens*, for more details. **This election is out of scope for the Foreign Student and Scholar certification.**

- A checkbox is provided on Form 1040 to make this election. This checkbox is in scope (see #11 on page B-21), but choosing to make the election and preparing the required statement as described in **Publication 519** is the responsibility of the taxpayer and spouse. Advising on making this election is **out of scope** (refer taxpayer to a professional tax preparer for advice). This election also applies to future years unless suspended or ended. A joint return must be filed for the first year in which this election is made, however a joint or married filing separate return may be filed in subsequent years. In TaxSlayer, always enter the U.S. citizen or resident alien as the taxpayer and the nonresident alien as the spouse.

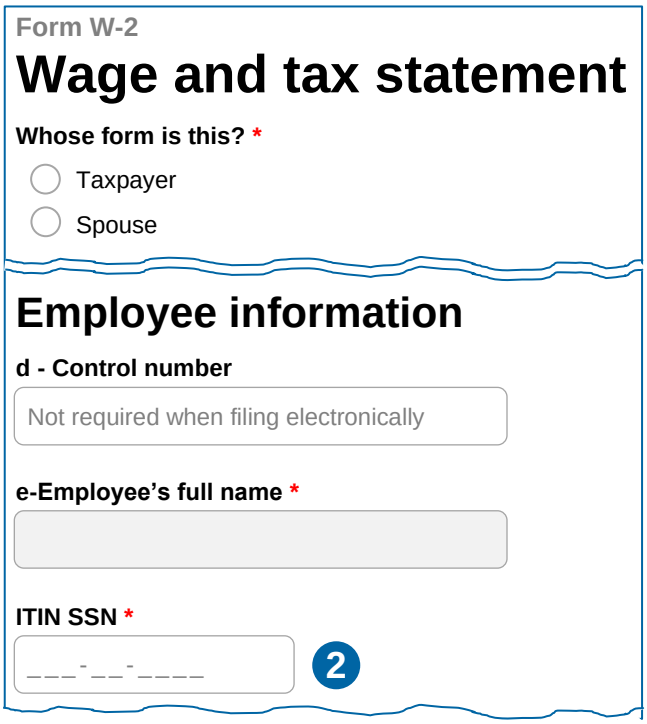
E-Filing of Returns with Valid ITIN

Income> Form W-2; or Keyword “W”

Returns can be electronically filed when the taxpayer has an Individual Taxpayer Identification Number (ITIN) but has a Form W-2 with a Social Security Number (SSN) that belongs to another taxpayer. The taxpayer may be working on an erroneous Social Security number. Only use that Social Security number on the Form W-2.

1. The taxpayer’s ITIN must be entered on the Personal Information screen in the ***SSN*** field provided for the taxpayer or spouse, if applicable. See #1 on page B-20.
2. When completing the Form W-2 screen in TaxSlayer, enter the SSN shown on the paper Form W-2 in the field labeled ***ITIN SSN***. The IRS requires the manual key entry of the Taxpayer Identification Number (TIN) as it appears on Form W-2 received from the employer for all taxpayers with ITINs who are reporting wages. The ITIN that was entered when the return was started won’t auto-populate the TIN on Form W-2 for these ITIN filers.

ITIN taxpayers with income from Form(s) 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, with an incorrect Social Security Number must file a paper return. These returns can’t be e-filed. There are no procedures in place to e-file these types of returns.



Applying for an ITIN

Miscellaneous Forms>Application for ITIN; or Keyword: W7 or ITIN

TaxSlayer will not generate temporary ITINs for the taxpayer, spouse and/or dependents on a return if **Form W-7**, *Application for IRS Individual Taxpayer Identification Number*, is needed. The ITIN application requires a federal tax return be associated with all Form W-7 applications (with some exceptions as noted in the **Instructions for Form W-7**). Federal tax returns can't be e-filed without a TIN (taxpayer identification number) for the taxpayer, spouse, and dependents. If the taxpayer is working under an erroneous Social Security number, that Social Security number should be used only on their Form(s) W-2.

1. For a taxpayer or spouse needing to complete Form W-7, in Basic Information enter the SSN with all digits as zeros "0." Note that TaxSlayer will increment these TINs by 1 after you save this screen, but will leave the SSN blank on Form 1040.

2. For dependents needing to complete Form W-7, in Basic Information check the box for ***Check box if the dependent does not have an SSN/ITIN/ATIN***. Then select ***Yes*** to the statement ***This dependent will be completing a Form W-7, Application for ITIN***.

3. Create a separate Form W-7 application in TaxSlayer for each family member applying for an ITIN. Make sure that first, middle, and last names match required documentation that clients will be submitting with their W-7 application(s). See *Entering the Last Name Correctly* on page B-18 for additional information.

4. Print the return package and provide it to the taxpayer. If the taxpayer has a family pack that includes multiple Forms W-7 with one return, or multiple returns with one Form W-7, these forms should be staggered and stapled together to show the entire package as a family pack. This will prevent separation of the forms/returns that could delay the processing time.

5. Have taxpayers mail Form W-7 application(s), all original supporting documentation or certified copies of documents from the issuing agency, and tax return to the address shown in the **Instructions for Form W-7**. Alternatively, the taxpayer can take all of this to a **Certifying Acceptance Agent (CAA)** or local **Taxpayer Assistance Center (TAC)** for ITIN Authentication.

   - Not all TAC offices are authorized to perform ITIN Authentication.
   - See *Supporting Documentation Requirements* in the **Instructions for Form W-7**, *Application for IRS Individual Taxpayer Identification Number*.

6. If applicable, prepare a copy of the state return with a copy of the federal return attached. If taxpayers will not owe state taxes, suggest they hold the state return until they receive their official ITIN letter(s), which may take 7 weeks (9 to 11 weeks if submitted during peak processing periods, January 15 through April 30). Once the ITIN(s) is assigned, record them on the state tax returns before mailing.

Expired ITINs

- If your ITIN wasn't included on a U.S. federal tax return for three consecutive tax years, it expires on December 31 of the third consecutive tax year, and must be renewed before being used again on a U.S. federal tax return.
- If your ITIN was assigned before 2013 and was never renewed, it has expired and you'll need to submit a renewal application with your U.S. federal tax return.

If the ITIN for the taxpayer, spouse, or dependent has expired and the ITIN will be included on a U.S. federal tax return, a renewal application must be submitted using Form W-7. If the expired ITIN won't be included on a U.S. federal tax return, it does not need to be renewed at this time. For more information, refer to the **Instructions for Form W-7**.

Applying for an ITIN (cont'd)

The following publications provide information on the Individual Taxpayer Identification Number (ITIN) program:

- **Publication 519**, U.S. Tax Guide for Aliens
  - Spanish version: **Publicación 519 (sp)**, *Guía de Impuestos Estadounidenses para Extranjeros*
- **Publication 1915**, *Understanding Your IRS Individual Taxpayer Identification Number ITIN*
  - Spanish version: **Publicación 1915 (sp)**, *Información Para Entender su Número de Identificación Personal del Contribuyente (ITIN) del IRS*
- **Publication 4757**, *Individual Taxpayer Identification Number (ITIN)*

Tab M: Amended Returns

Amended Returns – Overview

Access the federal and state amended return screens from the navigation menu on the left side of the screen.

Taxpayers should file Form 1040-X, Amended Return, to correct any errors or omissions on a return they have already filed. Taxpayer should file an amended return if they:

- received another Form W-2, a corrected Form W-2, or another income statement that was not reported on the original return,
- received an additional Form 1099 (such as unemployment compensation) or a corrected Form 1099 that was not reported on the original return,
- claimed dependents, deductions or credits they should not have claimed,
- did not claim dependents, deductions or credits they could have claimed,
- should have used a different filing status, or
- have a change in their tax liability.

Taxpayers usually do not need to file an amended return to fix a math error or if they forgot to attach a form or schedule. The IRS will correct the math error while processing the tax return and notify the taxpayer by mail. The agency will send a letter to request any missing forms or schedules.

See *Claiming a Refund for a Deceased Person* on page K-19 if filing an amended return to claim a refund for a deceased taxpayer.

When to file an amended return?

File an amended return after an original return has been submitted and accepted. You can confirm this using:

- Where's My Refund?
- Taxpayer's on-line account in the current processing year

If the amended return has a balance due, then file it by the return's due date, even if the original return has not been processed yet.

Generally, taxpayers must file a claim for a credit or refund within 3 years after the date the original return was filed or within 2 years after the date the tax was paid, whichever is later. Returns filed before the due date (without regard to extensions) are considered filed on the due date (even if the due date was a Saturday, Sunday, or legal holiday).

Changing Filing Status From a Joint Return to Separate Returns

The IRS will process an amended return as a "superseding return" if it is filed before the original due date. This is important because elections that are required to be made on an original return are still available with a superseding return; e.g., changing from married filing jointly to married filing separately.

In general, you can't amend your return to change your filing status from a joint return to separate returns after the due date of the original return. However, an executor may be able to make this change for a deceased spouse. See *Separate Returns After Joint Return* in **Publication 501** for more information.

Ⓐ Electronic vs. Paper Amended

Amended returns can be filed electronically for Form 1040, 1040-SR, 1040-NR, or 1040-SS for the current or two prior tax periods. Amended returns for any other tax years or tax types must be filed by paper. A Form 1040-X can be e-filed if the SSN matches a previously "accepted" e-filed return (even non-TaxSlayer e-filed returns). Taxpayers will be allowed to electronically file up to three "accepted" amended returns. After the third accepted Amended Return, all subsequent attempts will reject.

Amended returns must also be filed by paper if:

- the original return was filed by paper in the current processing year.
- the primary Social Security number is different from the one provided on the original return.
- the spouse's Social Security number (if applicable) is different from the one provided on the original return.
- responding to an IRS notice and including other changes to the return not included in the notice (send to address on notice).
- a court-appointed or certified personal representative is filing the amended return to claim a refund for a deceased taxpayer using Form 1310, Option B. See *Deceased Taxpayer* on page K-18.

Direct deposit and direct debit are available for electronically filed amended returns.

The current processing time can take up to 16 weeks for both paper and electronically filed amended returns.

Taxpayers can also amend their return electronically if there is change to their filing status or to add a dependent who was previously claimed on another return.

For more information, see **IRS Form 1040-X FAQs**.

Deleting an Amended Return

To delete an unwanted amended return from TaxSlayer:

1. Go to the following navigation to delete the amended return:

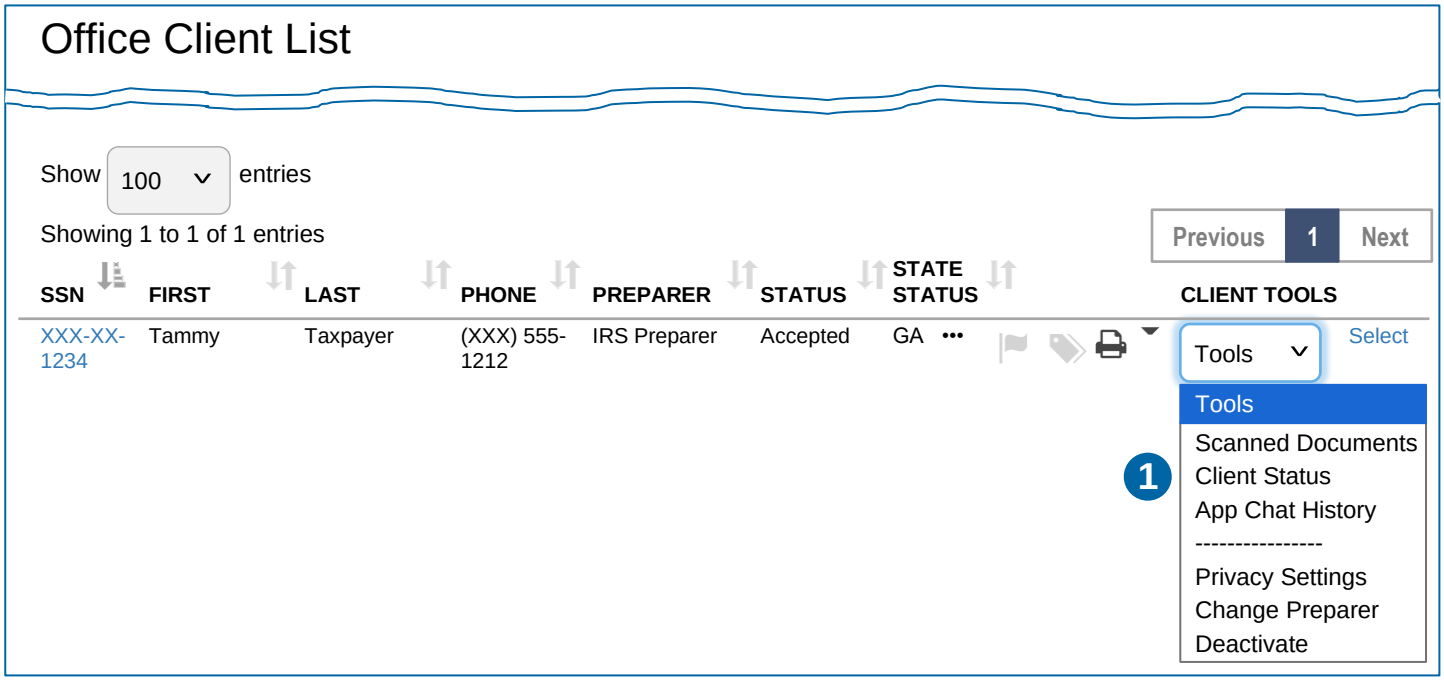
   (N) 20XX Amended Return>Delete Amended Return

2. If a return was previously filed, then delete any changes made in TaxSlayer.
3. Click on ***Preview Return*** at the top of the screen to generate a return PDF, and then verify there is no Form 1040-X. If a return was previously filed, then also confirm it matches the originally filed return.

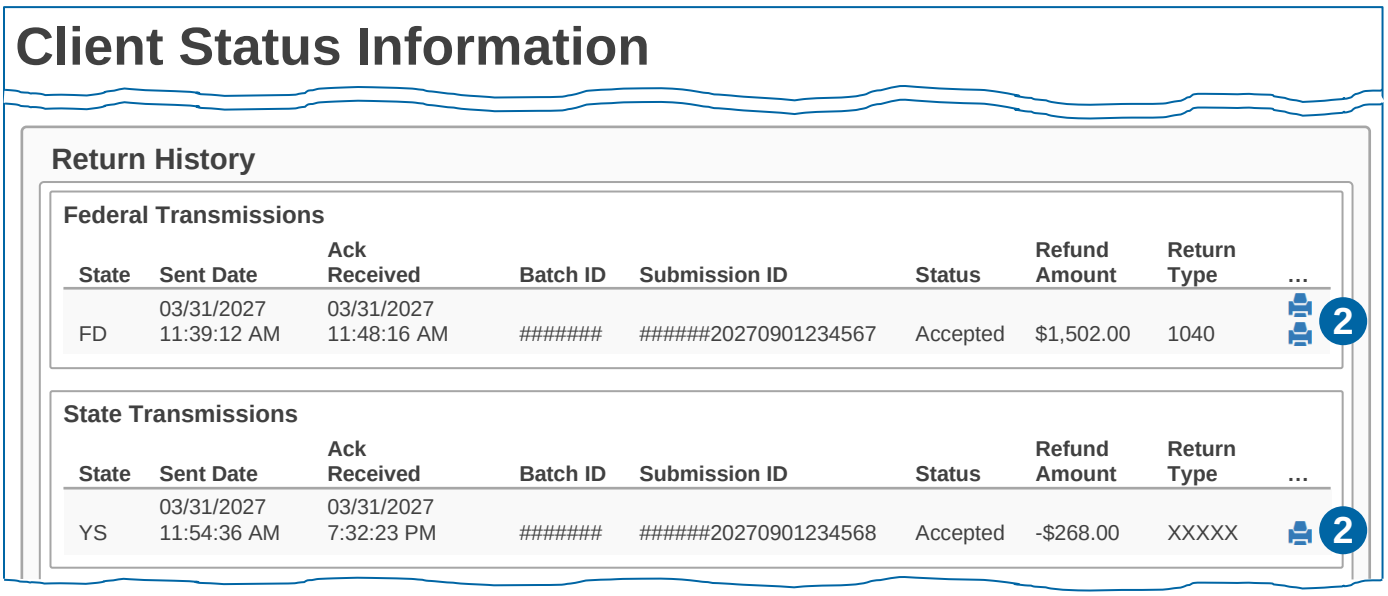
The above actions will only delete the federal amended return. If needed, you must separately delete state amended returns (or answer ***No*** within the state to the "Do you want to file an amended return?").

Ⓐ Amending Site Also Prepared Original Return

If the site amending return did not prepare the original return, skip to the Amending Site Did Not Prepare Original Return section on page M-9. First, print a copy of the original federal and state returns ***as e-filed and accepted*** by following the steps below. This may differ from the copy the taxpayer brings in; e.g. if a rejected return was corrected with minor changes that did not require the resigning of an updated Form 8879.



1. Find the return in the Office Client List, click the adjacent ***Tools*** dropdown, and select ***Client Status***.



2. Click a printer icon to access the original accepted federal or state return's PDF. The second printer icon is **Form 9325**, *Acknowledgement and General Information for Taxpayers Who File Returns Electronically*.

⚠ If you change the filing status or state residency status, TaxSlayer warns that all state returns will be deleted. If that happens, proceed with amending the return—you will need to re-enter the state return and then follow the instructions on the next page to amend it.

3. Follow these steps to pull the original tax return amounts to Form 1040-X, ***Amended Return***, column A, *Original Amount*:

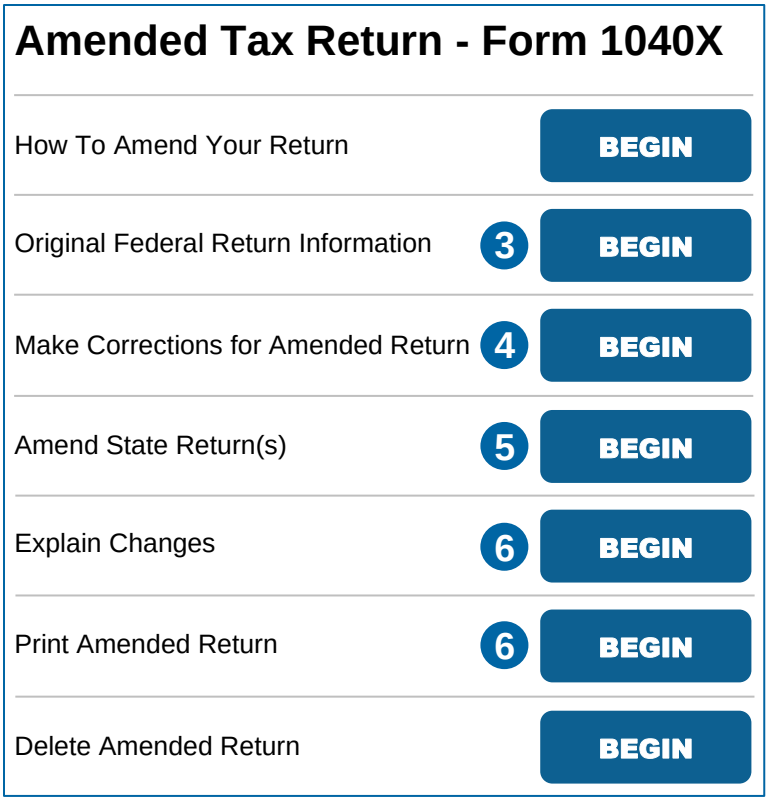
   a. Find and open the original return in the applicable tax year in TaxSlayer.

   b. Select ***20XX Amended Return*** in the left navigation bar to display the menu shown here.

   c. Click ***BEGIN*** on the ***Original Federal Return Information*** line.

   d. If the IRS accepted the e-file through TaxSlayer, the ***Original Amount*** section of the screen will be prepopulated with information from the original accepted return. Compare the prepopulated amounts to the printed original return and make changes as necessary. TaxSlayer provides ***Where is this located?*** links that popup line numbers to reference.

      You may need to manually enter the information from the original return if it was not e-filed, or enter adjusted figures if an amended return was previously filed or an IRS adjustment was made.



   e. Ensure the entry is correct in the line for ***Amount of tax paid with the original return plus additional tax paid after it was filed***. Also include any pending direct debit payment unless the taxpayer will cancel it.

      Filing an amended return will not automatically cancel a previously scheduled direct debit payment. Refer to Part II of **Form 8879** for instructions on how the taxpayer can revoke (cancel) a scheduled payment and the appropriate timeframe.

   f. ***Checkboxes at the bottom of the screen*** are available to select, as applicable, when making changes to dependents, taxpayer's address, or the election for the Presidential Election Campaign Fund. If the taxpayer is not changing dependent information, leave the last box unchecked.

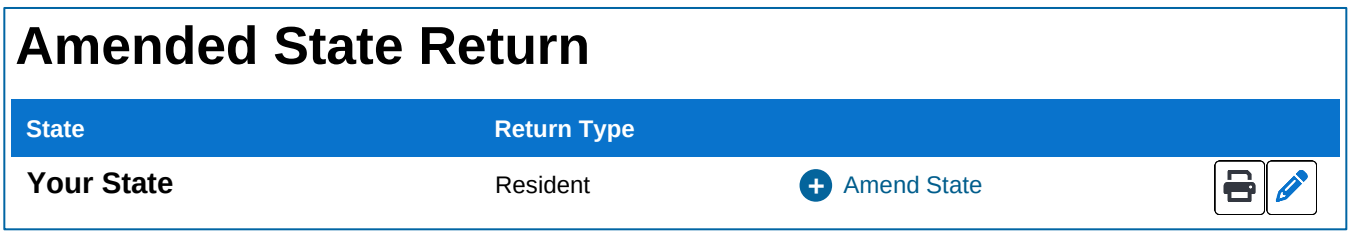
   g. When finished, select ***Continue***.

4. Select ***BEGIN*** on the ***Make Corrections for Amended Return*** line of the menu shown above and make all necessary changes based on the new information from the taxpayer. For example, if the taxpayer needs to add a Form W-2, add it now as you normally would when preparing a return.

5. Amend the State Return (if needed).

   a. Click ***BEGIN*** on the ***Amend State Return(s)*** line of the menu shown on the above.

   b. Select ***Amend State*** for the state you need to amend. Note that the exact procedure and screen labeling varies by state for the remaining state steps.



c. Click ***BEGIN*** on the ***Amended Return*** line of the state return menu that appears.

d. Read the screen and select ***Yes*** from the drop-down list or click the ***Yes*** radio button for the question asking if you want to create a state amended return.

e. Click ***BEGIN*** on the ***Review and Complete the Amended Return*** line.

f. Click ***BEGIN*** on each line of the ***Review and Complete The Amended Return*** screen:

   i. If applicable for your state, use the printed original return to ensure all information has been entered correctly based on the original accepted return.

   ii. Answer the applicable questions in the ***General Questions*** section, including indicating the reason for amending the state return.

   iii. In the ***Total Payments and Refundable Credits*** section, enter the amount paid with the original state return or the amount of the state refund received.

   iv. If applicable, go to the ***Direct Deposit/Debit Information*** line section and enter the banking details.

g. When you finish reviewing all information, click ***BACK*** to return to the state return's ***Amended Return*** screen. When finished with all the information for the amended return, click ***SAVE*** or ***CONTINUE***.

h. Navigating through the state menus, make any corrections needed for the amended state return that didn't automatically flow through from the amended federal return. For example, additions or changes needed to manually entered state credits, modifications, etc.

i. ***EXIT*** the state return and repeat as necessary for other states.

6. Review amended return and explain changes.

a. Select ***20XX Amended Return*** in the left navigation bar to return to the ***Amended Tax Return – Form 1040X*** menu shown on the prior page. Next, click ***BEGIN*** on the ***Print Amended Return*** line and then click ***PRINT***.

b. In the PDF file of the return, examine Column A of Form 1040-X to verify all the information agrees with the original Form 1040. Next, verify the amounts in Column C agree with the amended return figures. Then, confirm Column B is the difference between Columns C and A, which represents the amounts of what is being added or removed.

c. Verify the correct amount overpaid or owed. On page 2 of Form 1040-X, verify that all information is correct and that appropriate boxes are checked for qualifying children eligible for Child Tax Credit.

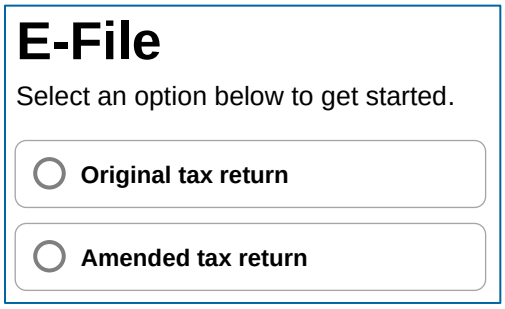
d. If the state return is amended, scroll down in the PDF to the state forms and verify that additions to or subtractions from the federal AGI that were manually made on the amended state return are correct. Also validate updates to state credits.

e. Write down which lines have changed on Form 1040-X and the state amended return.

f. Click ***BEGIN*** on the ***Explain Changes*** line of the ***Amended Tax Return – Form 1040X*** menu shown on the prior page. Enter each line number and an explanation for the change on that line. Repeat with each state amended return (menu wording and location varies by state).

g. Ask a Quality Reviewer to double-check all entries on the federal and state amended returns.

7. Select ***E-file*** in the left navigation bar and then select the radio button for ***Amended tax return*** to proceed to the E-file section for the amended return. Return warnings or errors may be displayed before the screen shown to the right appears.



For states that permit it, TaxSlayer supports e-filing state amended returns for the current and prior two tax years through the Amended tax return e-file screen flow.

   a. The first screen in the E-file section will be titled ***Amended Return*** instead of ***Return Details***, but the content is similar. Set the return type as described on page K-3 for the federal and state returns you are amending.

      For federal amended returns, direct deposit/debit is only available on e-filed returns. For state amended returns, direct deposit/debit bank account details should be entered within the state's amended return screens.

   b. Continue through the remainder of the E-file section.

   c. Print return copies for IRS, state, and taxpayer per the table below. For e-filed amended returns, also print Form 8879, IRS e-file Signature Authorization, and any state equivalent. If Form 8879 shows an incorrect balance due or overpayment, then make pen and ink correction.

Amended Return Print Chart

Tax Forms	For filing with IRS	For filing with State	Taxpayer's Copy
Form 1040-X	Only if paper filed	Only if paper filed	1
Form 1040 with "As Amended" printed across the top	Only if paper filed	Only if paper filed	1
Any federal schedules/forms changed or added	Only if paper filed	Only if paper filed	1
Federal Form 1040-V payment voucher (if applicable)	Only if electronically filed		
State payment voucher (if applicable)		If applicable	
Any required State forms		Only if paper filed	1

Form 1040-X calculates the refund or amount due by comparing the revised tax liability against total payments and original overpayment. ***Verify that all amounts are correct***, especially if the taxpayer did not pay a previous amount due. Filing an amended return does not automatically cancel a scheduled direct debit (see Part II of **Form 8879** for cancellation instructions**)**.

8. If the amended return will be e-filed:

   a. If amended return results in a balance due, review Form 1040-V, *Payment Voucher*. If amount is not correct, make pen and ink change. If missing from the print package, fill in and print **Form 1040-V**. For a prior year return, use the **prior year Form 1040-V** for the year of amended return, but provide taxpayer with the **current Form 1040-V mailing address**.

   b. Share return with taxpayer and secure signature(s) on Form 8879 and any state equivalent.

   c. In TaxSlayer, mark return Complete, save and exit.

   d. After return has been transmitted, check status on Client List>Tools>Client Status. There will be a listing for return type of 1040 (Amended). Ensure return is accepted.

   e. If a state amended return was also e-filed, then confirm it was transmitted and accepted after the federal return is accepted. See the TaxSlayer tip on the prior page.

If e-filing, use client status to check on transmission or acceptance.

Amending Site Also Prepared Original Return (cont'd)

9. If the amended return will be paper filed:

- **a.** Do not attach original return, correspondence, or other items unless required to do so.
- **b.** Assemble the following behind Form 1040-X:
  - **i.** "As Amended" Form 1040, 1040-SR, or 1040-NR
  - **ii.** Any schedules or forms that were changed to support amounts that were refigured. Attach these in the "Attachment Sequence No." order shown in the upper-right corner of the schedule or form.
  - **iii.** Supporting statements, if any, should be arranged in the same order as the schedules or forms they support and attached last.
- **c.** Staple to the front of the 1040-X:
  - **i.** A copy of any Form W-2 or Form W-2c that supports changes on this return.
  - **ii.** A copy of any Form W-2G or 1099-R that support changes on this return, but only if tax was withheld.
- **d.** Have the taxpayer(s) sign the Form 1040-X and any paper filed amended state return.
- **e.** Direct deposit and direct debit are not available for paper filed amended returns. If there is a balance due, the taxpayer needs to enclose (do not attach) their payment in the envelope with their amended return following the instructions at **IRS.gov/payments/pay-by-check-or-money-order**. A payment voucher is not needed. Alternatively, taxpayers can make a payment online at **IRS.gov/payments**.
- **f.** If responding to a notice from the IRS to include other changes not included in the notice, send the federal amended return to the address shown on the notice. If not, use the current **Form 1040-X mailing address**.
- **g.** Verify the state payment voucher amount (if used for your state) and that the state amended return requirements are met.



The paper filing requirements vary from above if amending Form 1040-NR, or switching to Form 1040 from Form 1040-NR or vice versa. See *Resident and nonresident aliens* in the **Instructions for Form 1040-X**.

Ⓐ Amending Site Did Not Prepare Original Return

Tax-Aide Policy: Volunteers should have taxpayers refer to their original preparer for amendment requests on returns originally prepared outside of Tax-Aide.

The taxpayer must provide a copy of the original return, IRS adjusted amounts after the original return was processed, or previously filed amended returns.

1. Since the return does not currently exist, create a complete and correct federal return (and state return, if applicable). These return figures will populate Form 1040-X, Column C, *Correct amount*. When amending a return electronically, all documents must be input individually.

   Optional: Some volunteers prefer to first create an incorrect/incomplete return that matches the original return, and then add the missing information and make any required corrections. This can help ensure that any changes entered are from the starting point of the original return. This optional step may not be possible in some cases; e.g., if the original return had calculation errors.

2. Select ***20XX Amended Return*** in the left navigation bar, and then click ***BEGIN*** on the ***Original Federal Return Information*** line.
   - **a.** Manually enter the information from the original return, or adjusted figures if a previous amendment was filed or an IRS adjustment was made. These entries populate Form 1040-X, column A, *Original Amount*.
   - **b.** Ensure the entry is correct in the line for ***Amount of tax paid with the original return plus additional tax paid after it was filed***. Also include any pending direct debit payment unless the taxpayer will cancel it.

     Filing an amended return will not automatically cancel a previously scheduled direct debit payment. Refer to Part II of **Form 8879** for instructions on how the taxpayer can revoke (cancel) a scheduled payment and the appropriate timeframe.
   - **c.** If the taxpayer is changing any information relating to dependents, has changed their address, or wants to change an election for the Presidential Election Campaign Fund, select the appropriate check boxes at the bottom of the page. If the taxpayer is not changing dependent information, uncheck the last box.
   - **d.** When finished, select ***Continue***.

3. Continue with steps 5 through 9 starting on page M-5.

Taxpayers can use the **Where's My Amended Return?** tool to check the status of their Form 1040-X. Taxpayers will need to enter their SSN/ITIN, date of birth, and ZIP code to prove their identity. Once authenticated, they can view the status of their amended return across three processing stages: received, adjusted and completed.

Tab N: Other Returns

Prior Year Returns

Who Can Prepare Prior Year Returns?

Sites are encouraged to prepare prior year returns in accordance with the **Tax-Aide Policy and Procedures Manual**, including:

- Preparer and Quality Reviewer must be trained and certified for the prior year's tax return and scope.
- The taxpayer must be complete the **Tax-Aide Intake Booklet specific to the prior year**.
- The return must be in scope per **Tax-Aide's Scope Manual specific to the prior year**.

For access to prior year materials, see Useful Tools and Resources below. Determining the certification level of the return is described below in Getting Started.

Getting Started:

- TaxSlayer only provides software for the 5 years prior to the current tax year. Review the **NTTC 4012 specific to the prior year** being prepared.
- For each prior year being prepared, the **Tax-Aide Intake Booklet specific to the prior year** must be completed and used to determine the scope and certification level of each return. Ask questions pertaining to tax law provisions applicable for that year that may no longer be relevant for the current year.
- Taxpayers with out-of-scope returns should be advised to seek assistance from a professional tax preparer.
- Assign prior year returns to experienced volunteers.
- Direct Deposit and Form 8888 (split refund option) are available for prior year returns. If scheduling direct debit for a prior year return, the payment date must be the date the return is transmitted or within the five days preceding that date. Taxpayers may also go to **IRS.gov/payments** to make a payment online.
- If completing returns for more than one year, complete the earliest tax return year first (e.g. 2021). After completing the 2021 return, log out and log back in. Then the 2022 return can be started with some carryforward (even if the 2021 return has not been transmitted). TaxSlayer may start the 2022 return without the name showing in the client list. Scroll down or search for the SSN.

Useful Tools and Resources:

- Prior year software can be accessed after logging in to TaxSlayer Pro® Online. The tax year selected will be displayed at the top left of the screen; e.g., ***2025 Tax Program***. Use the ***TY 20XX*** drop-down list at the top right of the screen to select a different year.
- Tax-Aide's NTTC 4012, Intake Booklet, and Scope Manual for the current and prior five years are available at **NTTC Useful Tax Prep Links**.
- Prior year NTTC worksheets are available through Google Drive in the **E-Prior Year Tax Return Reference Materials** folder.
- Applicable **prior year Publication 17**, *Your Federal Income Tax (For Individuals)* are available.
- Quality Site Requirement Alerts/Volunteer Tax Alerts are available at **Tax-Aide Required Site Materials** (bookmarked on Chromebooks).
- The IRS online search of **Prior year forms and instructions** also includes publications.
- Use the online **Interactive Tax Assistant (ITA)** tool for answers to many current and prior year tax law questions. See page P-3 for more details.
- Taxpayer's Wage and Income Transcripts from their IRS records are extremely useful. See note at top of next page.

IRS Transcripts

Taxpayers can access their transcripts online at **Get your tax records and transcripts (IRS.gov/transcript)**. For instructions on registering for a new account, see **Creating an account for IRS.gov**. Taxpayers can also request transcripts to be mailed to the address on file, which takes 5 to 10 calendar days for delivery. In addition, taxpayers can request a transcript via **Form 4506-T**, *Request for Transcript of Tax Return*, or by calling 800-908-9946. Return transcripts are available for the current year and returns processed during the prior 3 processing years.

Several transcript types are available from ***Records and status>Tax Records>Transcripts*** in an individual's IRS account. ***TINs are partially masked (redacted)*** in transcripts accessed online. The full TIN may need to be determined through other means to allow the return to be e-filed; e.g., call the payer, check a prior year's W-2, 1099, etc.

- **Wage and Income Transcripts** show data from W-2s, 1098s, 1099s, etc. that have been reported to the IRS under the taxpayer's SSN/ITIN. Information for a spouse is available from their IRS account.
  - Individual W-2s, 1099s, etc. may be easier to read and can be accessed from ***Records and status> Information return documents***. TINs will be partially masked here too.
- **Return Transcripts** show most line items from Form 1040-series tax returns, as originally filed.
- **Account Transcripts** show changes the taxpayer or the IRS made after the original return was filed, such as making estimated tax payments or filing an amended return.
- **Record of Account Transcripts** combine the information from return and account transcripts.

Unmasked wage and income transcripts can be provided to the taxpayer when needed to prepare and file a return. Requests can only be made by the taxpayer, their authorized representative, or a decedent's authorized individual. An unmasked transcript may be provided to a taxpayer (or representative) by requesting it in person at a Taxpayer Assistance Center (TAC). Appointments are required. Go to **Contact Your Local IRS Office (IRS.gov/appointments)** to find a TAC office near you.

Whether to E-File or Paper File Prior Year Returns:

Only the two most current prior years can be e-filed. Older prior year returns must be mailed to the appropriate IRS address from the *Where to File* list on page P-11. Also, refer to page K-22 for additional information regarding balance due returns and payment options.

Expired Tax Topics and Other Issues Applicable to Prior Years:

Refer to the **prior year Publication 17**, *Your Federal Income Tax (For Individuals)*, for the applicable tax year and review the "What's New" section.

The Protecting Americans from Tax Hikes (PATH) Act of 2015 prevents taxpayers using newly issued tax ID numbers to retroactively claim refundable tax credits in prior years. For example, a taxpayer who filed a tax return under an ITIN and later got an SSN cannot file amended return(s) to claim the EITC.

What if a site cannot prepare a requested prior year return?

If possible, refer the taxpayer to other Tax-Aide or VITA/TCE sites that offer prior year return service. Otherwise, advise the taxpayer to seek assistance from a paid tax preparer. See *FREE Tax Preparation Locations* on page P-8.

Don't refer taxpayers to their local IRS Taxpayer Assistance Center because they no longer prepare tax returns for individuals.

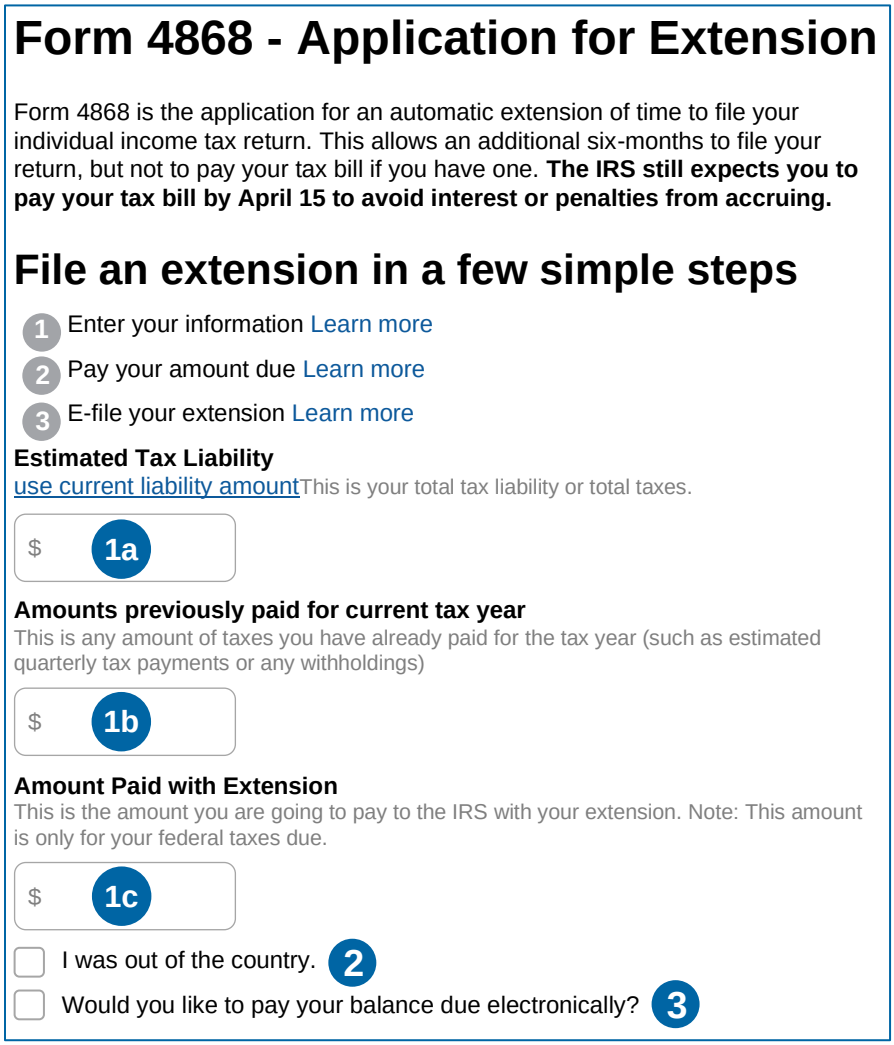
Form 4868 – Application for Extension

Miscellaneous Forms>Application for Automatic Extension of Time to File; or Keyword: 4868 or EXTE

Form 4868 can be manually completed and mailed in by the taxpayer, or it can be prepared in TaxSlayer as described below. The taxpayer does not need to file Form 4868 if they make an online payment for an extension at **IRS.gov/payments**. ***State extensions must be filed separately***—see your state's website.

1. Enter the federal extension information, including:
   a. Total ***Estimated Tax Liability***. Volunteers cannot assist in determining tax liability for out-of-scope topics or forms.
   b. ***Amounts previously paid for current tax year***; e.g., through withholding or estimated tax payments.
   c. ***Amount Paid with Extension***.
2. If applicable, check the box for ***I was out of the country***. See **Instructions on Form 4868** for details.
3. The amount entered in #1c can be paid by **direct debit** from the taxpayer's bank account if the extension will be e-filed. Check the box for ***Would you like to pay your balance due electronically?*** and complete the ***Bank Information*** section that appears. The direct debit will be submitted when the extension is e-filed.

   Alternatively, the taxpayer can mail their payment together with **Form 4868**, which will print as part of the draft tax return.



4. **To e-file the federal extension**, start by selecting ***E-file*** in the left navigation bar. You will then be given the option to file the return (Form 1040 and supporting forms/schedules), or the extension (**Form 4868**, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*).

   The taxpayer (and spouse if filing jointly) must sign **Form 8878**, *IRS e-file Signature Authorization for Form 4868*, prior to completing the extension e-file process. An acknowledgment of whether the IRS accepted or rejected the extension should be available in client status within 24-48 hours of e-filing.

Automatic 120-Day Extension to File

Taxpayers whose main home is located in a federally declared disaster area or a qualified state-declared disaster area are now automatically provided a federal extension of time to file returns, pay taxes, or complete other time-sensitive acts beginning on the first date specified in the disaster declaration and ending 120 days after the last date specified in that disaster declaration. Impacted taxpayers no longer need to wait for the IRS to announce postponed deadlines. This automatic relief applies to disaster declarations issued after July 24, 2025.

Form 8379 – Injured Spouse Allocation

Federal Section>Miscellaneous Forms>Injured Spouse Allocation; or Keyword: 8379

Form 8379 only applies if there is a joint tax refund. For tax purposes, an "Injured Spouse" is a person who files a joint tax return with their spouse, but is entitled to receive their share of the tax refund because their spouse owes certain past-due debts. These debts may include:

- Unpaid federal or state taxes
- Past-due child or spousal support
- Defaulted federal student loans
- Other non-tax debts (like unemployment overpayments)

1. TaxSlayer will ask you to confirm that the rest of the return has been completed before entering Form 8379.

Form 8379, *Injured Spouse Allocation*, is filed by one spouse (the injured spouse) on a jointly filed tax return when the joint overpayment was (or is expected to be) applied (offset) to a past-due obligation of the other spouse. By filing Form 8379, the injured spouse may be able to get back their share of the joint refund.

2. To be an injured spouse and file Form 8379, the answer to #2 must be ***Yes***. #3 appears if #2 is answered ***Yes***.

3. To be an injured spouse and file Form 8379, the answer to #3 must be ***No***. If the answer is ***Yes***, they may instead qualify for Innocent Spouse Relief (out of scope, see page P-8). #4 appears if #3 is answered ***No***.

4. For community property states, see **Tax-Aide Scope Manual** and **Instructions for Form 8379**.

Form 8379 Injured Spouse Information

Form 8379 is designed to help protect the spouse without an unpaid debt, such as child support or student loans, receive their portion of the joint Federal refund. The spouse without the debt is considered the injured spouse.

The addition of this form to your return will not guarantee the outcome and will delay any refund you may receive by up to 14 weeks.

You must complete entering all your return data, to get an accurate calculation for your injured spouse allocation.

Have you entered all of your income and adjustments to income? *

- ○ Yes
- ○ No

1

Form 8379 Injured Spouse Form

Is the primary taxpayer the injured spouse? *

- ○ Yes
- ○ No

If you are married do you want the refund check issued in both of your names? *

- ○ Yes
- ○ No

Do you want any injured spouse refund mailed to an address different form the one on your joint return? *

- ○ Yes
- ○ No

Did (or will) the IRS use the joint overpayment to pay any of the following legally enforceable past-due debt(s) owed only by the non-injured spouse? *

Federal tax **State income tax** **Child support**
Spousal support **Federal nontax debt (such as student loan)**

- ○ Yes
- ○ No

2

Are you legally obligated to pay the past-due amount? *

- ○ Yes
- ○ No

3

Were you a resident of a community property state at any time during the tax year? *

- ○ Yes
- ○ No

4

Form 8379 – Injured Spouse Allocation (cont'd)

5. To properly determine the amount of tax owed and overpayment due to each spouse, an allocation must be made as if each spouse filed a separate tax return instead of a joint return.

Each spouse must allocate his or her separate wages, self-employment income and expenses (and self-employment tax), and credits such as education credits, to the spouse who would have shown the item(s) on his or her separate return.

- Do not allocate the earned income credit.
- Allocate any child tax credit, credit for other dependents, child and dependent care credit, additional child tax credit, and education credit solely based on a dependent's education expenses to the spouse who would have claimed the qualifying child/relative as a dependent if separate returns had been filed.
- Allocate any other credits as the taxpayer determines.

Allocated Items	Amount Shown on Joint Return	Allocate to Injured Spouse 5	Allocated to Other SP
Wages	$12,000.00	$9000	$3000
Interest income or loss	$970.00	$410	$560
Business income or loss	$0.00	$	$
Farm income or loss	$0.00	$	$
Capital gain or loss	$0.00	$	$
Pensions and/or IRA's	$2,000.00	$	$2000
Other income or loss	$0.00	$	$
Adjustments to income	$45.00	$0	$45
Standard -or- itemized deductions	$32200.00 -or- $0.00	$16,100	$16,100
NonRefundable Credits	$0.00	$	$
Refundable Credits	$0.00	$	$
Other taxes	$0.00	$	$
Federal tax withheld	$3,004.00	$2703	$301
Estimated tax payments	$0.00	$	$

Note: According to the IRS, there may be an 11-14 week delay in receiving your refund when filing Form 8379, Injured Spouse Allocation.

The screenshot above shows example amounts. Allocations must be made between the spouses based on their actual amounts and circumstances as described above. See the **Instructions for Form 8379** for more details on allocating income, deductions and credits.

Tab O: Using TaxSlayer® Pro Online

Accessing TaxSlayer® Pro Online

Tax-Aide Policy: AARP Foundation Tax-Aide provided Chromebooks are required to be used for tax preparation or to access TaxSlayer Pro Online, including preparing Friends and Family returns. This requirement does not apply to TaxSlayer Practice Lab.

1. On a Tax-Aide Chromebook, open the Chrome browser and click the ***Pro Online*** link at the top of the home page (the VITA/TCE Springboard). A bookmark to ***TaxSlayer*** has also been provided under ***Tax-Aide Links***.
2. If you want to bookmark another website, navigate to it in Chrome and click the star on the right edge of the Address Bar.

The following is not applicable to Tax-Aide Chromebooks as popups and redirects have already been enabled: If using Chrome set your browser settings to allow popups and redirects from TaxSlayer.

- In Chrome, go to: ⋮>Settings>Privacy and security>Site settings>Pop-ups and redirects.
- On the ***Allowed to send pop-ups and use redirects*** line, click ***Add*** and enter https://vita.taxslayerpro.com:443

Another technique in Chrome to unblock a site is to go to a page where popups are blocked. In the address bar, click ***Pop-up blocked***. Click the link for the popup you want to see. To always see popups for the site, select ***Always allow pop-ups and redirects from [site]***, and then ***Done***.

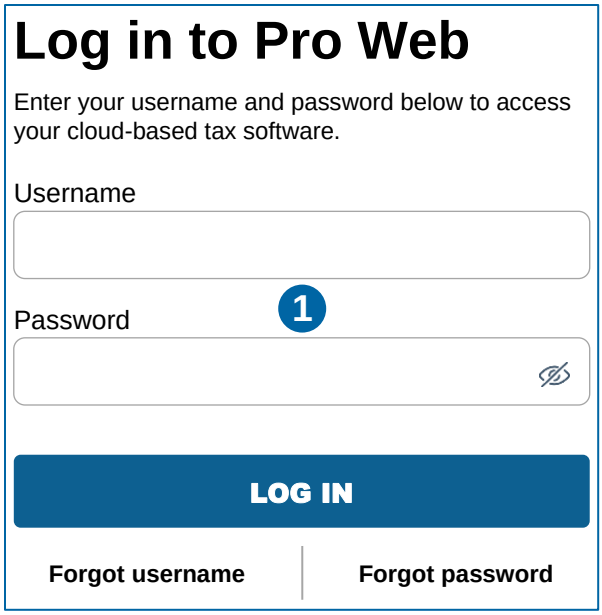
Logging in to TaxSlayer® Pro Online

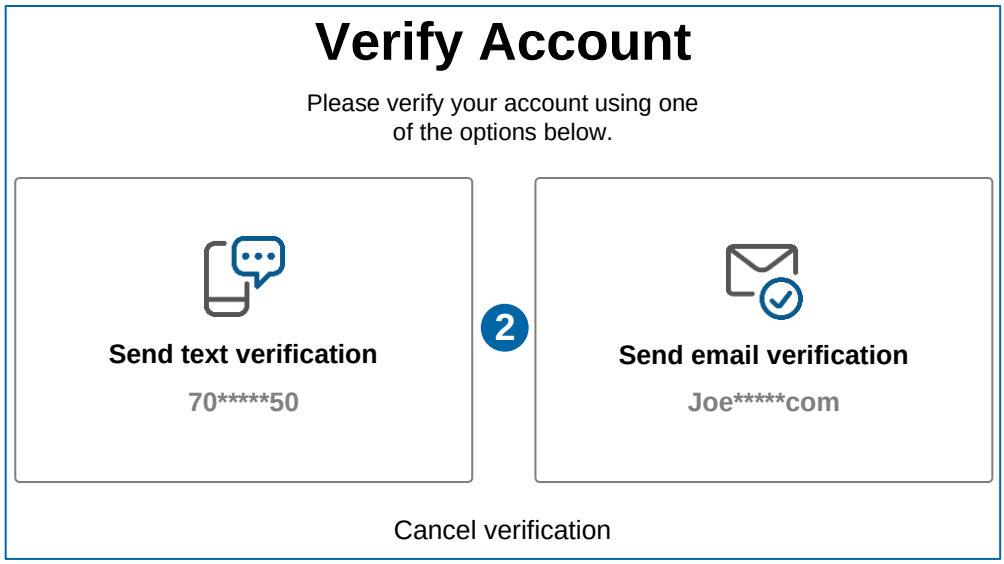
1. To log in to TaxSlayer® Pro Online, enter your ***Username*** and ***Password***, then click ***LOG IN***. ***Username*** isn't case sensitive.
2. For added security, TaxSlayer uses a method called Multifactor Authentication, where a code is sent to you at a known point of contact to verify your identity.

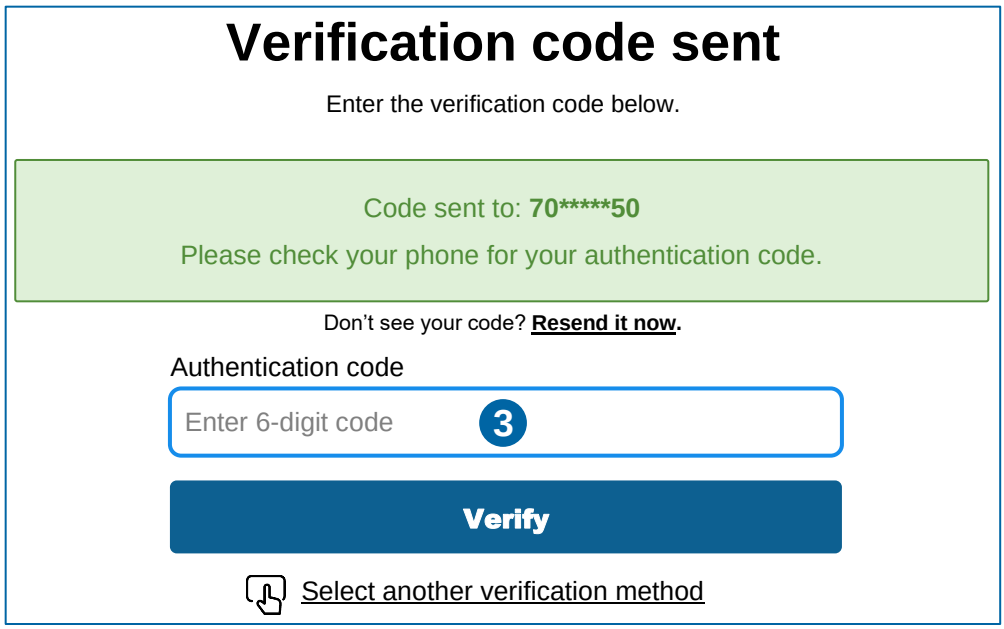
   You will be periodically be prompted to verify your account by having a code sent either to your email address or a cell phone capable of receiving text messages. In most cases, text messages are the fastest method of verification. Click your preferred option.
3. When you receive your code, enter it and click ***Verify***.

If your account was set up with only an email address, the cell phone option will not appear. See your Local Coordinator to change the email address or cell phone number associated with your account.

After two unsuccessful login attempts, you will be required to select ***I'm not a robot***.

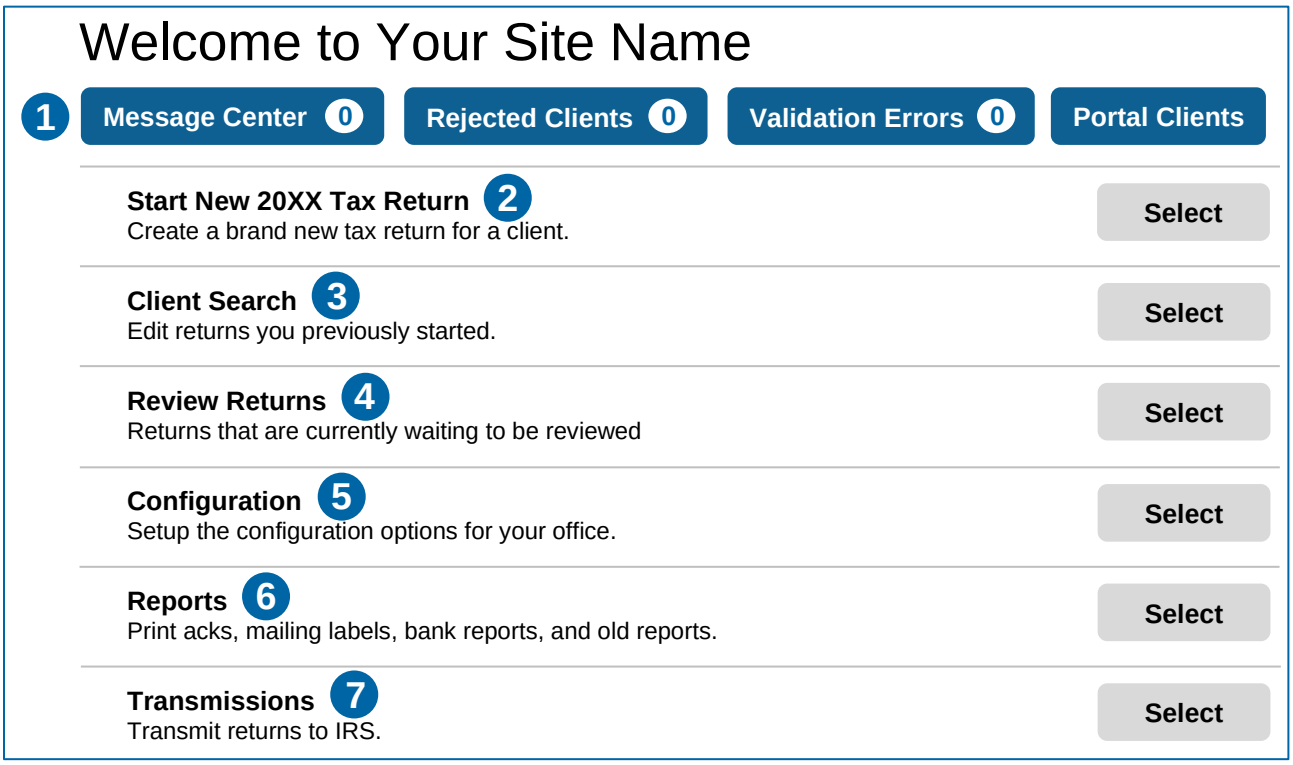






TaxSlayer® Pro Online Homepage

The Welcome Menu is the "Main Menu" — the first screen the program takes you to every time you log into your account. Each part of the program can be accessed by clicking on the gray ***Select*** button adjacent to the desired menu option.



Most volunteers will not see all of the menu items shown in the above screenshot. The options you are presented with will be based on the roles and permissions you are assigned.

1. Click the ***Message Center*** button (under ***Welcome***) to review any messages that were sent to you. Delete those no longer needed. Buttons are also available to get more details on ***Rejected Clients*** and ***Validation Errors***, and to access a list of ***Portal Clients***.
2. After selecting ***Start New 20XX Tax Return***, you can optionally select a client profile. Each profile will send you to appropriate data input screens for that kind of taxpayer, e.g., working family with kids, retired with investments, retired without investments. It is recommended to use ***Basic (No Profile)***, which provides access to the entire navigation suite.
3. Select ***Client Search*** to search for and open an existing return.
4. Select ***Review Returns*** to get a list of all returns that tax preparers have marked for review. The Quality Reviewer can select returns to review, and then mark the return as approved or rejected.
5. ***Configuration*** is used by site administrators to manage site options and preparers.

   NTSC **T03 Setup Guide for TaxSlayer Pro Online (TSO)** provides detailed instructions on setting up the various components of the TaxSlayer Software.
6. ***Reports*** is used by site administrators to view pre-configured reports.
7. ***Transmissions*** provides a quick method of transmitting returns that have been marked "Complete" to the IRS through search based on name or SSN.

   NTSC **T04 TaxSlayer Software - Transmitting Returns, Handling Rejected Returns, and Reconciling Returns** explains the tools and best practices for ensuring a return is filed properly.

TaxSlayer® Pro Online Homepage (cont'd)

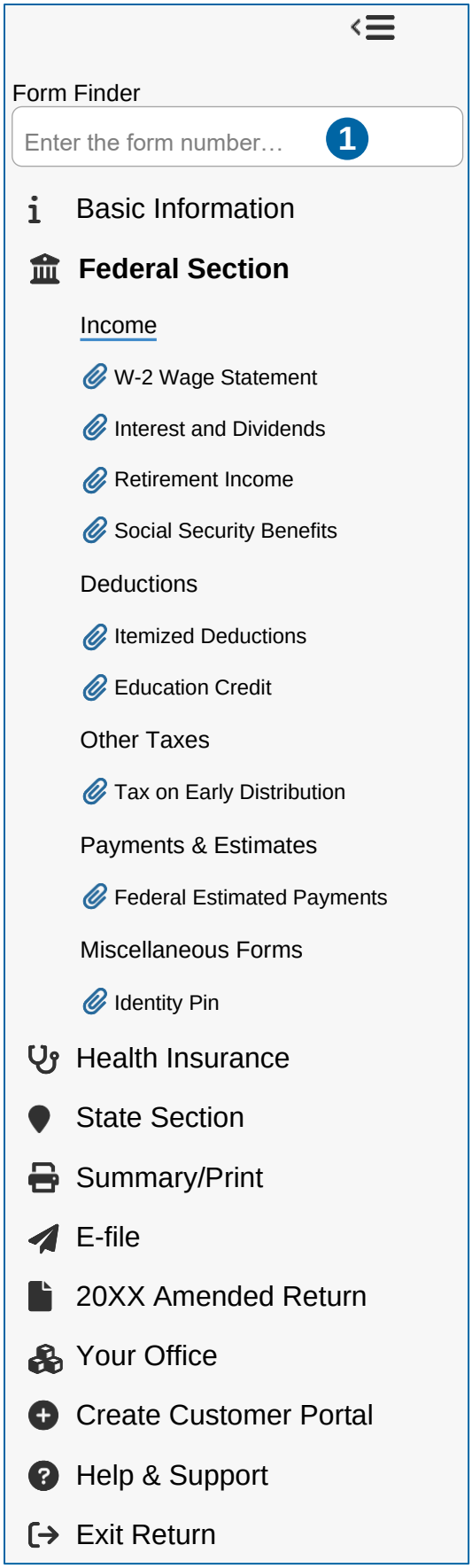
Use the left navigation menu shown in this screenshot to jump directly to a section of the tax return. Forms already entered will show on this menu.

1. You can go directly to the desired TaxSlayer entry screen by searching by form number or keyword in the ***Form Finder***. See the table starting on page O-9 for recommended keywords.

The text labels in the screenshot shown to the right may be hidden and appear only when you hover over the icons. To prevent the menu from collapsing, hover over it and click the pushpin icon at the top-right corner (not shown in the screenshot). To collapse the menu, click the icon at the top-right corner.

Following are some helpful hints to easily navigate within TaxSlayer:

- From the ***1040 View*** in ***Summary/Print***, click on any blue line item to go to that entry screen.
- Make Internal Note: To make a note that will not be transmitted to the IRS but will carryforward from year to year (until manually deleted), select the pull-down arrow to the right of the taxpayer's name in top right corner and select ***Notes***. Then give the note a name and enter details. Notes are also accessible from the Client List.
- Viewing individual schedules and forms: If a print icon appears beside the form name in any menu click on it to create a PDF of just that form or schedule. In addition, there is a print icon for the state return if you want to preview it.
- For attachments, see pages K-13 and D-40.
- To Deactivate a return, from the Client List, click the Tools dropdown list and select Deactivate. For the Deactivate option to appear, the volunteer's role must include this permission and the return must have an "In Progress" or "Review Failed" status.
- From the Client List, click the ***Tools*** drop-down list and select ***Client Status*** to view more details about a return, including its e-file acceptance status, and to access a PDF of the as-filed version of an accepted return. See the screenshots on page M-4.



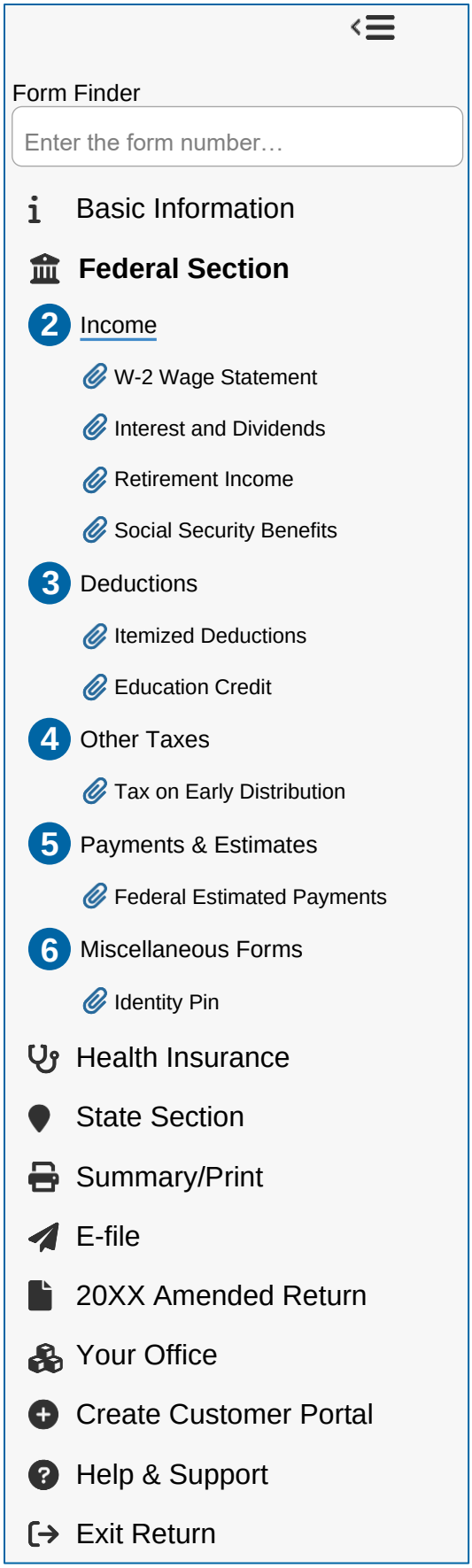
2. ***Federal Section>Income*** is used to enter the various types of income that should be reported on the tax return. Select ***BEGIN*** to enter an item of income or select ***ADD/EDIT*** to update an item of income. See Tab D, *Income*, for more directions on entering specific types of income.

3. ***Federal Section>Deductions*** is used to enter the various types of deductions, adjustments, and credits that should be reported on the tax return. Select ***BEGIN*** to enter a deduction or select ***ADD/EDIT*** to update a deduction. See Tab E, *Adjustments*; Tab F, *Deductions*; Tab G, *Nonrefundable Credits*; Tab H, *Other Taxes, Payments and Refundable Credits*; Tab I, *Earned Income Credit*; and Tab J, *Education Benefits*, for additional information and specific instructions on these topics.

4. ***Federal Section>Other Taxes*** is used to enter any other tax types for which the taxpayer may be liable. Select the ***BEGIN*** button next to any other tax item to enter in data applicable to the taxpayer. See Tab H, *Other Taxes, Payments and Refundable Credits*, for additional information and specific instructions.

5. ***Federal Section>Payments and Estimates*** is used to enter such items as payments, apply overpayments to next year's return and to print vouchers for next year's estimated payments. Select the ***BEGIN*** button next to any payment or estimate item to enter in data applicable to the taxpayer. See page H-11 for additional information and specific instructions.

6. ***Federal Section>Miscellaneous Forms*** is used to enter the following:
   - Injured Spouse Allocation (Form 8379), see page N-5.
   - Statement of Person Claiming Refund Due to a Deceased Taxpayer (Form 1310), see page K-19.
   - Application for Automatic Extension of Time to File (Form 4868), see page N-4.
   - Married Filing Separately Allocation (Form 8958), In scope only if training provided and not prohibited by State Coordinator.
   - IRS Identification PIN (IP PIN), see page P-4.
   - Installment Agreement Request (Form 9465), see page K-23.
   - Application for ITIN (Form W-7), see page L-7.
   - Power of Attorney and Declaration of Representation, see page K-17 (Form 2848 is in scope, but volunteers may not complete Form 2848 on behalf of taxpayers).
   - Explanations (Preparer Notes) are transmitted in the e-file to the IRS, unlike Internal Notes discussed on page O-5.
   - MFJ vs MFS Comparison, see page B-17.



After preparing or reviewing a form, ***CONTINUE*** must be selected in order to save information on that form. Other forms may be added from the navigation column or the Form Finder box on the left-hand side (it is not necessary to navigate back into the Income or Deductions pages). However, in the state return, click ***CONTINUE*** on each state page until the ***EXIT [STATE NAME] RETURN*** prompt is reached. If ***CONTINUE*** is not an option, select ***BACK***.

7. Select ***Health Insurance*** for the Premium Tax Credit screens. See page H-12 for more details.

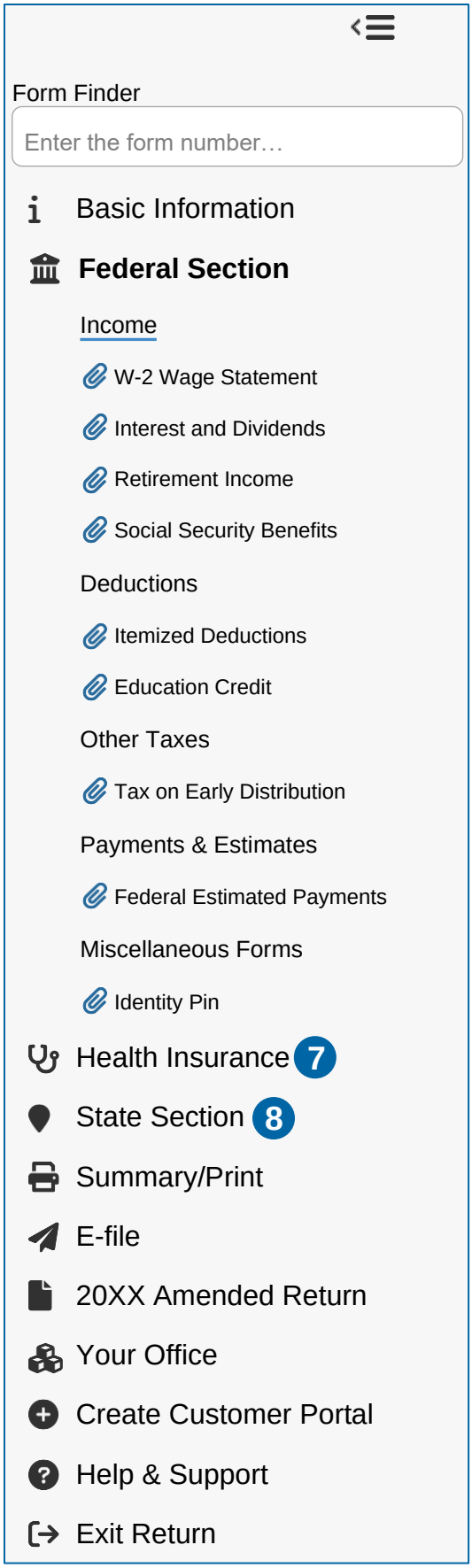
8. The ***State Section*** provides access to any state returns that are required. The following states do not have individual income tax returns: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

   When the ***Zip Code*** is entered on the ***Personal Information*** screen, the ***Resident State*** will auto-fill, but can be changed manually. TaxSlayer will automatically create a resident state return based on what has been filled, but the preparer will need to determine and make the state-specific entries that are needed. For Military certification, refer to the note on page B-23 regarding the Military Spouses Residency Relief Act (MSRRA).

   The NTTC 4012 is focused almost entirely on the federal tax return, with only limited, generic information regarding state and local tax returns. Tax-Aide state and district organizations are responsible for providing appropriate state and local tax training for their counselors.

   Additional state returns can be added to by clicking the ***Add Another State Return*** link toward the top of the ***State Return*** screen. Choose a state from the ***Choose State*** dropdown or by selecting the state on the map of the United States. Select the taxpayer's state residency type, typically resident, part-year resident, or nonresident.

   To delete a state return, select ***State Section*** from the left navigation menu and then click the trash (delete) icon to the right of the state that you want to delete. TaxSlayer also deletes all state returns if you change the filing status or state residency.



Navigating TaxSlayer® Pro Online (cont'd)

9. ***Summary/Print*** will initially display the ***1040 View***, with links at the top of the screen to go to the desired page of Form 1040 or Schedules 1 – 3. You can switch to the ***Summary View*** for an overview of these pages/schedules, where you can use the ***show details*** link to the right of an item to view a line-by-line breakdown. Each line includes a link that can be clicked to go to the applicable entry screen.

   Select ***Prior Year Comparison*** to compare the current year against the prior two years (preparers can manually enter prior year values if prior year data does not auto-populate).

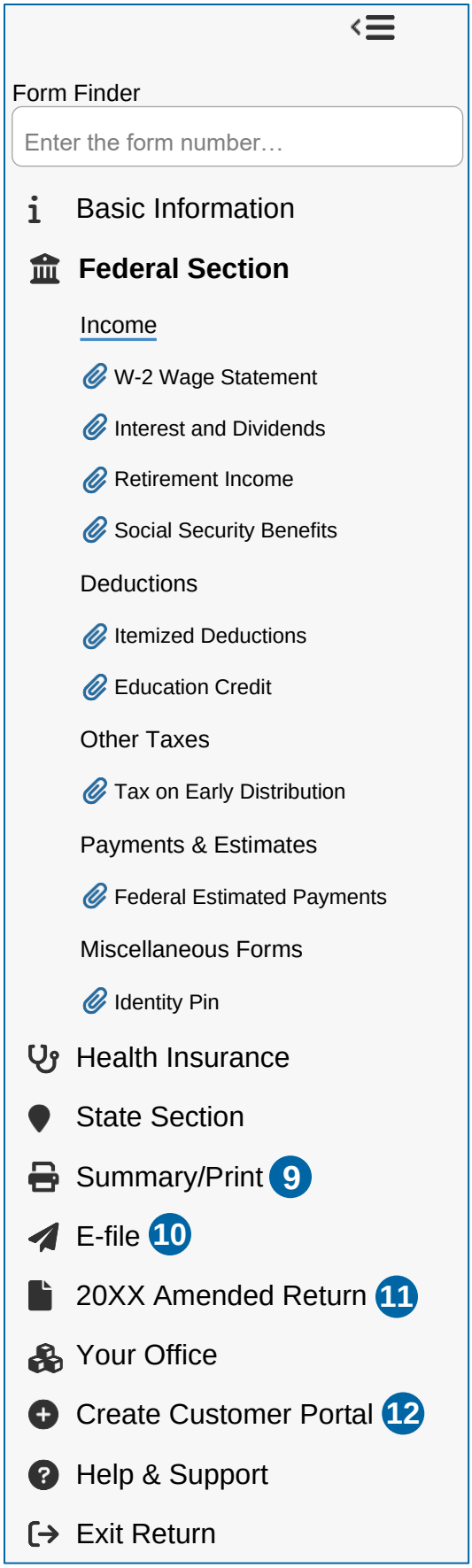
   Select ***View/Print Return*** to create a PDF of the return that can be printed or reviewed. This PDF will be generated using TaxSlayer's default print set, not your site's default print set.

   See page K-20 for information on printing the return using a chosen print set, or page K-16 for more details on the ***QUALITY REVIEW*** print set.

10. For more details on the ***E-file*** section, see page K-2.

11. Select ***20XX Amended Return*** to amend the federal and/or state returns. See page M-2 for more details.

12. Select ***Create Customer Portal*** to send the taxpayer an invitation to TaxSlayer's Customer Portal. See page K-12 for more details.



Where to Find in TaxSlayer, Form 1040, and NTTC 4012

The "1040" column in this table provides the Form 1040 line number where the item can be found, and in some cases, the Schedule from which it flows. e.g., 8 (S1-3) indicates Form 1040 line 8 (flowing from Schedule 1 line 3).

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
$0 AGI return	**INT**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Interest Income. Add $1 of interest income with ***Payer*** entered as "TO E-FILE."	2b Sch B	A-5 D-19
1040-ES *Estimated Tax* (Payment Vouchers)		See Estimated Payment Vouchers		
1040-X *Amended Return*		See Amended Return		
1095-A *Health Insurance Marketplace Statement*	**8962**	Access the Health Insurance section from the left navigation menu. Follow screens to Advanced Premium Tax Credit	17 (S2-1a) 31 (S3-9)	H-12
1098 *Mortgage Interest*		See Mortgage Interest and Points Paid		
1098-E *Student Loan Interest*		See Student Loan Interest		
1098-T *Tuition Statement*		See Education Credits See Scholarships and Grants when taxable		
1099-B *Proceeds from Broker … Transactions*		See Capital Gains		
1099-C *Cancellation of Debt*		See Cancellation of Debt		
1099-DIV *Dividends…*		See Dividend Income		
1099-G *Certain Government Payments*		For unemployment compensation, see Unemployment Benefits For state tax refunds, see State and Local Tax Refund Worksheet		
1099-INT *Interest Income*		See Interest Income on 1099-INT or not on a form		
1099-K *Payment Card and Third Party…*	**-K SC or BUS**	Income>Schedule C	8 (S1-3)	D-30 D-27
1099-LTC *Long-Term Care*		See Long-Term Care Benefits		
1099-MISC *Miscellaneous Information*	**MISC**	Income>1099-MISC	8 (S1)	D-83
1099-NEC *Nonemployee Compensation*	**NEC**	Income>1099-NEC	8 (S1-3)	D-28
1099-OID *Original Issue Discount*	**OID**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Original Issue Discount (Form 1099-OID)	2	D-23
1099-Q *Payments from Qualified Education Programs (… 529 and 530)*	**N/A**	If not taxable, do not enter; if taxable, then out of scope. Also known as Qualified Tuition Program (QTP) or 529 plan	8 (S1-8)	D-80 J-4
1099-QA *Distributions From ABLE Accounts*	**N/A**	If not taxable, do not enter; if taxable, then out of scope	8 (S1-8)	D-81
1099-R *Distributions From Pensions, …IRAs, etc.*		See Pension Distributions See IRA Distributions		
1099-S *Proceeds from Real Estate Transactions*	**-S**	Income>Schedule D/Form 8949>Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc.	7	D-48
1099-SA *Distributions From an* HSA…		See Health Savings Accounts		

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
1310 *Statement of Person Claiming Refund Due a Deceased Taxpayer*	**1310**	Miscellaneous Forms>Statement of Person Claiming Refund Due a Deceased Taxpayer Claimed on Form 1310	N/A	K-19
2120 *Multiple Support Declaration*		Basic Information>Dependents/Qualifying Person>Dependents/Qualifying Person>Add a Dependent or Qualifying Child or edit a person who's already entered. Check the box for ***This dependent qualifies for a Multiple Support Declaration*** and follow the prompts on the next screen.		C-5
4852 *Substitute for Form 1099-R*	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R. Then select: ***This is a substitute 1099-R***	5	D-56
4852 *Substitute for W-2*	**W**	Income>Form W-2>Add a W-2 Wage Statement. Then select: ***This is a substitute W-2***	1	D-8
5329 *Additional Taxes on Qualified Plans and Other Tax-Favored Accounts*	**5329**	Other Taxes>Tax on Early Distribution	23 (S2-8)	H-6
5498 *IRA Contribution Info*		See IRA Contribution (deductible to Traditional IRA)		
5498-QA *ABLE Account Contribution Information*	**SAVE**	Deductions>Credits>Credit for Qualified Retirement Savings Contributions	20 (S3-4)	G-21
5498-SA HSA … *Info*		See Health Savings Accounts		
8453 *U.S. Individual Income Tax Transmittal…*	**N/A**	Tax-Aide Best Practice is not to attach Form 8453 or related forms/statements. Inform taxpayer that IRS may ask them to provide this additional documentation.	N/A	K-13
8606 *Nondeductible IRAs*	**8606** **-R**	Deductions>Adjustments>Nondeductible IRAs	4b	D-59 E-3
8615 *Tax for Certain Children Who Have Unearned Income*		See Kiddie Tax		
8814 *Parents' Election To Report Child's Interest and Dividends*	**8814**	Other Taxes>Tax For Certain Children Who Have Unearned Income (only in scope for Alaska residents receiving permanent fund dividends)	8 (S1-8g) 16	H-5
Alaska Permanent Fund Dividends	**ELSE**	Income>Other Income>Other Income Not Reported Elsewhere>Alaska Permanent Fund Dividend	8 (S1-8g)	D-80 H-5
Alimony Paid	**ALIM**	Deductions>Adjustments>Alimony Paid	10 (S1-19)	E-3 E-15
Alimony Received	**ALIM**	Income>Alimony Received	8 (S1-2)	D-7 E-15
Amended Return		Select 20XX Amended Return Section from left navigation menu	N/A	M-2
American Opportunity Credit (AOC)		See Education Credits		
Annuity-Pension Calculator (Simplified Method)		See Simplified Method		
Apply Refund to Next Year	**APPL**	**Federal:** Payments & Estimates>Apply Overpayment to Next Year's Taxes **States:** State>Payments>Apply your state refund to next year's tax return (varies by state)	36	H-11 K-26
Attach PDF to Return	**CAP**	Income>Schedule D/Form 8949>PDF Attachments. See also 8453.	N/A	D-40

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Basis in Traditional IRA		See 8606		
Broker Statements	**BROK**	See applicable 1099	varies	D-40
Business Income/Expenses		See Self-Employment Income and Expenses		
Cancellation of Debt	**-C** **CANC**	Income>Other Income>1099-C, 982>Cancellation of Debt - (Form 1099-C)	8 (S1-8c)	D-87
Capital Gains	**-B** **CAP**	Income>Schedule D/Form 8949>Stocks, Mutual Funds, Cryptocurrency, Collectibles, etc. or 1099-B Transactions with No Adjustments	7	D-40 D-42
Capital Gain Distributions	**DIV**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Dividend Income>Capital Gain to Schedule D (box 2a)	7	D-21
Capital Loss Carryover	**CAP**	Income>Schedule D/Form 8949>Capital Loss Carryover	7	D-41
Charitable Contributions	**CHARI**	Deductions>Itemized Deductions>Gifts to Charity	12 (Sch A)	F-15
Charitable Distribution from IRA (QCD)		See IRA Qualified Charitable Distribution		
Charitable Gift Annuity	**-R**	See box 7a Distribution code F on page D-67	4, 7	
Child and Dependent Care Expenses	**2441**	Deductions>Credits>Child and Dependent Care Credit	20 (S3-2)	G-13
Child Tax Credit		Basic Information>Dependents / Qualifying Person	19, 28	G-3
Conversion of Traditional IRA to Roth IRA	**8606** **-R**	Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R AND Deductions>Adjustments>Nondeductible IRAs	4b	D-59
Credit for Other Dependents		Basic Information>Dependents / Qualifying Person	19	G-6
Credit for the Elderly or the Disabled	**ELD**	Deduction>Credits>Credit for the Elderly or the Disabled	20 (S3-6d)	G-23
CSA 1099-R Statement of Annuity Paid	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R	5	D-58
CSF 1099-R Statement of Survivor Annuity Paid	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R	5	D-58
Deactivate Return		Client List>Tools>Deactivate (May need additional TaxSlayer privileges)		O-5
Deceased Taxpayer	**PER** **and 1310**	Basic Information>Personal Information>Check box for Taxpayer is deceased. AND Miscellaneous Forms> Statement of Person Claiming Refund Due a Deceased Taxpayer Claimed on Form 1310	N/A	B-20 K-18 K-19
Direct Deposit or Direct Debit		E-file section from side menu>Select "Direct Deposit" or "Direct Debit	35 or 37	K-3 K-5
Dividend Income	**DIV**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Dividend Income, Form 1099-DIV	3 Sch B	D-21
Donations to Charity		See Charitable Contributions		

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Early Distribution from IRA, 401(k), etc.	**5329**	Other Taxes>Tax on Early Distribution	23 (S2-8)	H-6 D-66
Early Withdrawal Penalty not on a 1099-INT or -OID	**EARL**	Deductions>Adjustments>Penalty on Early Withdrawal of Savings or Certificate of Deposit (CD)	10 (S1-18)	D-19 E-3
Earned Income Credit for MFS	**PER**	Basic Info>Personal Info -- If MFS and eligible, check the box for Filing Married Filing Separate and meets the requirements to claim the EIC	27	B-20 I-3
Education Credits and Expenses	**1098 TUI**	Deductions >Credits>Education Credits	20 (S3-3) 29	J-2 J-4
Educator Expenses	**EDUCA**	Deductions>Adjustments>Educator Expenses	10 (S1-11)	E-8
Elderly or Disabled Credit		See Credit for the Elderly or the Disabled		
Estimated Payments made in 2026	**ESTIM**	**Federal:** Payments & Estimates>Federal Estimated Tax Payments **State:** Payments & Estimates>State Estimated Payments	26	H-11
Estimated Payment Vouchers	**VOU**	**Federal:** Payments & Estimates>Vouchers for 2027 Estimated Tax Payments **State:** State>Miscellaneous Forms>Estimated Payment Vouchers	N/A	H-11 K-26
Exempt Interest or Exempt Interest Dividends		See Tax Exempt Interest and Exempt Interest Dividends		
Extension, Filing for	**EXTE 4868**	Miscellaneous Forms>Application for Automatic Extension of Time to File	31 (S3-10)	N-4
Foreign Tax Credit	**DIV INT 1116**	Deductions>Credits>Foreign Tax Credits OR Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Form 1099-DIV box 7 or 1099-INT box 6	20 (S3-1)	G-7 D-21 D-19
Foster Care Payments				I-2 C-9
Gambling Losses	**2G MISC**	Income >Other Income>W-2G Gambling Winnings or Deductions>Itemized Deductions>Other Itemized Deductions>Gambling losses	12 (Sch A)	D-80 F-16
Gambling Winnings	**2G**	Income >Other Income>W-2G Gambling Winnings	8 (S1-8b)	D-80
Gambling Winnings not on W-2G	**OTHER C**	Income >Other Income>Other Compensation>Other Gambling Income not reported on W-2G	8 (S1-8b)	D-86
Grants & Scholarships (taxable)		See Scholarships and Grants when taxable		
Health Savings Accounts	**HSA**	Deductions>Adjustments>Health Savings Accounts HSAs	10 (S1-13)	E-11
Household Employee Income (no W-2)	**OTHER C**	Income>Other Income>Other Compensation>Household Employee Income	1	D-86

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Identity Protection PIN	**PIN**	Basic Info>IRS Identity Protection PIN or Miscellaneous Forms>IRS Identification Pin	Signature block	P-4
Injured Spouse Allocation	**INJ**	Miscellaneous Forms>Injured Spouse Allocation	N/A	N-5 P-9
Inmate Income		See Prisoner Income (or halfway house)		
Interest Income on 1099-INT or not on a form	**INT**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Interest Income (Form 1099-INT)	2 Sch B	D-19
Investment Fees		See Job Expenses and Certain Miscellaneous Deductions		
IRA Contributions (deductible to traditional IRA)	**IRA D**	Deductions>Adjustments>Traditional IRA Contributions	10 (S1-20)	E-16 G-18
IRA Contributions (nondeductible to Roth IRA)	**SAVE**	Deductions>Credits>Credit for Qualified Retirement Savings Contributions>	20 (S3-4)	E-17 G-21
IRA Contributions (nondeductible to traditional IRA)	**8606 and SAVE**	Deductions>Adjustments>Nondeductible IRAs, **and also** Deductions>Credits>Credit for Qualified Retirement Savings Contributions>Enter Any Current (Do not re-enter Traditional IRA contributions already reported …	20 (S3-4)	E-17 G-21
IRA Distributions	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit 1099-R	4a, 4b	D-55
IRA Qualified Charitable Distribution (QCD, Not a Charitable Gift Annuity)	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit 1099-R. On Form 1099-R screen, click link for ***Click here for options***, select ***Qualified Charitable Distribution*** from menu, and complete Qualified Charitable Distribution screen.	4b	D-68 D-60 D-56
ITIN, Application for	**ITIN**	Miscellaneous Forms>Application for ITIN Applied on Form W-7	N/A	L-7
Job Expenses and Certain Miscellaneous Deductions	**OTHER**	Deductions>Itemized Deductions>Unreimbursed Employee Business Expenses, **and also** Deductions>Itemized Deductions>Other Itemized Deductions Includes employee uniforms, travel, union dues, etc., plus tax prep fees, investment fees, safe deposit boxes, etc.	N/A	F-16 F-17
Jury Duty Pay	**ELSE**	Income>Other Income>Other Income Not Reported Elsewhere. Select Jury duty pay in drop-down list.	8 (S1-8h)	D-80
Jury Duty Pay Returned to Employer	**ADJ**	Deductions>Adjustments>Other Adjustments>Jury duty pay remanded to employer	10 (S1-24a)	E-3
K-1 Forms	**K1**	Income>Other Income>K-1 Earnings	Varies	D-73
K-1 Royalty income	**K1**	Income>Other Income>K-1 Earnings	8 (S1-5)	D-77
Kiddie Tax	**8615**	Other Taxes>Tax For Certain Children Who Have Unearned Income (only in scope for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends)	16	A-4 H-5
Lifetime Learning Credit (LLC)		See Education Credits		
Long-term Care Benefits	**8853 LTC**	Deductions>Adjustments> MA MSAs, Archer MSAs and Long-Term Care Insurance Contracts. On the entry page, scroll to Long Term Care Insurance Contracts (Form 1099-LTC)	N/A	D-82
Lump-Sum Social Security Benefit	**SSA**	Income>Form 1099-R, RRB, SSA>Social Security SSA-1099/RRB-1099 Tier 1> Begin Worksheet	6	D-71

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Management Fees		See Investment Fees		
Medicaid Waiver Payments		See Entering Medicaid Waiver Payments (MWP) on page D-12	1a or 1d 8 (S1-8s)	D-12
Medical, Dental, and Vision Expenses	**MED**	Deductions>Itemized Deductions> Medical, Dental, and Vision Expenses	12 (Sch A)	F-6
Mileage – Charitable Travel	**CHARI**	Deductions>Itemized Deductions>Gifts to Charity>Non-Cash Gifts to Charity	12 (Sch A)	F-15
Mileage – Medical Travel	**MED**	Deductions>Itemized Deductions> Medical, Dental, and Vision Expenses	12(Sch A)	F-9
Mortgage Interest and Points Paid	**MORT**	Deductions>Itemized Deductions>Mortgage Interest and Expenses	12 (Sch A)	F-13
Native American Per Capita Payments	**ELSE**	Income>Other Income>Other Income Not Reported Elsewhere>Other Income See also Kiddie Tax	8 (S1-8)	D-80 H-5
Noncash Donations	**CHARI**	Deductions>Itemized Deductions>Gifts to Charity> and either: • If total is more than $500: >Non-Cash Donations (more than $500) • If total is $500 or less: >Non-Cash Gifts to Charity	12 (Sch A)	F-15
Notary Income	**SC or BUS and SELF**	Income>Schedule C and also Other Taxes>Self-Employment Tax>Enter exempt notary income	8 (S1-3)	D-27 H-3
OID Interest (Original Issue Discount Interest)		See 1099-OID Original Issue Discount		
Other Income (prizes, jury duty, etc.)	**ELSE**	Income>Other Income>Other Income Not Reported Elsewhere	8 (S1-8)	D-80
PDF, Attach to Return		See Attach PDF to Return		
Pension Distributions	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit 1099-R	5	D-56
Personal Property Tax	**PERS**	Deductions>Itemized Deductions>Taxes You Paid	12 (Sch A)	F-10
PIN, Identity Protection		See Identity Protection PIN		
Power of Attorney (POA)	**N/A**	Confirm it is eligible for tax filing, but do not enter it into TaxSlayer	N/A	K-17
Prior Year Comparison		Summary/Print page (beside View/Print Return) for returning taxpayers	N/A	O-8
Prisoner Income (or halfway house)	**OTHER C**	If not on a W-2: Income>Other Income>Other Income Not Reported Elsewhere If on a W-2: enter on W-2 AND also Income>Other Income>Other Compensation> Prisoner Earned Income (to make ineligible for Earned Income Credit)	1 (S1-8u)	D-80 D-86
Private Activity Bond interest (PAB)	**INT DIV**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest and Dividends>	17 (S2-1)	D-20 D-22
Prizes (Gambling)	**OTHER C**	Other Income>Other Compensation>Other Gambling Income not reported on W-2G	8 (S1-8b)	D-80 D-84
Prizes and Awards (Non-Gambling)	**ELSE**	Income>Other Income>Other Income Not Reported Elsewhere (select Prizes and Awards)	8 (S1-8i)	D-80 D-84
Public Safety Officer Exclusion	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit 1099-R On the entry page: ***Click here for options*** (below box 2a)	5b	D-60
Qualified Charitable Distribution from IRA		See IRA Qualified Charitable Distribution		

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Railroad Retirement Benefits, blue RRB-1099		See Social Security Benefits		
Railroad Retirement Benefits, green RRB-1099-R	**RRB**	Income>Form 1099-R, RRB, SSA>RRB-1099-R	5	D-69
Real Estate Taxes	**MORT TAXES**	Deductions>Itemized Deductions>Taxes You Paid>	12 (Sch A)	F-10
Refund Applied from 2025 (Fed or State)		See Estimated Payments made in 2026		
Refund, Apply to Next Year		See Apply Refund to Next Year		
Refunds of State and Local Income Tax		See State and Local Tax Refund Worksheet		
Rental Income from vacant land w/o expenses	**SC RENT**	Income>Schedule E	8 (S1-5)	D-77
Rental Income	**SC RENT**	Income>Schedule E OOS except for active-duty military (military certification required)	8 (S1-5)	D-77
Repayment of Unemployment Received in Same Year	**-G UNEM**	Income>Form 1099-G box 1 Unemployment>Repayment	8 (S1-7)	D-6
Repayment of Previously Taxed Income (from prior year)	**N/A**	If >3000, out of scope. If ≤3000, there is no longer a federal credit or deduction.		F-16
Reservist's Expenses	**RESER 2106**	Deductions>Adjustments>Armed Forces reservists, …	10 (S1-12)	E-2 E-4
Retirement Savings Contributions Credit	**8880 SAVE**	Deductions>Credits>Credit for Qualified Retirement Savings Contributions	20 (S3-4)	G-18 G-21 D-56
Reverse Mortgages	**N/A**	See page F-13.		
Rollover of IRA, 401(k), etc.	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R	4b	D-64
Roth IRA Contributions		See IRA Contributions (non-deductible to ROTH IRA)		
Roth IRA Conversions		See Conversion of Traditional IRA to Roth IRA		
Royalties (with no associated expenses)	**SC ROY**	Income>Schedule E or Income>1099-MISC box 2 linked to a Schedule E	8 (S1-5)	D-77 D-84
Royalties from Services (e.g., artist)	**BUS NEC**	Income>Schedule C>Income>Gross Receipts or Income>1099-NEC linked to a Schedule C	8 (S1-3)	D-84
RRB-1099 Railroad Retirement (blue)		See Social Security Benefits		
RRB-1099-R Railroad Retirement (green)		See Railroad Retirement Benefits, green RRB-1099-R		

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Sale of Main Home		See 1099-S		
Sale of Stock		See Capital Gains		
Sales Tax Deduction	**TAXES**	Deductions>Itemized Deductions>Taxes You Paid	12 (Sch A)	F-12
Saver's Credit		See Retirement Savings Contributions Credit		
Schedule C		See Self-employment Income		
Schedule D		See Capital Gains		
Scholarships and Grants when Taxable	**OTHER C**	Income>Other Income>Other Compensation>Scholarships and Grants (Not Reported on W-2)	8(S1-8r)	D-86 J-2
Self-Employed Health Insurance (SEHI) Deduction	**SC** **BUS**	Income>Schedule C>(On the entry page, go to General Expenses>Health Insurance or Long-Term Care Insurance.)	10 (S1-17)	D-36 E-9
Self-Employment Income and Expenses	**SC or BUS** **NEC**	Income>Schedule C> or after completing 1099-NEC, transfer to Schedule C - Business Income	8 (S1-3)	D-27 D-32 D-36
Seller-financed Mortgage Interest Deduction	**MORT**	Deductions>Itemized Deductions>Mortgage Interest and Expenses>Mortgage Interest Not Reported on Form 1098	12 (Sch A)	F-13
Seller-financed Mortgage Interest Income		Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income >Seller Financed Interest Income	2	D-24
Simplified Method	**-R**	Income>Form 1099-R, RRB, SSA>Add or Edit a 1099-R>Click here for options (below box 2)	5b	D-62
Simplified Method after Death of All Beneficiaries	**MISC**	Deductions>>Itemized Deductions>Other Itemized Deductions>Unrecovered investment in pension	12 (Sch A)	F-16
Social Security Benefits (SSA-1099 or RRB-1099)	**SSA**	Income>Form 1099-R, RRB, SSA>Social Security SSA-1099/ RRB-1099 Tier 1	6	D-70
State and Local Tax Refund Worksheet	**-G**	Income>Form 1099-G box 2 State or local income tax refunds, credits, or offsets	8 (S1-1)	D-6 D-25
State and Local Taxes Paid (not on a form)	**TAXES**	Deductions>Itemized Deductions>Taxes You Paid>Additional state and local income tax paid	12 (Sch A)	F-4 F-10
State refund applied from last year		See Estimated Payments made in 2026		
State refund, apply to next year		See Apply Refund to Next Year		
State withholding not on another form		See Withholding with No Entry Field on Form Entry Screen		
Stock Sales		See Capital Gains		
Strike Benefits	**OTHER C**	Income>Other Income>Other Compensation>Strike Benefits Received	1h	D-86 D-84
Student Loan Interest	**1098** **STU**	Deductions>Adjustments>Student Loan Interest.	10 (S1-21)	E-18
Substitute W-2	**W**	Income>W-2>This is a substitute W-2	1	D-8

Where to Find in TaxSlayer, Form 1040, and NTTC 4012 (cont'd)

Form or Topic	Keyword	Navigation to Data Entry Screen	1040	4012
Tax Exempt Interest and Exempt Interest Dividends	**INT DIV**	Income>Schedule B-Forms 1099-INT, DIV, OID>Interest or Dividend Income	2a	D-19 D-21
Taxable Refund Worksheet		See State and Local Tax Refund Worksheet		
Taxes Paid, Federal and State Estimated		See Estimated Payments made in 2026		
Taxes Paid, Deduction for State/Local Not on Form		See State and Local Taxes Paid (not on a form)		
Tips, Unreported to Employer	**W**	Income>W-2>Unreported tips	1c 23 (S2-5)	D-9
Tips, Unreported (less than $20/mo.)	**W 4137**	Income>Form W-2>Unreported tips AND Other Taxes>Tax on Unreported Tip Income	1c 23 (S2-5)	D-9 H-4
Traditional IRA Contributions		See IRA Contributions (deductible to Traditional IRA)		
Travel Expenses for Business	**SC BUS**	Income>Schedule C>(On the entry page, go to General Expenses>Travel or Income>Schedule C>Car and Truck Expenses)	8 (S1-3)	D-38
Unemployment Benefits	**-G UNEM**	Income>Form 1099-G box 1	8 (S1-7)	D-6
Unemployment Comp Repayment—Same Year as Benefit Received	**-G UNEM**	Income>Form 1099-G box 1	8 (S1-7)	D-6
Unemployment Comp Repayment—Year after Received $3,000 or less	**N/A**	There is no longer a federal credit or deduction when repayments are $3,000 or less.	N/A	F-16
Unemployment Comp Repayment—Year after Received >$3,000	**N/A**	Out of scope	N/A	F-16
Unrecovered Investment in Pension	**MISC**	Deductions>Itemized Deductions>Other Itemized Deductions>Unrecovered investment in pension	12 (Sch A)	F-16
Volunteer Expenses	**CHARI**	Deductions>Itemized Deductions>Gifts to Charity>Cash Gifts to Charity	12 (Sch A)	F-15
Vouchers to make 2027 Estimated Payments	**VOU**	See Estimated Payment Vouchers for 2027		
W-2 Wages	**W**	Income>W-2	1	D-8
W-2G Gambling Winnings		See Gambling Winnings		
W-7 ITIN Application		See ITIN, Application for		
Withholding with No Entry Field on Form Entry Screen	**WITHH**	Payments & Estimates>Other Federal (or State) Withholdings	25c 12 (Sch A)	H-11
Work Release Income		See Prisoner Income (or halfway house)		
Zero AGI return		See $0 AGI return		

Tab P: Partner Resources

Resources for Assisting Taxpayers

Information for Assisting People with Disabilities

There are many misconceptions about interacting with people with disabilities. **Publication 5192**, *Ten Key Points of Communicating with People with Disabilities*, covers the 10 core disability etiquette points that volunteers should be aware of when working with this group.

Serving Taxpayers Who Are Deaf or Hard of Hearing

Taxpayers who are deaf or hard of hearing have varying ranges of language skills and abilities. Some can communicate verbally with you, while others cannot. Some can read lips, and some communicate with English Exact Sign which is a method of sign language that mimics the English language precisely as it is spoken. However, most taxpayers who are deaf or hard of hearing communicate with American Sign Language (ASL). **Publication 5231**, *Key Points for Communicating with People who are Deaf or Hard of Hearing*, provides helpful points of etiquette for volunteers serving this group at the VITA/TCE sites.

Veterans Crisis Line

The **Veterans Crisis Line** (veteranscrisisline.net) 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 dial 988 then press 1, **chat online** (veteranscrisisline.net/get-help-now/chat), 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 individuals who are deaf, hard of hearing, or have hearing loss is available: TTY 800-799-4889.

IRS Taxpayer Assistance Center – Appointment Service

The IRS requires appointments at Taxpayer Assistance Center (TAC) locations throughout the United States. Taxpayers can call 844-545-5640 to make a face-to-face appointment. Callers that get a message "about call volumes being too high and to try again later" are suggested to call back at 7 AM local time (Hawaii and Alaska follow Pacific Time).

The IRS also provides Virtual Tax Services at various locations that do not have a TAC. With this model, taxpayers sit at a designated workstation and are assisted by an IRS employee who appears on screen and is located in a remote office.

IRS Voice and Chat Bots

Voice bots are powered by artificial intelligence (AI) and allow a caller to navigate an interactive voice response (IVR) system, generally using natural language. Chat bots simulate human conversation through web-based text interaction, also using AI to respond to natural language prompts.

The IRS has deployed voice and chat bots in English and Spanish for phone lines that assist taxpayers with tax payments issues or understanding an IRS notice they may have received. The bots are now available to help taxpayers with:

- How to make one-time payments
- Answers to frequently asked questions
- Collection notice clarification

IRS voice bots will also enable taxpayers to authenticate their identity to establish payment plans, request a transcript and obtain information about their accounts, such as payoff details.

Other Languages

As part of its commitment to serving diverse communities, the IRS is translating tax resources into multiple languages. Basic tax information is currently available in seven languages. Refer to **IRS.gov/mylanguage**.

Form 13614-C, *Intake/Interview and Quality Review Sheet*, is available in multiple languages. These can be downloaded at **IRS.gov/forms-instructions**.

Taxpayers may choose to receive written communication from the IRS in a language other than English. Check the box in Personal Information for ***Taxpayer prefers to receive written communications from the IRS in a language other than English*** and select the language from the drop-down list. See #10 on page B-21.

Interactive Tax Assistant (ITA)

The **ITA tool** (IRS.gov/ita) is a tax law resource that takes you through a series of questions and provides you with responses to tax law questions on a limited number of topics.

- Simply answer the questions and select ***Continue*** to progress to the next question screen.
- You may need to collect information before the interview such as income amounts, taxes owed and credits you are claiming.
- The tool includes a crossover feature that allows you to move from certain tax topics to another without needing to enter the same answers multiple times. The Review/Start Over buttons allows you to adjust responses to previously asked questions.
- When you reach the response screen, you have the option to print the entire interview and the final response.

For additional information on tax law resource tools, go to **Tax Topics** (IRS.gov/taxtopics).

Tax Information for Individuals

IRS.gov/individuals has links for topics such as:

- **View your Tax Account**
- **Get Your Transcript**
- **Options for paying your taxes**
- **Understanding your IRS notice or letter**

Identity Protection PIN (IP PIN) Guidance

A six-digit Identity Protection PIN (IP PIN) helps the IRS verify the taxpayer's identity when filing an electronic or paper federal tax return. It protects the taxpayer's account even if they do not have a filing requirement. **Use the most recent IP PIN regardless of the tax year.**

Taxpayers can receive an IP PIN either as a result of tax-related identity theft or by voluntarily opting in:

- **Identity Theft Victims:** From mid-December through early January, the IRS mails Notice CP01A to taxpayers previously identified as victims of identity theft. The notice includes a 6-digit IP PIN to be entered on their tax return and is mailed annually as long as the identity theft indicator remains on their account.

  It's important to be sensitive when assisting victims of identity theft, as they are often navigating a confusing and frustrating situation. These taxpayers have been victimized, often through no fault of their own, and are trying to comply with tax laws, file their return, and pay their fair share of taxes.

- **Voluntary Opt-In:** Taxpayers may choose to proactively opt in to receive an IP PIN as an added layer of protection against tax-related identity theft. For more information, see page P-6.

Use the chart below when assisting taxpayers who are victims or may be victims of identity theft.

If…	Then…
An IP PIN was issued to the taxpayer, spouse, and/or dependents.	Ensure that each taxpayer (primary, secondary, or dependent) who was issued an IP PIN for the current calendar year has it correctly entered on the tax return.
The taxpayer received an IP PIN but didn't bring it, or they misplaced or lost it.	**1.** Complete the tax return for the taxpayer. **2.** Refer to Retrieving Your IP PIN on the next page. **3.** Provide the taxpayer with a complete copy of the tax return to keep for their records, and a second paper file copy in case they will need to mail their return. **a.** If the taxpayer is unable to retrieve their IP PIN online or have it reissued by mail, advise them to follow IRS instructions for mailing the tax return. Inform them that their refund will be delayed while the IRS reviews their paper return to verify their identity. **b.** If the taxpayer receives their original or reissued IP PIN and wants to e-file, arrange for them to provide the IP PIN by returning to the site or by phone. Taxpayer must return to the site to sign Form 8879, IRS e-file Signature Authorization, if they did not already do so.
An e-filed tax return was rejected because an IP PIN was missing or an invalid IP PIN was used.	**1.** Check the reject code explanation to determine whether the issue applies to the taxpayer, spouse, or dependent. **2.** Contact the taxpayer to get their IP PIN, or to reconfirm it if it was entered incorrectly. **3.** Once the IP PIN is entered or corrected, the e-file can be resubmitted. If the taxpayer does not know their current IP PIN, refer to the previous row in this table, starting at step 2.
An e-filed tax return was rejected because the taxpayer's, spouse's, or dependent's SSN was previously used.	**1.** If the reject was due to the dependent SSN, verify dependent information is correct and taxpayer meets requirements to claim the dependent. If the primary taxpayer obtains an IP PIN (see next page) and e-files again with their IP PIN included, the IRS will accept the return assuming there are no other issues. **2.** Otherwise, the federal return will need to be paper filed: **a.** Provide the taxpayer with a complete copy of the tax return to keep for their records, and a second paper file copy for them to mail. See **Potential Identity Theft Letter** for instructions you can print and give to taxpayer. **b.** Advise the taxpayer to contact the IRS for assistance. If required, they will advise the taxpayer to complete and submit Form 14039, *Identity Theft Affidavit*, online at **IRS.gov/dmaf/form/f14039** (alternatively, they can manually complete **Form 14039**, and print and attach it to their return). The IRS will respond in approximately 30 days after all the necessary information is received.[1]

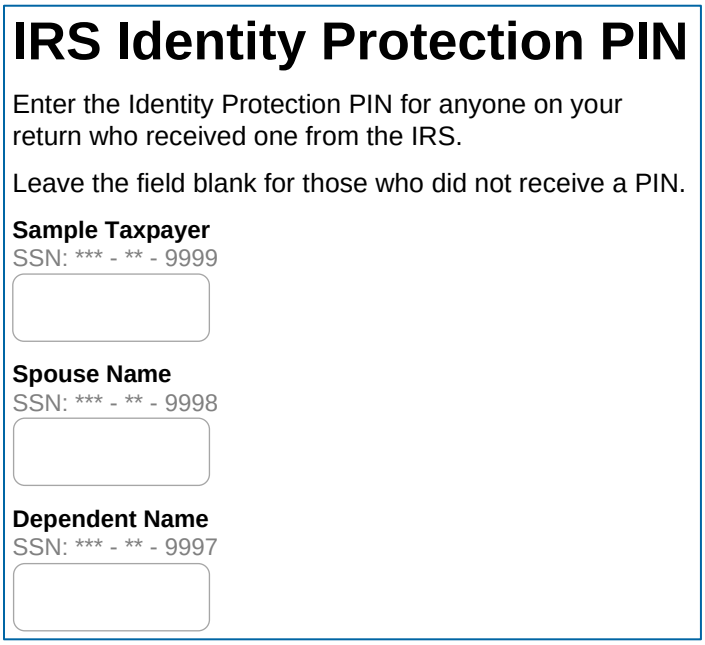
[1] Do not file Form 14039 if the taxpayer received any of the following IRS identity verification letters: Letters 4883C or 6330C, 5071C or 6331C, 5447C, 5747C. Their return may not get processed until the taxpayer follows the instructions in the letter.

Basic Information>IRS Identity Protection PIN, or
Federal Section>Miscellaneous Forms>IRS Identification PIN; or Keyword: PIN

Entering an IP PIN

An IP PIN issued to the taxpayer, spouse, or any dependents must be entered into TaxSlayer for inclusion on the electronically or paper-filed tax return.

Always use the IP PIN for the current calendar year, even when preparing a return for a prior tax year. An IP PIN is valid only for the calendar year in which it is issued and must be included on any federal tax return filed during that year, including prior-year returns.



Filing with a Missing IP PIN

An e-filed return will be rejected if:

- An IP PIN was issued but not entered, or
- An invalid IP PIN is entered.

If the taxpayer cannot retrieve their current IP PIN, they must paper file their tax return without it. The IRS will take additional time to process the return while verifying the taxpayer's identity, which will delay a refund.

Retrieving Your IP PIN

Taxpayers who did not receive, lost, or misplaced their IP PIN can visit **Retrieve Your Identity Protection PIN (IP PIN)** (IRS.gov/retrieveippin). They have two options:

1. **Retrieve IP PIN Online**
   - **a.** They can login to their **IRS online account** (IRS.gov/payments/online-account-for-individuals), click ***Profile*** in the topmost menu bar, and then click ***Identity Protection PIN*** from the menu on the left.
   - **b.** If they don't already have an online account, they'll be asked to create one, which requires completing a rigorous identity verification process. For more information, refer to **How to register for IRS online self-help tools** (IRS.gov/secureaccess).
   - **c.** Note: IP PINs for minor dependents cannot be retrieved online. Follow the steps in option 2 instead.
2. **Call the IRS to Request Reissuance by Mail**
   - **a.** If the taxpayer is unable or unwilling to create an online account, they can call the IRS at 800-908-4490 to request that their IP PIN be reissued by mail.
   - **b.** If the taxpayer can verify their identity with a phone assistor, their IP PIN will be mailed within 21 days to the address on file with the IRS.

An IP PIN cannot be reissued by mail if:

- The taxpayer opted into the IP PIN program online after 2019.
- It's after October 14 and the taxpayer hasn't filed their current or prior year tax return.

Taxpayers who have already been assigned an IP PIN should not file Form 15227. This form is only for new requests to opt into the IP PIN program.

Voluntary Opt-In IP PIN Program

Taxpayers can voluntarily opt in to receive an IP PIN every year as an added layer of protection against tax-related identity theft. Anyone with a Social Security number (SSN) or Individual Tax Identification Number (ITIN) who can pass a rigorous identity verification process can opt in, including the taxpayer, spouse, and dependents. If they already have an IRS online account, they do not need to verify their identity again.

If a currently enrolled taxpayer is eligible to opt out of the voluntary IP PIN program, they can do so from the Identity Protection PIN section of their profile in their online account.

How to Opt In Online:

- When enrolling online, taxpayers can choose to:
  - Stay enrolled in the IP PIN Program for future years to receive ongoing protection, or
  - Opt in for the current year only.
- Taxpayers may go to **Get an IP PIN** (IRS.gov/ippin), pass Secure Access authentication and immediately access a six-digit IP PIN.
  - If the taxpayer does not already have an IRS online account, they can refer to **How to register for IRS online self-help tools** (IRS.gov/secureaccess).
  - Get an IP PIN is generally available from mid-January through mid-November.
- Taxpayers who opted to remain enrolled in the IP PIN Program **must** retrieve a new IP PIN **each** year, available starting in early to mid-January. They can do so by logging into their **IRS online account** (IRS.gov/payments/online-account-for-individuals) and navigating to *Profile* > *Identity Protection Pin*.



Clients who are not tax-related identity theft victims, but are voluntarily opting into the program, should not file Form 14039, Identity Theft Affidavit.

Alternatives to Online Enrollment:

If the taxpayer is unable to verify their identity online, they can opt in using one of the following methods:

- Apply by Mail:
  - Taxpayers can complete and mail **Form 15227**, *Application for an Identity Protection Personal Identification Number (IP PIN)*. The adjusted gross income on their last filed return must be below the threshold specified near the top of the form.
  - After receipt, an IRS assister will call applicants to ask a series of identity verification questions. Once the taxpayer's identity is verified, they will receive their IP PIN by mail in a CP01A Notice, usually within four to six weeks, and then annually each January thereafter.
- Apply in person:
  - If unable to use the online or Form 15227 process, taxpayers can verify their identity in person by **making an appointment** at an IRS office. They must bring one current government-issued picture identification document and another identification document to prove their identity.
  - An IP PIN will usually be mailed within 3 weeks if their identity is authenticated at a local office. They will then receive a new IP PIN annually through the mail.

Frequent Taxpayer Inquiries

Taxpayers normally ask questions during the interview process about the topics covered in this section. Visit **IRS.gov** or see **Publication 17** for additional topics and information.

Options if the Taxpayer Can't Pay in Full

See page K-23.

Copies of Prior-Year Returns

For information purposes: Taxpayers can go to **Get Your Tax Record** (IRS.gov/transcripts) to register and secure a transcript which partially masks the personally identifiable information of everyone listed on the tax return. To access this transcript online they must have email and be able to prove their identities with enhanced verification. Taxpayers can also request masked transcripts to be mailed to the address on file, which takes 5 to 10 calendar days for delivery. In addition, taxpayers can request a transcript via **Form 4506-T**, *Request for Transcript of Tax Return*, or by calling 800-908-9946.

For tax preparation purposes: Taxpayers or other third parties who require an unmasked transcript for tax return preparation or filing may contact the IRS in person and present proper authentication to prove their identities and receive a copy of their unmasked transcript.

If a photocopy of a return is needed: Taxpayers should complete **Form 4506**, *Request for Copy of Tax Return*. Mail it with the required fee to the address for the state the taxpayer lived in when the return was filed. See addresses on **Form 4506**.

Amended Returns (See Tab M)

Form 1040-X, Amended U.S. Individual Income Tax Return, should be used by taxpayers to amend their return. Many mistakes are corrected in processing by the IRS, and a letter of explanation is mailed at the time an error is identified or when a refund is issued. In these cases, taxpayers aren't required to file an amended return as the corrections have already been made.

Sites can choose to file amended returns even if they didn't prepare the original return. See Tab M, Amended Returns, for additional information on preparing amended returns. Taxpayers can check the status of their Form 1040-X, Amended U.S. Individual Income Tax Return, for the current year and up to three prior years at **Where's My Amended Return**.

Taxpayer Address Changes

Taxpayers should use **Form 8822**, *Change of Address*, to notify the IRS of any change of address. If taxpayers move after filing the return and before a refund is received, they should notify their old post office and the IRS of their new address.

Recordkeeping

Taxpayers should keep copies of their tax returns and records in support of items shown on their returns. These can help with preparing future tax returns, filing an amended return, or if they're audited. These records can also be helpful to their surviving spouse or the executor or administrator of their estate.

Taxpayers should keep their records until the period of limitations runs out for the return, see chart below. Keep basis documents and returns until the period of limitations expires for the year in which the property is disposed of or sold. Keep Forms 8606, *Nondeductible IRAs*, until the IRA is fully distributed. See **Publication 550**, *Investment Income and Expenses*, for details.

Period of Limitations

IF you…	THEN the period is…
1. File a return and (2), (3), and (4) don't apply to you,	3 years.
2. Don't report income that you should and it is more than 25% of the gross income shown on your return,	6 years.
3. File a fraudulent return,	No limit.
4. Don't file a return,	No limit.
5. File a claim for credit or refund after you filed your return,	The later of 3 years or 2 years after tax was paid.
6. File a claim for a loss from worthless securities or bad debt deduction,	7 years.

Returns filed before the due date (without regard to extensions) are considered filed on the due date (even if the due date was a Saturday, Sunday, or legal holiday).

Free Tax Preparation Locations

Consult your Site Coordinator for information about the location of other VITA/TCE sites in your area. Taxpayers may go to **Free tax return preparation for qualifying taxpayers** (IRS.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers), download the **IRS app**, or call 1-800-906-9887 for more information. For AARP Tax-Aide sites, go to **AARP Foundation Tax-Aide Locator** (AARP.org/money/taxes/aarp_taxaide/locations) or call 888-227-7669 for this information.

Problems Navigating the IRS

Taxpayer Advocate Service (TAS) has offices in every state, the District of Columbia, and Puerto Rico. Find your local advocate's number at **taxpayeradvocate.irs.gov/contact-us/**. You can also call 877-777-4778. See **Publication 1546**, *The Taxpayer Advocate Service Is Your Voice at the IRS*, for details on what TAS provides. Taxpayers can review their rights by referring to the **Taxpayer Bill of Rights** (IRS.gov/taxpayer-bill-of-rights).

Innocent Spouse Relief (Out of Scope)

Taxpayers who file a joint tax return are jointly and individually responsible for the tax and any interest or penalty due on the joint return even if they later divorce. In some cases, a spouse (or former spouse) will be relieved of the tax, interest, and penalties on a joint tax return. Spousal relief is granted in certain situations when a taxpayer can prove he/she isn't liable for amounts due in joint filing situations.

Taxpayers should see **Publication 971**, *Innocent Spouse Relief*, which explains the types of relief, who may qualify for them, and how to get them. Married persons who didn't file joint returns, but who live in community property states, may also qualify for relief.

Ⓐ Injured Spouse Relief

Ⓝ Miscellaneous Forms>Form 8379

An injured spouse claim is different from an innocent spouse relief request. If a joint return is filed and only one spouse has past-due debts that have been, or are expected to be, applied against a joint refund, the other spouse may qualify as an injured spouse. The injured spouse can request their portion of the joint refund by filing Form 8379, *Injured Spouse Allocation*. See page N-5. Also see *Who is considered to be an injured spouse?* in the *Filing Status* lesson of Tax-Aide's **NTTC 4491**.

Married Filing Separately

Unless required to file separately, married taxpayers may want their tax figured on a joint return and on separate returns, to make sure they are receiving the most advantageous filing status. Filing separately may be advantageous for some taxpayers in certain situations; however, most married taxpayers would pay more combined tax on separate returns than they would on a joint return. An outline of disadvantages is available in the *Filing Status* section of **Publication 17** (see *Special Rules* under *Married Filing Separately*). Taxpayers who filed a Married Filing Jointly return cannot amend their return to change to Married Filing Separately after the due date of the return. There is an exception for deceased taxpayers.

Social Security Numbers and Account Information

The Social Security Administration no longer issues Social Security Number verification printouts in their field offices. However, local Social Security offices will continue to provide benefit verification letters. Taxpayers may also get this information using a personal *my* Social Security account (**SSA.gov/myaccount**).

Volunteers should enter names into the tax software as they appear in SSA records in order to minimize rejected returns.

Refund Information

Where's My Refund?

Taxpayers should be directed to **Where's My Refund?** (IRS.gov/refunds). for specific information about their refund. Taxpayers can view refund information for the current year and two prior years. For amended returns, taxpayers can check **Where's My Amended Return?** (IRS.gov/1040xstatus).

Taxpayers should view their **IRS Online Account** to see payment history, prior year adjusted gross income (AGI), or other tax records.

Missing Refund

When a taxpayer has verified that they did not receive a refund, even though IRS records or a letter specifies otherwise, they can initiate a trace by calling 800-919-9835 or filing Form 3911, Taxpayer Statement Regarding Refund. The taxpayer should mail Form 3911 to their usual IRS Service Center or send it via FAX. See list of FAX numbers at **www.taxpayeradvocate.irs.gov**.

Hardship Refund Request

A taxpayer's tax refund will be offset (intercepted) to pay outstanding federal tax debts, child support, federal nontax debts, state income tax debts, and unemployment compensation debts. When a tax refund is offset, the taxpayer will receive a letter explaining how the refund was applied to his or her outstanding debt.

If a taxpayer would face a hardship from a tax refund offset and has only outstanding federal tax debts, they can request an Offset Bypass Refund (OBR) from the IRS. The taxpayer must request an OBR before an offset occurs. Once a refund is applied to another debt, OBR relief is no longer available. If an OBR is granted, it will only cover the amount necessary to relieve the hardship; the rest is applied to their other debt.

The taxpayer can call the IRS at 800-829-1040 to request an OBR when they file their return and follow their instructions on how to submit documentation of their hardship. The taxpayer must gather documentation showing their economic hardship, such as eviction notices, utility shut-off notices, medical bills, etc. If they need additional time to gather documentation proving their economic hardship, they may want to file their return with the IRS on paper via certified mail.

The Taxpayer Advocate Service (TAS) may be able to assist the taxpayer in requesting an OBR and navigating the process, if they qualify. For more details, see **How to Prevent a Refund Offset – and What to Do If You're Facing Economic Hardship** on the TAS Blog.

Requests for hardship relief from other debts must be made to the agency to which the debt is owed. The Treasury Offset Program (TOP) can confirm whether a tax refund will offset for these other debts and provide details about the debt and a contact phone number for the agency to which the debt is owed. The TOP Call Center can be reached weekdays at 800-304-3107, TTD 800-877-8339, between 8:30 a.m. and 6 p.m. Eastern Time.

Where Do You File?

Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over 1/4" thick). Also, include your complete return address.

Make the check or money order payable to "United States Treasury." Taxpayers should write "2026 Form 1040" and the first name listed on the tax return (primary taxpayer), address, daytime phone number, and primary taxpayer's Social Security number (SSN) on their payment and enclose it with Form 1040-V. Do not staple or attach to Form 1040-V.

Use one of the following links to find the mailing address applicable to the form you are mailing.

- Mailing addresses for common individual income tax forms (select your state): **IRS.gov/filing/where-to-file-paper-tax-returns-with-or-without-a-payment**
- Mailing addresses for all states:
  - Forms 1040 and 1040-SR: **IRS.gov/filing/where-to-file-addresses-for-taxpayers-and-tax-professionals-filing-form-1040**
  - Form 1040-ES: **IRS.gov/filing/where-to-file-addresses-for-taxpayers-and-tax-professionals-filing-form-1040-es**
  - Form 1040-ES (NR): **IRS.gov/filing/where-to-file-addresses-for-taxpayers-and-tax-professionals-filing-form-1040-esnr**
  - Form 1040-V: **IRS.gov/filing/where-to-file-addresses-for-taxpayers-and-tax-professionals-filing-form-1040-v**
  - Form 1040-X: **IRS.gov/filing/where-to-file-addresses-for-taxpayers-and-tax-professionals-filing-form-1040-x**
  - Form 4868: **IRS.gov/filing/where-to-file-addresses-for-businesses-and-tax-professionals-filing-form-4868**
    - For taxpayers that live in American Samoa, Puerto Rico, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands, see **Pub 570**, *Tax Guide for Individuals With Income From U.S. Territories*.

Mailing addresses for other forms can be found at **IRS.gov/wheretofile**.

Low Income Taxpayer Clinics (LITCs) – Assistance with Tax Problems

Has your taxpayer received a letter from the IRS or has their federal refund been offset?

An LITC may be able to help.

What are LITCs?

LITCs are organizations that represent and advocate for taxpayers who have tax problems with the IRS. They are independent from the IRS and the Taxpayer Advocate Service (TAS). LITC tax professionals offer services for free or a small fee.

Who can receive LITC help?

Taxpayers whose incomes are below a certain level may be eligible for assistance (generally not to exceed 250% of the Federal Poverty Level; see *Income guidelines* at **www.taxpayeradvocate.irs.gov/litc**).

Up to 10% of the cases accepted by an LITC may include taxpayers who have income above 250% of the poverty level. For this reason, it is often best to refer a taxpayer and allow the clinic to make the eligibility determination.

What issues can LITCs help with?

LITCs can help with many federal tax issues, e.g., making payments or requesting collection alternatives such as currently not collectible status or an offer in compromise, helping to gather proof to show eligibility for tax exemptions and credits such as the Earned Income Tax Credit, obtaining tax refunds stolen due to identity theft, and appealing IRS decisions. Individual taxpayers include self-employed taxpayers or those with individual tax debt even if it is related to operation of a business. LITCs may also help taxpayers who have both a federal tax dispute and related state and local tax disputes. In addition, LITCs provide education, outreach, and information on taxpayer rights and responsibilities in different languages for individuals who speak English as a second language.

Where is the nearest LITC?

For more information or to find an LITC near your taxpayer, visit **www.taxpayeradvocate.irs.gov/litc** and use the *Find your local clinic* search tool at the bottom of the page. The location listed may be the main office, as many clinics have additional locations. Call your clinic to find more information. You can access the latest version of **Publication 4134**, *Low Income Tax Clinic List*, at **IRS.gov/pub/irs-pdf/p4134.pdf** (access the Spanish version at **IRS.gov/pub/irs-pdf/p4134sp.pdf**) You can also call 800-TAX-FORM (800-829-3676) to request this publication.

The Taxpayer Education Program funds clinics to educate individuals for whom English is a second language about their taxpayer rights and responsibilities. Participating clinics are identified in **Publication 4134** and are funded solely to provide ESL education, but may also offer some limited tax consultation services to individual taxpayers.

Note: Your site can order printed copies of Publication 4134 and you can contact your local LITCs to request copies of their brochures or business cards. All LITCs provide education about taxpayer rights and responsibilities.

Taxpayer Advocate Service Is Here to Help You

The Taxpayer Advocate Service (TAS) is an **independent** organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate, that helps taxpayers and protects taxpayer rights. TAS offers free help to taxpayers when a tax problem is causing a financial difficulty, when they've tried and been unable to resolve their issue with the IRS, or when they believe an IRS system, process, or procedure just isn't working as it should. TAS strives to ensure that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights.

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

- Visit **www.taxpayeradvocate.irs.gov/contact-us**
- Check your local directory or call TAS toll-free at **877-777-4778**.

The Taxpayer Advocate Service's website, **www.TaxpayerAdvocate.irs.gov**, is a resource for all taxpayers. It covers a variety of tax-related concepts and problems, breaking each down to describe what taxpayers should know, what they should do, and where they can get more help if needed. Taxpayers can also learn about their taxpayer rights.

If a taxpayer comes into a VITA/TCE site with a tax problem they have been unsuccessful in resolving with the IRS, is facing a financial difficulty due to an IRS problem, or believes an IRS system, process, or procedure is not functioning as it should, TAS may be able to help.

Taxpayer Civil Rights

The Department of the Treasury-Internal Revenue Service will not tolerate discrimination based on race, color, national origin (including limited English proficiency), disability, reprisal, sex (in education programs or activities) or age in programs or activities receiving federal financial assistance from the Internal Revenue Service.

Persons with disabilities and/or limited English proficiency should be able to participate in or benefit from programs and services that IRS supports. Taxpayers with a disability may request a reasonable accommodation and taxpayers with limited English proficiency may request language assistance to access service. For additional information refer to the **AARP Foundation Tax-Aide Poster (D143)** or the **Spanish version (D16719)**.

If a taxpayer believes that he or she has been discriminated against, a written complaint should be sent to:

Internal Revenue Service
Civil Rights Unit
1111 Constitution Avenue, NW, Room 7566
Washington DC 20224

Email: **civil.rights.division@irs.gov**

Do not send tax returns, payments or other non-civil rights information to this address.

Contact Information for Volunteers

TaxSlayer	
TaxSlayer Volunteer Support Need site SIDN when you call	800-421-6346 (Do not give to the public)
TaxSlayer via E-Mail	**support@vita.taxslayerpro.com**
TaxSlayer Chat	From inside a return, select ***Help & Support***, then choose Chat

Prior Year Return Access	
See Prior Year Returns on page N-2 for details	**vita.taxslayerpro.com**

Internal Revenue Service	
VITA/TCE Hotline for tax law questions (volunteer use only)	800-829-8482 (800-TAX-VITA) **Monday – Friday 7:00 AM – 7:00 PM** (no service on weekends)
IRS e-file Help Desk	866-255-0654
Identity Theft Unit	800-908-4490
Taxpayer Assistance Centers	844-545-5640
Quality and Volunteer Tax Alerts	**Quality and tax alerts for IRS volunteer programs** **Tax-Aide CyberTax Alerts**
IRS Toll-free line	800-829-1040
Order IRS Forms and Publications	800-829-3676

Information to Assist Taxpayers	
Cancel a Direct Debit	Refer taxpayer to instructions in Part II of **Form 8879**
Refund Offset Inquiry (Bureau of the Fiscal Service)	800-304-3107
IRS Tax-Help for Deaf (TDD)	800-829-4059
Taxpayer Advocate Service	877-777-4778
Social Security Administration	800-772-1213 or create your personal my Social Security account at **SSA.gov/myaccount** (see **Account FAQs & Help** for help with account creation, signing in, etc.)
Treasury Retail Securities (savings bonds)	844-284-2676
Trump Accounts	**trumpaccounts.gov**

Tab Q: Rejected Returns

Rejected Returns

A common source of rejects is errors in Social Security numbers (SSNs), Individual Taxpayer Identification Numbers (ITINs), or Employer Identification Numbers (EINs) reported on Forms W-2 and 1099. The IRS also matches SSNs and ITINs to the last names of the taxpayer, spouse, and dependents, which can cause a return to be rejected (see Entering the Last Name Correctly on page B-18). Typographical and other errors can often be resolved by contacting the taxpayer to determine the correct SSN, ITIN, or EIN and to verify the last name of the taxpayer, spouse, or dependents. Neither the IRS nor TaxSlayer can help resolve these rejects. The reject reason code will show on the Summary/Print page while in a return.



The taxpayer (and spouse if filing jointly) must sign an updated Form 8879 before a corrected return is retransmitted if changes made result in a difference of more than $50 for "Total income" or "AGI," or more than $14 for "Total tax," "Federal income tax withheld," "Refund" or "Amount you owe."



Each individual transmission of a tax return resulting in a reject is added to the total number of rejects for the site. Each individual rejection increases the overall rejection rate for the site.



Refer to the TaxSlayer Validation Errors report to identify federal or state returns not accepted—validation errors may not show as rejected in the Client List.



The TaxSlayer Reject Resource Guide is available from TaxSlayer's side menu once you are logged in, but not in a return. Choose **VITA/TCE Publications and User Guides**. Then click on ***ATTACHMENTS*** near the top of the left navigation menu, scroll down and click on ***IRS Reject Resource Guide***. Also see **TaxSlayer's Reject Code Knowledgebase**.

Top IRS E-File Reject Codes

The 3 digit reject codes in the table below are the middle or trailing digits of the full reject code; e.g., reject code R0000-500-01 is listed as 500 below and F8962-070 is listed as 070 below.

Top Reject Codes	Suggested Solutions
065 At least one of the following must have a nonzero value: Total Income, AGI, Tax, Total Credits, Total Tax, or Total Payments.	See the tip on page A-5 for instructions on how to e-file a $0 AGI return.
070 Missing Form 8962 or "ACA Explanation"	Verify if the taxpayer, spouse, or dependents had Marketplace coverage at any time during the tax year. Go to the Health Insurance section and re-answer the questions presented. If no tax family member had coverage, click the appropriate option and the return can be e-filed a second time. See page H-17 for more details.
164, 600 Taxpayer must file Form 8862 to claim EITC after disallowance.	Complete Form 8862, *Information To Claim Certain Credits After Disallowance*. See *Disallowance of Certain Credits* on page I-7.
180, 181, 182, 183, 995 or 996 An invalid IP PIN was entered, or no IP PIN was entered and the IRS is expecting one for the taxpayer, spouse, or a dependent.	See the table on page P-4, *Identity Protection PIN (IP PIN) Guidance*, for information about retrieving a PIN, entering it into TaxSlayer, or paper filing as an alternative. PIN must be entered before retransmitting the return.
194, 452, 510, 513, 515, 902 or 932 Duplicate SSN for the taxpayer or spouse in IRS database. A tax return has been filed previously for the SSN.	Verify SSN. If correct, the return will need to be mailed. Work with the taxpayer to determine if ID Theft could be the cause, and see *Identity Theft Victims* on page P-4, *Identity Protection PIN (IP PIN) Guidance.*
500 Primary SSN and Primary Name Control of the Tax Form must match data from the IRS Master File.	Verify name and SSN or ITIN. Double check source document. Review name and SSN control.
501 Qualifying SSN on Schedule EIC and the corresponding Qualified Name Control must match data from the IRS Master File.	Can be a companion to reject code 504. However, if the qualifying child listed for EITC is a dependent on page one of the tax return and the only reject code is 501, verify the year of birth using source data or with the taxpayer. The IRS only verifies the year (not month or day) of birth.
502 Employer Identification Number of Form W-2, W-2G, or 1099-R must match data from the IRS Master File.	Based on the Acknowledgement (ACK) Report, determine if W-2, W-2G or 1099-R. If more than one, determine from ACK Report which number. Double check the source document. If still incorrect, contact payer or have client contact payer. If still unable to resolve, have taxpayer mail in the return.
503 Last name for the secondary taxpayer on the return does not match the IRS Master File and/or SSA records.	Verify the name, SSN or ITIN. Ask to see the Social Security card of the spouse. Check for spelling and transposition errors. If the data entered is incorrect, make the corrections and retransmit the return.
504 Dependent's SSN must match data from the IRS Master File.	Verify name and SSN or ITIN. Check spelling and data entry. Have the client contact Social Security Administration (SSA) to verify information. Ask to see the Social Security card(s).
506 Qualifying child's SSN listed for the purpose of claiming Earned Income Tax Credit (EITC) has been used on another tax return.	Verify SSN of the dependent. If correct, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file returns with duplicate claims for dependents. Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed this dependent.
507 Dependent's SSN on the Form 1040 was previously used for the same purpose.	Verify SSN of the dependent. If correct, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file returns with duplicate claims for dependents. Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed this dependent.

Top IRS E-File Reject Codes (cont'd)

Top Reject Codes	Suggested Solutions
516 SSN is listed on another return as a dependent. Verify SSN.	If correct, the primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file the return. Explain that this could be inadvertent error on another return OR it is possible someone else may have knowingly claimed the taxpayer as a dependent.
517 Dependent's SSN was listed as the taxpayer's/spouse's SSN on another return without the box checked that someone can claim that taxpayer/spouse as a dependent.	Verify SSN of the dependent. This rejection is common on the returns of parents who are still claiming a young adult who also files their own tax return. If this dependent can be claimed by the taxpayer, then: • The primary taxpayer can obtain an IP PIN and e-file again with the IP PIN entered on the return. The IRS will accept the return assuming there are no other issues with it. Taxpayers also have the option to paper file the return. • The dependent will need to file an amended return indicating they can be claimed as someone's dependent.
535 Qualifying SSN on Schedule EIC and the corresponding Year of Birth must match data received from the SSA.	Verify birthday, name and SSN of each child.
541 Taxpayer must be older than qualifying child on Schedule EIC.	Verify birthdays of taxpayer and child.
901, 941 The Taxpayer's or Spouse's SSN has been locked because the Social Security Administration records indicate the number belongs to a deceased individual.	Verify SSN. If correct, but the individual is not deceased, then have the taxpayer contact the SSA to correct their records (wait at least 2 weeks after SSA is contacted before reattempting to e-file, otherwise return must be mailed). If the individual is deceased, then the return will need to be mailed.

The IRS now offers a new option for taxpayers to opt-in to the IP PIN Program for the current year only (they will automatically be opted-out for future years). For more details, see page P-6.

NTSC **T04 TaxSlayer Software - Transmitting Returns, Handling Rejected Returns, and Reconciling Returns** explains the tools and best practices for ensuring a return is filed properly.

Tab GL: Glossary and Acronyms

Acronyms

Links below are to definitions in the Glossary.

AMT Alternative Minimum Tax
ATP (Tax-Aide) Alternative Tax Preparation
ACTC Additional Child Tax Credit
AGI Adjusted Gross Income
ATIN Adoption Taxpayer ID Number
AOC/AOTC American Opportunity (Tax) Credit
APTC Advance Payment of the Premium Tax Credit
CDCC Child and Dependent Care Credit
CHIP Children's Health Insurance Program
COD Cancellation of Debt
CTC Child Tax Credit
DC (Tax-Aide) District Coordinator
EFIN Electronic Filing Identification Number
EIN Employer Identification Number
EITC/EIC Earned Income Tax Credit
ERO Electronic Return Originator
FMV Fair Market Value
FPL Federal Poverty Level
HDHP High-Deductible Health Plan
HOH Head of Household
HSA Health Savings Account
IMF (IRS) Individual Master File
IP PIN Identity Protection PIN
IRA Individual Retirement Account/Arrangement
ITIN Individual Taxpayer Identification Number
LC (Tax-Aide) Local Coordinator
LTC/LTCI Long-Term Care/LTC Insurance
MAGI Modified Adjusted Gross Income
MFJ/MFS Married Filing Jointly/Separately
MWP Medicaid Waiver Payments
NFT Non-fungible Token
NTTC (Tax-Aide) National Tax Training Committee
ODC Credit for Other Dependents
OOS Out of Scope
OTA (Tax-Aide) Online Tax Assistance
PMI Private Mortgage Insurance
POA Power of Attorney
PSO Public Safety Officer
PTC Premium Tax Credit
QBI Qualified Business Income
QCD Qualified Charitable Distribution
QSS Qualifying Surviving Spouse
RMD Required Minimum Distribution
RTN Routing Transit Number
SALT State and Local Taxes
SEHI Self-Employed Health Insurance
SIDN Site Identification Number
SLCSP Second Lowest Cost Silver Plan
SSI Supplemental Security Income
SSDI Social Security Disability Insurance
SSN Social Security Number
TAS Taxpayer Advocate Service
TCE Tax Counseling for the Elderly
TIN Taxpayer Identification Number
TTOC Treasury Tipped Occupation Code
VITA Volunteer Income Tax Assistance

Glossary

529 Plan – See Qualified Tuition Program.

ABLE Account – An ABLE account is a tax-favored account that can accept contributions for an eligible individual with a disability or who is blind, and who is the designated beneficiary and owner of the account. Distributions for qualified disability expenses are not included in income.

Acknowledgment (ACK) – A report generated by the IRS to a Transmitter that indicates receipt of all transmissions. An ACK Report identifies the returns in each transmission that are accepted or rejected for specific reasons.

Adjusted Basis – Original basis plus applicable increases or decreases to basis; e.g., capital improvements, assessments, etc. See **Publication 551**, *Basis of Assets*, for details.

Adjusted Gross Income (AGI) – Gross income minus adjustments to income. AGI will never be greater than gross total income on the return, but may be less.

Adjustments to Income – Specified adjustments such as educator expenses, deductible contributions to a health savings account, penalty on early withdrawal of savings, alimony paid, contributions to a traditional IRA, student loan interest, etc. Adjustments from Part II of **Schedule 1 (Form 1040)** are subtracted from total income to establish the AGI.

Adopted Child – An adopted child is treated the same as a natural child for the purposes of determining whether a person is related to you. For example, an adopted brother or sister is your brother or sister. An adopted child includes a child who was lawfully placed with you for legal adoption.

Basis – The original price of a capital asset plus costs of purchase, such as certain commissions and fees. See *Cost Basis* in **Publication 551**, *Basis of Assets*, for details. Also see Adjusted Basis.

Blind – A taxpayer is considered blind if either totally blind as of December 31 of the tax year or they have a statement certified by their eye doctor (ophthalmologist or optometrist) that:

- They cannot see better than 20/200 in their better eye with glasses or contact lenses, or
- Their field of vision is 20 degrees or less.

The taxpayer must keep the statement in their records in case the IRS asks for it, but does not need to show it to the volunteer.

Capital Gain or Loss – The difference between the amount received when a capital asset has been sold and its adjusted basis.

Carryback – The portion of an income tax deduction (as for a net operating loss) or credit which cannot be taken entirely in a given period and which may be deducted from taxable income of a prior period.

Convertible Virtual Currency – See Virtual Currency.

Cost Basis – See Basis.

Custodial Parent and Noncustodial Parent – The custodial parent is the parent with whom the child lived for the greater number of nights during the year. The other parent is the noncustodial parent. If the child lived with each parent for an equal number of nights during the year, the custodial parent is the parent with the higher adjusted gross income. See **Publication 501** for details on counting nights.

Deduction – An amount subtracted from adjusted gross income before the tax is computed. See also Itemized Deductions and Standard Deduction.

De Minimis – Inconsequential; allowed for amounts in specific entries on a tax form.

Dependent – Either a qualifying child or a qualifying relative (not necessarily a biological relative) of the taxpayer meeting the requirements found in Tab C.

Digital Asset – A digital representation of value that is recorded on a cryptographically secured distributed ledger or a similar technology. Examples include non-fungible tokens (NFTs) and convertible virtual currencies, such as cryptocurrencies and stablecoins. See **IRS.gov/filing/digital-assets**.

Direct Debit – An electronic transfer of a payment from a taxpayer's financial institution account.

Direct Deposit – An electronic transfer of a refund into a taxpayer's financial institution account.

Disabled – See Totally and Permanently Disabled.

Due Diligence – See page K-13 for due diligence requirements for volunteer preparers. For paid tax return preparers, due diligence refers to requirements they must follow when determining eligibility to file a return claiming the Head of Household filing status or certain credits, including the EITC. The Due Diligence Checklist (Form 8867) is not applicable to volunteer preparers.

Earned Income – Any income received for work, such as wages or business/self-employment income.

Earned Income Tax Credit (EITC or EIC) – A refundable tax credit for certain people who work and have earned income less than the applicable threshold on page I-3. The purpose of the EITC is to reduce the tax burden and supplement the wages of working families who do not earn high incomes. See Tab I.

Education Credit – A credit based on qualified education expenses paid during the tax year. Includes the sometimes partially refundable American opportunity (tax) credit (AOC or AOTC) and the nonrefundable lifetime learning credit.

Electronic Filing Identification Number (EFIN) – An identification number assigned by the IRS to an authorized IRS e-file provider.

Estimated Tax Payments – Payments that may be required if the expected tax due exceeds certain limits. These payments have quarterly due dates and are most frequently made by taxpayers having income not subject to withholding, including self-employment, dividends, interest, capital gains, rent, royalties, etc. Also includes any overpayment from the prior tax year that the taxpayer elected to apply to the current tax year.

Exempt Income – Nontaxable income that is not included in the income tax computation. There are some instances when exempt income is shown on the return but not included in the income tax computation, such as interest income produced from certain types of investments.

Exemption – The deduction for personal exemptions is eliminated. However, for TY2025 – TY2028, an enhanced deduction for seniors is allowed. See page F-19 for details.

Facilitated Self Assistance (FSA) – FSA models allow taxpayers to prepare and file their own return using self-preparation software with assistance available from IRS-certified volunteers.

Foreign Earned Income Exclusion – Certain taxpayers can exclude income earned in, and while living in, foreign countries.

Foster Child – A foster child is an individual who is placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Full-time Student – See Student.

Gross Income – All income received in the form of money, goods, property, and services that isn't exempt from tax (see Exempt Income). For example: wages, dividends, capital gains (but not losses), business income (before subtracting expenses), retirement distributions, etc.

Health Savings Account (HSA) – A medical savings account available to taxpayers who are enrolled in a High-Deductible Health Plan (HDHP). Funds contributed to an account, up to an annual limit, are not subject to income tax. Distributions from an HSA used exclusively to pay qualified medical expenses of the account beneficiary, spouse, or dependents are excludable from gross income.

Identity Protection PIN (IP PIN) – A six-digit number issued annually to certain taxpayers that helps prevent fraudulent use of their Social Security Number on federal income tax returns. Taxpayers can receive an IP PIN either as a result of tax-related identity theft or by voluntarily opting in. If an IP PIN was issued for the calendar year, it is required to e-file current and prior year returns during that calendar year.

Individual Taxpayer Identification Number (ITIN) – A tax processing nine-digit number issued by the IRS to individuals who do not have and are ineligible to get a Social Security number. ITINs are issued regardless of immigrant status because both resident and nonresident aliens may have a U.S. filing or reporting requirement. To remain valid, an ITIN must have been used at least once during the previous 3-year period.

IRS e-file Signature Authorization (Form 8879) – Declaration document and signature authorization for a return e-filed by an Electronic Return Originator (ERO).

IRS Individual Master File (IMF) – Contains data from an array of sources to aid the IRS regarding tax return submissions. The IMF includes tax return filing information, payment information, examination results, and related documents.

Itemized Deductions – Specific expenses such as unreimbursed medical or dental expenses (subject to a limitation), mortgage interest, eligible state and local taxes (SALT), and charitable contributions, that allow taxpayers to reduce their taxable income.

Legally Blind – See Blind.

Main Home – Ordinarily, a home the taxpayer lived in most of the time. It does not have to be a traditional house. A condominium, cooperative apartment, mobile home, and a houseboat can also be a main home, but it must have cooking, sleeping and bathroom facilities.

If a taxpayer owns and lives in just one home, then that property is their main home. Taxpayers who own or live in more than one home cannot choose which home to designate as their main home, but instead must apply a "facts and circumstances" test to determine which property is their main home. See *Sale of your main home* in **Publication 523**, *Sale of Home*, for details.

Medicaid Waiver Payments (MWP) – These are payments treated as difficulty of care payments when received by an individual care provider for care of an eligible individual (whether related or unrelated) living in the same home.

Modified Adjusted Gross Income (MAGI) – Adjusted gross income plus or minus specified items. Definition varies depending on tax benefit.

Name Control – The first four significant letters of a taxpayer's last name that the IRS uses in connection with the taxpayer SSN to identify the taxpayer, spouse and dependents.

Noncustodial Parent – See Custodial Parent and Noncustodial Parent.

Nonrefundable Credit – A dollar-for-dollar reduction of the tax liability. Nonrefundable credits can only reduce the tax liability to zero.

Nonresident Alien – (for tax purposes) Any individual who is not a U.S. Citizen, Resident Alien, or U.S. National and has not passed the green card test or the substantial presence test for the calendar year.

Nontaxable Income – Generally excludable and not shown on the return, such as gifts and inheritances. See page D-3 for examples.

Other Taxes – Taxes such as self-employment tax, additional tax on IRAs or other tax-favored accounts, additional tax on HSA distributions, etc. Other taxes on Part II of **Schedule 2 (Form 1040)** are added to income tax to establish the total tax.

Payments – Total payments include federal withholding, estimated tax payments, amounts applied from prior year overpayment, and refundable credits. This total is subtracted from the total tax to calculate the amount overpaid or amount owed.

Practitioner PIN Method – An electronic signature option for taxpayers who use an Electronic Return Originator to e-file.

Qualified Business Income (QBI) Deduction – QBI includes Section 199A dividends, self-employment income, etc. See *Determining Your Qualified Business Income* in the **Instructions for Form 8995**. The maximum QBI Deduction is 20% of QBI.

Qualified Tuition Program (QTP) – also known as 529 plans, QTPs are established by states or institutions to allow individuals to prepay or contribute to an account for paying a student's qualified education expenses at an eligible educational institution. See Tab J.

Refundable Credit – Dollar-for-dollar credits that can reduce the tax liability below zero and allow the taxpayer to receive a tax refund. Refundable credits such as the Additional Child Tax Credit, Earned Income Tax Credit, and refundable portion of the American opportunity credit can be used even if there is no tax liability.

Rejected Return – A tax return that has been transmitted to the IRS, but due to validation issue(s), the IRS has not accepted it for e-file processing. Rejected returns must either be corrected, re-transmitted and accepted or paper filed.

Resident Alien – (for tax purposes) Any individual who is not a U.S. citizen or U.S. national, but meets either the green card test or the substantial presence test for the calendar year.

Routing Transit Number (RTN) – A nine-digit number assigned by the Federal Reserve to each financial institution.

Self-Select PIN Method – An electronic signature option for taxpayers who e-file their return. This method requires the taxpayer to create a five-digit Personal Identification Number (PIN) to use as the signature on the e-file return and to submit authentication information to the IRS with the e-file return.

Sheltered Workshop – A school that:

- Provides special instruction or training designed to alleviate the disability of the individual; and
- Is operated by certain tax-exempt organizations, or by a state, a U.S. possession, a political subdivision of a state or possession, the United States, or the District of Columbia.

Site Identification Number (SIDN) – A nine-character identification number assigned to each volunteer site by the IRS; starts with the letter S.

Standard Deduction – A dollar amount based on filing status that reduces the amount of taxable income, including an additional amount for individuals who are blind or age 65 or over.

Student – To qualify as a student, a person must be either of the following during some part of each of any 5 calendar months of the year. The 5 calendar months do not have to be consecutive.

1. A full-time student at a school that has a regular teaching staff, course of study, and a regularly enrolled student body. Includes a K-12 school, a college, a university, or a technical, trade, or mechanical school.
2. A student taking a full-time, on-farm training course given by a school described in (1), or by a state, county, or local government agency.

The school determines the number of hours to be considered full-time. The full-time requirement does not apply to the American opportunity credit or lifetime learning credit.

An on-the-job training course, correspondence school, or school offering courses only through the internet does not meet the requirements:

- to be a qualifying child, or
- for the taxpayer or spouse to be a full-time student for the credit for child and dependent care expenses or the exclusion from income for dependent care benefits.

Supplemental Security Income (SSI) – Monthly benefits to people with limited income and resources who are permanently and totally disabled, blind, or age 65 or older. Amount does not necessarily remain constant all year. It is possible to get SSI alone or in conjunction with Social Security benefits. SSI is nontaxable.

Taxable Income – Adjusted gross income minus standard or itemized deductions, additional deductions from **Schedule 1-A**, and qualified business income (QBI) deduction. See page D-2 for examples.

Taxpayer Advocate Service (TAS) – An independent organization within the IRS, led by the National Taxpayer Advocate. Its job is to ensure every taxpayer is treated fairly and that taxpayers know and understand their rights. TAS offers free help to taxpayers in dealing with the often-confusing process of resolving tax problems they have not been able to resolve on their own. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico. See page P-13.

Temporary Absence – You and your qualifying person are considered to live together even if one or both of you are temporarily absent from your home due to special circumstances, such as illness, education, business, vacation, military service, incarceration or detention in a juvenile facility. It must be reasonable to assume the absent person will return to the home after the temporary absence. You must continue to keep up the home during the absence.

Third Party Designee – A friend, family member, or another person designated by the taxpayer to discuss a specific tax return with the IRS. This authorizes the IRS to contact the designee to answer any questions that may arise regarding this return. The designee must never be the volunteer preparer.

Totally and Permanently Disabled – An individual is totally and permanently disabled if both of the following apply:

- They can't engage in any substantial gainful activity because of a physical or mental condition.
- A doctor determines the condition has lasted or can be expected to last continually for at least a year or can lead to death.

Unearned Income – Any income not produced from work, such as unemployment income or income produced by investments.

Virtual Currency – A digital representation of value, other than a representation of the U.S. dollar or a foreign currency ("real currency"), that functions as a unit of account, a store of value, and a medium of exchange. Some virtual currencies are convertible, which means that they have an equivalent value in real currency or act as a substitute for real currency. Includes, for example, cryptocurrencies and stablecoins. See **IRS.gov/virtualcurrencyfaqs**.

Glossary (cont'd)

Virtual VITA/TCE Methods – Site methods where face-to-face activities are not used during the tax preparation process. The IRS-tax-law-certified preparer who prepares the return and/or the quality reviewer are not face-to-face with the taxpayer. Includes temporary VITA/TCE Contingency Plan, Drop-Off Site, an Intake Site plus a Return Preparation and/or Quality Review Site.

Wash Sale – The sale of securities at a loss and the acquisition of the same (substantially identical) securities within 30 days of the sale date (before or after). The loss is added to the cost of the new stock or securities, increasing the cost basis.

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