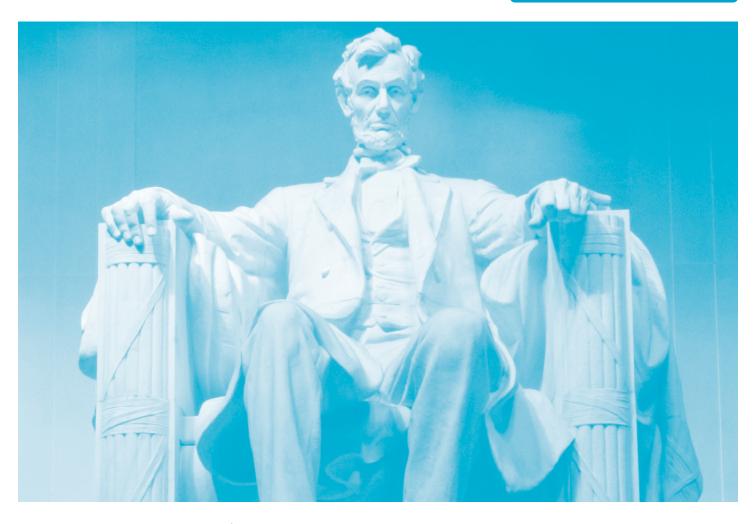




## VITA/TCE Volunteer Assistor's Test/Retest Volunteer Income Tax Assistance (VITA) / Tax Counseling for the Elderly (TCE) 2021 RETURNS





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



Updates to the volunteer training materials will be contained in Publication 4491-X, VITA/TCE Training Supplement. The most recent version can be downloaded at: https://www.irs.gov/pub/irs-pdf/p4491x.pdf

## **Volunteer Standards of Conduct**

## VITA/TCE Programs

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 (whether paid or unpaid) 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, prior to volunteering at a VITA/TCE site. In addition, return preparers, quality reviewers, coordinators, 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 with a government-issued photo identification (ID) and signs and dates the form.

As a volunteer in the VITA/TCE Programs, you must adhere to the following Volunteer Standards of Conduct:

- VSC #1 Follow the Quality Site Requirements (QSR)
- VSC #2 Not accept payment, solicit donations, or accept refund payments for federal or state tax return preparation from customer
- VSC #3 Not solicit business from taxpayers you assist or use the information you gained about them for any direct or indirect personal benefit for you or any other specific individual.
- VSC #4 Not knowingly prepare false returns.
- VSC #5 Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed 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 EFIN (electronic filing ID number);
- 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.

TaxSlayer<sup>®</sup> is a copyrighted software program owned by Rhodes Computer Services. All screen shots that appear throughout the official Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) training materials are used with the permission of Rhodes Computer Services.

## **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.

Form 6744 – 2021 VITA/TCE Test

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# Form 6744 – 2021 VITA/TCE Test

## Preface

## **Quality Return Process**

An accurate return is the most important aspect of providing quality service to the taxpayer. It establishes credibility and integrity in the program. Throughout the training material you were introduced to the major components of the VITA/TCE return preparation process, including:

- Understanding and applying tax law
- · Screening and interviewing taxpayers
- Using references, resources, and tools
- Conducting quality reviews

During training, you were given an opportunity to apply the tax law knowledge you gained. You learned how to verify and use the information provided by the taxpayer on the intake and interview sheet in order to prepare a complete and correct tax return.

You also learned how to use your reference materials and conduct a quality review.

Now it is time to test the knowledge and skills you have acquired and apply them to specific scenarios. This is the final step to help you prepare accurate tax returns within your scope of training.

We welcome your comments for improving these materials and the VITA/TCE programs. You may follow the evaluation procedures located on Link & Learn Taxes at https://www.irs.gov/ or e-mail your comments to partner@irs.gov.

Thank you for being a part of this valuable public service for your neighbors and community.

## **Special Accommodations**

If you require special accommodations to complete the test, please advise your instructor, Site Coordinator, or other VITA/TCE volunteer contact immediately.

#### **Reference Materials**

This test is based on the tax law that was in effect when the publication was printed. Use tax year **2021** values for deductions, exemptions, tax, or credits for all answers on the test. Remember to round to the nearest dollar. Test answers have been rounded up or down as directed in the specific instructions on the form.

This is an open book test. You may use your course book and any other reference material you will use as a volunteer. A draft Form 13614-C, Intake/Interview & Quality Review Sheet, is included in the return preparation scenarios. Use this form when completing the tax returns and answering the test questions.

Please complete this test on your own. Taking the test in groups or with outside assistance is a disservice to the customers you volunteered to help.

## **Using Tax Preparation Software**

The Practice Lab is a tax year 2021 tax preparation tool developed to help in the certification process for VITA/TCE volunteers. Go to https://www.irs.gov/ and type "Link & Learn Taxes" in the keyword search field. Click on the link to open the website. The link to the Practice Lab is listed under "Additional Resources." A universal password will be needed to access the Practice Lab. Your instructor, Site Coordinator, or other VITA/TCE volunteer contact will be able to provide you with the universal password. Once you access the Practice Lab, you will need to create an account if you do not already have one.

Using prior year software will not generate the correct answers for the 2021 test.

When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice. Use your city, state, and ZIP code when completing any of the forms, unless otherwise indicated. Any question posed by the software not addressed in the interview notes can be answered as you choose.

All taxpayer names, SSNs, EINs, and account numbers provided in the scenarios are fictitious.

## **Taking the Test**

When taking the tests, you may encounter both mini-scenarios and tax preparation scenarios. The mini-scenarios do not require you to prepare a tax return. For each of these, **read the interview notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.** This test is based on the tax law that was in effect when the publication was finalized. The answers for the test and retest are based on 2021 values for deductions, exemptions, tax, and credits. The most current draft copies of forms were used at the time this document was published. The tax preparation scenarios require you to complete a sample tax return. You can use the Practice Lab to prepare the sample returns. Answer the questions following the scenario.

You can complete the certification tests online using the Link & Learn Taxes website for immediate scoring. Go to the Link & Learn Taxes e-learning application at https://www.linklearncertification.com or at https://www.irs.gov, using keyword search: Link & Learn. If your instructor prefers, you can complete the test answer sheet to be graded by hand.

## **Test Answer Sheet**

The test scenarios on Link & Learn Taxes are the same as in this booklet. Read each question carefully before entering your answers online.

Mark your answers in the test booklet. Use the answer sheet if you are submitting the paper test to your instructor for grading. In that case, make sure your name is at the top of the page and give your Test Answer Sheet and the completed Form 13615, Volunteer Standards of Conduct Agreement to your instructor, Site Coordinator, or other VITA/TCE volunteer contact as directed. Do not submit your entire test booklet unless otherwise directed.

The retest questions are all based on the test scenarios. There are mini-scenarios and questions in Basic, Advanced, Military, and International. The Interview Notes for the mini-scenarios are included on the retest pages.

To answer the retest questions for return preparation scenarios, refer to the Interview Notes, Intake/Interview & Quality Review Sheet, and the tax return you prepared for the scenario.

## **Test Score**

Once you submit your responses, Link & Learn Taxes will grade your test, provide you with an immediate score, and allow you to print or save your Form 13615, Volunteer Standards of Conduct Agreement. The system will also provide feedback for any missed questions.

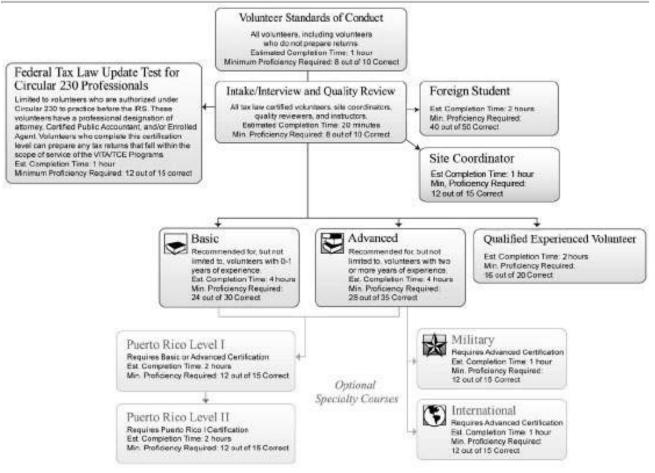
If you submit your paper test answer sheet to your instructor, he or she will advise you of your test results. Your signed Volunteer Standards of Conduct Agreement will be maintained by your Site Coordinator or other VITA/TCE volunteer contact.

## Certification

A score of **80%** or higher is required for certification. If you do not achieve a score of at least **80%**, you should review the subjects you missed or discuss it with your instructor, Site Coordinator, or other VITA/TCE volunteer contact. For most tests, a retest is available. Retest questions are included in this test booklet.



## **Certification Tests**



**Step 1:** Volunteer Standards of Conduct. This test is for all volunteers, including volunteers who do not prepare returns. Estimated completion time: 1 hour. Minimum proficiency required: 8 out of 10 correct.

**Step 2: Intake/Interview and Quality Review.** This test is for all tax law certified volunteers, site coordinators, quality reviewers, and instructors. Estimated completion time: 20 minutes. Minimum proficiency required: 8 out of 10 correct. **Step 3: Tax Law and Coordinator Certifications.** Volunteers may take one or more of the following certifications:

- Federal Tax Law Update Test for Circular 230 Professionals. Limited to volunteers who are authorized under Circular 230 to practice before the IRS. These volunteers have a professional designation of attorney, Certified Public Accountant, and/or Enrolled Agent. Volunteers who complete this certification level can prepare any tax returns that fall within the scope of service of the VITA/TCE programs. Estimated completion time: 1 hour. Minimum proficiency required: 12 out of 15 correct.
- Foreign Student. Estimated completion time: 2 hours. Minimum proficiency required: 40 out of 50 correct.
- Site Coordinator. Estimated completion time: 1 hour. Minimum proficiency required: 12 out of 15 correct.
- **Basic.** Recommended for, but not limited to, volunteers with 0-1 years of experience. Estimated completion time: 4 hours. Minimum proficiency required: 24 out of 30 correct.
- Advanced. Recommended for, but not limited to, volunteers with two or more years of experience. Estimated completion time: 4 hours. Minimum proficiency required: 28 out of 35 correct.
- Qualified Experienced Volunteer. Estimated completion time: 2 hours. Minimum proficiency required: 16 out of 20 correct.

Step 4: Optional Specialty Courses. Volunteers may take one or more of the following certifications:

- Puerto Rico Level I. Requires Basic or Advanced certification. Estimated completion time: 2 hours. Minimum proficiency required: 12 out of 15 correct.
- Puerto Rico Level II. Requires Puerto Rico Level I certification. Estimated completion time: 2 hours. Minimum proficiency required: 12 out of 15 correct.
- Military. Requires Advanced certification. Estimated completion time: 1 hour. Minimum proficiency required: 12 out of 15 correct.
- International. Requires Advanced certification. Estimated completion time: 1 hour. Minimum proficiency required: 12 out of 15 correct.

## **Test Answer Sheet**

#### Name

If you are entering your test answers in Link & Learn Taxes, do not use this answer sheet.

Find the section heading that matches the test you are taking. Record your answers in the spaces, next to the question number in the left-hand column. Use this only if you are submitting the paper test to your instructor for grading. In that case, record all your answers on this tear-out page. Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct Agreement.

Standards of Conduct	Site Coordinator Test	Basic Course Test	Basic Course Test	Advanced Course Test	Advanced Course Test
1.	1.	Basic Scenario 1	Basic Scenario 8	Advanced Scenario 1	Advanced Scenario 7
2.	2.	1.	20.	1.	15.
3.	3.	2.	21.	2.	16.
4.	4.	Basic Scenario 2	22.	3.	17.
5.	5.	3.		Advanced Scenario 2	18
j.	6.	4.		4.	19
,	7.	Basic Scenario 3	Basic Scenario 9	5.	20.
J	8.	5.		Advanced Scenario 3	21.
).	9.	6.	26.	6.	22.
0.	10.	Basic Scenario 4		- 7.	Advanced Scenario 8
otal Answers Correct:	11.	7.	28.	- 8.	23.
otal Questions: 10	12.	8.	29.	Advanced Scenario 4	24.
assing Score: 8 of 10	13.	Basic Scenario 5	30.	- 9.	25.
g	14.	9.	Total Answers Correct:	10.	26.
ntake/ Interview &	15.	10.	Total Questions: 30	Advanced Scenario 5	27.
Quality Review Test	Total Answers Correct:	Basic Scenario 6		11.	28.
	Total Questions: 15	11.	Passing Score: 24 of 30	12.	29.
)	Passing Score: 12 of 15	12.		Advanced Scenario 6	Advanced Scenario 9
		13.		13.	
		Basic Scenario 7		14.	31.
					32.
		14.			33.
· · · · · · · · · · · · · · · · · · ·		15.			34.
		16.			35.
		17.			Total Answers Correct:
		18.			Total Questions: 35
0.		19.			Passing Score: 28 of 35
Total Answers Correct:					
otal Questions: 10					

## Passing Score: Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

8 of 10

## **Test Answer Sheet**

#### Name

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Find the section heading that matches the test you are taking. Record your answers in the spaces, next to the question number in the left-hand column. Use this only if you are submitting the paper test to your instructor for grading. In that case, record all your answers on this tear-out page. Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct Agreement.

Qualified Experienced	Military Course Test	International Course Tes	
Volunteer Test	Military Scenario 1	International Scenario 1	
QEV Scenario 1	1.	1.	
1.	2.	2.	
2.	Military Scenario 2	International Scenario 2	
3.	3.	3.	
4.	4.	4.	
QEV Scenario 2	5.	5.	
5.	6.	6.	
6.	Military Scenario 3	International Scenario 3	
QEV Scenario 3	7.	7.	
7.	8.	8.	
8.	Military Scenario 4	9.	
9.	9.	10.	
10.	10.	11.	
QEV Scenario 4	Military Scenario 5	12.	
11.	11.	13.	
12.	12.	14.	
13.	13.	15.	
14.	14.	Total Answers Correct:	
QEV Scenario 5	15.	Total Questions: 15	
15.	Total Answers Correct:	Passing Score: 12 of 15	
16.	Total Questions: 15		
17.	Passing Score: 12 of 15		
18.			

Iotal Answers Correct:	

19. 20.

Total Questions:

20

Passing Score: 16 of 20

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Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

## **Circular 230/Foreign Student Test Answer Sheet**

#### Name

If you are entering your test answers in Link & Learn Taxes, do not use this answer sheet.

Find the section heading that matches the test you are taking. Record your answers in the spaces, next to the question number in the left-hand column. Use this only if you are submitting the paper test to your instructor for grading. In that case, record all your answers on this tear-out page. Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct Agreement.

Circular 230 Test	Foreign Student Residency	Foreign Student Residency	Foreign Student Residency Status, Form 8843, and Filing Status Test		
Circular 230 Scenario 1	Status, Form 8843, and Filing Status Test	Status, Form 8843, and Filing Status Test			
1.	- 1.	Foreign Student Scenario 2	Foreign Student Refunds,		
2.	- 2.		Deductions, and the Best		
3.	- 3.	25	Form to Use		
Circular 230 Scenario2		26	38.		
4.	- 4.	27.	39.		
5.	- <u>5.</u>	28.	40.		
6.	— <u>6.</u>	29.	41.		
Circular 230 Scenario 3	_ 7.	Foreign Student Scenario 3			
	8.		42.		
7.	9.	— <u>31.</u>	43.		
8.	10.		44.		
9.	11.	- 32.	45.		
10.	12.	— 33.	46.		
Circular 230 Scenario 4		Foreign Student Scenario 4	47.		
11.	Foreign Student Scenario 1	34	48.		
12.		— 35.	49.		
13.	15.	36.	50.		
14.	<u></u>		Total Answers Correct:		
15.	17.		Total Questions: 50		
Total Answers Correct:	Foreign Student Taxability of Income, ITINs, and Credits	_	Passing Score: 40 of 50		
Total Questions: 15	18.				
Passing Score: 12 of 15	19.				
	20.	_			
	21.				

#### Privacy Act Notice

10

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Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

22. 23. 24.

## **Retest Answer Sheet**

Name

If you are entering your test answers in Link & Learn Taxes, do not use this answer sheet.

Find the section heading that matches the test you are taking. Record your answers in the spaces, next to the question number in the left-hand column. Use this only if you are submitting the paper test to your instructor for grading. In that case, record all your answers on this tear-out page. Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct Agreement.

Standards of Conduct	Site Coordinator Test	Basic Course Test	Basic Course Test	Advanced Course Test	Advanced Course Test
1.	1.	Basic Scenario 1	Basic Scenario 8	Advanced Scenario 1	Advanced Scenario 7
2.	2.	1.	20.	1.	15.
3.	3.	2.		2.	16.
4.	4.	Basic Scenario 2		3.	17.
5.	5.	3.		Advanced Scenario 2	18.
j.	6.	4.		4.	19.
,	7.	Basic Scenario 3	Basic Scenario 9	5.	20.
J	8.	5.		Advanced Scenario 3	21.
).	9.	6.		6.	22.
0.	10.	Basic Scenario 4		7.	Advanced Scenario 8
otal Answers Correct:	11.	7.		8.	23.
otal Questions: 10	12.	8.		Advanced Scenario 4	24.
assing Score: 8 of 10	13.	Basic Scenario 5	30.	9.	25.
	14.	9.	Total Answers Correct:	10.	26.
ntake/ Interview &	15.	10.		Advanced Scenario 5	27.
Quality Review Test	Total Answers Correct:	Basic Scenario 6	Total Questions: 30	11.	28.
	Total Questions: 15	11.	Passing Score: 24 of 30	12.	29.
	Passing Score: 12 of 15	12.		Advanced Scenario 6	Advanced Scenario 9
		13.		13.	30.
		Basic Scenario 7		14.	_ 31.
					32.
<u>·</u>		14.			33.
·		15.			34.
·		16.			35.
).		17.			Total Answers Correct:
).  0.		18.			Total Questions: 35
otal Answers Correct:		19.			Passing Score: 28 of 35

#### Passing Score:

10

8 of 10

#### **Privacy Act Notice**

Total Questions:

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301.

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## **Retest Answer Sheet**

Name

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Find the section heading that matches the test you are taking. Record your answers in the spaces, next to the question number in the left-hand column. Use this only if you are submitting the paper test to your instructor for grading. In that case, record all your answers on this tear-out page. Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct Agreement.

Qualified Experienced	Military Course Test			
Volunteer Test	Military Scenario 1			
QEV Scenario 1	1.			
1.	2.			
2.	Military Scenario 2			
3.	3.			
4.	4.			
QEV Scenario 2	5.			
5.	6.			
6.	Military Scenario 3			
QEV Scenario 3	7.			
7.	8.			
8.	Military Scenario 4			
9.	9.			
10.	10.			
QEV Scenario 4	Military Scenario 5			
11.	11.			
12.	12.			
13.	13.			
14.	14.			
QEV Scenario 5	15.			
15.	Total Answers Correct:			
16.	Total Questions:			
17.	Passing Score: 12 of			
18.				
19.				

Interr	national Course Test
Interna	tional Scenario 1
1.	
2.	
Interna	tional Scenario 2
3.	
4.	
5.	
6.	
Interna	tional Scenario 3
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
Total Ar	nswers Correct:
Total Q	uestions: 15
Passir	ng Score: 12 of 15

## Passing Score: Privacy Act Notice

Total Answers Correct: Total Questions:

20.

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301.

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Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

15 of 15

20

16 of 20

#### Name

If you are entering your test answers in Link & Learn Taxes, do not use this answer sheet.

23. 24.

Find the section heading that matches the test you are taking. Record your answers in the spaces, next to the question number in the left-hand column. Use this only if you are submitting the paper test to your instructor for grading. In that case, record all your answers on this tear-out page. Your instructor will tell you where to send your Test Answer Sheet for grading. Be sure to complete and sign Form 13615, Volunteer Standards of Conduct Agreement.

Circular 230 Test	Foreign Student Residency	Foreign Student Residency	Foreign Student Residency			
Circular 230 Scenario 1	Status, Form 8843, and Filing	Status, Form 8843, and Filing	Status, Form 8843, and Filing			
1.	Status Test Status Test		Status Test			
2.	1.	Foreign Student Scenario 2	Foreign Student Refunds,			
3.	2.	25.	<ul> <li>Deductions, and the Best</li> <li>Form to Use</li> </ul>			
Circular 230 Scenario2	3.	26.	- 38.			
4.	4.	27.	- 39.			
5.	5.	28.	- 40.			
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11.	Foreign Student Scenario 1	34.	48.			
12.	14.	35.	49.			
13.	15.	36.	50.			
14.	16.	37.	Total Answers Correct:			
15.	17.	-	Total Questions: 50			
Total Answers Correct:	Foreign Student Taxability of Income, ITINs, and Credits	-	Passing Score: 40 of 50			
Total Questions: 15	18.	-				
Passing Score: 12 of 15	19.	-				
	20.	-				
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		-				

#### **Privacy Act Notice**

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

## **Volunteer Standards of Conduct Test**

It is important that all individuals who volunteer their time and services in the VITA/TCE program understand their roles and responsibilities under the program. All volunteers must:

- Take the Volunteer Standards of Conduct (VSC) Training, at a minimum, the first year of volunteering with VITA/TCE program
- Annually, pass the VSC/Ethics certification test with a score of 80% or higher; and
- Sign and date Form 13615, Volunteer Standards of Conduct Agreement, indicating they have successfully completed the certification test(s) and agree to adhere to the VSC

These Volunteer Standards of Conduct requirements are in addition to the tax law certification process (e.g., Basic, Advanced, Military, or International) for becoming a qualified volunteer to teach tax law, correct tax returns, conduct quality reviews, prepare tax returns, or address tax law related questions as a volunteer in the VITA/TCE program.

Use your training and reference tools to answer the questions. You must answer eight of the following ten questions correctly to pass the Volunteer Standards of Conduct Test.

## **Test Questions**

## Directions

Using your resource materials, answer the following questions:

- 1. Prior to working at a VITA/TCE site, **ALL** VITA/TCE volunteers (greeters, client facilitators, tax preparers, quality reviewers, etc.) must:
  - a. Annually pass the Volunteer Standards of Conduct (VSC) certification test with a score of 80% or higher.
  - b. Sign and date the Form 13615, Volunteer Standards of Conduct Agreement, agreeing to comply with the VSC by upholding the highest ethical standards.
  - c. Pass the Advanced tax law certification.
  - d. All of the above.
  - e. Both a and b
- **2.** Can a volunteer be removed and barred from the VITA/TCE program for violating the Volunteer Standards of Conduct?
  - a. Yes
  - b. No

- **3.** If a taxpayer offers you a \$20 bill because they were so happy about the quality service they received, what is the appropriate action to take?
  - a. Take the \$20 and thank the taxpayer for the tip.
  - b. Tell the taxpayer it would be better to have the \$20 deposited directly into your bank account from his refund.
  - c. Thank the taxpayer, and explain that you **cannot** accept any payment for your services.
  - d. Refer the taxpayer to the tip jar located on the quality review and print station.
- 4. Jake is an IRS tax law-certified volunteer preparer at a VITA/TCE site. When preparing a return for Jill, Jake learns that Jill does **not** have a bank account to receive a direct deposit of her refund. Jill is distraught when Jake tells her the paper refund check will take three or four weeks longer than the refund being direct deposited. Jill asks Jake if he can deposit her refund in his bank account and then turn the money over to her when he gets it. What should Jake do?
  - a. Jake can offer to use his account to receive the direct deposit, and turn the money over to Jill once the refund is deposited.
  - b. Jake should explain that a taxpayer's federal or state refund **cannot** be deposited into a VITA/TCE volunteer's bank account and she will have to open an account in her own name to have the refund direct deposited.
  - c. Jake can suggest she borrow a bank account number from a friend because the taxpayer's name does **not** need to be on the bank account.
- **5.** Max prepares a tax return for Ali at a VITA/TCE site. He finds out during the interview that Ali has no health insurance. After Ali leaves the site, Max writes her name and contact information down to take home to his wife who sells health insurance for profit. Which of the following statements is **true**?
  - a. There is no violation to the Volunteer Standards of Conduct (VSC) unless Max's wife makes a big commission on the sale of health insurance to Ali.
  - b. Max has violated the VSC because he is using confidential information to engage in a financial transaction to further his own or another's personal interest.
  - c. Max is doing Ali a favor by using her personal information to secure business for his wife.
  - d. Information a taxpayer provides at a VITA/TCE site can be used for the volunteer's personal gain.

- 6. Bob, an IRS tax law-certified volunteer preparer, told the taxpayer that cash income does **not** need to be reported because the IRS does **not** know about it. Bob indicated NO cash income on Form 13614-C. Bob prepared a tax return excluding the cash income. Jim, the designated quality reviewer, was unaware of the conversation and therefore unaware of the cash income and the return was printed, signed, and e-filed. Who violated the Volunteer Standards of Conduct?
  - a. Bob, the tax law-certified volunteer who prepared the return.
  - b. Jim, the designated quality reviewer who was unaware of the cash income when he reviewed the return.
  - c. Betty, the coordinator.
  - d. No one has violated the Volunteer Standards of Conduct.
- 7. Sue, a VITA/TCE coordinator, was watching the local news when she saw Aaron, a new tax law-certified volunteer, in a story about several bank employees being arrested for suspicion of embezzlement. She saw Aaron being led out of the bank in handcuffs. Three days later, Sue is shocked when she sees Aaron show up at the site ready to volunteer, apparently out on bond. She pulls Aaron aside and explains that his arrest on suspicion of embezzlement could have a negative effect on the site and therefore she must ask him to leave the site. Sue removed his access to the software, she then uses the external referral process to report the details to IRS-SPEC by sending an email to WI.Voltax@irs.gov. Did Sue take appropriate actions as the coordinator?
  - a. Yes
  - b. No
- 8. Heidi, a VSC-certified volunteer, is working at the intake station. As part of her duties, she is required to explain to the taxpayer what they are expected to do today as part of the return preparation process. What should Heidi tell them?
  - a. Form 13614-C, Intake/Interview & Quality Review Sheet, must be completed prior to having the return prepared.
  - b. You will be interviewed by the return preparer and asked additional questions as needed.
  - c. You need to participate in a quality review of your tax return by someone other than the return preparer.
  - d. All of the above.
- 9. During the intake process, the volunteer should verify the taxpayer (and secondary taxpayer if married filing jointly) has government-issued photo identification. Additionally, taxpayers must provide verification of taxpayer identification numbers (SSN or ITIN) for everyone listed on the tax return.
  - a. True
  - b. False

- 10. Mary, a VSC-certified greeter, reviews the taxpayer's completed Form 13614-C, page 2, to identify what potential volunteer certification level is needed for this tax return. Mary sees the taxpayer has checked the "yes" box indicating he has self-employment income and the certification level next to the question is (A). All other questions answered "yes" have a (B) certification. When Mary assigns the return to a tax preparer, what tax law certification level does the tax preparer need?
  - a. Advanced
  - b. Basic
  - c. It doesn't matter, any level is fine
  - d. No tax law certification is necessary

## Directions

Using your resource materials, answer the following questions:

- 1. Which volunteers must pass the Volunteer Standards of Conduct (VSC) certification test?
  - a. Coordinators
  - b. Quality reviewers and tax return preparers
  - c. Greeters or client facilitators
  - d. All VITA/TCE site volunteers must pass the VSC certification test
- **2.** Failure of a VITA/TCE volunteer to comply with the Volunteer Standards of Conduct could result in which of the following?
  - a. The volunteer's removal from the VITA/TCE program.
  - b. The volunteer's inclusion in the IRS Volunteer Registry to bar future VITA/TCE activity indefinitely.
  - c. Termination of the sponsoring organization's partnership with the IRS.
  - d. All of the above may be considered an appropriate action depending on the type of violation and the sponsoring organization's corrective actions.
- **3.** Is having a donation/tip jar at the quality review station within the VITA/TCE site a violation of the Volunteer Standards of Conduct?
  - a. Yes
  - b. No
- 4. Maggie wants her tax refund quickly; however, she doesn't have a bank account for direct deposit. She asks Josh, the tax law-certified preparer, to deposit her refund into his checking account and turn the funds over to her when received. If Josh agrees to do this, has he violated any of the Volunteer Standards of Conduct?
  - a. Yes
  - b. No

- 5. Pat is a paid tax preparer in the community; he also gives back to the community by serving as an IRS tax law-certified volunteer tax preparer at a VITA/TCE site. While conducting the interview with the taxpayer, Pat discovers the taxpayer's small business will generate a loss, making the return out of scope for the VITA/ TCE program. Pat explains to the taxpayer that the tax return cannot be prepared at the VITA/TCE site, but he will offer the taxpayer a discount at his paid tax preparation business down the road. Did Pat violate the Volunteer Standards of Conduct (VSC)?
  - a. Yes, it is a violation of the VSC for Pat to solicit business from any taxpayer at the VITA/TCE site.
  - b. No, it is **not** a violation since the return **cannot** be prepared at the site.
  - c. No, none of the VSC addresses soliciting business while volunteering at the VITA/TCE site.
- 6. Ann, an IRS tax law-certified tax preparer, told the taxpayer that cash income does not need to be reported because the IRS will never know about it. Ann indicated NO cash income on Form 13614-C. Ann prepared the return without the cash income. The designated quality reviewer was unaware of the conversation and therefore unaware of the cash income and the return was printed, signed, and e-filed. Did the designated quality reviewer violate the Volunteer Standards of Conduct?
  - a. Yes
  - b. No
- 7. Jan, a greeter, overheard an IRS tax law-certified volunteer, Jim, trying to sell insurance to a taxpayer he was helping. Jim is an insurance agent in the community. Jan feels like Jim was pushy, made the taxpayer uncomfortable, and violated Volunteer Standard of Conduct #3. What should Jan do?
  - a. Make an announcement to the taxpayers in the waiting room to ignore Jim if he tries to sell them insurance.
  - b. Tell the coordinator what she heard, so he can immediately remove Jim from the site and report the incident using the external referral process by sending an email to WI.Voltax@irs.gov.
  - c. Mind her own business and do nothing.
- **8.** Explaining the intake/interview and quality review process is important so the taxpayer understands they are expected to:
  - a. Have a completed Form 13614-C, Intake/Interview & Quality Review Sheet, prior to having the return prepared.
  - b. Answer the tax preparer's additional questions during the interview.
  - c. Participate in the quality review of their tax return.
  - d. All of the above.

- **9.** During the intake process, which of the following should the volunteer verify that the taxpayer (and secondary taxpayer if married filing jointly) has with them to ensure the taxpayers can be served that day?
  - a. Government-issued photo identification for both
  - b. Taxpayer identification numbers (SSN or ITIN) for everyone listed on the tax return
  - c. All tax statement documents, including Forms W-2, 1099-R, etc.
  - d. All of the above
- **10.** To ensure quality service and accurate return preparation, every site is required to have a process for assigning taxpayers to IRS tax law-certified preparers who are certified at or above the level required to prepare their tax return.
  - a. True
  - b. False

Department of the Treasury - Internal Revenue Service

Form **13615** (October 2021)

Volunteer Standards of Conduct Agreement – VITA/TCE Programs

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.

**Use of Form 13615:** This form provides information on a volunteer's certification. All VITA/TCE volunteers (whether paid or unpaid workers) must pass the Volunteer Standards of Conduct certification, and sign and date Form 13615, Volunteer Standards of Conduct Agreement, prior to working at a VITA/TCE site. In addition, return preparers, quality reviewers, site coordinators, and VITA/TCE tax law instructors must certify in the Intake/Interview & Quality Review and tax law prior to signing this form. This form is not valid until the site coordinator, sponsoring partner, instructor, or IRS contact confirms the volunteer's identity, with a government-issued photo ID, and signs and dates the form.

Standards of Conduct: As a volunteer in the VITA/TCE Programs, you must:

VSC #1 - Follow the Quality Site Requirements (QSR).	VSC #4 - Not knowingly prepare false returns.					
<b>VSC #2</b> - Not accept payment, solicit donations, or accept refund payments for federal or state tax return preparation from customers.	VSC #5 - Not engage in criminal, infamous, dishonest, notoriously disgraceful conduct, or any other conduct deemed to have a negative effect on the VITA/TCE Programs.					
<b>VSC #3</b> - Not solicit business from taxpayers you assist or use the information you gained about them for any direct or indirect personal benefit for you or any other specific individual.	<b>VSC #6</b> - 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 EFIN (electronic filing ID number);
- · 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.

**Taxpayer Impact:** Taxpayer trust in the IRS and the local sponsoring partner organization is jeopardized when ethical standards are not followed. Fraudulent returns that report incorrect income, credits, or deductions can result in many years of interaction with the IRS as the taxpayer tries to pay the additional tax plus interest and penalties. This can result in an extreme burden for the taxpayer as the taxpayer tries to resolve the errors made on his or her return.

**Volunteer Protection:** The Volunteer Protection Act generally protects unpaid volunteers from liability for acts or omissions that occur while acting within the scope of their responsibilities at the time of the act or omission. It provides no protection for harm caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.

For additional information on the volunteer standards of conduct, please refer to Publication 4961, Volunteer Standards of Conduct - Ethics Training.

Privacy Act Notice – The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs. Please note: Sponsoring organizations may perform background checks on their volunteers.

**IRC 7216(a)** - Imposes criminal penalties on tax return preparers who knowingly or recklessly make unauthorized disclosures or uses of information furnished in connection with the preparation of an income tax return. A violation of IRC 7216 is a misdemeanor, with a maximum penalty of up to one year imprisonment or a fine of not more than \$1,000, or both, together with the cost of prosecution.

Catalog Number 38847H

Form **13615** (Rev. 10-2021)

#### Volunteer:

By signing this form, I declare that I have completed Volunteer Standards of Conduct certification and have read, understand, and will comply with the standards of conduct. I also certify that I am a U.S. citizen, a legal resident, or otherwise reside in the U.S. legally.

Full name (please print)						Volun	iteer posit	ion(s)			RS Employee
Home address (street, c	ity, state and ZIP code)					I					
Email address		Day	ytime tel	ephone			Sponso	oring partner n	ame/site	e name	
Number of years volunt	eered (including this ye	ear) Sig	nature (	electron	ic)	C	OR Signa	ature (type/prin	t)	[	Date
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Standards of Conduct	Intake/Interview & Quality Review	Site Coordir	nator	Basic	Advan	ced	Military	Internationa	Puer	to Rico	Foreign Students
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22	Standards of Cor	duct (Ethio	cs)								

## Directions

Review the Intake/Interview and Quality Review training and answer the following questions.

- All IRS-certified volunteer preparers participating in the VITA/TCE programs must use Form 13614-C along with an effective interview for every return prepared at the site.
  - a. True
  - b. False
- 2. What should the certified volunteer preparer do before starting the tax return?
  - a. Make sure all questions on Form 13614-C are answered.
  - b. Change "Unsure" answers to "Yes" or "No" based on a conversation with the taxpayer.
  - c. Complete all applicable Certified Volunteer Preparer shaded-area questions on Form 13614-C.
  - d. All of the above.
- **3.** When reviewing Form 13614-C, you see the "Interest" question is marked "Yes" and the taxpayer gives you a Form 1099-INT. You should ask the taxpayer if they had any other interest income.
  - a. True
  - b. False
- **4.** VITA/TCE sites are required to conduct Quality Reviews:
  - a. Of all the returns prepared by volunteers who have less than two years of experience preparing returns.
  - b. Of every return prepared at the site.
  - c. Only when there is a Quality Reviewer available.
  - d. Of all returns prepared by volunteers with certification levels below Advanced, Military, or International.
- **5.** You do **not** need to see proof of cash donations made by a taxpayer if you feel that the information is **not** unusual or questionable.
  - a. True
  - b. False
- 6. In most cases a volunteer must review photo identification for every taxpayer(s) to deter the possibility of identity theft.
  - a. True
  - b. False

- 7. When does the taxpayer sign the tax return?
  - a. Before quality review and before being advised of their responsibility for the accuracy of the information on the return.
  - b. Before quality review and after being advised of their responsibility for the accuracy of the information on the return.
  - c. After quality review and before being advised of their responsibility for the accuracy of the information on the return.
  - d. After quality review and after being advised of their responsibility for the accuracy of the information on the return.
- **8.** The site is busy with many taxpayers waiting for assistance. All volunteers are busy preparing tax returns. Can you quality review the return you just prepared instead of waiting for someone else to quality review the return?
  - a. Yes, if it is a returning taxpayer.
  - b. Yes, with approval of the Site Coordinator.
  - c. No, self review is never an acceptable quality review method.
  - d. No, unless you are certified at the Advanced level.
- 9. Which of the following is true?
  - a. Quality review can be conducted by a volunteer preparer certified at Basic when the tax return required an Advanced certification to prepare.
  - b. Quality review is conducted after the taxpayer signs the tax return.
  - c. Quality review is an effective tool for preparing an accurate tax return.
  - d. Taxpayers do **not** need to be involved in the quality review process.
- 10. As part of the intake process, each site must:
  - a. Have a process to ensure a return is within the scope of the VITA/TCE Programs.
  - b. Identify the certification level needed to prepare a return.
  - c. Have a process to ensure volunteers have the certification needed for the returns they prepare.
  - d. All of the above.

## Directions

Review the Intake/Interview and Quality Review training and answer the following questions.

- 1. When should an IRS-certified volunteer preparer participating in the VITA/TCE Programs perform a complete interview of a taxpayer?
  - a. Only when the taxpayer has questions.
  - b. Only if the taxpayer has never visited your site.
  - c. Only when the site is **not** busy.
  - d. For every return prepared at the site.
- **2.** The certified volunteer preparer should verify the return is within their certification level as part of the Intake/Interview process.
  - a. True
  - b. False
- **3.** When reviewing Form 13614-C, you see the "Interest" question is marked "Yes" and the taxpayer gives you a Form 1099-INT. What should you do next?
  - a. Input Form 1099-INT into tax software.
  - b. Go to the next question on Form 13614-C.
  - c. Ask the taxpayer if they had any other interest income.
- **4.** VITA/TCE sites are required to conduct quality reviews of every return prepared at the site.
  - a. True
  - b. False
- **5.** A taxpayer tells you that they donated \$50 to their church but they did **not** bring proof of the donation. This information along with all other information gathered during your interview does **not** seem unusual or questionable.

As a tax preparer, you should:

- a. Send the taxpayer home to get proof of their donation.
- b. Prepare the return giving credit for the donation without seeing proof.
- c. Prepare their return without giving them credit for the donation.

- 6. What information must a volunteer review to deter the possibility of identity theft?
  - a. Form W-2
  - b. Photo identification
  - c. Last year's tax return
  - d. Medicaid card
- **7.** The taxpayer signs the tax return after quality review and after being advised of their responsibility for the accuracy of the information on the return.
  - a. True
  - b. False
- **8.** You can quality review a tax return you just prepared instead of waiting for someone else to quality review the return.
  - a. True
  - b. False
- 9. Which of the following four critical processes for quality review is **not** correct:
  - a. Engaging the taxpayer in the review process.
  - b. Using Google as a main reference for tax law determinations.
  - c. Using the Quality Review Checklist located in Publication 4012 as a guide while conducting the quality review.
  - d. Comparing source documents provided by the taxpayer.
- **10.** Completing a thorough interview before entering taxpayer information into the software helps avoid which of the following potential problems?
  - a. The volunteer may **not** have the required certifications to prepare the return.
  - b. The return may be Out of Scope.
  - c. The taxpayer may **not** have all the information needed to prepare the return.
  - d. All of the above.

## **Test Questions**

- **1.** The Site Coordinator Test is optional for the designated coordinator and alternate coordinators.
  - a. True
  - b. False
- **2.** Which IRS publication includes the roles and responsibilities of the site coordinator?
  - a. Publication 5166, IRS Volunteer Quality Site Requirements
  - b. Publication 1084, VITA/TCE Volunteer Site Coordinator Handbook
  - c. Publication 4299, Privacy, Confidentiality and Civil Rights A Public Trust
  - d. Publication 4012, VITA/TCE Volunteer Resource Guide
- Prior to signing and dating the Form 13615, Volunteer Standards of Conduct Agreement – VITA/TCE Programs, the sponsoring partner's approving official must confirm government-issued photo identification and the required certification level of the volunteer for the Form 13615 to be valid.
  - a. True
  - b. False
- **4.** If partner owned computers or IRS loaned computers or printers are lost or stolen, the partner is required to notify the local SPEC territory office \_\_\_\_\_.
  - a. Before May 15th
  - b. Within 30 days or as soon as possible
  - c. Immediately or by the next business day
  - d. Before the end of the calendar year
- 5. According to QSR #4 Reference Materials, all sites are required to have the following available for use at VITA/TCE sites in paper or electronic format: Publication 17, Your Federal Income Tax (For Individuals); Publication 4012, VITA/ TCE Volunteer Resource Guide; Publication 4299, Privacy, Confidentiality and Civil Rights A Public Trust; Volunteer Tax Alerts (VTA); and Quality Site Requirement Alerts (QSRA). AARP Foundation Tax Aide uses CyberTax Alerts in lieu of VTAs and QSRAs.
  - a. True
  - b. False

- 6. Coordinators are required to have a correct Quality Review process for 100% of the returns prepared at VITA/TCE sites. The two acceptable methods of quality review are
  - a. Self-Review and Peer to Peer Review
  - b. Peer to Peer Review and Designated Review
  - c. Designated Review and Self-Review
  - d. Taxpayer Review and Designated Review
- For a correct Intake, Interview, and Quality Review process, all questions in Parts I-V of the Form 13614-C, Intake/Interview & Quality Review Sheet must be verified and all "Unsure" answers must be changed to "Yes" or "No".
  - a. True
  - b. False
- It is acceptable to use IRS loaned equipment (including laptops and printers) outside of the scope of the VITA/TCE program, such as for personal use after site hours.
  - a. True
  - b. False
- **9.** Which of the following is **not** a qualifying certification to earn Continuing Education Credits?
  - a. Military
  - b. Advanced
  - c. Qualified Experienced Volunteer
  - d. International
- **10.** Prior to opening, each site must have Form 15272, VITA/TCE Security Plan, approved \_\_\_\_\_ and a copy available at the site.
  - a. Annually
  - b. Monthly
  - c. Every other year
  - d. Before the end of the filing season
- **11.** Which consent form must every taxpayer sign prior to beginning a virtual tax preparation process?
  - a. No consent needed
  - b. Form 8879, IRS e-file Signature Authorization
  - c. Form 15272, VITA/TCE Security Plan
  - d. Form 14446, Virtual VITA/TCE Site Model Taxpayer Consent

- **12.** At a minimum, all Wi-Fi or wireless connections at a VITA/TCE tax preparation site must be password protected.
  - a. True
  - b. False
- **13.** When conducting taxpayer interviews in close proximity, it is important to limit unauthorized access to taxpayer information and ensure privacy (for example, positioning computer screens, protecting taxpayer documents and preventing others from hearing sensitive information).
  - a. True
  - b. False
- 14. If a volunteer is identified as violating one or more of the Volunteer Standards of Conduct, partners and coordinators must elevate the specifics to the local SPEC territory office for consideration to be added to the Volunteer Registry. Once a volunteer is added to the Volunteer Registry, how long are they removed from volunteering in VITA/TCE program?
  - a. For a month
  - b. Indefinitely
  - c. For a filing season
  - d. For a year
- **15.** A VITA/TCE data breach occurs when a taxpayer's personally identifiable information (PII) is shared, used or disclosed, whether physical or electronic, without taxpayer permission.
  - a. True
  - b. False



- **1.** Coordinators and alternate coordinators are required to pass with a score of 80% or higher, which of the following:
  - a. Volunteer Standards of Conduct Test
  - b. Site Coordinator Test
  - c. Both a and b
  - d. None of the above
- **2.** Publication 5166, IRS Volunteer Quality Site Requirements, is the primary IRS resource for coordinator roles and responsibilities.
  - a. True
  - b. False
- Form 13615, Volunteer Standards of Conduct Agreement VITA/TCE Programs is not valid until the sponsoring partner's approving official signs and dates the form after confirming the volunteer's \_\_\_\_\_\_.
  - a. Government-issued photo identification
  - b. Certification levels on Form 13615, Volunteer Standards of Conduct Agreement- VITA/TCE Programs
  - c. Government-issued photo identification and certification levels on Form 13615, Volunteer Standards of Conduct Agreement - VITA/TCE Programs
  - d. None of the above
- **4.** All partner-owned computers or loaned IRS computers and printers that are lost or stolen, must be reported to the local SPEC territory office before May 15th.
  - a. True
  - b. False
- **5.** According to QSR #4 Reference Materials, in addition to Volunteer Tax Alerts and Quality Site Requirement Alerts (AARP Foundation Tax Aide uses CyberTax Alerts), which reference materials are required to be available for use at each site?
  - a. Pub 4012, VITA/TCE Volunteer Resource Guide and Pub 17, Your Federal Income Tax (For Individuals)
  - b. Pub 1084, VITA/TCE Volunteer Site Coordinator Handbook and Pub 5166, IRS Volunteer Quality Site Requirements
  - c. Pub 4299, Privacy, Confidentiality and Civil Rights A Public Trust
  - d. Both a and c

- **6.** The three acceptable types of quality review at VITA/TCE sites are: Designated Review, Peer to Peer Review, and Self Review.
  - a. True
  - b. False
- 7. During the Intake, Interview, and Quality Review process, all questions in Parts I-V of the Form 13614-C, Intake/Interview & Quality Review Sheet must be marked as:
  - a. Yes
  - b. No
  - c. Unsure
  - d. Either yes or no
- 8. The use of IRS loaned equipment (including laptops and printers) is restricted to the preparation and filing of electronic tax returns and related program activities that support the VITA/TCE free tax preparation program. IRS loaned equipment may **not** be used for commercial purposes, games, or other personal use.
  - a. True
  - b. False
- **9.** The Qualified Experienced Volunteer Test is **not** a qualifying certification for receiving Continuing Education Credits.
  - a. True
  - b. False
- **10.** Form 15272, VITA/TCE Security Plan, must be approved annually by the local SPEC territory office.
  - a. True
  - b. False
- **11.** Prior to beginning a virtual tax preparation process, the taxpayer(s) must agree to the virtual process by signing Form 14446, Virtual VITA/TCE Site Model Taxpayer Consent.
  - a. True
  - b. False

- **12.** IRS sponsored free tax preparation sites must use the following Wi-Fi or wireless connection:
  - a. Public access Wi-Fi or wireless connection
  - b. Password protected Wi-Fi or wireless connection
  - c. Unsecured wired internet connection
  - d. Unsecured volunteer Hotspot wireless connection
- **13.** Volunteers must ensure that taxpayer privacy is protected when sharing Personally Identifiable Information (PII). During conversations with taxpayers in close proximity, \_\_\_\_\_\_ should **not** be discussed out loud.
  - a. SSNs
  - b. Addresses
  - c. Bank account numbers
  - d. All of the above
- 14. Volunteers who violate the Volunteer Standards of Conduct or commit certain unethical actions, must be reported to the local SPEC territory office for consideration to be added to the Volunteer Registry and removed from the VITA/TCE program for a period of one year.
  - a. True
  - b. False
- **15.** What are examples of potential security breaches that would need to be referred to the local SPEC territory office?
  - a. Loss of computer containing Personally Identifiable Information (PII)
  - b. Loss of computer bag containing tax returns
  - c. Loss of taxpayer information
  - d. All of the above



## **Basic Course Scenarios and Test Questions**

## Directions

The first six scenarios do not require you to prepare a tax return. **Read the interview** notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.

## **Basic Scenario 1: Joe Wilson**

## **Interview Notes**

- Joe is 35 years old and has never been married.
- Suzanna, age 12, is Joe's niece who lived with him all year. Joe provided all of her support and provided over half the cost of keeping up the home.
- Joe elected not to receive advance child tax credit payments.
- Joe earned \$42,000 in wages.
- Joe is blind and cannot be claimed as a dependent by another taxpayer.
- Joe and Suzanna are U.S. citizens, have valid Social Security numbers and lived in the U.S. the entire year.

## **Basic Scenario 1: Test Questions**

- **1.** What is the most advantageous filing status allowable that Joe can claim on his tax return for 2021?
  - a. Single
  - b. Head of Household
  - c. Qualifying Widow(er)
  - d. Married Filing Separate
- 2. Joe can claim a higher standard deduction because he is blind.
  - a. True
  - b. False

- Chris, age 22, and Marcie, age 24, are married and will file a joint return.
- They cannot be claimed as dependents by another taxpayer.
- Chris and Marcie have no children or other dependents.
- Both work and neither are full-time students. Chris earned wages of \$18,600 and Marcie earned wages of \$6,500.
- Chris and Marcie are U.S. citizens and have valid Social Security numbers.
- Chris and Marcie received an Economic Impact Payment (EIP3) of \$2,800 in March 2021.

# **Basic Scenario 2: Test Questions**

- **3.** Chris and Marcie **cannot** claim the Earned Income Tax Credit (EITC) because they are too young and have no qualifying children.
  - a. True
  - b. False
- **4**. Chris and Marcie must claim the EIP3 of \$2,800 as taxable income on their 2021 tax return.
  - a. True
  - b. False

- Archie and Tina Reynolds are married and always file Married Filing Jointly.
- Archie earned \$32,000 in wages and Tina earned \$24,000 in wages.
- The Reynolds paid all the cost of keeping up a home and provided all the support for their two children, Laura and Timothy, who lived with them all year.
- Laura is 13 years old and Timothy turned 17 in November 2021.
- Archie and Tina elected not to receive the advance child tax credit payments.
- Archie and Tina did not have enough deductions to itemize, but contributed \$1,700 in 2021, to their church, a qualified charitable organization.
- Archie, Tina, Laura, and Timothy are all U.S. citizens with valid Social Security numbers and lived in the U.S. the entire year.

# **Basic Scenario 3: Test Questions**

- 5. Which of the Reynolds children qualifies for the child tax credit (CTC)?
  - a. Laura
  - b. Timothy
  - c. Laura and Timothy
  - d. Not eligible for CTC
- **6.** Archie and Tina will **not** itemize deductions but can deduct the full amount of their charitable contribution.
  - a. True
  - b. False

- Charles and Heather are married and will file a joint return.
- Heather is a U.S. citizen with a valid Social Security number. Charles is a resident alien with an Individual Taxpayer Identification Number (ITIN).
- Heather worked in 2021 and earned wages of \$31,000. Charles worked part-time and earned wages of \$12,000.
- The Brooks have three children: Emma, age 11, Liam, age 13, and Grace, age 18.
- · Charles and Heather elected not to receive the advance child tax credit payments.
- The Brooks provided the total support for their three children, who lived with them in the U.S. all year. Emma, Liam, and Grace are U.S. citizens and have valid Social Security numbers.

# **Basic Scenario 4: Test Questions**

- 7. The Brooks qualify for the Credit for Other Dependents.
  - a. True
  - b. False
- 8. The Brooks qualify for the Earned Income Tax Credit.
  - a. True
  - b. False

- Alan is single and 71 years old.
- Alan worked as a greeter at the local department store and earned wages of \$6,000. Alan also received Social Security benefits of \$14,500. He received a taxable pension of \$11,700.
- He retired from his previous job on October 30, 2019. During his career he contributed pretax dollars to a qualified 401(k) retirement plan through his employer.
- Alan cannot be claimed as a dependent by another taxpayer.
- Alan is a U.S. citizen with a valid Social Security number.

# **Basic Scenario 5: Test Questions**

- **9.** Alan **cannot** claim the Earned Income Tax Credit because his age is more than the age limit.
  - a. True
  - b. False
- **10.** Alan must take a required minimum distribution in 2021.
  - a. True
  - b. False

- Bobbie Daniels was separated from his spouse for 10 months in 2021. Bobbie and his spouse have decided to file their tax returns as Married Filing Separately.
- Bobbie earned wages of \$11,000 during the first half of the year. Bobbie lost his job in July and received a total of \$7,500 in unemployment compensation.
- Bobbie is a chef and took a gourmet cooking class at the community college to improve his cooking skills. He paid the cost of tuition and a course-related book. His total education expenses were \$1,500.
- Bobbie also paid student loan interest for the courses he previously took to earn his Bachelor's degree. For 2021, he paid student loan interest of \$350.
- Bobbie does not have any dependents.
- Bobbie is a U.S. citizen with a valid Social Security number.

# **Basic Scenario 6: Test Questions**

- **11.** Bobbie can exclude his unemployment compensation on his 2021 tax return.
  - a. True
  - b. False
- **12.** Bobbie is eligible for the following credit:
  - a. Earned Income Credit
  - b. Lifetime Learning Credit
  - c. American Opportunity Credit
  - d. None of the above
- 13. Bobbie can claim the student loan interest deduction on his tax return.
  - a. True
  - b. False

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

**Note:** When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Fred, age 67 and Wilma, age 58, are married. They elect to file Married Filing Jointly.
- Fred is retired. He received Social Security benefits and a pension.
- Fred and Wilma have one son, Stephen, age 18. Stephen is a full-time college student in his second year of study. He is pursuing a degree in Music and does not have a felony drug conviction. He received a Form 1098-T for 2021. Box 2 was not filled in and Box 7 was not checked on his Form 1098-T for the previous tax year.
- Stephen spent the summer at home with his parents but lived in an apartment near campus during the school year.
- Stephen received a scholarship and the terms require that it be used to pay tuition. Fred and Wilma paid the cost of Stephen's tuition and course-related books in 2021 not covered by scholarship. They paid \$90 for a parking sticker, \$4,500 for a meal plan, \$500 for textbooks purchased at the college bookstore, and \$100 for access to an online textbook.
- Fred and Wilma paid more than half the cost of maintaining a home and support for Stephen.
- Fred and Wilma do not have enough deductions to itemize on their federal tax return.
- The Joneses made timely estimated tax payments of \$150 each quarter for tax year 2021.
- The Joneses received a \$4,200 Economic Impact Payment (EIP3) in 2021.
- Fred, Wilma, and Stephen are U.S. citizens and have valid Social Security numbers. They all lived in the United States for the entire year.
- If Fred and Wilma receive a refund, they would like to deposit it into their checking account. Documents from County Bank show that the routing number is 111000025. Their checking account number is 11337890.



Form <b>13614-C</b> (October 2021)		Inta				sury - Interna Qualit			Sheet				B Num 45-196	
You will need: • Tax Information such as • Social security cards or • Picture ID (such as valid	ITIN letters for I driver's licen	r all perso se) for you	ns on yo ເ and yoເ	ır spol	ISE.	<ul> <li>You an complete</li> <li>If you</li> </ul>	e respo ete and a have qu	nsible fo accurate estions,	s 1-4 of this f r the information please ask t	ation on yo he IRS-cert	ified volu			
	Volunteers								ighest ethica tax@irs.gov	al standard	s.			
Part I – Your Personal Inform	ation (If you ar	re filing a jo	int return	enter	your nam	es in the s	ame ord	er as last	year's return	)				
1. Your first name FRED		M.I.	Last na						Best contact I YOUR PHONE		Are yo X Ye	ou a U.S. s	citize	
2. Your spouse's first name <b>WILMA</b>		M.I.	Last na JONES						Best contact i YOUR PHONE		Is you 🗴 Ye		a U.S	. citizen? lo
3. Mailing address 100 STONE STREET							City YOUR CI	ТҮ			State YS			code I <b>R ZIP</b>
4. Your Date of Birth	5. Your job titl	le				, were you				a. Fu	II-time stud	ent 🗌	Yes	🗴 No
7/15/1954	RETIRED					nd perman	-		Yes 🗴 I		gally blind		] Yes	🗴 No
7. Your spouse's Date of Birth 1/30/1963	8. Your spous	se's job title	•		•	, was your nd perman	•		Yes 🗴 I		ll-time stud gally blind		] Yes ] Yes	🗴 No 🗴 No
10. Can anyone claim you or yo	our spouse as a	a dependen	nt? 🗌	Yes	X No	Unsu	ire							
11. Have you, your spouse, or	dependents bee	en a victim	of tax rela	ated ide	entity thef	t or been i	ssued ar	ldentity	Protection PI	N?			] Yes	X No
12. Provide an email address (	optional) (this e	mail addre	ss will no	t be use	ed for con	tacts from	the Inter	rnal Reve	enue Service)					
Part II – Marital Status and	Household I	nformatic												
1. As of December 31, 2021, w was your marital status?	hat	er Married ried	a. If N b. Die	∕es, Dio d you liv	d you get ve with yo	married in our spouse	2021?	·	, civil unions, of the last six i			Yes 🗴	nder s ] No ] No	tate law)
		orced			al decree									
		ally Separa owed			eparate m oouse's de	aintenanc eath	e decree							
<ol> <li>List the names below of:</li> <li>everyone who lived with yo</li> </ol>	ou last vear <i>(oth</i>	ner than voi	ur spouse	,)				lf a	additional spa	ce is neede	d check he	ere 🗌 ar	d list o	on page :
• anyone you supported but				/					To be c	ompleted b	y a Certifi	ed Volu	nteer	Prepare
name or spouse's name below	(mm/dd/yy) ta e s a p n	example: icon, laughter, barent, hone, etc)	months lived in your home ast year	Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/21 (S/M)	(yes/no)	Permaner Disabled (yes/no)		50% of his/ her own support?	Did this person have less than \$4,300 of income? (yes,no,n/a)	support for	s) ta nore pa of ha or m or? ho ⁄a) pe	d the xpayer(s) ay more tha alf the cost aintaining a ome for this erson?
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01			Page 2
Yes		-	ex for each question in each section Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive
x			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
	x		2. (A) Tip Income?
x			3. (B) Scholarships? (Forms W-2, 1098-T)
x			4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)
	x		6. (B) Alimony income or separate maintenance payments?
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S,1099-B)
	X		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
x			11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
x			13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	x		14. (M) Income (or loss) from Rental Property?
	X		15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?  Yes No
	X		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
x			3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	x		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			🔲 (A) Taxes (State, Real Estate, Personal Property, Sales) 🛛 🗌 (B) Charitable Contributions
	x		5. (B) Child or dependent care expenses such as daycare?
	x		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
	x		7. (A) Expenses related to self-employment income or any other income you received?
	x		8. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You <i>(or Your Spouse)</i>
	X		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	x		3. (A) Adopt a child?
	x		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	X		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	x		6. (A) Receive the First Time Homebuyers Credit in 2008?
x			7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much? <b>\$600</b>
	x		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
	x		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
x			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
	x		11. (B) Receive Advanced Child Tax Credit payments?

Additional Information and Questions Related to	a the Bronaration of Vour B	oturn					Pa
1. Would you like to receive written communications	•		sh? 🗆 Ves	🗌 No	If yes, which la	nauaae?	
2. Presidential Election Campaign Fund (If you che	•••	-			in yes, which ia	inguage	
Check here if you, or your spouse if filing jointly,		X You	🗌 Spoι	ISE			
3. If you are due a refund, would you like: a. E	Direct deposit X Yes		- ·		c. To split you □ Yes	r refund be X N	tween different accou o
4. If you have a balance due, would you like to mak	te a payment directly from you	ur bank account?	? 🕱 Yes		No		
5. Did you live in an area that was declared a Feder	ral disaster area?	X No If	yes, where?				
6. Did you, or your spouse if filing jointly, receive a l		 □ Yes	X No				
Many free tax preparation sites operate by recein this site to apply for these grants or to support of are optional.							
7. Would you say you can carry on a conversation in	n English, both understanding	g & speaking?	x Very well	□ Well	🗌 Not well 📋	Not at all	Prefer not to answ
8. Would you say you can read a newspaper or boo	•	• • • •	_ Well	□ Not we			☐ Prefer not to answ
9. Do you or any member of your household have a	-	Yes 3	x No	 □ Prefer	not to answer		
10. Are you or your spouse a Veteran from the U.S.	•	Yes 🛛	x No	 □ Prefer	not to answer		
11. Your race?	_						
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12. Your spouse's race?							
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□ No spouse							
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on or receive it, and whether your response is voluntary, require you relative to your interest and/or participation in the IRS volunt volunteer return preparation sites or outreach activities. The info do not provide the requested information, the IRS may not be ab information requests. The OMB Control Number for this study is please write to the Internal Revenue Service, Tax Products Coor	ed to obtain a benefit, or mandatory. teer income tax preparation and outrr rmation may also be used to establis ole to use your assistance in these pr 1545-1964. Also, if you have any co	Our legal right to asl each programs. The sh effective controls, rograms. The Paperw mments regarding th	k for information information you send correspon work Reduction ne time estimate	is 5 U.S.C. 3 provide may dence and re Act requires t es associated	001. We are asking be furnished to oth cognize volunteers hat the IRS display with this study or s	for this inform ters who coor . Your respor an OMB con	nation to assist us in contac dinate activities and staffing nse is voluntary. However, it trol number on all public
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		a Employe	e's social security number 128-00-XXXX	OMB No. 154	5-0008	Safe, accurate, FAST! Use	8+	file		e IRS website at s.gov/efile
b Empl	oyer identification number (	EIN)			1 V	/ages, tips, other compen	sation	2 Feder	al income t	ax withheld
35-	600XXXX					\$42,0	00.00			\$2,700.00
c Empl	oyer's name, address, and	ZIP code			3 5	ocial security wages	I	4 Socia	I security ta	ax withheld
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PAYER'S TIN	RECIPIENT'S TIM	N	3	Capital gain (inclu box 2a)	uded in	4	Federal incon withheld	ne tax	income on your federal tax return. If this
40-100XXXX	127-00-	XXXX	\$			\$		\$2,500.00	form shows
RECIPIENT'S name			5 \$	Employee contribu Designated Roth contributions or insurance premiur	ns	6 \$	Net unrealize appreciation employer's s	in	federal income tax withheld in box 4, attach this copy to your return.
Street address (including apt.	ו.)		7	Distribution	IRA/ SEP/	8	Other		your return.
100 STONE STREET				code(s) 7	SIMPLE	\$		%	This information is being furnished to
City or town, state or province, c YOUR CITY, YOUR STATE, Z		eign postal code	9	a Your percentage distribution	of total %		Total employee	e contributions	the IRS.
<ul><li><b>10</b> Amount allocable to IRR within 5 years</li><li>\$</li></ul>	<b>11</b> 1st year of desig. Roth contrib.	12 FATCA filing requirement	1 \$ \$	4 State tax withhel	d	15	5 State/Payer	's state no.	16 State distribution \$\$
Account number (see instruction:	5)	<b>13</b> Date of payment	9 1 \$ €	7 Local tax withhel	d	18	3 Name of loo	cality	φ 19 Local distribution \$ \$
Form <b>1099-R</b>		l rs.gov/Form1099F	<u>Ψ</u>			I	Department of	the Treasury .	<u>Ψ</u> - Internal Revenue Service

Box 1. Name	FRED JONES	Box 2. B	eneficiary's Social Security Number 127-00-XXXX
8ox 3. Benefits Paid in 2021 \$9,000.00	Box 4. Benefits Repaid to SSA	in 2021	Box 5. Net Benefits for 2021 (Box 3 minus Box 4) \$9,000.00
DESCRIPTION OF AF	0.099990608	Box 8, V	DESCRIPTION OF AMOUNT IN BOX 4 okuntary Federal Income Tax Withholding \$900.00

			СТІ	ED (if	che	cked)				
PAYER'S name, street address, city or foreign postal code, and telephone		country, ZIP	1a	Total o	ordina	ry dividends	ON	IB No. 1545-0110	]	
BANK OF BEDROCK			\$			2,200.00	6	2021		Dividends and
788 BAMBAM BLVD.			1b	Qualifi	ied div	ridends	4	zo <b>l</b> I		Distributions
YOUR CITY, YOUR STATE, ZIF										
			\$			2,200.00		orm <b>1099-DIV</b>		
				Total o	capital	gain distr.	1	Unrecap. Sec. 12	50 gain	Сору В
			\$				\$			For Recipient
PAYER'S TIN	RECIPIENT'S TIN			Sectio	on 120	2 gain		Collectibles (28%	) gain	-
20 4002222	127-00-XXX	v	\$	<u> </u>			\$			
39-400XXXX	127-00-XXX	*		Section	1897 or	dinary dividends		Section 897 capita	al gain	
RECIPIENT'S name			\$ 3	Nordi	vidana	distributions	\$ 4	Federal income tax	اما م ما ما ف	
neon leivi o hame			\$	Nonan	videric	alstributions	4 \$	rederal income ta	522.00	This is important tax
FRED JONES			5	Sectio	n 199	A dividends	·	Investment expen		information and is being furnished to
Street address (including apt. no.)			\$	000110		amaonao	\$			the IRS. If you are
100 STONE STREET			7	Foreig	n tax	paid	Ľ.	Foreign country or U.S.	possession	required to file a return, a negligence penalty or other
		-1 1 -	<b>.</b>							sanction may be
City or town, state or province, count	try, and ZIP or foreign posta	al code	\$ 9	O h li			10	New code l'antidation :	-11 - 4 -11 +1	imposed on you if this income is taxable
YOUR CITY, YOUR STATE, ZIF	•		9 \$	Cash II	iquidat	ion distributions	10   \$	Noncash liquidation	aistributions	and the IRS determines that it has
		FATCA filing requirement	11	Exemp	ot-inte	rest dividends	12	Specified private bond interest divi		not been reported.
			\$				\$			
Account number (see instructions)			13	State	<b>14</b> S	state identification no.	15	State tax withheld	i	
			L				\$			
							\$			
Form <b>1099-DIV</b> (ke	ep for your records)			www.irs	s.gov/	Form1099DIV	D	epartment of the	Freasury -	Internal Revenue Service

	574	OMB No. 1545-1574		CTED 1 Payments recein qualified tuition expenses				ER'S name, street address, city or ign postal code, and telephone nu
Tuition		2021	8,700.00	\$				BBLE UNIVERSITY
Statement		ᄰ◍▰◾		2	I			) COLLEGE BLVD
								UR CITY, YOUR STATE, ZIP
	•	Form <b>1098-T</b>						
Сору В		•		3		NT'S TIN	STUDE	ER'S employer identification no.
For Student						129-00-XXXX		89-700XXXX
1	grants	5 Scholarships or gra	made for a	4 Adjustments m			•	JDENT'S name
This is important tax information				prior year				EPHEN JONES
and is being	6,800.00	\$ 0		\$				EPHEN JUNES
furnished to the IRS. This form		7 Checked if the amo		6 Adjustments to				eet address (including apt. no.)
must be used to	5	in box 1 includes amounts for an	0	scholarships or for a prior year				0 STONE STREET
complete Form 8863 to claim education		academic period	ai			IP or foreign postal code	ry, and Zl	or town, state or province, count
credits. Give it to the	iry–	beginning January- March 2022		\$				UR CITY, YOUR STATE, ZIP
<ul> <li>tax preparer or use it to prepare the tax return.</li> </ul>	imb./refund	10 Ins. contract reimt	graduate	9 Checked if a gr		8 Checked if at least	1	vice Provider/Acct. No. (see instr.)
		\$		student	$\checkmark$	half-time student		

	4			
	y		580 Co	ge Books billege Blvd ty, State ZIP
575	llege Student Hou College Blvd. City, State ZIP 	sing	3 Text	eceipt: books: \$500 Sticker: \$90
	eceived from: ephen Jones \$4,500		Paymen also ov u	t for books i the college pebsite.
4	Rubble Univer	sity	S	University
Invoice #0568	Date August 18, 2021	To <b>Stephen Jones</b> 100 Stone Street	Ship To Same as recipi	ient
e O	Quantity Description		Unit Price	Total
iovr	Online Textb	ook Fee	\$100	\$100
			0.14.4.1	<b></b>
			Subtotal Sales Tax	\$100
		Shippin	g & Handling	
			Total	\$100
			TOLAI	<b><i>ψ</i>100</b>

- **14.** What is the amount of Fred and Wilma's standard deduction? \$\_\_\_\_\_.
- **15.** What is Fred and Wilma's total qualified education expenses used to calculate the American Opportunity Credit? \_\_\_\_\_.
- **16.** Fred and Wilma Jones can claim the Credit for Other Dependents.
  - a. True
  - b. False
- **17.** What is the total amount of federal income tax withholding shown on the Fred Jones' Form(s) W-2 and 1099?
  - a. \$2,700
  - b. \$5,200
  - c. \$6,100
  - d. \$6,622
- 18. The taxable amount of Fred's Social Security is \$7,650.00
  - a. True
  - b. False
- **19.** Which of the following statements are true?
  - a. Qualified dividends are part of the total ordinary dividends.
  - b. Qualified dividends qualify for lower, long-term capital gains tax rates.
  - c. Qualified dividends are reported on Form 1099-DIV.
  - d. All of the above.

#### Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Sheila is single and 45 years old.
- Sheila has two children. Rebecca, age 18, has a job and earned wages of \$4,900.
   John, age 25, also worked and earned wages of \$4,500. Both children lived with her all year.
- Sheila paid all the cost of keeping up the home and more than half the support for her children.
- Sheila received disability pension benefits, but she has not reached the minimum retirement age of her employer's plan.
- · She does not have enough expenses to itemize for the 2021 tax year.
- Sheila received a \$2,800 Economic Impact Payment (EIP3) in 2021.
- Shelia, Rebecca, and John are U.S. citizens and have valid Social Security numbers. They all lived in the United States for the entire year.
- If she has any balance due or refund, she would like to use Branch Bank: Bank Routing number is 128760000, Checking Account number is 123456



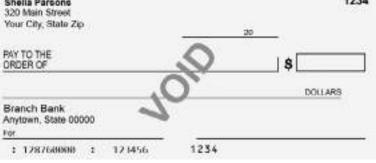
(October 2021)		Inta				ury - Internal Qualit			Sheet			OMB N 1545	lumber 1964
You will need: • Tax Information such as • Social security cards or • Picture ID (such as valid	ITIN letters for I driver's license	all perso e) for you	ns on yo ມ and yoເ	ır spou	se.	<ul> <li>You are comple</li> <li>If you h</li> </ul>	e responent ete and a nave que	nsible for accurate i estions, p	1-4 of this fo the informa information. llease ask th	tion on yo e IRS-cert	ified volu	•	
	Volunteers a	To repo	rt unethio	cal beh	avior to t	he IRS, er	nail us a	at <u>wi.volta</u>	ax@irs.gov	l standard	s.		
Part I – Your Personal Informa 1. Your first name SHEILA	ation (If you are	filing a jo M.I.	Last na	ame	our name	es in the sa	ame orde	B	/ear's return) est contact n <b>′OUR PHONE</b>		Are yo	ou a U.S. cit	izen? ] No
2. Your spouse's first name		M.I.	Last na						est contact n		Is you	ir spouse a	 U.S. citizen? ] No
3. Mailing address 320 MAIN STREET							ity OUR CI	ГҮ			State YS		IP code OUR ZIP
4. Your Date of Birth 08/23/1976 7. Your spouse's Date of Birth	<ul><li>5. Your job title</li><li><b>RETIRED</b></li><li>8. Your spouse</li></ul>		•	b.	Totally an	, were you d permane , was your	ently disa	abled	]Yes 🕱 N	o c. Leg	I-time stud gally blind I-time stud	Y	es         x         No           es         x         No           es         □         No
10. Can anyone claim you or yo	bur spouse as a	depender	nt? [	b. <sup>-</sup> Yes	Totally an	d permane		abled	]Yes 🗌 N	lo c. Leç	ally blind	<u> </u>	′es □ No
<ol> <li>Have you, your spouse, or of 2. Provide an email address (or Part II – Marital Status and</li> </ol>	optional) (this en Household In	nail addre. formatic	ss will no on	t be use	ed for con	tacts from	the Inter	nal Rever	nue Service)				es 🕱 No
<ol> <li>As of December 31, 2021, which was your marital status?</li> </ol>			•		-	erea aome	estic part	nersnips,	civil unions, d	or other for	mai relatio	onsnips unae	er state law)
,, ,	<ul> <li>Marrie</li> <li>Divor</li> <li>Legal</li> <li>Widor</li> </ul>	ced lly Separa	b. Di Da Ited Da	d you liv ite of fin ite of se	ve with yo al decree	aintenance	during a		the last six m	nonths of 2 		Yes 🗌 N Yes 🗌 N	lo
	□ Divor □ Legal □ Widor	ced lly Separa wed er than you	b. Die Da Ited Da Ye ur spouse	d you liv te of fin te of se ar of sp	ve with yo al decree parate m	ur spouse aintenance	during a		ditional spac	  e is neede	021?	Yes 🗌 N	lo lo ist on page 3
2. List the names below of: • everyone who lived with yo • anyone you supported but of Name ( <i>first, last</i> ) Do not enter your name or spouse's name below	Divor Legal Widov u last year (othe did not live with y Date of Birth (mm/dd/yy) to y exa soi da pa pa not	ced Ily Separa wed er than you you last you you (for ample: n, ughter, rent, ne, etc)	b. Die Da Da Ve Ve ur spouse ear Number of months lived in your home last year	d you liv te of fin te of se ar of sp ar of sp d) US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	ur spouse aintenance eath Single or Married as of 12/31/21 (S/M)	during a e decree Student last year (yes/no)	If ac Totally and Permanent Disabled (yes/no)	Iditional spac	e is neede mpleted b Did this person provide more than 50% of his/ her own support?	d check he y a Certif Did this person have less than \$4,300 of income?	Yes N ere and I ied Volunte Did the taxpayer(s) provide more than 50% of	lo ist on page 3 er Preparer Did the taxpayer(s) pay more tha half the cost a maintaining a home for this person?
<ul> <li>2. List the names below of:</li> <li>everyone who lived with yo</li> <li>anyone you supported but of</li> <li>Name (<i>first, last</i>) Do not enter your</li> </ul>	Divor Legal Widov u last year (othe did not live with y Date of Birth (mm/dd/yy) to y exa soi da pat noi (b)	ced Ily Separa wed er than you you last you lationship you (for ample: n, n, ughter, rent,	b. Die Da ited Da Ye ur spouse ear Number of months ived in your home	d you liv ite of fin ite of se ar of sp US Citizen	Resident of US, Canada, or Mexico last year	ur spouse aintenance eath Single or Married as of 12/31/21	during a e decree Full-time Student last year	If ac Totally and Permanent Disabled	ditional space To be co Is this person a qualifying child/relative of any other person?	e is neede mpleted b Did this person provide more than 50% of his/ her own	d check he y a Certif Did this person have less than \$4,300 of income?	Yes N ere and I ied Volunte Did the taxpayer(s) provide more than 50% of support for ) this person?	lo ist on page 3 er Preparer Did the taxpayer(s) pay more tha half the cost maintaining a home for this

heck	appro	opriate bo	x for each question in each section
Yes	No	Unsure	Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive
	X		1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year?
	X		2. (A) Tip Income?
	X		3. (B) Scholarships? (Forms W-2, 1098-T)
	x		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)
	X		6. (B) Alimony income or separate maintenance payments?
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	×		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S,1099-B)
x			10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
×			11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
	X		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	X		14. (M) Income (or loss) from Rental Property?
	X		15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
es	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? 🗌 Yes 📄 No
	x		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
	X		3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	X		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>
	X		5. (B) Child or dependent care expenses such as daycare?
	X		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
	x		7. (A) Expenses related to self-employment income or any other income you received?
	x		8. (B) Student loan interest? (Form 1098-E)
es	No	Unsure	Part V – Life Events – Last Year, Did You <i>(or Your Spouse)</i>
	x		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	X		3. (A) Adopt a child?
	x		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	x		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	x		6. (A) Receive the First Time Homebuyers Credit in 2008?
	x		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	x		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
	x		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
x			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
	x		11. (B) Receive Advanced Child Tax Credit payments?
			www.irs.gov Form <b>13614-C</b> (Rev. 10-2021

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	- Deleted to the Decementary of View Determ	Page 3
	s Related to the Preparation of Your Return	
5	nmunications from the IRS in a language other than English?  Yes INO If yes, which langua	ge?
10	I (If you check a box, your tax or refund will not change)	
Check here if you, or your spouse if f		
3. If you are due a refund, would you lik	🕱 Yes 🗌 No 🗌 Yes 🕱 No 🗌 Yes	No No
	u like to make a payment directly from your bank account? □ Yes 🛛 🗴 No	
5. Did you live in an area that was decla		
6. Did you, or your spouse if filing jointly		
	ate by receiving grant money or other federal financial assistance. The data from the following to support continued receipt of financial funding . Your answer will be used only for statistica	
7. Would you say you can carry on a co	nversation in English, both understanding & speaking? 🗵 Very well 🗌 Well 🔲 Not well 🗌 Not	at all 📋 Prefer not to answer
8. Would you say you can read a newsp	paper or book in English? I Very well U Well Not well Not at all	Prefer not to answer
9. Do you or any member of your house	ehold have a disability? 🛛 🕱 Yes 🗌 No 📄 Prefer not to answer	
10. Are you or your spouse a Veteran fr	rom the U.S. Armed Forces? 🛛 Yes 🗵 No 🗌 Prefer not to answer	
11. Your race?		
American Indian or Alaska Native	□ Asian □ Black or African American □ Native Hawaiian or other Pacific Islander □ Whi	te 🗴 Prefer not to answer
12. Your spouse's race?		
American Indian or Alaska Native	□ Asian □ Black or African American □ Native Hawaiian or other Pacific Islander □ Whi	te 🗌 Prefer not to answer
X No spouse		
13. Your ethnicity?	☐ Hispanic or Latino ☐ Not Hispanic or Latino 🕱 Prefer not to answer	
14. Your spouse's ethnicity?	☐ Hispanic or Latino ☐ Not Hispanic or Latino ☐ Prefer not to answer 🗴 No spous	e
Additional comments		
	Privacy Act and Paperwork Reduction Act Notice	
do not receive it, and whether your response is vo you relative to your interest and/or participation in volunteer return preparation sites or outreach acti do not provide the requested information, the IRS information requests. The OMB Control Number f	sk for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We mu obluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for thi the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others we witties. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS display an Of or this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or sugges reducts Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224	s information to assist us in contacting no coordinate activities and staffing at response is voluntary. However, if you //B control number on all public
Catalog Number 52121E	www.irs.gov	Form <b>13614-C</b> (Rev. 10-2021)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. DELK CORPORATION 983 GREEN STREET				1 Gross distribution         \$ 39,500.00         2a Taxable amount		2021 Profit-S IR/		Distributions From ensions, Annuities, Retirement or ofit-Sharing Plans, IRAs, Insurance Contracts, etc.	
YOUR CITY, YOUR STA	TE, ZIP		\$ 21	39 Taxable amoun not determined	, <b>500.00</b>	F	Form <b>1099-</b> Total distribution		Copy B
PAYER'S TIN	RECIPIENT'S TI	1	3	Capital gain (inclubox 2a)	uded in		Federal incom withheld	ne tax	Report this income on your federal tax return. If this
56-700XXXX	127-00-	xxxx	\$			\$		\$100.00	form shows
RECIPIENT'S name SHEILA PARSONS			5 \$	Employee contrib Designated Roth contributions or insurance premiu			Net unrealize appreciation employer's s	in	federal income tax withheld in box 4, attach this copy to
Street address (including apt. 320 MAIN STREET	no.)		7	Distribution code(s)	IRA/ SEP/ SIMPLE	8 \$	Other	%	your return This information is
City or town, state or province, c YOUR CITY, YOUR STATE, Z		eign postal code	9	•	of total %	9b	Total employee		being furnished to the IRS
10 Amount allocable to IRR within 5 years	<b>11</b> 1st year of desig. Roth contrib.	12 FATCA filing requirement	1 \$	4 State tax withhel	d	15	State/Payer	's state no.	16 State distribution \$
\$			⊅ 1 \$ ¢	7 Local tax withhe	d	18	Name of loc	cality	\$ 19 Local distribution \$ \$
orm 1099-R	www.i	rs.gov/Form1099F	<u>Ψ</u>			<u>ا</u>	Department of	the Treasury -	μ Internal Revenue Service



20. What amount is required to be reported as wages on Sheila's tax return?

21. Sheila's most advantageous filing status allowable is

- a. Single
- b. Married Filing Separately
- c. Head of Household
- d. Qualifying Widow(er)
- 22. Which child qualifies Shelia for EITC?
  - a. Rebecca
  - b. John
  - c. Both Rebecca and John
  - d. Neither Rebecca nor John.
- 23. Rebecca and John are dependents on Shelia's tax return.
  - a. True
  - b. False
- **24.** Sheila can prevent having a balance due next year by using the Tax Withholding Estimator at IRS.gov and then adjust her withholding.
  - a. True
  - b. False

#### Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Mary is 30 years old and married to Mark, age 36. Mark passed away on January 30, 2021.
- Mark was unemployed and had no income in 2021 due to his illness.
- Mary's seven-year-old daughter, Jenny, lived with her the entire year.
- Mary paid more than half the cost of keeping up a home and support for Mark and Jenny.
- Mary received a distribution from her traditional IRA in January to pay for living expenses.
- Mary was a full-time high school teacher and earned \$35,000 in wages. Mary purchased supplies for her class out of her own pocket totaling \$320.
- Mary received a W-2G in the amount of \$8,200 from the local casino.
- Mary paid child and dependent care expenses for Jenny while she worked.
- · Mary elected not to receive advance child tax credit payments.
- Mary and Mark received a \$4,200 Economic Impact Payment (EIP3) in 2021.
- Mary, Mark, and Jenny were not medically or financially affected by the COVID-19 pandemic.
- Mary, Mark, and Jenny are U.S. citizens and have valid Social Security numbers. They all lived in the United States for the entire year.
- If Mary is entitled to a refund, she would like to deposit half into her checking account and half into her savings account. Documents from Adelphi Bank and Trust show that the routing number for both accounts is 111000025. Her checking account number is 113355779 and her savings account number is 224466880.



(October 2021)		Int				ury - Internal Qualit		<sup>Service</sup>	heet				lumber -1964
You will need: • Tax Information such a • Social security cards o • Picture ID (such as vali	r ITIN letters f	1099, 1098 for all perso	, 1095. ons on yo	ur tax r	eturn.	<ul> <li>Please</li> <li>You are complete</li> </ul>	comple e responente ete and a	te pages 1 nsible for t accurate in	-4 of this for he information.	tion on yo		n. Please pro unteer prepa	
	Volunteer	rs are traine To repo						old the hig at <u>wi.voltax</u>		standard	s.		
Part I – Your Personal Inform	nation (If you a	are filing a je	oint return	, enter y	our nam	es in the sa	ame ord	er as last ye	ear's return)				
1. Your first name MARY		M.I.	Last na <b>RODG</b>						st contact n DUR PHONE		Are y X Y	/ou a U.S. ci es	tizen? ] No
2. Your spouse's first name MARK		M.I.	Last na <b>RODG</b>						st contact n DUR PHONE		Is yo 🗴 Y	ur spouse a es	U.S. citizen' ] No
3. Mailing address 178 PACKER DRIVE							City YOUR CI	ГҮ			State YS		IP code <b>(OUR ZIP</b>
<ol> <li>Your Date of Birth</li> </ol>	5. Your job t	title		6.	Last year	, were you	:			a. Ful	I-time stu	ident 🗌 <code>``</code>	′es 🕱 No
02/14/1991	ADMINISTR	ATIVE ASSIS	STANT	b. '	Totally ar	d permane	ently disa	abled 🗌	Yes 🗴 N	o c. Leg	gally blind	<u>۱ 🗆 ۱</u>	′es 🗴 No
Y. Your spouse's Date of Birth	•		е		•	, was your	•				l-time stu		
01/15/1985	UNEMPLOY				,	d permane	,	abled 🗌	Yes 🗴 N	o c. Leg	gally blind		′es 🗌 No
, , ,	10. Can anyone claim you or your spouse as a dependent? 🛛 Yes 🕱 No 🗌 Unsure												
11. Have you, your spouse, or dependents been a victim of tax related identity theft or been issued an Identity Protection PIN? 🗌 Yes 🕱 No													
								,					′es 🗴 No
12. Provide an email address	(optional) (this	email addre	ess will no					,		l? Sparson	s12@vita		′es 🕱 No
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			Page 2
	appr	· · · · · · · · · · · · · · · · · · ·	ox for each question in each section
Yes	No		Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive
×			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
	X		2. (A) Tip Income?
	X		3. (B) Scholarships? (Forms W-2, 1098-T)
	X		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)
	X		6. (B) Alimony income or separate maintenance payments?
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S,1099-B)
	X		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
X			11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
	X		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	X		14. (M) Income (or loss) from Rental Property?
X			15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? 🗌 Yes 🗌 No
	X		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
	X		3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	X		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>
x			5. (B) Child or dependent care expenses such as daycare?
X			6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
			7. (A) Expenses related to self-employment income or any other income you received?
x			8. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
	X		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	X		3. (A) Adopt a child?
	X		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	X		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	X		6. (A) Receive the First Time Homebuyers Credit in 2008?
	X		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	x		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
	x		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
×			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
	×		11. (B) Receive Advanced Child Tax Credit payments?
Catalog		per 52121E	www.irs.gov Form <b>13614-C</b> (Rev. 10-2021)

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Yould you say you can carry on a conversation in English, both understanding & speaking?       Yery well       Well       Not well       Not at all       Prefer not to answe         Would you say you can read a newspaper or book in English?       Yery well       Well       Not well       Not well       Not at all       Prefer not to answe         0. Do you or any member of your household have a disability?       Yes       Yes       No       Prefer not to answer         0. Are you or your spouse a Veteran from the U.S. Armed Forces?       Yes       No       Prefer not to answer         1. Your race?       American Indian or Alaska Native       Asian       Black or African American       Native Hawaiian or other Pacific Islander       White       Prefer not to answer         3. Your ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Not Hispanic or Latino       Prefer not to answer       No spouse         3. Your ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Prefer not to answer       No spouse         4. Your spouse's ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Prefer not to answer       No spouse         9. relative to your interest and/or patient point measure to your spouse se would and whether you response is would and y regular gift to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen for onot proved may be inf					Page
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Checkhere if you, or your spouse if filing jointly, want S3 to go to this fund U for your are due a refund, would you like: a. Direct deposit B. If you are due a refund, would you like: b. To purchase U.S. Savings Bonds c. To split your refund between different account BY Yes No Yes No Yes No No No No Yes No No No No No Yes No	-				
I. If you are due a refund, would you like: a Direct deposit b. To pruchase US. Savings Bonds. C. To split your refund between different account Wes No No Yes No No Yes No No If you have a balance due, would you like to make a payment directly from your bank account? Yes No Did you or your spouse filling jointly, receive a letter from the IRS? Yes No Hany free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by his site to apply for these grants or to support Continued receipt of financial funding. Your answer will be used only for statistical purposes. These question receiptional. Would you say you can carry on a conversation in English, both understanding & speaking? Very well Not well <td></td> <td></td> <td>• /</td> <td></td> <td></td>			• /		
If you have a balance due, would you like to make a payment directly from your bank account?     Yes No     No     Yes     No     Yes     No     No     Yes     Yes     Yes     No     Yes     Yes     Yes     No     Yes     Yes     Yes     No     Yes     Ye		••••••		•	foront oppounts
b) bid you live in an area that was declared a Federal disaster area? Yes No If yes, where?   a) bid you, or your spouse if filing jointly, receive a letter from the IRS? Yes No   Anary free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by bits site oapply for these grants or to support continued receipt of financial funding. Your answer will be used only for statistical purposes. These question re optional.		🗴 Yes 🗌 N	o 🗌 Yes 🕱 N	lo 🕱 Yes 🗌 No	
b) bid you, or your spouse if filing jointly, receive a letter from the IRS?					
Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by his site to apply for these grants or to support continued receipt of financial funding. Your answer will be used only for statistical purposes. These question receiving.         Would you say you can carry on a conversation in English, both understanding & speaking?       Very well       Well       Not well	-				
Proceeding       Prefer not be used only for statistical purposes. These question in english, both understanding & speaking?       Vour answer will be used only for statistical purposes. These question in english, both understanding & speaking?         Vould you say you can carry on a conversation in English, both understanding & speaking?       Very well       Well       Not well       Not at all       Prefer not to answer         0. Do you or any member of your household have a disability?       Yes       No       Prefer not to answer         0. Are you or your spouse a Veteran from the U.S. Armed Forces?       Yes       No       Prefer not to answer         1. Your race?       American Indian or Alaska Native       Asian       Black or African American       Native Hawaiian or other Pacific Islander       White       Wrefer not to answer         2. Your spouse's race?       Isignanic or Latino       Not Hispanic or Latino       Not Hispanic or Latino       Not Prefer not to answer         3. Your ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Not Hispanic or Latino       Prefer not to answer         4. Your spouse's ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Prefer not to answer         9. voiretive kot of 1974 requires that when we ask for information wetely ou our legal right to ask for the information, why we are asking for thi, and how it will be used. We must also tell you what could happen if on ot requee tithy our what could happen if on ot requee thy		•			
A Do you or any member of your household have a disability?  Yes No Prefer not to answer Prefer not to answer Prefer not to answer Prefer not to answer No Prefer not to answer	7. Would you say you can carry on a c	conversation in English, both unde	erstanding & speaking? 🕱 Very v	vell 🗌 Well 🔲 Not well 🗌 Not at all 🔲 Prefe	er not to answe
A Do you or any member of your household have a disability?  Yes No Prefer not to answer Prefer not to answer Prefer not to answer Prefer not to answer No Prefer not to answer	3. Would you say you can read a news	spaper or book in English?	🗴 Very well 🗌 Well	🗌 Not well 🔄 Not at all 🔄 Prefe	er not to answe
1. Your race?         American Indian or Alaska Native       Asian       Black or African American       Native Hawaiian or other Pacific Islander       White       Image: Prefer not to answer         2. Your spouse's race?       American Indian or Alaska Native       Asian       Black or African American       Native Hawaiian or other Pacific Islander       White       Image: Prefer not to answer         3. Your ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Image: Prefer not to answer       No spouse's ethnicity?         4. Your spouse's ethnicity?       Hispanic or Latino       Not Hispanic or Latino       Image: Prefer not to answer       No spouse         Viditional comments       Not Hispanic or Latino       Not Hispanic or Latino       Image: Prefer not to answer       No spouse         Viditional comments       Image: Prefer not to answer       No spouse       No spouse         Privacy Act and Paperwork Reduction Act Notice       Image: Prefer not to answer       No spouse         Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for information you provide may be furnished to other a benefit or to contain to enable for information on you provide may be furnished to other a benefit or to contain our legal right to ask for information you provide may be furnished to other a benefit or to contain and outleach programs. The information you provide may be furnished to other a benefit or the statu or preparation alise: our response is vouluntay, required to	<ol> <li>Do you or any member of your hous</li> </ol>	sehold have a disability?	🗌 Yes 🛛 🕱 No	Prefer not to answer	
American Indian or Alaska Native Asian Black or African American Native Hawaiian or other Pacific Islander Vihite Prefer not to answe Additional comments Prefer not to answe Prefer not	10. Are you or your spouse a Veteran	from the U.S. Armed Forces?	🗌 Yes 🛛 🕱 No	Prefer not to answer	
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	a Employee's social security number 620-00-XXXX	OMB No. 154		Safe, accurate, FAST! Use	1	r file		e IRS website at s.gov/efile
<b>b</b> Employer identification number	(EIN)		1 Wag	ges, tips, other comp	pensation	2 Fede	eral income t	tax withheld
38-500XXXX				\$35	,000.00			\$2,150.00
c Employer's name, address, and	ZIP code		<b>3</b> Soc	cial security wages		4 Soci	al security ta	ax withheld
GREEN BAY SCHOO 1200 LOMBARDI BL			5 Mee	dicare wages and	5,000.00 <sup>tips</sup> 5,000.00	6 Med	icare tax wit	\$2,170.00 hheld \$507.50
YOUR CITY, YOUR S	STATE, ZIP		<b>7</b> Soc	cial security tips	5,000.00	-	ated tips	\$ <b>507.50</b>
d Control number			9			10 Dep	endent care	benefits
e Employee's first name and initia	I Last name	Suff.	11 Nor	nqualified plans		<b>12a</b> See	instructions	s for box 12
MARY RODGERS			13 Statu empl	loyee plan	Third-party sick pay	12b	1	
178 PACKER DRIVE YOUR CITY, YOUR S			14 Othe			e 12c C d e 12d C c d e		
f Employee's address and ZIP cod								
15 State         Employer's state ID numl           YS         38-	16         State wages, tips, etc.           500XXXX         \$35,000.00		ne tax 50.00	18 Local wages,	tips, etc.	19 Local in	come tax	20 Locality name
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orm W-2G (Rev. 1-2021)	www.irs.gov/For		Department of the Treasury -	Internal Revenue Service
Onder penalties of perjury, I declare correctly identify me as the recipient of Signature ►		om identical wagers, and that no ot		
Under penalties of perjury, I declare	that to the best of my knowledge	\$	d townsuce identification number	attach this copy to your return
		17 Local income tax withheld	18 Name of locality	income tax withheld in box 4
YOUR CITY, YOUR STATE, ZIP		\$	\$	return. If this form shows federa
City or town, province or state, countr	y, and ZIP or foreign postal code	15 State income tax withheld	16 Local winnings	on your federal tax
178 PACKER DRIVE			\$	Copy B Report this income
Street address (including apt. no.)		<b>13</b> State/Payer's state identification no.	14 State winnings	
MARY RODGERS		YS987654	YS 31600XXX	
WINNER'S name		11 First identification	12 Second identification	to the Interna Revenue Service
38-0008888		620-00-XXX		This information is being furnished
38-600XXXX		9 Winner's taxpayer identification no.	10 Window	
PAYER'S federal identification number	PAYER'S telephone number	\$	AR	
		7 Winnings from identical wagers	8 Cashier	For calendar year 20 <b>_21_</b>
		5 Transaction	6 Race	(Rev. January 2021)
YOUR CITY, YOUR STATE, ZIP		Poker	\$\$1,968.00	Winnings
RIDGETOP CASINO 777 CREST ROAD		<b>3</b> Type of wager	4 Federal income tax withheld	Gambling
and ZIP or foreign postal code		\$ \$8,200.00	3/16/2021	Form W-2G Certain
PAYER'S name, street address, city o	r town, province or state, country,	<ol> <li>Reportable winnings</li> </ol>	2 Date won	OMB No. 1545-0238

		CORRE	С	TED (if checke	d)	_			
	PAYER'S name, street address, city or town, state or province,				n	01	MB No. 1545-0		Distributions From ensions, Annuities,
country, ZIP or foreign postal code, and telephone no. RILEY STATE BANK 123 SKIP WAY				4 a Taxable amoun	, <b>000.00</b> t		2021		Retirement or ofit-Sharing Plans, IRAs, Insurance
YOUR CITY, YOUR STA	TE, ZIP		\$	4	,000.00		Form <b>1099-</b>	R	Contracts, etc.
	,		2	b Taxable amoun not determined	t		Total distribution		Copy B
PAYER'S TIN	RECIPIENT'S TI	N	3	Capital gain (inclubox 2a)	uded in		Federal incom withheld	ne tax	Report this income on your federal tax return. If this
38-200XXXX	620-00-	XXXX	\$			\$		800.00	form shows
RECIPIENT'S name			5 \$	Employee contributions or insurance premiur		<b>–</b>	Net unrealize appreciation employer's s	in	federal income tax withheld in box 4, attach this copy to
Street address (including apt. n	o.)		7	Distribution	IRA/ SEP/	8	Other		your return.
178 PACKER DRIVE				code(s) 1	SIMPLE	\$		%	This information is being furnished to
City or town, state or province, co YOUR CITY, YOUR STATE, ZI		eign postal code	9	a Your percentage distribution	of total %		Total employee	e contributions	the IRS.
<b>10</b> Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement	14 \$	4 State tax withhel	d	15	5 State/Payer	's state no.	<pre>16 State distribution \$</pre>
\$			\$						\$
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Form <b>1099-R</b>	www.i	rs.gov/Form1099F	2				Department of	the Treasury -	Internal Revenue Service

			CTED			
RECIPIENT'S/LENDER'S name, stree				OMB No. 1545-1576		
province, country, ZIP or foreign postal code, and telephone number MAGGIE MAE 854 LINCOLN RD YOUR CITY, YOUR STATE, ZIP				2021		Student Loan Interest Statement
				Form <b>1098-E</b>		
RECIPIENT'S TIN	BORROWER'S TIN		1 Student loan interest receive	d by lender	•	
620-00-XXXX	127-00-XXX	X	\$		\$750.00	Copy C
BORROWER'S name						For Recipient
MARY RODGERS						For Privacy Act and
Street address (including apt. no.)						Paperwork Reduction Act
178 PACKER DRIVE						Notice, see the 2021
City or town, state or province, count	ry, and ZIP or foreign post	tal code				General Instructions for
YOUR CITY, YOUR STATE, ZIP						Certain Information
Account number (see instructions)			2 Check if box 1 does <b>not</b> inclu and/or capitalized interest, and before September 1, 2004		es . 🗌	Returns.
Form <b>1098-E</b>	www.irs.gc	ov/Form1098E		Department of the	Treasury -	Internal Revenue Service

Make A Way Daycare 303 Twiggs Trail Your City, State Zip (XXX) 555-5555			IAKE A WAY YCARE
<b>Date:</b> December 31, 2021	<b>Received From:</b> Mary Rodgers 178 Packer Dr	EIN: 35-500> Provider: Ly	
<b>Description</b> After-School Care for Jenny	Rodgers	<b>Price</b> \$2,800	<b>Tot</b> : \$2,80
Total Amo	ount Received for 202	1 Childcare	\$2,80
lotal Amo	bunt Received for 202	1 Childcare Thank you f	

Mary Rodgers 178 Packer Drive Your City, State Zip	
PAY TO THE ORDER OF	\$ DOLLARS
Adelphi Bank and Trust Anytown, State 00000 For	
:177000052 : 773322234	1234

- 25. Mary's gambling winnings do not have to be reported on her return.
  - a. True
  - b. False
- 26. Mary's most advantageous filing status is:
  - a. Head of Household
  - b. Married Filing Jointly
  - c. Married Filing Separately
  - d. Qualifying Widow(er)
- 27. Mary is subject to the additional 10% tax on early distributions.
  - a. True
  - b. False
- 28. Mary qualifies for which of the following credits?
  - a. Child Tax Credit and Earned Income Tax Credit
  - b. Child and Dependent Care Credit
  - c. Retirement Savings Contribution Credit
  - d. Both a and b
- **29.** Mary wants to split the refund between her savings and checking accounts. How is this accomplished, if possible?
  - a. Splitting a refund is not possible.
  - b. Mary does not have an overpayment on her return.
  - c. This can only be accomplished if filing a paper return.
  - d. Complete Form 8888, Allocation of Refund (Including Savings Bond Purchases).
- **30.** What amount can Mary claim as an adjustment for the supplies she purchased out of pocket?
  - a. \$0
  - b. \$250
  - c. \$300
  - d. \$320

## Directions

The first five scenarios do not require you to prepare a tax return. **Read the interview** notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.

# **Basic Scenario 1: Joe Wilson**

#### **Interview Notes**

- Joe is 35 years old and has never been married.
- Suzanna, age 12, is Joe's niece who lived with him all year. Joe provided all of her support and provided over half the cost of keeping up the home.
- · Joe elected not to receive advance child tax credit payments.
- Joe earned \$42,000 in wages.
- Joe is blind and cannot be claimed as a dependent by another taxpayer.
- Joe and Suzanna are U.S. citizens, have valid Social Security numbers and lived in the U.S. the entire year.

# **Basic Scenario 1: Retest Questions**

- 1. Joe's most advantageous filing status for 2021 is Head of Household.
  - a. True
  - b. False
- 2. Joe is blind and can claim a standard deduction amount of:
  - a. \$18,800
  - b. \$20,150
  - c. \$20,500
  - d. \$22,200

- Chris, age 22, and Marcie, age 24, are married and will file a joint return.
- They cannot be claimed as dependents by another taxpayer.
- Chris and Marcie have no children or other dependents.
- Both work and neither are full-time students. Chris earned wages of \$18,600 and Marcie earned wages of \$6,500.
- Chris and Marcie are U.S. citizens and have valid Social Security numbers.
- Chris and Marcie received an Economic Impact Payment (EIP3) of \$2,800 in March 2021.

# **Basic Scenario 2: Retest Questions**

3. Chris and Marcie are eligible to claim the EITC without a qualifying child.

a. True

- b. False
- **4.** What is the amount of the EIP3 that Chris and Marcie must include in their taxable income for 2021? \$\_\_\_\_\_

- · Archie and Tina Reynolds are married and always file Married Filing Jointly.
- Archie earned \$32,000 in wages and Tina earned \$24,000 in wages.
- The Reynolds paid all the cost of keeping up a home and provided all the support for their two children, Laura and Timothy, who lived with them all year.
- Laura is 13 years old and Timothy turned 17 in November 2021.
- · Archie and Tina elected not to receive the advance child tax credit payments.
- Archie and Tina did not have enough deductions to itemize, but contributed \$1,700 in 2021, to their church, a qualified charitable organization.
- Archie, Tina, Laura, and Timothy are all U.S. citizens with valid Social Security numbers and lived in the U.S. the entire year.

# **Basic Scenario 3: Retest Questions**

- 5. Timothy is **not** a qualifying child for the CTC.
  - a. True
  - b. False
- 6. What amount can Archie and Tina deduct as a charitable contribution?
  - a. \$0
  - b. \$600
  - c. \$1200
  - d. \$1700

- Charles and Heather are married and will file a joint return.
- Heather is a U.S. citizen with a valid Social Security number. Charles is a resident alien with an Individual Taxpayer Identification Number (ITIN).
- Heather worked in 2021 and earned wages of \$31,000. Charles worked part-time and earned wages of \$12,000.
- The Brooks have three children: Emma, age 11; Liam, age 13; and Grace, age 18.
- · Charles and Heather elected not to receive the advance child tax credit payments.
- The Brooks provided the total support for their three children, who lived with them in the U.S. all year. Emma, Liam and Grace are U.S. citizens and have valid Social Security numbers.

# **Basic Scenario 4: Retest Questions**

- 7. Which child qualifies the Brooks for the Credit for Other Dependents?
  - a. Emma
  - b. Liam
  - c. Grace
  - d. None of the above
- 8. The Brooks do not qualify for the Earned Income Credit.
  - a. True
  - b. False

- Alan is single and 71 years old.
- Alan worked as a greeter at the local department store and earned wages of \$6,000. Alan also received Social Security benefits of \$14,500. He received a taxable pension of \$11,700.
- He retired from his previous job on October 30, 2019. During his career he contributed pretax dollars to a qualified 401(k) retirement plan through his employer.
- Alan cannot be claimed as a dependent by another taxpayer.
- Alan is a U.S. citizen with a valid Social Security number.

## **Basic Scenario 5: Retest Questions**

- 9. What credit(s) is Alan eligible to claim?
  - a. Credit for the Elderly or the Disabled
  - b. Earned Income Credit
  - c. Both the Credit for the Elderly or the Disabled and the Earned Income Tax Credit
  - d. Neither the Credit for the Elderly or the Disabled or the Earned Income Tax Credit
- **10.** When must Alan begin taking his required minimum distribution?.
  - a. April 1 of the calendar year following the year he reaches age 70 1/2.
  - b. April 1 of the calendar year following the year he reaches age 72.
  - c. April 1 of the calendar year following the year he retired.
  - d. Never. Required minimum distributions only apply to Roth IRAs.

- Bobbie Daniels was separated from his spouse for 10 months in 2021. Bobbie and his spouse have decided to file their tax returns as Married Filing Separately.
- Bobbie earned wages of \$11,000 during the first half of the year. Bobbie lost his job in July and received a total of \$7,500 in unemployment compensation.
- Bobbie is a chef and took a gourmet cooking class at the community college to improve his cooking skills. He paid the cost of tuition and a course-related book. His total education expenses were \$1,500.
- Bobbie also paid student loan interest for the courses he previously took to earn his Bachelor's degree. For 2021 he paid student loan interest of \$350.
- Bobbie does not have any dependents.
- Bobbie is a U.S. citizen with a valid Social Security number.

# **Basic Scenario 6: Retest Questions**

- **11.** How much of Bobbie's unemployment compensation must he report on his tax return?
  - a. \$0
  - b. \$2,500
  - c. \$5,000
  - d. \$7,500
- **12.** Bobbie is eligible to claim the American Opportunity Credit.
  - a. True
  - b. False
- **13.** Bobbie can deduct \$\_\_\_\_\_ of student loan interest as an adjustment to his income.

# Directions

Read the scenario information for Fred and Wilma Jones beginning on page 40.

- 14. Fred and Wilma's standard deduction is:
  - a. \$24,800
  - b. \$25,100
  - c. \$26,450
  - d. \$27,800
- **15.** What is Fred and Wilma's total qualified education expenses used to calculate the American Opportunity Credit?
  - a. \$0
  - b. \$2,500
  - c. \$7,000
  - d. \$8,700
- **16.** Stephen qualifies Fred and Wilma to claim the Credit for Other Dependents.
  - a. True
  - b. False
- **17.** The Jones' total amount of federal income tax withholding for 2021 is \$\_\_\_\_\_.
- 18. How much of Fred's Social Security is taxable income?
  - a. \$0
  - b. \$4,500
  - c. \$7,650
  - d. \$9,000
- 19. Qualified dividends are reported on Form 1099-DIV.
  - a. True
  - b. False

Read the scenario information for Sheila Parsons beginning on page 50

- 20. Sheila's disability pension is reported as wages.
  - a. True
  - b. False
- **21.** Head of household is the most advantageous filing status Sheila is eligible to claim on her tax return.
  - a. True
  - b. False
- 22. The amount of Sheila's EITC is \$\_\_\_\_\_.
- 23. Who qualifies as Sheila's dependent?
  - a. Rebecca
  - b. John
  - c. Both John and Rebecca
  - d. Neither John nor Rebecca
- **24.** What actions should Sheila take to prevent having a balance due next year? (Choose the best answer.)
  - a. Sheila should use the IRS Tax Withholding Estimator and adjust her withholding.
  - b. Sheila should decrease the amount of withholding on her form W-4P for next year.
  - c. Sheila should ask her brother who is taking an accounting class how to avoid having a balance due.
  - d. Sheila should **not** do anything to prevent having a balance next year.

Read the scenario information for Mary Rodgers beginning on page 56

- 25. Mary must report \_\_\_\_\_\_ of her gambling winnings on her 2021 return.
  - a. \$1,200
  - b. \$3,200
  - c. \$7,000
  - d. \$8,200
- 26. Which of the following statements are true?
  - a. Mary should file Single
  - b. Mary should file Married Filing Separately
  - c. Mary should file Head of Household
  - d. Mary should file Married Filing Jointly
- 27. Mary must pay an additional \_\_\_\_\_ tax on the early distribution from her IRA.
  - a. 0%
  - b. 5%
  - c. 10%
  - d. 15%
- **28.** Mary is **not** eligible for the Earned Income Tax Credit because her filing status is Married Filing Separately.
  - a. True
  - b. False
- **29.** Mary can split her refund using Form 8888, Allocation of Refund (Including Savings Bonds Purchases).
  - a. True
  - b. False
- **30.** Mary can deduct \$250 of qualified educator expenses for the supplies she purchased for her classroom.
  - a. True
  - b. False

## **Advanced Course Scenarios and Test Questions**

## Directions

The first six scenarios do not require you to prepare a tax return. **Read the interview** notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.

## **Advanced Scenario 1: Karen White**

## **Interview Notes**

- Karen's husband, Fred, moved out of their family home in April of 2021. She has not heard from him since. Karen and Fred are not legally separated.
- Karen has two children, Avery, age 12, and George, age 15. She will claim them as her dependents on her 2021 tax return. Karen is 38 years old.
- Karen earned \$28,000 in wages. She also received \$175 of interest and \$12,500 of unemployment income.
- Karen made a cash contribution of \$650 to the Red Cross. She does not have enough deductions to itemize this year.
- Karen paid all the cost to keep up her home and to support Avery and George.
- Karen received her third economic impact payment (EIP3) of \$5,600 based on her 2020 tax return filed jointly with her husband.
- They all are U.S. citizens and have valid social security numbers. Karen, George, and Avery lived in the U.S. all year.

## **Advanced Scenario 1: Test Questions**

- **1.** What is the most beneficial filing status that Karen is eligible to claim on her 2021 tax return?
  - a. Single
  - b. Married Filing Separately
  - c. Married Filing Jointly
  - d. Head of Household
- 2. Karen's Economic Impact Payment (EIP3) must be included in her total income.
  - a. True
  - b. False

- **3.** What amount may Karen deduct as a charitable contribution when filing her 2021 tax return?
  - a. \$650
  - b. \$600
  - c. \$300
  - d. \$0

- · Paul and Maggie are married and want to file a joint return.
- Maggie is a U.S. citizen and has a valid Social Security number. Paul is a resident alien and has an ITIN. They resided in the United States all year with their children.
- Paul and Maggie have two children, Cheryl, age 4, and Mike, age 15. Cheryl and Mike are U.S. citizens and have valid Social Security numbers.
- Paul earned \$18,000 in wages.
- Maggie earned \$20,000 in wages.
- In order to work, the Thomases paid child and dependent care expenses of \$3,500 for their daughter Cheryl to attend Busy Bee Child Care.
- Paul and Maggie provided all of the support for their two children.
- Paul and Maggie declined to receive advance payments for the Child Tax Credit.

## **Advanced Scenario 2: Test Questions**

- **4.** What is the maximum amount Paul and Maggie are eligible to claim for the child tax credit?
  - a. \$3,000
  - b. \$3,600
  - c. \$6,000
  - d. \$6,600
- **5.** How much of the child care expenses can be used to claim the child and dependent care credit?
  - a. \$3,500
  - b. \$3,000
  - c. \$1,500
  - d. \$0

- Carol Wheeler, age 56, is single.
- Carol earned wages of \$48,000 and was enrolled the entire year in a high deductible health plan (HDHP) with self-only coverage.
- During the year, Carol contributed \$3,000 to her Health Savings Account (HSA) and her cousin also contributed \$1,000 to Carol's HSA account.
- Carol's Form W-2 shows \$600 in Box 12 with code W. She has Form 5498-SA showing \$4,600 in Box 2.
- Carol took a distribution from her HSA to pay her unreimbursed expenses:
  - 2 visits to a physical therapist due to a car accident \$300
  - unreimbursed doctor bills for \$700
  - prescription medicine \$400
  - replacement of a crown \$1,500
  - over the counter sinus medication \$80
  - 10 Zumba classes for \$125
- Carol is a U.S. citizen with a valid Social Security number.

## **Advanced Scenario 3: Test Questions**

- 6. Form 8889, Part 1 is used to report HSA contributions made by \_\_\_\_\_.
  - a. Carol
  - b. Carol's employer
  - c. Carol's cousin
  - d. All the above
- **7.** Carol is eligible to contribute an additional \$\_\_\_\_\_\_ to her HSA because she is age 55 or older.
- **8.** What is the total unreimbursed qualified medical expenses reported on Form 8889, Part II?
  - a. \$2,600
  - b. \$2,900
  - c. \$2,980
  - d. \$3,105

- Barbara is age 57 and was widowed in 2021. She owns her own home and provided all the cost of keeping up her home for the entire year. Her only income for 2021 was \$36,000 in W-2 wages.
- Jenny, age 24, and her daughter Marie, age 3, moved in with her mother, Barbara, after she separated from her spouse in April of 2021. Jenny's only income for 2021 was \$15,000 in wages. Jenny provided over half of her own support. Marie did not provide more than half of her own support.
- Jenny will not file a joint return with her spouse. She did not receive advance child tax credit payments for 2021.
- All individuals in the household are U.S. citizens with valid Social Security numbers. No one has a disability. They lived in the United States all year but not in a community property state.

## **Advanced Scenario 4: Test Questions**

- **9.** For the purpose of determining dependency, Marie meets the conditions to be the qualifying child of \_\_\_\_\_\_.
  - a. Barbara
  - b. Jenny
  - c. Both Barbara and Jenny
  - d. Neither Barbara nor Jenny
- **10.** Jenny is **not** eligible to claim Marie for the earned income credit because her filing status is Married Filing Separate.
  - a. True
  - b. False

- Michael is 49 years old and files as single.
- His 2021 adjusted gross income (AGI) is \$49,500, which includes gambling winnings of \$1,000.
- · Michael would like to itemize his deductions this year.
- Michael brings documentation for the following expenses:
  - \$8,200 Hospital and doctor bills
  - \$700 Contributions to Health Savings Account (HSA)
  - \$2,500 Long Term Care Insurance premiums before age limitation applied
  - \$3,400 State withholding (higher than Michael's calculated state sales tax deduction)
  - \$300 Personal property taxes based on value of vehicle
  - \$400 Friend's personal GoFundMe campaign
  - \$275 Cash contributions to the Red Cross
  - \$100 Fair market value of clothing in good condition donated to the Salvation Army (Michael purchased clothing for \$800)
  - \$7,500 Mortgage interest
  - \$820 Real estate tax
  - \$230 Mortgage Insurance Premiums (PMI) on a home he purchased in 2017.
  - \$150 Homeowners association fees
  - \$2,000 Gambling losses

## **Advanced Scenario 5: Test Questions**

- **11.** Michael's mortgage insurance premium of \$230 can be claimed as an itemized deduction on his Schedule A.
  - a. True
  - b. False
- **12.** What amount of gambling losses is Michael eligible to claim as a deduction on his Schedule A?
  - a. \$0
  - b. \$500
  - c. \$1,000
  - d. \$2,000

- Sean Dennison is 19 years old.
- He is not a full time student. Sean works at a grocery store and earned \$20,000 in wages. He had \$2,400 of withholding.
- He lives with a friend in a rented apartment. They each pay their own expenses. Sean provides all of his own support.
- Sean is a U.S. citizen and lived in the U.S. for the entire year. He has a valid Social Security number.

## **Advanced Scenario 6: Test Questions**

- **13**. Sean is **not** required to file a tax return because he has enough tax withholding to cover his tax liability.
  - a. True
  - b. False
- **14.** Which of the following is **not** a requirement for Sean to claim the earned income credit as a single person with no qualifying children in 2021?
  - a. Sean must have a Social Security number valid for employment.
  - b. Sean must be at least age 25 but under age 65 on December 31.
  - c. Sean's adjusted gross income must be below \$21,430.
  - d. Sean **cannot** be the qualifying child of another taxpayer.

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

**Note:** When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Gilbert is an elementary school teacher at a public school. Gilbert and Tara are married and choose to file Married Filing Jointly on their 2021 tax return.
- Gilbert worked a total of 1,280 hours in 2021. During the school year, he spent \$500 on unreimbursed classroom expenses.
- Tara retired in 2018 and began receiving her pension on October 1st of that year. She explains that this is a joint and survivor annuity. She has already recovered \$1,013 of the cost of the plan.
- Gilbert settled with his credit card company on an outstanding bill and brought the Form 1099-C to the site. They aren't sure how it will impact their tax return for tax year 2021. The Washingtons determined that they were solvent as of the date of the canceled debt.
- Tara won \$3,000 gambling at a casino and had additional lottery winnings of \$150. Tara has documented casino losses of \$1,500.
- Their son, Chandler, is in his second year of college pursuing a bachelor's degree in Logistics at a qualified educational institution. He received a scholarship and the terms require that it be used to pay tuition. Box 2 was not filled in and Box 7 was not checked on his Form 1098-T for the previous tax year. The Washingtons provided Form 1098-T and an account statement from the college that included additional expenses. The Washingtons paid \$450 for books required for Chandler's courses. This information is also included on the College statement of account.
- Chandler does not have a felony drug conviction.
- The Washington's received the third Economic Impact Payment (EIP3) in the amount of \$4,200 in 2021.
- They are all U.S. citizens with valid Social Security numbers.



(October 2021)		Int		•		sury - Internal Qualit		Service View S	heet				B Num 545-196	
You will need: • Tax Information such as • Social security cards or • Picture ID (such as valid	r ITIN letters fo d driver's lice	or all pers nse) for y	ons on yo ou and yo	ur spol	ise.	<ul> <li>You ar complete</li> <li>If you I</li> </ul>	e respon ete and a nave que	nsible for t accurate in estions, pl	-4 of this for he information. ease ask th	tion on you e IRS-certi	ified volur		-	
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Part I – Your Personal Inform	nation (If you a	are filing a	joint returr	n, enter	your nam	es in the s	ame orde	er as last ye	ear's return)					
1. Your first name GILBERT		M.I.		Last name WASHINGTON					st contact n DUR PHONE	Are yo X Yes	Are you a U.S. citizen? ⊈ Yes			
2. Your spouse's first name <b>TARA</b>		M.I.		ame IINGTOI	N			Be	st contact n	umber	Is you X Ye	ır spouse a U.S. citizer es □ No		
3. Mailing address 123 TAYLOR AVENUE							City YOUR CI	ГҮ			State YS		ZIP	code JR ZIP
4. Your Date of Birth	5. Your job t	itle		6.	Last year	, were you	:			a. Ful	I-time stud	ent 🗌	] Yes	X No
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10. Can anyone claim you or y	•	•	-		🗴 No	🗌 Unsu								
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<ol> <li>As of December 31, 2021, w was your marital status?</li> <li>List the names below of:         <ul> <li>everyone who lived with you</li> <li>anyone you supported but</li> </ul> </li> <li>Name (first, last) Do not enter your</li> </ol>	vhat   Ne X Ma Div Le Wi ou last year (or i did not live with Date of Birth	ever Marrie arried vorced gally Sepa idowed ther than y th you last Relationship to you (for example: son, daughter,	d (Ti a. If b. D D rated D Y v ver vear Number of months lived in your home	Yes, Did id you lin ate of fir ate of se ear of sp e) US Citizen	des regis d you get ve with yo hal decree eparate m bouse's d Resident of US, Canada, or Mexico last year	tered dome married in our spouse aintenance eath Single or Married as of 12/31/21	estic part 2021? during a e decree Full-time Student last year	nerships, c ny part of t If ado Totally and Permanently Disabled	ivil unions, c he last six m ditional spac <b>To be co</b> Is this person a qualifying child/relative of any other	e is needed moleted by Did this person provide more than 50% of his/	D21? In this person have less than \$4,300 of income?	Yes X Yes Yes C re ar ed Volu Did the taxpayer( provide m than 50%	] No ] No ] No d list of nteer particular (is) ta hore particular (is) ta hor	on page 3 <b>Preparer</b> id the xpayer(s) ay more than alif the cost of alintaining a
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<ol> <li>As of December 31, 2021, w was your marital status?</li> <li>List the names below of:         <ul> <li>everyone who lived with yo</li> <li>anyone you supported but</li> </ul> </li> <li>Name (<i>first, last</i>) Do not enter your name or spouse's name below         <ul> <li>(a)</li> </ul> </li> </ol>	vhat Ne Ne Ne Ne Ne Ne Ne Ne Ne Ne	ever Marrie arried vorced gally Sepa idowed ther than y th you last Relationship to you (for example: son, daughter, parent, none, etc) (c)	d (Tł a. lf b. D D rated Da Yd our spous year Number of months lived in your home last year (d)	Yes, Dia id you liv ate of fir ate of se ear of sp e) US Citizen (yes/no) (e)	des regis d you get ve with yo hal decree eparate m bouse's d Resident of US, Canada, or Mexico last year (yes/no) (f)	tered dome married in our spouse aintenance eath Single or Married as of 12/31/21 (S/M)	estic part 2021? during a e decree tull-time Student last year (yes/no)	nerships, c ny part of t If add Permanently Disabled (yes/no)	ivil unions, o he last six m ditional spac <b>To be co</b> Is this person a qualifying child/relative of any other person?	e is needed mpleted b Did this person provide more than 50% of his/ her own support?	D21? In this person have less than \$4,300 of income?	Yes XYes Yes Yes Are are are are are are are that any any are that any any are that any any are than 50% support for this person that are than than than that are are the are that are the are that are the area are the area area area area area area area ar	] No ] No ] No d list of nteer particular (is) ta hore particular (is) ta hor	on page 3 <b>Preparer</b> id the xpayer(s) ay more than alf the cost of aintaining a ome for this erson?

Advanced Scenarios

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			Page 2								
Check	appr	opriate be	ox for each question in each section								
Yes	No	Unsure	Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive								
x			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1								
	x		2. (A) Tip Income?								
×			3. (B) Scholarships? (Forms W-2, 1098-T)								
	x		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)								
	x		5. (B) Refund of state/local income taxes? (Form 1099-G)								
	x		6. (B) Alimony income or separate maintenance payments?								
	x		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)								
	x		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?								
	x		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S, 1099-B)								
	x		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)								
x			11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)								
	x		12. (B) Unemployment Compensation? (Form 1099G)								
x			13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)								
	x		14. (M) Income (or loss) from Rental Property?								
x			15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)								
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay								
	x		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?  Yes No								
x			2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🛛 401K (B) 🗌 Roth IRA (B) 🗌 Other								
x			3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)								
	x		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)								
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>								
	x		5. (B) Child or dependent care expenses such as daycare?								
×			6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?								
	x		7. (A) Expenses related to self-employment income or any other income you received?								
	x		8. (B) Student loan interest? (Form 1098-E)								
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)								
	x		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)								
x	x		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)								
	×		3. (A) Adopt a child?								
	×		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?								
	×		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)								
	×		6. (A) Receive the First Time Homebuyers Credit in 2008?								
	×		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?								
	×		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?								
	×		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]								
×			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?								
	×		11. (B) Receive Advanced Child Tax Credit payments?								
		ber 52121E	www.irs.gov Form <b>13614-C</b> (Rev. 10-2021)								
CatalOU	y inum	JEI JZIZIE	www.us.gov Form <b>13014-C</b> (Rev. 10-2021)								

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Page
Additional Information and Questions Related to the Preparation of Your Return
1. Would you like to receive written communications from the IRS in a language other than English? 🗌 Yes 🗌 No If yes, which language?
2. Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund 🛛 🗴 You 🗌 Spouse
3. If you are due a refund, would you like:       a. Direct deposit       b. To purchase U.S. Savings Bonds       c. To split your refund between different accounts         Image: Structure of the second s
4. If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No
5. Did you live in an area that was declared a Federal disaster area?  Yes X No If yes, where?
6. Did you, or your spouse if filing jointly, receive a letter from the IRS?
Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding. Your answer will be used only for statistical purposes. These questions are optional.
7. Would you say you can carry on a conversation in English, both understanding & speaking? 🗌 Very well 🗌 Well 📋 Not well 🗌 Not at all 🕱 Prefer not to answer
8. Would you say you can read a newspaper or book in English? 🛛 Very well 🗌 Well 🗌 Not well 🗌 Not at all 🗴 Prefer not to answer
9. Do you or any member of your household have a disability?
10. Are you or your spouse a Veteran from the U.S. Armed Forces?
11. Your race?
🗌 American Indian or Alaska Native 📋 Asian 📋 Black or African American 📋 Native Hawaiian or other Pacific Islander 📋 White 🗵 Prefer not to answer
12. Your spouse's race?
🗌 American Indian or Alaska Native 📋 Asian 📋 Black or African American 📋 Native Hawaiian or other Pacific Islander 📋 White 🗵 Prefer not to answer
□ No spouse
13. Your ethnicity?
14. Your spouse's ethnicity? 🗌 Hispanic or Latino 🗌 Not Hispanic or Latino 😰 Prefer not to answer 🗌 No spouse
Additional comments
Privacy Act and Paperwork Reduction Act Notice
The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and requires that IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224
Catalog Number 52121E         www.irs.gov         Form 13614-C (Rev. 10-2021)

	1	416-00-XXXX	OMB No. 154	5-0008	Safe, accurate, FAST! Use			www.	irs.gov	website at /efile
Employer identification numb	er (EIN)			1 Wa	ges, tips, other com	pensation	<b>2</b> Fe	deral income	e tax wi	thheld
35-700XXX					\$35	,502.00				\$2,800
Employer's name, address, a	ind ZIP code			3 So	cial security wages		4 Sc	cial security	tax wit	hheld
					\$36	502.00			\$2	,263.12
COOLIDGE ELEMEN	NTARY SCH	IOOL		5 Me	dicare wages and	tips	6 M	edicare tax w	ithheld	
2565 DEATON STRE	ET					6,502.00	+			\$529.28
YOUR CITY, STATE	ZIP			7 So	cial security tips		8 All	ocated tips		
d Control number					9 10			10 Dependent care benefits		
e Employee's first name and in	itial Last	name	Suff.	11 No	nqualified plans		12a S	ee instructio	ns for b	ox 12
							å D		\$1,0	00.00
GILBERT WASHIN	GTON			13 Stat emp	utory Retirement plan	Third-party sick pay	12b			
123 TAYLOR AVE	NUE									
YOUR CITY, YOUR	STATE, Z	IP		14 Oth	er		12c	1		
							d			
							12d	I		
Employee's address and ZIP	code						e			
State Employer's state ID nu	Imber	16 State wages, tips, etc.	17 State incor	ne tax	18 Local wages,	tips, etc.	19 Local	income tax	20	Locality name
YS 3	5-700XXX	\$35,502.00	\$3	50.00						
		[			Τ					
	and Tay St	stomont	202	רכ	De	partment of	the Trea	sury—Interna	al Reve	nue Servico
		atement		ш						
py B—To Be Filed With E		DERAL Tax Return. ernal Revenue Service.								

		CORRE	С	ED (if checke	d)	_			
PAYER'S name, street address country, ZIP or foreign postal of			1	Gross distribution			MB No. 1545-0	P	Distributions From ensions, Annuities, Retirement or
OAK ENTERPRISES 2250 DELTA AVENUE			\$ 2;	18,4 Taxable amoun	85.00		2021	<b> </b> Pi	rofit-Sharing Plans, IRAs, Insurance
YOUR CITY, YOUR STA	TE, ZIP		\$				Form <b>1099-</b>	R	Contracts, etc.
,			21	Taxable amount not determined	t V		Total distribution		Сору В
PAYER'S TIN	RECIPIENT'S TIN	۷	3	Capital gain (inclubox 2a)		4			Report this income on your federal tax return. If this
41-200XXXX	417-00-	XXXX	\$			\$		1,849.00	
RECIPIENT'S name TARA WASHINGTON			<ul> <li>5 Employee contributions/ Designated Roth contributions or insurance premiums</li> </ul>			6 Net unrealized appreciation in employer's securities			federal income tax withheld in box 4, attach this copy to
Street address (including apt.	ו.סו		φ 7	Distribution code(s)	IRA/ SEP/	φ 8	Other		your return.
123 TAYLOR AVENUE				<b>7</b>	SIMPLE	\$		%	This information is being furnished to
City or town, state or province, c YOUR CITY, YOUR STATE, Z		eign postal code	9;	a Your percentage distribution	of total %		Total employe	e contributions	the IRS.
<b>10</b> Amount allocable to IRR within 5 years	<b>11</b> 1st year of desig. Roth contrib.	12 FATCA filing requirement	14 \$	4 State tax withhel	d	15	5 State/Payer	's state no.	<b>16</b> State distribution <b>\$</b>
\$			\$						\$
Account number (see instruction	5)	13 Date of payment	1 \$	7 Local tax withhel	d	18	3 Name of lo	cality	<b>19</b> Local distribution \$
			\$						\$
Form <b>1099-R</b>	www.i	rs.gov/Form1099F	7				Department of	the Treasury -	- Internal Revenue Service

	REVERSE FOR MORE INFOR	100100000	HOWN IN BOX 5 MAY BE TAXABLE INCOME.
Box 1. Name	TARA WASHINGTON	Box 2. B	eneficiary's Social Security Number 417-00-XXXX
Box 3. Benefits Paid in 2021 \$21,102	Box 4. Benefits Repaid to SSA	in 2021	Box 5. Net Benefits for 2021 (Box 3 minus Box 4) \$21,102
DESCRIPTION OF AU Paid by check or direct de Medicare Part B premium your benefits \$1,802 Total additions:	posit: \$17,280		DESCRIPTION OF AMOUNT IN BOX 4
Benefits for 2021: \$21,102		Box 8. V	oluntary Federal Income Tax Withholding \$2,02
		0.0773	ddress TAYLOR AVENUE R CITY, STATE ZIP
Draft as of June 21,		1038000	is im Number (low the number $\theta$ you need to contact SSA.)

address, city or town, state or province, country and telephone no.	, 1 Date of identifiable event 09/03/2021	OMB No. 1545-1424	
	2 Amount of debt discharged		Cancellation
NUE	\$ 750.00	2021	of Debt
ATE, ZIP	3 Interest, if included in box 2		
	\$	Form <b>1099-C</b>	
DEBTOR'S TIN	4 Debt description		Сору В
416-00-XXXX	CREDIT CARD		For Debtor
N			This is important tax information and is being furnished to the IRS. If you are required to file a
ot. no.)	5 If checked, the debtor was p repayment of the debt	ersonally liable for	<ul> <li>sanction may be</li> </ul>
ice, country, and ZIP or foreign postal code			imposed on you if taxable income results from this transaction and the IRS determines
ctions)	6 Identifiable event code	7 Fair market value of prop \$	berty and the IRS determines that it has not been reported.

PAYER'S name, street address, city and ZIP or foreign postal code			2 Date won	OMB No. 1545-023
and ZIP or foreign postal code		1 Reportable winnings		Form W-20
CHEVY CASINO		\$ 3,000.00	7/04/2021	Certai
I WINNER CIRCLE YOUR CITY, STATE ZIP		3 Type of wager SLOT MACHINE	4 Federal income tax withheld \$	Gambling
		5 Transaction	6 Race	(Rev. January 202
		7 Winnings from identical wagers	8 Cashier	For calendar ye 20 <b>21</b>
PAYER'S federal identification number	PAYER'S telephone number	\$	AR	
36-800XXXX		9 Winner's taxpayer identification no.	. <b>10</b> Window	This information
		417-00-XXXX		is being furnishe
WINNER'S name		11 First identification	12 Second identification	to the Interr Revenue Servic
Street address (including apt. no.)		13 State/Payer's state identification no.	14 State winnings	-
123 TAYLOR AVENUE				Сору
			\$	Report this incom
City or town, province or state, coun	try, and ZIP or foreign postal code	15 State income tax withheld	16 Local winnings	on your federal ta return. If this for
YOUR CITY, STATE ZIP		\$	\$	shows feder income ta
		17 Local income tax withheld	18 Name of locality	withheld in box attach this co
		\$		to your retur
		Ψ		-
	e that, to the best of my knowledge a of this payment and any payments fro	and belief, the name, address, ar		
correctly identify me as the recipient Signature		and belief, the name, address, ar im identical wagers, and that no o		rt of these payments.
correctly identify me as the recipient Signature ►	of this payment and any payments fro	and belief, the name, address, ar im identical wagers, and that no o	ther person is entitled to any pa Date ►	rt of these payments.
correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021)	of this payment and any payments fro www.irs.gov/For	and belief, the name, address, ar m identical wagers, and that no o mW2G	ther person is entitled to any pa Date ► Department of the Treasury	rt of these payments.
correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021)	of this payment and any payments fro www.irs.gov/For	and belief, the name, address, ar m identical wagers, and that no o mW2G	ther person is entitled to any pa Date ►	rt of these payments.
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correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021) LER'S name, street address, city or to reign postal code, and telephone num ORDON COLLEGE 0 COLLEGE AVENUE	of this payment and any payments fro www.irs.gov/For	CTED T Payments received for qualified tutiton and related expenses	Date ►         Department of the Treasury         OMB No. 1545-1574         ②       ② <b>2 2</b>	rt of these payments. - Internal Revenue Servi
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correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021) LER'S name, street address, city or to reign postal code, and telephone num GORDON COLLEGE 0 COLLEGE AVENUE OUR CITY, YOUR STATE, Z LER'S employer identification no. 38-800XXXX TUDENT'S name HANDLER WASHINGTON treet address (including apt. no.)	of this payment and any payments fro www.irs.gov/For CORREC own, state or province, country, ZIP or ther CIP STUDENT'S TIN	and belief, the name, address, ar midentical wagers, and that no o mW2G Payments received for qualified tuition and related expenses \$ 5,218.00 2 3 4 Adjustments made for a prior year \$ 6 Adjustments to scholarships or grants	Date ►         Department of the Treasury         OMB No. 1545-1574         ② ③ ② 1         Form 1098-T         5 Scholarships or grants         \$ 2,013.00         7 Checked if the amount in box 1 includes	rt of these payments. - Internal Revenue Servi Tuition Statement Copy B For Student This is important tax information and is being furnished to the IRS. This form
correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021) LER'S name, street address, city or to reign postal code, and telephone num CORDON COLLEGE 0 COLLEGE AVENUE OUR CITY, YOUR STATE, Z LER'S employer identification no. 38-800XXXX TUDENT'S name HANDLER WASHINGTON reet address (including apt. no.) 23 TAYLOR AVENUE ity or town, state or province, country	of this payment and any payments fro www.irs.gov/For CORREC wm, state or province, country, ZIP or aber CIP STUDENT'S TIN 608-00-XXXX	CTED CTED I Payments received for qualified tuition and related expenses 5,218.00 2 3 4 Adjustments made for a prior year \$ 6 Adjustments to	Date ►         Department of the Treasury         OMB No. 1545-1574         ② ③ ② 1         Form 1098-T         5 Scholarships or grants         \$ 2,013.00         7 Checked if the amount incomperiod	rt of these payments. - Internal Revenue Servi Tuition Statement Copy B For Student This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education
correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021) LER'S name, street address, city or to reign postal code, and telephone num ORDON COLLEGE O COLLEGE AVENUE OUR CITY, YOUR STATE, Z LER'S employer identification no. 38-800XXXX FUDENT'S name HANDLER WASHINGTON reet address (including apt. no.) 23 TAYLOR AVENUE ty or town, state or province, country OUR CITY, YOUR STATE, Z	of this payment and any payments fro www.irs.gov/For CORREC wm, state or province, country, ZIP or aber CIP STUDENT'S TIN 608-00-XXXX	CTED TPAyments received for qualified tuition and related expenses 5,218.00 2 3 4 Adjustments made for a prior year \$ 6 Adjustments to scholarships or grants for a prior year \$	Date ►         Department of the Treasury         OMB No. 1545-1574         ② ③ 2 1         Form 1098-T         5 Scholarships or grants         \$ 2,013.00         7 Checked if the amount in box 1 includes amounts for an	rt of these payments. - Internal Revenue Servi - Internal Revenue Servi Statement Copy B For Student 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
correctly identify me as the recipient Signature ► orm W-2G (Rev. 1-2021) LER'S name, street address, city or to reign postal code, and telephone num ORDON COLLEGE D COLLEGE AVENUE OUR CITY, YOUR STATE, Z LER'S employer identification no. 38-800XXXX TUDENT'S name HANDLER WASHINGTON reet address (including apt. no.) 23 TAYLOR AVENUE	of this payment and any payments fro www.irs.gov/For CORRE( wwn, state or province, country, ZIP or ther STUDENT'S TIN 608-00-XXXX , and ZIP or foreign postal code IP	CTED CTED T Payments received for qualified tuition and related expenses 5,218.00 2 3 4 Adjustments made for a prior year \$ 6 Adjustments to scholarships or grants for a prior year \$	Date ►         Department of the Treasury         OMB No. 1545-1574         ② ③ 2 1         Form 1098-T         5 Scholarships or grants         \$ 2,013.00         7 Checked if the amount in box 1 includes amounts for an academic period beginning January- March 2022         10 Ins. contract reimb./refund	rt of these payments. - Internal Revenue Servio Tuition Statement Copy B

	Statement of Acc		
	Outcoment of Act	ount	
	December 31, 20	21	
CHANDLER STUDENT ID: 60	WASHINGTON 8-00-XXXX		
Date	Transaction	Amount Billed	Amount Paid
	Tuition – Fall Semester 2021	+\$5,218.00	, anount i uid
08/30/2021		F#3,210.00	\$2,013.00
09/03/2021	Parking pass	+\$125.00	\$2,010.00
	Campus Bookstore charge to student		
09/04/2021	account for course-related books	+\$450.00	
09/05/2021		+\$450.00	
12/31/2021 A	ccount Balance		<b>-\$3,780.00</b>
12/31/2021 A			
	ccount Balance	20	
Gilbert and	ccount Balance		\$0.00
Gilbert and 123 TAYLOR A YOUR CITY, S PAY TO THE	ccount Balance		\$0.00 1234
Gilbert and 123 TAYLOR A YOUR CITY, S PAY TO THE	I Tara Washington VENUE TATE, ZIP		\$0.00

- **15.** What is the taxable portion of Tara's pension from Oak Enterprises using the simplified method?
  - a. \$0
  - b. \$17,862
  - c. \$18,035
  - d. \$18,485
- 16. None of Tara's social security income is taxable.
  - a. True
  - b. False
- **17.** What is the total amount of other income reported on the Washington's Form 1040, Schedule 1 ?
  - a. \$3,900
  - b. \$3,150
  - c. \$2,400
  - d. \$750
- **18.** Gilbert is eligible to deduct \$500 as an adjustment to income on Form 1040, Schedule 1 for qualified educator expenses.
  - a. True
  - b. False
- **19.** The Washington's standard deduction on their 2021 tax return is \$\_\_\_\_\_.
- 20. The total qualified expenses for the American Opportunity Credit are \$\_\_\_\_\_.
- **21.** Which of the following credits are the Washingtons' eligible to claim on their tax return?
  - a. Child tax credit
  - b. Credit for other dependents
  - c. Child and dependent care credit
  - d. None of the above
- **22.** What is the Washington's total federal income tax withholding? \$\_\_\_\_\_

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets Answer the questions following the scenario

**Note**: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

## **Interview Notes**

- Cynthia is an electrician, age 29, and single.
- Cynthia has investment income and has a consolidated broker's statement.
- Cynthia began a cleaning service business in 2020. She was paid on Form 1099-NEC for 2021. She also received additional cash receipts of \$400 not reported on the Form 1099-NEC.
- Cynthia uses the cash method of accounting. She uses business code 561720.
- · Cynthia has receipts for the following expenses:
  - \$350 for cleaning supplies
  - \$225 for business cards
  - \$450 for a mop, broom, and vacuum cleaner
  - \$150 for work gloves
  - \$125 for lunches
  - \$175 for work clothes suitable for everyday use
- Cynthia has a detailed mileage log reporting for 2021:
  - Mileage from her home to her first client's home and mileage from her last client's home to her home 750 miles
  - In addition, on the days Cynthia worked for multiple clients, she kept track of the mileage from the first client's home to the second client's home in case that mileage was also deductible. She logged 450 miles (not included in the 750 miles).
  - The total mileage on her car for tax year 2021 was 11,200 miles. Of that, 10,000 were personal miles. She placed her only vehicle, a pick-up truck, in service on 3/15/2020. Cynthia will take the standard mileage rate.
- Cynthia took an early distribution from her IRA in April to pay off her educational expenses.
- Cynthia is paying off her student loan from 2018.
- Cynthia is working towards her Master of Business Administration (MBA) degree. She took a few college courses this year at an accredited college.

- Cynthia purchased insurance for herself through the marketplace and has a Form 1095-A.
- If Cynthia has a refund, she would like it deposited into her checking account.
- Cynthia received the third Economic Impact Payment (EIP3) in the amount of \$1,400 in 2021.



Form <b>13614-C</b> (October 2021)		Inta		•		ury - Interna Quali			Sheet				Number 5-1964
You will need: • Tax Information such as • Social security cards or • Picture ID (such as valid	ITIN letters for driver's licens	all perso se) for you	ns on yo u and yo	ur spou	se.	<ul> <li>You and complexity</li> <li>If you</li> </ul>	re respo ete and have qu	nsible fo accurate estions,	s 1-4 of this f r the informa information. please ask th	ition on yo ne IRS-cert	ified volu		
		To repo	rt unethi	cal beh	avior to t	he IRS, e	mail us a	at <u>wi.vol</u> t	ighest ethica tax@irs.gov		s.		
Part I – Your Personal Inform 1. Your first name CYNTHIA	ation (If you ar	M.I.	Last n	ame	our nam	es in the s	ame ord		Best contact r YOUR PHONE	number	Are yo	ou a U.S. ci s [	tizen?
2. Your spouse's first name		M.I.	Last n	ame					Best contact r		ls you □ Ye		 U.S. citizen? ] No
3. Mailing address 159 ARCHER AVENUE		l	l				City YOUR CI	ТҮ			State YS	1-	ZIP code Y <b>OUR ZIP</b>
4. Your Date of Birth 02/24/1992	5. Your job titl			b. <sup>-</sup>	Totally ar	, were you id perman	ently dis		Yes 🗴 N	lo c. Le	ll-time stud gally blind		Yes 🕱 No
7. Your spouse's Date of Birth 10. Can anyone claim you or yo	8. Your spous	,			Totally ar	, was you id perman □ Unsi	ently dis		🗌 Yes 🔲 N		ll-time stud gally blind		Yes □ No Yes □ No
1. Have you, your spouse, or o 2. Provide an email address (o Part II – Marital Status and	optional) (this e	mail addre	ss will no							N?			Yes 🕱 No
As of December 31, 2021, w was your marital status?	☐ Marı ☐ Divo ☐ Lega	er Married ried orced ally Separa owed	a. lf ` b. Di Da ated Da	Yes, Did d you liv ate of fin ate of se	you get e with yo al decree	married in ur spouse aintenanc	a 2021? e during a	any part c	, civil unions, of the last six r			Yes 🗌 I	No
<ul> <li>2. List the names below of:</li> <li>everyone who lived with yo</li> <li>anyone you supported but of</li> </ul>	<i>.</i> .			e)				lf a	additional space				list on page 3
	(mm/dd/yy) to e s d p	you (for xample: on,	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/21 (S/M)	Full-time Student last year (yes/no)	Permaner Disabled		Did this person provide more than 50% of his/ her own support?	Did this person have less than \$4,300 of income? (yes,no,n/a)	support for	half the cost maintaining a home for this
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(yes,no,n/a)			(yes/no)

Yes	No	Unsure	Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive
x			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
	×		2. (A) Tip Income?
	x		3. (B) Scholarships? (Forms W-2, 1098-T)
x			4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	x		5. (B) Refund of state/local income taxes? (Form 1099-G)
	x		6. (B) Alimony income or separate maintenance payments?
x			7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
x			8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
x			9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S,1099-B)
	×		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
x			11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	x		12. (B) Unemployment Compensation? (Form 1099G)
	x		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	×		14. (M) Income (or loss) from Rental Property?
	×		15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	×		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?  Yes No
	×		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
x			3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	×		4. Any of the following?  (A) Medical & Dental (including insurance premiums)  (A) Mortgage Interest (Form 1098)
			🔲 (A) Taxes (State, Real Estate, Personal Property, Sales) 🛛 🔲 (B) Charitable Contributions
	×		5. (B) Child or dependent care expenses such as daycare?
	×		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
x			7. (A) Expenses related to self-employment income or any other income you received?
x			8. (B) Student loan interest? (Form 1098-E)
Yes	No		Part V – Life Events – Last Year, Did You (or Your Spouse)
	×		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	×		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	×		3. (A) Adopt a child?
	×		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	×		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	×		6. (A) Receive the First Time Homebuyers Credit in 2008?
	×		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	×		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
x			9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
		1 1	10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
×	×		11. (B) Receive Advanced Child Tax Credit payments?

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**Advanced Scenarios** 

1. Would you like to receive written com	nmunications from the IR	S in a language ot	ner than Englis	h? □ Yes	□ No If ves, which I	anduade?	
2. Presidential Election Campaign Fund			-		<u> </u>		
Check here if you, or your spouse if fi			X You	🗌 Spoι	ise		
3. If you are due a refund, would you like	••••••			·	gs Bonds c. To split yo □ Yes	ur refund bei	
4. If you have a balance due, would you	u like to make a payment	directly from your	bank account?	🗌 Yes	X No		
5. Did you live in an area that was decla	ared a Federal disaster a	rea? 🗌 Yes	🗴 No lfy	ves, where?			
6. Did you, or your spouse if filing jointly	y, receive a letter from the	e IRS?	☐ Yes	x No			
Many free tax preparation sites opera this site to apply for these grants or t are optional.	,						
7. Would you say you can carry on a co	onversation in English, bc	th understanding &	& speaking? 🛽 🗵	Very well	U Well Not well	Not at all	Prefer not to answ
8. Would you say you can read a newsp	paper or book in English?	?	Very well	Well	□ Not well □ Not	at all	Prefer not to answ
9. Do you or any member of your house	ehold have a disability?		Yes	No	Prefer not to answer		
10. Are you or your spouse a Veteran fro	rom the U.S. Armed Forc	es?	Yes	No	Prefer not to answer		
11. Your race?							
American Indian or Alaska Native	🗌 Asian 🛛 Black or	r African American	🗌 Native H	lawaiian or o	other Pacific Islander	White	x Prefer not to answe
12. Your spouse's race?							
American Indian or Alaska Native	🗌 Asian 📋 Black or	r African American	Native H	lawaiian or o	other Pacific Islander	White	Prefer not to answe
X No spouse							
13. Your ethnicity?	Hispanic or Latino	Not Hispanic	or Latino 🛛 🗵	Prefer not	t to answer		
14. Your spouse's ethnicity?	Hispanic or Latino	Not Hispanic	or Latino	] Prefer not	t to answer 🛛 🗴 No	spouse	
Additional comments							
		ivacy Act and Pape					
The Privacy Act of 1974 requires that when we as do not receive it, and whether your response is vo you relative to your interest and/or participation in volunteer return preparation sites or outreach acti do not provide the requested information, the IRS information requests. The OMB Control Number for please write to the Internal Revenue Service, Tax	sk for information we tell you ou oluntary, required to obtain a be n the IRS volunteer income tax tivities. The information may als S may not be able to use your a for this study is 1545-1964. Alse	ur legal right to ask for th enefit, or mandatory. Ou preparation and outreac o be used to establish e ssistance in these prog o, if you have any comn	he information, wh ur legal right to ask ch programs. The i effective controls, s rams. The Paperw nents regarding the	y we are asking for information nformation you send correspon ork Reduction e time estimate	g for it, and how it will be used, is 5 U.S.C. 301. We are askin provide may be furnished to o dence and recognize voluntee Act requires that the IRS displa s associated with this study or	g for this inform thers who coord rs. Your respon ay an OMB cont	ation to assist us in contac dinate activities and staffing se is voluntary. However, if rol number on all public

PAYER'S name, street address country, ZIP or foreign postal of ESSEX BANK, CUSTOE FOR TRADITIONAL IRA 300 MARIN STREET	ode, and telephone	no.	2a Taxable amou	000.00	2021	P	Distributions From ensions, Annuities Retirement of rofit-Sharing Plans IRAs, Insuranc Contracts, etc	
YOUR CITY, YOUR STA	TE, ZIP		2b Taxable amou not determined		Total distribution		Сору	
PAYER'S TIN	RECIPIENT'S TIM	1	3 Capital gain (inc box 2a)	luded in	4 Federal incom withheld	e tax	Report thi income on you federal ta return. If thi	
48-200XXXX	419-00-	XXXX	\$		\$	200.00	form show	
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums \$ \$			in	this copy		
Street address (including apt. 159 ARCHER AVENUE	no.)		7 Distribution code(s) 1	IRA/ SEP/ SIMPLE	8 Other \$	%	your return	
City or town, state or province, c YOUR CITY, YOUR STATE, Z		eign postal code	<b>9a</b> Your percentage distribution	e of total %			being furnished t the IRS	
<ul><li>10 Amount allocable to IRR within 5 years</li></ul>	<b>11</b> 1st year of desig. Roth contrib.	12 FATCA filing requirement		eld	15 State/Payer*	s state no.	16 State distribution \$ \$	
Account number (see instructions	s)	13 Date of payment	17 Local tax withh \$ \$	eld	18 Name of loc	ality	19 Local distribution \$ \$	
Form 1099-R	www.i	rs.gov/Form1099F	\$		Department of t	he Treasury -	♀ \$ • Internal Revenue Serv	

<b>a</b> Emp	loyee's social security number 419-00-XXXX	OMB No. 154		Safe, accurate, FAST! Use	1	+ file		e IRS website at s.gov/efile
<b>b</b> Employer identification number (EIN)			1 Wag	ges, tips, other con	npensation	2 Fed	eral income t	ax withheld
57-200XXX				\$3	5,000.00			\$2,000.00
c Employer's name, address, and ZIP code			<b>3</b> Soc	cial security wage	es	4 Soc	ial security ta	ax withheld
				\$3	35,000.0	D		\$2,170.00
ELECTRIC COMPANY			5 Me	dicare wages and	d tips	6 Med	dicare tax wit	hheld
389 DAILY DRIVE				\$:	35,000.0	0		\$507.50
YOUR CITY, STATE, ZIP			<b>7</b> Soc	cial security tips		8 Allo	cated tips	
d Control number			9			10 Dep	endent care	benefits
e Employee's first name and initial	ast name	Suff.	11 Nor	nqualified plans		12a See	e instructions	for box 12
CYNTHIA SIMON			13 Statu empl	utory Retirement	Third-party sick pay	12b	_	
159 ARCHER AVENUE				X		o d e		
YOUR CITY, YOUR STATE, Z	ID		14 Othe	er		12c		
						o d e		
						12d		
f Employee's address and ZIP code						o d e		
5 State Employer's state ID number	16 State wages, tips, etc.	17 State incon	ne tax	18 Local wages	s, tips, etc.	19 Local in	ncome tax	20 Locality name
YS 57-200XX	x \$35,000.00	\$7	50.00					
orm <b>W-2</b> Wage and Tax	Statement	202	<u>2</u>	De	epartment c	of the Treasu	ury—Internal	Revenue Service
opy B—To Be Filed With Employee's his information is being furnished to the								
96 Advance	d Scenarios							

Г

or foreign postal code, and teleph HOUSEKEEPERS HELPERS 123 TIDY WAY	ity or town, state or province, country, ZIF one no.	ECTED (if checked)	0MB No. 1545-0116 20 <b>21</b>		Nonemployee Compensation
YOUR CITY, YOUR STATE,	LIF		Form 1099-NEC		
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee comper	nsation		Сору В
63-400XXXX	419-00-XXXX	\$		4,000	For Recipient
RECIPIENT'S name CYNTHIA SIMON Street address (including apt. no.)		2 Payer made direct sa consumer products t 3	ales totaling \$5,000 or more of to recipient for resale		This is important ta information and is bein furnished to the IRS. If you ar required to file a return, negligence penalty or othe sanction may be imposed or
159 ARCHER AVENUE		4 Federal income tax	withheld		you if this income is taxabl and the IRS determines that
City or town, state or province, co	untry, and ZIP or foreign postal code	\$			has not been reported
YOUR CITY, YOUR STATE, Account number (see instructions		5 State tax withheld \$	6 State/Payer's state no.		7 State income \$
		\$			\$
Form 1099-NEC (ke	ep for your records) w	/ww.irs.gov/Form1099NEC	Department of the T	reasury -	Internal Revenue Service

## **ABC INVESTMENTS**

456 Pima Plaza Your City, YS ZIP

## 2021 TAX REPORTING STATEMENT

Cynthia Simon 159 Archer Avenue Your City, YS ZIP Account No. 111-222 Recipient ID No. 419-00-XXXX Payer's Fed ID Number: 40-200XXXX

	m 1099-DIV* 2021 Dividends and Distributions B for Recipient (OMB NO. 1545-0110)	
1aTo	otal Ordinary Dividends	
1b	Qualified Dividends	
2a	Total Capital Gain Distributions (Includes 2b- 2d)	
2b	Capital Gains that represent Unrecaptured 1250 Gain	
2c	Capital Gains that represent Section 1202 Gain	
2d	Capital Gains that represent Collectibles (28%) Gain	
2	Nondividend Distributions	
4	Federal Income Tax Withheld	
5	Investment Expenses	
6	Foreign Country or U.S. Possession.	
7	Cash Liquidation Distributions	
8	Non-Cash Liquidation Distributions.	
9	Exempt Interest Dividends	
10	Specified Private Activity Bond Interest Dividends	
11	State	
12	State Identification No.	
13	State Tax Withheld	0.00
	m 1099-MISC* 2021 Miscellaneous Income B for Recipient (OMB NO. 1545-0115)	
2	Royalties	0.00

2	Royalties
4	Federal Income Tax Withheld
8	Substitute Payments in Lieu of Dividends or Interest
16	State Tax Withheld
17	State/ Payer's State No
18	State Income

#### Form 1099-INT\* 2021 Interest Income Copy B for Recipient (OMB NO. 1545-0112)

Copy	
1	Interest Income
2	Early Withdrawal Penalty0.00
3	Interest on U.S. Savings Bonds and Treas. Obligations0.00
4	Federal Income Tax Withheld0.00
5	Investment Expenses
6	Foreign Tax Paid0.00
7	Foreign Country or U.S. Possession
8	Tax-Exempt Interest
9	Specified Private Activity Bond Interest0.00
14	Tax-Exempt Bond CUSIP No

# Summary of 2021 Proceeds From Broker and Barter Exchange Transactions

Sales Price of Stocks, Bonds, etc	6,150.00
Federal Income Tax Withheld	0.00

Gross Proceeds from each of your security transactions are reported individually to the IRS. Refer to the Form 1099-B section of this statement. Report gross proceeds individually for each security on the appropriate IRS tax return. Do not report gross proceeds in aggregate.

Page 1 of 2

## ABC INVESTMENTS

456 Pima Plaza Your City, YS ZIP

## 2021 TAX REPORTING STATEMENT

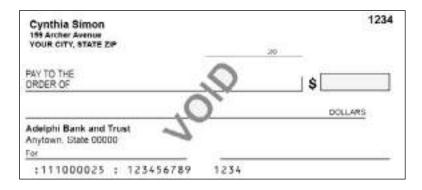
Cynthia Simon 159 Archer Avenue Your City, YS ZIP Account No. 111-222 Recipient ID No. 419-00-XXXX Payer's Fed ID Number: 40-200XXXX

	bel is a Substitu			and/or Schedu						
B Desci	ription, <b>1d</b> Sto		Symbol, CUSI	P		(IRS Forn	n 1099-B box nu	mbers are shown	below	
Action	1b Date Acquired	1c Date sold disposed	<b>1a</b> Quantity Sold	1d Proceeds	<b>1e</b> Cost or Other Basis	Gain / Loss (-)	<b>1g</b> Wash Sale Loss Disallowed	4 Federal Income Tax Withheld	14 State	15 State Ta Withheld
<b>lowa (</b> Sale	Co. Commo 01/08/2021	on Stock 10/30/2021	200.000	2,650.00	2,000.00	650.00				
TOTAL	.s			2,650.00	2,000.00					
opy B f <b>.ong-</b> Report	or Recipient OM	18 NO. 1545-07 Inctions for 1949 with Bo	715 <b>which basi</b> s x E checked	from Broke s <u>is not report</u> l and/or Sched	ed to the IRS		nge Transa	ctions		
			Symbol, CUSI	P		(IRS Forn	n 1099-B box nu	mbers are shown	below	in bold type
Action	1b Date Acquired	1c Date sold disposed	<b>1a</b> Quantity Sold	1d Proceeds	<b>1e</b> Cost or Other Basis	Gain / Loss (-)	<b>1g</b> Wash Sale Loss Disallowed	<b>4</b> Federal Income Tax Withheld	14 State	15 State Ta Withheld
owa	Co. Commo									
Sale TOTAL		11/01/2021	200.000	3,500.00 3,500.00	2,100.00 <b>2,100.00</b>	1,400.00				
		· • •				0				
				rnished to the Int income is taxabl				file a return, a neo reported.	gligence	e penalty

		20 <b>21</b> Loan II			Studen Loan Interes Statemen	
RECIPIENT'S TIN	BORROWER'S TIN	1 Student loan interest receive	d by lender			
38-0800XXXX	419-00-XXXX	\$	3,	,570.00	Copy C	
BORROWER'S name	•				For Recipien	
CYNTHIA SIMON Street address (including apt. no 159 ARCHER AVENUE	)				For Privacy Act and Paperword Reduction Ac Notice, see the <b>202</b>	
City or town, state or province, or YOUR CITY, YOUR STATE,	ountry, and ZIP or foreign postal code <b>ZIP</b>				Genera Instructions fo Certain Information	
Account number (see instruction	s)	2 Check if box 1 does <b>not</b> inclu and/or capitalized interest, a before September 1, 2004		s . 🗌	Returns	

Tuition Statement		
Statement		
Сору В		
For Student		
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.		

		rance Mark	•				OMB No. 1545-2232
partment of the measury		ch to your tax retu <i>form10</i> 95A for instr		r your records. I the latest information		RECTED	20 <b>21</b>
Part I Recipient Informa	ation						
1 Marketplace identifier 12-3456		rketplace-assigned po	•	3 Policy issuer's nan	ne		
4 Recipient's name			987654	5 Recipient's SSN		6 Recipi	ent's date of birth
CYNTH 7 Recipient's spouse's name	IA SIMON			8 Recipient's spouse	9-00-XXXX	9 Recipi	2/24/199 ent's spouse's date of bir
						U Hoop	
Policy start date 01/01/2		icy termination date 12/3	1/2021	12 Street address (inc 159 ARCHE	• •		
3 City or town	14 Sta	te or province	-	15 Country and ZIP of			
YOUR		YOL	IR STATE	ZIP			
Part II Covered Individua	ais						
A. Covered individua	l name	B. Covered indiv	idual SSN	C. Covered individual date of birth	D. Coverage	start date	E. Coverage termination d
CYNTHIA SIMON		419-00	)-XXXX	0/04/4000	01/0	01/2021	12/21/202
		413-00	-~~~	2/24/1992	01/0	1/2021	12/31/202
7							
3							
9							
0							
art III Coverage Informa	ation						
Month	A. Monthly en	rollment premiums		second lowest cost s (SLCSP) premium	ilver C.		dvance payment of um tax credit
1 January		\$200		\$	330		\$15
2 February		\$200		\$	330		\$15
3 March		\$200		\$	330		\$15
		\$200		¢	330		\$15
4 April							•
5 May		\$200			330		\$15
6 June		\$200		\$	330		\$15
7 July		\$200		\$	330		\$15
8 August		\$200		\$	330		\$15
-		\$200		\$	330		\$15
9 September							
0 October		\$200			330		\$15
1 November		\$200		\$	330		\$15
2 December		\$200		\$	330		\$15
3 Annual Totals		\$2,400		\$3,9	960		\$1,80



Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

**Note:** When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

23. What is the net short term capital gain reported on Cynthia's Schedule D?

- a. \$2,350
- b. \$1,400
- c. \$650
- d. \$300
- **24.** Which of the following **cannot** be claimed as a business expense on Cynthia's Schedule C?
  - a. Cleaning supplies
  - b. Business cards
  - c. Lunches
  - d. Work gloves
- **25.** What is the amount Cynthia can take as a student loan interest deduction on her Form 1040, Schedule 1? \$\_\_\_\_\_
- **26.** What is the total amount of advanced premium tax credit that Cynthia received in 2021?
  - a. \$3,960
  - b. \$2,400
  - c. \$1,800
  - d. \$150

**27.** What is the amount of Cynthia's lifetime learning credit? \$\_\_\_\_\_.

- **28.** Cynthia will have to pay \$200 additional tax because she received the early distribution from her IRA.
  - a. True
  - b. False
- 29. How can Cynthia prevent having a balance due next year?
  - a. She can increase the withholding on her Form W-4
  - b. She can make estimated tax payments
  - c. She can use the IRS withholding calculator to estimate her withholding for next year.
  - d. All of the above

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

**Note**: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Richard is age 39 and was widowed in 2017. He has a daughter, Isabella, age 5.
- Richard provided the entire cost of maintaining the household and over half of the support for Isabella. In order to work, he pays childcare expenses to Busy Bee Daycare.
- Richard declined to receive advance child tax credit payments in 2021.
- Richard's earned income in 2019 was \$19,000.
- Richard and Isabella are U.S. citizens and lived in the United States all year in 2021.
- Richard received the third Economic Impact Payment (EIP3) in the amount of \$2,800 in 2021.



(October 2021)		Int		•		ury - Internal Qualit			heet				Number -1964
You will need: • Tax Information such a: • Social security cards of • Picture ID (such as valid	r ITIN letters fo d driver's licer	or all personse) for yo	ons on yo u and yo	ur spous	se.	<ul> <li>You are comple</li> <li>If you h</li> </ul>	e respon ete and a nave que	nsible for accurate i estions, p	I-4 of this fo the informa nformation. lease ask th	tion on yo le IRS-cert	ified volu	•	
	Volunteers								hest ethica <u>x@irs.gov</u>	I standard	s.		
Part I – Your Personal Inforn	nation (If you a	are filing a j	oint return	, enter y	our nam	es in the sa	ame orde	er as last y	ear's return)				
I. Your first name RICHARD		M.I.	Last n COOK						est contact n OUR PHONE		Are y 🗴 Ye	ou a U.S. cit es	tizen? ∃ No
2. Your spouse's first name		M.I.	Last n	ame				Be	est contact n	umber	ls you □ Ye		U.S. citizen' ] No
3. Mailing address 195 BROOKS DRIVE							ity OUR CI	ГҮ			State YS		IP code YOUR ZIP
1. Your Date of Birth	5. Your job ti	tle		6. L	ast year	, were you	:			a. Ful	I-time stu	dent 🗌 Y	′es 🗴 No
4/01/1982	STORE MAN	AGER		b. T	otally ar	d permane	ently disa	abled 🗌	Yes 🗴 N	lo c. Leg	ally blind	🗌 Y	′es 🕱 No
'. Your spouse's Date of Birth	8. Your spou	ıse's job tit	е	9. L	.ast year	, was your	spouse:			a. Ful	I-time stu	dent 🗌 Y	′es 🗌 No
				b. T	otally ar	id permane	ently disa	abled 🗌	Yes 🗌 N	lo c. Leg	gally blind	🗌 Y	′es 🗌 No
0. Can anyone claim you or y	our spouse as	a depende	nt? [	Yes	🗴 No	🗌 Unsu	re						
<ol> <li>Have you, your spouse, or</li> </ol>	dependents be	een a victin	າ of tax rel	ated ider	ntity thef	t or been is	sued an	Identity P	rotection PIN	1?		🗌 Y	′es 🕱 No
12. Provide an email address	(optional) (this o	email addr	ess will no	t be use	d for con	tacts from	the Inter	nal Reven	ue Service)				
Part II – Marital Status and	d Household	Informati	••••										
1. As of December 31, 2021, v	what 🗌 Nev	ver Marrie	d (Th	nis includ	es regist	ered dome	estic part	nerships, o	civil unions, o	or other for	mal relatio	onships und	er state law
was your marital status?	🗌 Ma	rried		-	you get	married in	00040						
							2021?					Yes 🗌 N	10
			b. Di	d you live	e with yo			ny part of	the last six n	nonths of 20			
	🗌 Div	vorced		d you live ate of fina	•	ur spouse		ny part of	the last six n	nonths of 2			
		vorced gally Sepai	Da	ate of fina	al decree	ur spouse	during a		the last six n	nonths of 20			
	🗌 Leg		Da ated Da	ate of fina	al decree parate m	ur spouse aintenance	during a		the last six n <b>2017</b>	nonths of 20 			
	☐ Leg ▼ Wid	gally Sepai dowed	Da rated Da Ye	ate of fina ate of sep ear of spo	al decree parate m	ur spouse aintenance	during a				021?	Yes 🗌 N	lo
<ol> <li>List the names below of:</li> <li>everyone who lived with yo</li> <li>anyone you supported but</li> </ol>	□ Leg ▼ Wio	gally Sepai dowed ther than ye	Da rated Da Ye	ate of fina ate of sep ear of spo	al decree parate m	ur spouse aintenance	during a		<b>2017</b> ditional space	  ce is neede	021? □ d check h	Yes 🗌 N	lo ist on page
<ul> <li>everyone who lived with ye</li> <li>anyone you supported but</li> </ul>	U last year <i>(oti</i> did not live with	gally Sepai dowed ther than ye	Da rated Da Ye	ate of fina ate of sep ear of spo e)	al decree parate m	ur spouse aintenance	during a		<b>2017</b> ditional space	e is neede	021? □ d check h	Yes 🗌 N	lo ist on page
• everyone who lived with ye • anyone you supported but Name (first, last) Do not enter your	ou last year (ota t did not live witt Date of Birth (mm/dd/yy)	gally Separ dowed ther than you h you last Relationship to you (for example: son, daughter, parent,	Da rated Da Ye our spouse year	us Citizen (yes/no)	al decree parate m puse's de	ur spouse aintenance eath	during a	If ad	2017 ditional space To be co Is this person a qualifying child/relative of any other person?	bid this person provide more than 50% of his/ her own	d check h y a Certif Did this person have less than \$4,300 of income?	Yes And I ere and I ied Volunte taxpayer(s) provide more than 50% of support for ) this person?	ist on page er Prepare Did the taxpayer(s) pay more th half the cos maintaining home for thi
everyone who lived with ye     anyone you supported but Name (first, last) Do not enter your name or spouse's name below	ou last year (ot t did not live wit Date of Birth (mm/dd/yy)	gally Sepan dowed ther than you h you last Relationship to you (for example: son, daughter, parent, none, etc)	Dated Date Date Date Date Date Date Date Date	us Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	single or Married as of 12/31/21 (S/M)	during a e decree Student last year (yes/no)	If ad Totally and Permanently Disabled (yes/no)	2017 ditional space To be co Is this person a qualifying child/relative of any other	e is needer mpleted b Did this person provide more than 50% of his/ her own support?	d check h y a Certif Did this person have less than \$4,300 of income?	Yes And I ere and I ied Volunte Did the taxpayer(s) provide more than 50% of support for	ist on page er Prepare Did the taxpayer(s) pay more th half the coss maintaining home for thi person?
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everyone who lived with ye     anyone you supported but Name (first, last) Do not enter your name or spouse's name below (a)	Leg Leg Wid ou last year (oth t did not live with Date of Birth (mm/dd/yy) (b)	gally Sepan dowed ther than you h you last Relationship to you (for example: son, daughter, parent, none, etc)	Dated Date Date Date Date Date Date Date Date	us Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	single or Married as of 12/31/21 (S/M)	during a e decree Student last year (yes/no)	If ad Totally and Permanently Disabled (yes/no)	2017 ditional space To be co Is this person a qualifying child/relative of any other person?	e is needer mpleted b Did this person provide more than 50% of his/ her own support?	d check h y a Certif Did this person have less than \$4,300 of income?	Yes And I ere and I ied Volunte taxpayer(s) provide more than 50% of support for ) this person?	ist on page er Prepare Did the taxpayer(s) pay more th half the cos maintaining home for thi person?
• anyone you supported but Name (first, last) Do not enter your name or spouse's name below	Leg Leg Wid ou last year (oth t did not live with Date of Birth (mm/dd/yy) (b)	gally Sepan dowed ther than you h you last Relationship to you (for example: son, daughter, parent, none, etc) (c)	Dated Day Pour spouse year Number of months lived in your home last year (d)	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no) (f)	ur spouse aintenance eath Single or Married as of 12/31/21 (S/M) (g)	during a e decree Student last year (yes/no) (h)	If ad Permanenth Disabled (yes/no) (i)	2017 ditional space To be co Is this person a qualifying child/relative of any other person?	e is needer mpleted b Did this person provide more than 50% of his/ her own support?	d check h y a Certif Did this person have less than \$4,300 of income?	Yes And I ere and I ied Volunte taxpayer(s) provide more than 50% of support for ) this person?	ist on page er Prepare Did the taxpayer(s) pay more th half the coss maintaining home for thi person?

			Page 2	
Check appropriate box for each question in each section				
Yes	No	Unsure	Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive	
X			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1	
	X		2. (A) Tip Income?	
	X		3. (B) Scholarships? (Forms W-2, 1098-T)	
X			4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)	
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)	
	X		6. (B) Alimony income or separate maintenance payments?	
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)	
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?	
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S, 1099-B)	
	X		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)	
	X		11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)	
	X		12. (B) Unemployment Compensation? (Form 1099G)	
	X		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)	
	X		14. (M) Income (or loss) from Rental Property?	
	X		15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)	
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay	
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?  Yes No	
X			2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗵 401K (B) 🗌 Roth IRA (B) 🗌 Other	
	X		3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)	
	X		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)	
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>	
X			5. (B) Child or dependent care expenses such as daycare?	
	X		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?	
	X		7. (A) Expenses related to self-employment income or any other income you received?	
	X		8. (B) Student loan interest? (Form 1098-E)	
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)	
	X		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)	
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)	
	X		3. (A) Adopt a child?	
	X		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?	
	X		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)	
	X		6. (A) Receive the First Time Homebuyers Credit in 2008?	
	X		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?	
	X		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?	
	X		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]	
X			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?	
	X		11. (B) Receive Advanced Child Tax Credit payments?	
Catalo	Catalog Number 52121E www.irs.gov Form <b>13614-C</b> (Rev. 10-2021)			

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Advanced Scenarios

		Page 3
Additional Information and Question	s Related to the Preparation of Your Return	
1. Would you like to receive written con	nmunications from the IRS in a language other than English? $\square$ Yes $\square$ No $\:$ If yes, which la	anguage?
2. Presidential Election Campaign Fund	d (If you check a box, your tax or refund will not change)	
Check here if you, or your spouse if t	filing jointly, want \$3 to go to this fund 🛛 🗌 You 📄 Spouse	
3. If you are due a refund, would you lik	xe:         a. Direct deposit         b. To purchase U.S. Savings Bonds         c. To split you           □ Yes         ☑ No         □ Yes         ☑ No         □ Yes	ur refund between different accounts x No
4. If you have a balance due, would you	u like to make a payment directly from your bank account?   Yes  No	
5. Did you live in an area that was decla	ared a Federal disaster area?  Yes X No If yes, where?	
6. Did you, or your spouse if filing jointly	y, receive a letter from the IRS?	
	ate by receiving grant money or other federal financial assistance. The data from the foll to support continued receipt of financial funding . Your answer will be used only for stat	
7. Would you say you can carry on a co	onversation in English, both understanding & speaking? 🕱 Very well 🗌 Well 📋 Not well 📋	] Not at all 📋 Prefer not to answer
8. Would you say you can read a news	paper or book in English? 🛛 🗴 Very well 🗌 Well 🗌 Not well 🗌 Not	at all
9. Do you or any member of your house	ehold have a disability?   Yes X No  Prefer not to answer	
10. Are you or your spouse a Veteran f	rom the U.S. Armed Forces?  Ves X No Prefer not to answer	
11. Your race?		
American Indian or Alaska Native	🗌 Asian 🔄 Black or African American 📋 Native Hawaiian or other Pacific Islander 📋	White X Prefer not to answer
12. Your spouse's race?		
American Indian or Alaska Native	🗌 Asian 🔄 Black or African American 🗌 Native Hawaiian or other Pacific Islander 🛛	☐ White
X No spouse		
13. Your ethnicity?	☐ Hispanic or Latino	
14. Your spouse's ethnicity?	☐ Hispanic or Latino ☐ Not Hispanic or Latino ☐ Prefer not to answer 🕱 No	spouse
Additional comments		
	Privacy Act and Paperwork Reduction Act Notice	
do not receive it, and whether your response is v you relative to your interest and/or participation it volunteer return preparation sites or outreach act do not provide the requested information, the IRS information requests. The OMB Control Number	sk for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. oluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are askin in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to o ivitites. The information may also be used to establish effective controls, send correspondence and recognize volunteer S may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS displa for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or x Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224	g for this information to assist us in contacting thers who coordinate activities and staffing at s. Your response is voluntary. However, if you y an OMB control number on all public
Catalog Number 52121E	www.irs.gov	Form <b>13614-C</b> (Rev. 10-2021)

**Advanced Scenarios** 

b Emp	oyer identification number (EIN)	328-00-XXXX	OMB No. 1545		ges, tips, other compensation	2	Federal income	tax withheld
		34-	800XXXX		\$41,500.00			\$1,850.0
c Empl	oyer's name, address, and ZIP code			3 Soc	cial security wages		Social security	
BAK	ER PARTS INC.				\$42,500.00	_		\$2,635.00
8009	PIKE CIRCLE			5 Me	dicare wages and tips		Medicare tax w	
	R CITY, YOUR STATE, ZIP			7 500	\$42,500.0 cial security tips	-	Allocated tips	\$616.2
	· · · · , · · · · · · · · · · · · · · ·				sa county upo		,ooutou tipo	
d Cont	rol number			9		10	Dependent care	e benefits
e Empl	oyee's first name and initial Last	name	Suff.	11 Nor	nqualified plans		See instruction     D	is for box 12 \$1,000.00
195 E	IARD COOK BROOKS DRIVE R CITY, YOUR STATE, ZIP			13     Statutory employee     Retirement plan     Third-party sick pay       14     Other			>  >	
f Empl	ovee's address and ZIP code					120 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	t t	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State incom	ie tax	18 Local wages, tips, etc.	19 Lo	cal income tax	20 Locality nam
YS	34-800XXXX	\$41,500.00	\$8	00.00				
				<b>-</b>	Department	fthe 7	reasury-Interna	
	<b>4 2</b> Wage and Tax Sta		202	Ч 1	Department o	t the I	reasury—Interna	II Revenue Servi
orm	- To Be Filed With Employee's FE							

		CORRE	CTED (if checked)					
PAYER'S name, street address, ci or foreign postal code, and telepho		ountry, ZIP	Payer's RTN (optional)	ON	IB No. 1545-0112			
PAYER ADELPHI BANK	AND TRUST			6	2021	Interest		
8020 YONKERS BLVD			1 Interest income	Income				
YOUR CITY, YOUR STAT	YOUR CITY, YOUR STATE, ZIP				rm <b>1099-INT</b>			
		\$ 100.00 2 Early withdrawal penalty	Fo	rm 1099-1111				
		2 Early withdrawar penalty			Copy			
PAYER'S TIN		\$		20.00				
		3 Interest on U.S. Savings Bor	nds and T	reas. obligations	-			
22-7XXXXXX	328-00-XXXX	K						
RECIPIENT'S name			Federal income tax withheld	<b>5</b> Jan 199	ment expenses	-		
RECIPIENT 5 name								
RICHARD COOK			6 Foreign tax paid	φ 7 Foreign	country or U.S. possession	To be filed with		
Street address (including apt. no.)			\$	Ū		recipient's stat		
195 BROOKS DRIVE			8 Tax-exempt interest	9 Specif interes	ied private activity bond	income tax return, when required		
City or town, state or province, co	untry, and ZIP or foreign postal	code	\$	\$		required		
YOUR CITY, YOUR STAT	F 7IP		10 Market discount	11 Bond	premium			
		ATCA filing equirement	<b>T</b>	\$		-		
			12 Bond premium on Treasury obligations	13 Bond p \$	premium on tax-exempt bond			
Account number (see instructions)			<ul> <li>Tax-exempt and tax credit bond CUSIP no.</li> </ul>	-	16 State identification no.	17 State tax withheld		
					+	φ \$		
Form 1099-INT			www.irs.gov/Form1099INT	Deres	I	μΨ - Internal Revenue Servici		

# **Busy Bee Day Care**

303 Twiggs Trail Your City, Your State Your Zip Ph: (555) 555-1234

December 31, 2021

Received from Richard Cook

\$1,500 for daycare services for Isabella

Total amount received for child care in 2021 - \$1,500

Ellen River

EIN: 35-900XXXX

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

**Note:** When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

30. What is Richard's most advantageous filing status?

- a. Single
- b. Married Filing Separately
- c. Head of Household
- d. Qualifying Widower
- **31.** Richard's adjusted gross income on his Form 1040 is \$\_\_\_\_\_?
- **32.** Richard can claim the following credits on his tax return.
  - a. Child Tax Credit
  - b. Child and Dependent Care Credit
  - c. Both a and b
  - d. Neither a nor b
- **33.** Richard's Retirement Savings Contributions Credit on Form 8800 is \$\_\_\_\_\_.
- **34.** Richard will use his 2019 earned income rather than his 2021 earned income to calculate the earned income tax credit on his 2021 tax return because his 2019 earned income is higher than his 2021 earned income.
  - a. True
  - b. False
- **35.** Richard's child and dependent care credit from Form 2441 is reported as a non-refundable credit on Form 1040, Schedule 3.
  - a. True
  - b. False

The first five scenarios do not require you to prepare a tax return. **Read the interview** notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.

# **Advanced Scenario 1: Karen White**

### **Interview Notes**

- Karen's husband Fred moved out of their family home in April of 2021. She has not seen or heard from him since.
- Karen has two children, Avery, age 12 and George, age 15. She will claim them as her dependents on her 2021 tax return. Karen is 38 years old.
- Karen earned \$28,000 in wages. She also received \$175 of interest and \$12,500 of unemployment income.
- Karen made a cash contribution of \$650 to the Red Cross. She does not have enough deductions to itemize this year.
- Karen paid all the cost to keep up her home to support Avery and George.
- Karen received her third economic impact payment (EIP 3) of \$5,600 based on her 2020 tax return filed jointly with her husband.
- Karen, George, and Avery lived in the U.S. all year. They all are U.S. citizens and have valid Social Security numbers.

## **Advanced Scenario 1: Retest Questions**

- 1. Karen's most beneficial allowable filing status is Married Filing Separate.
  - a. True
  - b. False
- 2. Which of the following are not reported as income on Karen's 2021 tax return?
  - a. Unemployment
  - b. Wages
  - c. Interest
  - d. Economic Impact Payment (EIP 3)
- **3.** Karen's deductible charitable contribution for 2021 does **not** reduce her adjusted gross income.
  - a. True
  - b. False

- Paul and Maggie are married and want to file a joint return.
- Maggie is a U.S. citizen and has a valid Social Security number. Paul is a resident alien and has an ITIN. They resided in the United States all year with their children.
- Paul and Maggie have two children, Cheryl, age 4, and Mike, age 15. Cheryl and Mike are U.S. citizens and have valid Social Security numbers.
- Paul earned \$18,000 in wages.
- Maggie earned \$20,000 in wages.
- In order to work, the Thomases paid child and dependent care expenses of \$3,500 for their daughter Cheryl to attend Busy Bee Child Care.
- Paul and Maggie provided all of the support for their two children.
- Paul and Maggie declined to receive advance payments for the Child Tax Credit.

# **Advanced Scenario 2: Retest Questions**

- **4.** The maximum amount Paul and Maggie are eligible to claim for the Child Tax Credit is \$6,000.
  - a. True
  - b. False
- 5. How much of the child care expenses paid to Busy Bee Day Care are used to calculate the refundable child and dependent care credit? \$\_\_\_\_\_

- Carol Wheeler, age 56, is single.
- Carol earned wages of \$48,000 and was enrolled the entire year in a high deductible health plan (HDHP) with self-only coverage.
- During the year Carol contributed \$3,000 to her Health Savings Account (HSA) and her cousin also contributed \$1,000 to Carol's HSA account.
- Carol's Form W-2 shows \$600 in Box 12 with code W. She has Form 5498-SA showing \$4,600 in Box 2.
- Carol took a distribution from her HSA to pay her unreimbursed expenses:
  - 2 visits to a physical therapist due to a car accident \$300
  - unreimbursed doctor bills for \$700
  - prescription medicine: \$400
  - replacement of a crown \$1,500
  - over the counter sinus medication \$80
  - 10 Zumba classes for \$125
- Carol is a U.S. citizen with a valid Social Security number.

## **Advanced Scenario 3: Retest Questions**

- 6. Carol can claim \$\_\_\_\_\_ as her HSA contribution on Form 8889, Part 1.
- **7.** Carol is eligible to contribute an additional \$1,000 to her HSA because she is age 55 or older.
  - a. True
  - b. False
- **8.** The over the counter sinus medication is a qualified medical expense for HSA purposes.
  - a. True
  - b. False

- Barbara is age 57 and was widowed in 2021. She owns her own home and provided all the cost of keeping up her home for the entire year. Her only income for 2021 was \$36,000 in W-2 wages.
- Jenny, age 24, and her daughter Marie, age 3, moved in with her mother, Barbara, after Jenny separated from her spouse in April of 2021. Jenny's only income for 2021 was \$15,000 in wages. Jenny provided over half of her own support. Marie did not provide more than half of her own support.
- Jenny will not file a joint return with her spouse. She did not receive advance child tax credit payments for 2021.
- All individuals in the household are U.S. citizens with valid Social Security numbers. No one has a disability. They lived in the United States all year but not in a community property state.

# **Advanced Scenario 4: Retest Questions**

- 9. Barbara is the only person that qualifies to claim Marie as a dependent.
  - a. True
  - b. False
- 10. Which of the following statements is true?
  - a. Jenny is eligible to claim Marie for the EIC even though her filing status is married filing separate
  - b. Jenny is **not** eligible to claim the EIC for Marie because she is under age 25
  - c. Jenny is **not** eligible to claim Marie for the EIC because her income is too high.
  - d. None of the above statements are true.

- Michael is 49 years old and files as single.
- His 2021 adjusted gross income (AGI) is \$49,500, which includes gambling winnings of \$1,000.
- · Michael would like to itemize his deductions this year.
- Michael brings documentation for the following expenses:
  - \$8,200 Hospital and doctor bills
  - \$700 Contributions to Health Savings Account (HSA)
  - \$2,500 Long Term Care Insurance premiums before age limitation applied
  - \$3,400 State withholding (higher than Michael's calculated state sales tax deduction)
  - \$300 Personal property taxes based on value of vehicle
  - \$400 Friend's personal GoFundMe campaign
  - \$275 Cash contributions to the Red Cross
  - \$100 Fair market value of clothing in good condition donated to the Salvation Army
  - \$7,500 Mortgage interest
  - \$820 Real estate tax
  - \$230 Mortgage Insurance Premiums (PMI) on a home he purchased in 2017.
  - \$150 Homeowners association fees
  - \$2,000 Gambling losses

## **Advanced Scenario 5: Retest Questions**

- **11.** If Michael chooses to itemize, which of the following is he eligible to claim as a deduction on Schedule A?
  - a. \$400 Go Fund Me donation
  - b. \$700 Contributions to Health Savings Account (HSA)
  - c. \$150 Homeowner's Association fees
  - d. \$230 Mortgage Insurance Premiums (PMI)
- **12.** Michael is eligible to claim \$1,000 in gambling losses as a deduction on his Schedule A.
  - a. True
  - b. False

- · Sean Dennison is 19 years old. He is not a full time student.
- Sean works at a grocery store and earned \$20,000 in wages. He had \$2,400 of withholding.
- He lives with a friend in a rented apartment. They each pay their own expenses. Sean provides all of his own support.
- Sean is a U.S. citizen and lived in the U.S. for the entire year. He has a valid Social Security number.

## **Advanced Scenario 6: Retest Questions**

- 13. Which of the following statements is true?
  - a. Sean is required to file a tax return because he is under 65 and his gross income was greater than \$12,550.
  - b. Sean is **not** required to file but should file a return to get back all of his withholding.
  - c. Sean is not required to file a tax return because he is under the age of 21.
  - d. Sean is **not** required to file a tax return because he has enough tax withholding to cover his tax liability.
- 14. Sean is not eligible to claim the earned income credit on his 2021 tax return.
  - a. True
  - b. False

Refer to the scenario information for Gilbert and Tara Washington, beginning on page 80.

### **Advanced Scenario 7: Retest Questions**

- 15. The taxable portion of Tara's pension from Oak Enterprises is \$\_\_\_\_\_
- Tara's taxable social security income is \$\_\_\_\_\_.
- **17.** Gambling winnings and canceled debt are reported as other income on the Washington's Form 1040, Schedule 1.
  - a. True
  - b. False
- **18**. Gilbert is eligible to claim \$\_\_\_\_\_ as qualified educator expenses on Form 1040, Schedule 1.
- 19. What is the Washington's standard deduction on their 2021 tax return?
  - a. \$25,100
  - b. \$26,450
  - c. \$26,800
  - d. \$27,800
- 20. Which of the following expenses qualify for the American opportunity credit?
  - a. Books
  - b. Tuition
  - c. Parking pass
  - d. Both a and b
- 21. The Washingtons can claim the child tax credit for their son Chandler.
  - a. True
  - b. False
- **22**. How much federal income tax withholding is reported on the Washingtons's Form 1040?
  - a. \$6,669
  - b. \$4,820
  - c. \$2,800
  - d. \$1,849

Refer to the scenario information for Cynthia Simon, beginning on page 90.

## **Advanced Scenario 8: Retest Questions**

- 23. Cynthia's net short-term capital gain reported on Schedule D is \$\_\_\_\_\_
- 24. Cynthia cannot claim the work gloves as a business expense on Schedule C.
  - a. True
  - b. False
- **25**. What is the amount Cynthia can take as a student loan interest deduction on her Form 1040, Schedule 1?
  - a. \$3,750
  - b. \$2,500
  - c. \$1,400
  - d. \$0
- **26.** What is the total amount of advanced premium tax credit that Cynthia received in 2021? \$\_\_\_\_\_
- 27. Cynthia meets the qualifications to claim the Lifetime Learning Credit.
  - a. True
  - b. False
- **28.** Cynthia will **not** have to pay an additional 10% tax on the early withdrawal from her IRA.
  - a. True
  - b. False
- 29. Cynthia can make estimated tax payments to avoiding owing tax next year.
  - a. True
  - b. False

Refer to the scenario information for Richard Cook, beginning on page 103

## **Advanced Scenario 9: Retest Questions**

- **30.** Richard is **not** eligible to claim the Qualifying Widower filing status.
  - a. True
  - b. False
- 31. What is Richard's adjusted gross income on his Form 1040?
  - a. \$41,500
  - b. \$41,580
  - c. \$41,600
  - d. \$41,620
- **32**. Richard is eligible to claim the child tax credit and the child and dependent care credit in 2021.
  - a. True
  - b. False
- 33. Richard does not qualify to claim a retirement savings contribution credit..
  - a. True
  - b. False
- **34**. Richard **will not** use his 2019 earnings of \$19,000 to calculate his earned income credit on his 2021 tax return because his 2019 earned income is lower than his 2021 earned income.
  - a. True
  - b. False
- 35. Richard's child and dependent care credit is refundable in 2021.
  - a. True
  - b. False

# **Qualified Experienced Volunteer Scenarios and Test Questions**

## Directions

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

# Scenario 1: Donna and Becky Howard

#### **Interview Notes**

- Becky is 25 years old and unmarried. She has two children: Seth is 7 years old and Kathleen was born in 2021. They all lived with Donna, Becky's mother, in 2021.
- Seth and Kathleen's father do not live with them, and Becky has not signed a Form 8332.
- Becky works full-time and made \$30,000 in 2021. The children attended daycare while she worked. She received a statement from her childcare provider showing that she paid \$8,000 for the care of both children for the year.
- Donna is unmarried and earned \$25,000 in 2021. Donna paid over half the costs of keeping up the home for herself, Becky and Becky's children.
- In 2020, Donna's adjusted gross income (AGI) was higher than Becky's and Becky allowed Donna to claim Seth as a dependent. Donna received a \$2,800 third Economic Impact Payment (EIP 3) in 2021. Becky received an EIP 3 of \$1,400.
- Donna opted out of the advance payments of the Child Tax Credit. Becky did not receive any advance payments of the Child Tax Credit.
- Becky, Donna, Seth, and Kathleen are all U.S. citizens with valid Social Security numbers and lived in the United States all year.

# **Scenario 1: Test Questions**

- 1. Which of the following statements is true for 2021?
  - a. Seth and Kathleen are Donna's qualifying children and Donna can claim them as dependents.
  - b. Seth and Kathleen are Becky's qualifying children and Becky can claim them as dependents.
  - c. Donna can claim the children as dependents if Becky agrees.
  - d. Donna and Becky can each claim one child as a dependent.

- 2. Which of the following statements is true?
  - a. Donna may file as Head of Household and Becky must file as Single.
  - b. Donna and Becky can both file as Head of Household.
  - c. Donna and Becky must both file as Single.
  - d. Donna must file as Single and Becky may file as Head of Household.
- 3. The person who can claim the children as dependents for 2021 is eligible to claim:
  - a. Zero in child tax credit and zero in child and dependent care eligible expenses
  - b. A child tax credit of \$4,000 and can use \$6,000 in child and dependent care eligible **expenses**
  - c. A child tax credit of \$6,600 and can use \$6,000 in child and dependent care eligible **expenses**
  - d. A child tax credit of \$6,600 and can use \$8,000 in child and dependent care eligible **expenses**
  - e. A child tax credit of \$7,200 and can use \$8,000 in child and dependent care eligible **expenses**
- 4. Which of the following statements regarding the EIP 3/Recovery Rebate Credit is true?
  - a. Becky is eligible to claim a \$2,800 Recovery Rebate Credit for Kathleen and Seth.
  - b. Donna must repay the \$1,400 EIP 3 she received for Seth.
  - c. Donna is eligible to claim a \$1,400 Recovery Rebate Credit for Kathleen.
  - d. Becky is not eligible to claim a Recovery Rebate Credit.

This scenario does not require you to prepare a tax return. Refer to the interview notes here and the accompanying Form 1098-T on the next page for the information needed to answer the questions that follow.

#### **Interview Notes**

- David is 19 years old and a full-time college sophomore majoring in physics. The college is an eligible educational institution. He resides on campus during the school year and lives with his parents during the summer.
- David spent \$1,500 on books in 2021.
- David's parents provided more than half of his support.
- David has never been convicted of a felony.
- David received Form 1098-T as shown on the following page. The Box 5 amount is an **unrestricted** scholarship. David received no other income in 2021.
- David and his parents are U.S. citizens with valid Social Security numbers.
- David and his parents came to the site to have their returns prepared. They want to maximize the tax benefits for the family.

FILER'S name, street address, city or foreign postal code, and telephone nu	town, state or province, country, ZIP o mber	r 1 Payments received for qualified tuition and related expenses	OMB No. 1545-1574		
YUMA COLLEGE		\$ 20,000.00	2021	Tuitio	
1000 COLLEGE AVENUE		2		Statemer	
YOUR CITY, YOUR STATE,	ZIP		Form <b>1098-T</b>		
FILER'S employer identification no.	STUDENT'S TIN	3	•	Сору	
37-700XXXX	654-00-XXXX			For Stude	
STUDENT'S name	•	4 Adjustments made for a	1		
DAVID NEWBERRY		prior year		This is importa tax informatio	
DAVID NEWBERRI		\$	\$ 25,000.0	0 and is beir	
Street address (including apt. no.)		6 Adjustments to	7 Checked if the amount	furnished to the IRS. This for	
1234 ROCKMOUNT STREET	г	scholarships or grants for a prior year	in box 1 includes amounts for an	must be used	
City or town, state or province, count	y, and ZIP or foreign postal code		academic period	complete Form 880 to claim educatio	
YOUR CITY, YOUR STATE,	ZIP	\$	beginning January– March 2022	credits. Give it to th	
Service Provider/Acct. No. (see instr.)	8 Checked if at least	9 Checked if a graduate	10 Ins. contract reimb./refun	tax preparer or use it prepare the tax retur	
	half-time student	student	s	propuls the tax retur	

- **5.** David's parents would like to claim the American opportunity credit on their tax return. What treatment would provide David and his parents the **most favorable** outcome?
  - a. David's parents can claim only \$1,500 as qualified education expenses.
  - b. Neither David nor his parents can claim the credit because the scholarship income was more than education expenses.
  - c. David includes \$3,500 as taxable scholarship income and his parents claim \$4,000 in qualified education expenses.
  - d. David includes \$7,500 as taxable scholarship income and his parents claim \$4,000 in qualified education expenses.
- **6.** For the purpose of determining if David has a **filing requirement**, taxable scholarship and fellowship grants are considered:
  - a. Earned income
  - b. Unearned income
  - c. His parents' income
  - d. Scholarship and fellowship grant income is never considered taxable

This scenario does not require you to prepare a tax return. Refer to the interview notes here and the brokerage statement on the next page for the information needed to answer the questions that follow.

#### **Interview Notes**

- Sophia is 20 years old, unmarried, and graduated from junior college in December 2020.
- In 2021, she worked as a care provider for her disabled sister, Savannah, and received \$15,200 in Medicaid waiver payments reported on Form W-2 Box 1.
- In June, Sophia sold some stock she inherited. She provided the brokerage statement showing all her stock sales for 2021.
- Sophia is a U.S. citizen, has a Social Security number, and lived with Savannah in the U.S. all year.
- Sophia provides all of her own support.

# ABC INVESTMENTS

456 Pima Plaza Your City, YS ZIP 2021 Tax Reporting Statement Sophia Woodruff 890 Alma Avenue Your City, YS ZIP Account No. 1111-2222 Recipient ID 655-00-XXXX Payer's Fed ID: 25-800XXXX

Long-Term Transactions for Which Basis is Reported to the IRS; Report on Form 8949, Part II, with Box D checked.

Description of	escription of Property (Box 1a) / CUSIP / SYMBOL											
Activity Type	Quantity Sold	Date Acquired	Date Sold or	Proceeds (Box 1d)	Cost or Other	Unadjusted	Accrued Market	Wash Sale Loss	Federal Income	Loss Not		
	(Box 1a)	(Box 1b)	Disposed	Gross Proceeds	Basis	Gain/Loss	Discount	Disallowed	Tax Withheld	Allowed Based		
			(Box 1c)	Reported to the IRS	(Box 1e)		(Box 1f)	(Box 1g)	(Box 4)	on Amount in		
				(Box 6) (X)						Box 1d (Box 7)		
Wash Sale Ex	ample Compa	iny / 65643520	0/WASHX									
Sale	10.000000	3/17/2020	12/28/2021	200.00	500.00	-300.00		300.00	0.00			
	ain Example C	ompany / 7564	35200 / LONO	θX								
Sale	25.000000	1/3/2012	1/31/2021	1,000.00	700.00	300.00			0.00			
Sale	40.000000	2/11/2012	12/31/2021	2,000.00	1,600.00	400.00			0.00			
Subtotal	65.000000			3,200.00	2,800.00	400.00	0.00	300.00	0.00			

Long-Term Transactions for Which Basis was not Reported to the IRS; Report on Form 8949, Part II, with Box E checked.

Description of	escription of Property (Box 1a) / CUSIP / SYMBOL												
Activity Type	Quantity Sold	Date Acquired	Date Sold or	Proceeds (Box 1d)	Cost or Other	Unadjusted	Accrued Market	Wash Sale Loss	Federal Income	Loss Not			
	(Box 1a)	(Box 1b)	Disposed	Gross Proceeds	Basis	Gain/Loss	Discount	Disallowed	Tax Withheld	Allowed Based			
			(Box 1c)	Reported to the IRS	(Box 1e)		(Box 1f)	(Box 1g)	(Box 4)	on Amount in			
				(Box 6) (X)						Box 1d (Box 7)			
Inherited Exar	nple Company	/ 556435200 /	INHER										
Sale	20.000000	6/26/2021	8/1/2021	8,400.00	5,000.00	3,400.00			0.00				
Subtotal	20.000000			8,400.00	5,000.00	3,400.00	0.00	0.00	0.00				
Totals				11,600.00	7,800.00	3,800.00	0.00	300.00	0.00				

- 7. Sophia's inherited stock sale is treated as a long-term transaction
  - a. True
  - b. False
- 8. What is Sophia's total capital gain or loss?
- 9. Which of the following are true?
  - a. Sophia is **not** eligible for the Earned Income Credit because her investment income is too high.
  - b. Sophia is **not** eligible for the Earned Income Credit because her earned income is too high.
  - c. Sophia is **not** eligible for the Earned Income Credit because she is too young to claim the credit without a qualifying child.
  - d. Sophia is eligible for the Earned Income Credit.
- **10.** Sophia may **exclude** the qualified Medicaid waiver payments from gross income and **include** those payments in earned income.
  - a. True
  - b. False

This scenario does not require you to prepare a tax return. Refer to the interview notes and accompanying Forms 1099-NEC and 1099-K for the information needed to answer the questions that follow.

#### **Interview Notes**

- Keisha and Jay are married and file a joint return.
- Jay is an employee and received a Form W-2 showing \$30,000 in wages for the year. Keisha is a self-employed driver for Delicious Deliveries.
- Keisha and Jay had health insurance subsidized by Jay's employer. They paid \$3,600 pre-tax in premiums for the year.
- Keisha provided a statement from the food delivery service that indicated the amount of mileage driven and fees paid for the year. These fees are considered ordinary and necessary for the food delivery business:
  - ° 7,200 miles driven while delivering food
  - Insulated box rental: \$300
  - Vehicle safety inspection (required by Delicious Deliveries): \$50
  - GPS device fee: \$120
- · Keisha also kept receipts for the following out-of-pocket expenses:
  - ° \$100 for tolls
  - ° \$120 for car washes
  - \$48 for parking tickets
  - ° \$75 for Personal Protective Equipment (PPE) used during deliveries
  - ° \$150 for snacks and lunches Keisha consumed while working
- Keisha's record keeping application shows she also drove 4,125 miles between deliveries and 4,200 miles driven between her home and her first and last delivery point of the day. Keisha has a separate car for personal use. She bought and started using her second car for business on September 1, 2020.
- Keisha provided the Form 1099-NEC and Form 1099-K that she received from Delicious Deliveries. See the next page.
- Keisha also received \$300 in cash tips that were not reported elsewhere.
- Keisha and Jay also paid the following this year:
  - Mortgage interest = \$5,000
  - Property tax = \$3,000
  - Donations of clothing in good used condition = \$350 (fair market value)
  - Cash donations to qualified charities = \$550
  - Tools for Jay's job = \$300
  - State income taxes withheld = \$4,000
  - Keisha won \$10,000 on a scratch off lottery ticket. She has \$3,000 of losing tickets.

		ECTED (if checked)				
PAYER'S name, street address, city or foreign postal code, and telephone	r town, state or province, country, ZIP no.		OMB No. 1545-0116			
Delicious Deliveries 567 ALVIN AVENUE			2021		Nonemployee Compensation	
YOUR CITY, YOUR STATE, ZIP			Form 1099-NEC			
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensat	tion		Copy B	
20-400XXXX	345-00-XXXX	\$	1,	800.00	For Recipient	
RECIPIENT'S name Keisha Johnson		consumer products to re	totaling \$5,000 or more of ecipient for resale		This is important tax information and is being furnished to the IRS. If you are	
Street address (including apt. no.) 789 DANA DRIVE		3 4 Federal income tax wit		required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable		
City or town, state or province, count	y, and ZIP or foreign postal code	\$	and the IRS determines that it has not been reported.			
YOUR CITY, YOUR STATE, ZIP Account number (see instructions)		5 State tax withheld 6	State/Payer's state no.		7 State income \$	
		\$			\$	
Form 1099-NEC (keep	for your records) w	ww.irs.gov/Form1099NEC	Department of the T	reasury -	Internal Revenue Service	

	CTED (if checked)	OMB No. 1545-2205			
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	20-400XXXX				
	PAYEE'S TIN	4	Payment Card and		
Delicious Deliveries	345-00-XXXX	2021	Third Party		
567 ALVIN AVENUE	343-00-XXXX 1a Gross amount of payment		Network		
YOUR CITY, YOUR STATE, ZIP	card/third party network transactions		Transactions		
	\$ 15,245.00	Form <b>1099-K</b>			
	1b Card Not Present transactions	2 Merchant category c	ode Copy B		
Check to indicate if FILER is a (an): Check to indicate transactions	\$		For Payee		
Payment settlement entity (PSE) Payment card	3 Number of payment transactions	4 Federal income tax withheld	This is important tax		
Electronic Payment Facilitator (EPF)/Other third party	3,300	\$	information and is being furnished to		
PAYEE'S name	5a January	5b February	the IRS. If you are		
Keisha Johnson	\$ 1,270.00	\$ 1,20	00.00 required to file a return, a negligence		
	5c March	5d April	penalty or other		
Street address (including apt. no.)	\$ 1,340.00	\$ 1,25	50.00 sanction may be imposed on you if		
	<b>5e</b> May	5f June	taxable income		
789 DANA DRIVE	\$ 1,290.00	\$ 1,30	00.00 results from this transaction and the		
	5g July	5h August	IRS determines that it		
City or town, state or province, country, and ZIP or foreign postal code	\$ 1,240.00		40.00 has not been reported.		
YOUR CITY, YOUR STATE, ZIP	5i September	5j October			
PSE'S name and telephone number	\$ 1,270.00		35.00		
	5k November	5I December			
	\$ 1,310.00	,	00.00		
Account number (see instructions)	6 State	7 State identification no			
		+	<u>\$</u> 		
Form <b>1099-K</b> (Keep for your records)	ı www.irs.gov/Form1099K	Department of the Tre	asury - Internal Revenue Service		

- 11. What is Keisha's Schedule C net profit?
  - a. \$8,006
  - b. \$10,040
  - c. \$10,358
  - d. \$17,345
- How much of Keisha's gambling winnings must be included in adjusted gross income (AGI)? \$\_\_\_\_\_
- **13.** How much can Keisha and Jay claim as charitable contributions if they take the standard deduction?
  - a. \$300
  - b. \$550
  - c. \$600
  - d. \$900
- 14. Which of the following statements is true:
  - a. Keisha can add the \$3,600 they paid for health insurance premiums to her selfemployment expenses on Schedule C.
  - b. Keisha can claim the \$3,600 they paid for health insurance premiums as a selfemployed health insurance deduction on Schedule 1.
  - c. Keisha can claim her portion of the health insurance premiums, \$1,800, as a self-employed health insurance deduction on Schedule 1.
  - d. Keisha can add her portion of the health insurance premiums, \$1,800, to her self-employment expenses on Schedule C.
  - e. Keisha is not eligible for a self-employed health insurance deduction.

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario. To ensure the accuracy of the taxpayer's return the volunteer should review and complete the applicable sections of the Form 13614-C.

Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Kenneth and Martha are married and would like to file a joint return.
- Kenneth applied for Social Security Disability benefits in July 2019, and he began receiving benefits in December 2021. The payment included a lump sum distribution for the time Kenneth's application was pending in 2019 and 2020. Kenneth and Martha filed a joint return each year. In 2019, their modified adjusted gross income was \$36,700, and in 2020 their modified adjusted gross income was \$27,835. Martha has never received Social Security benefits.
- Kenneth and Martha have never itemized their deductions.
- · Kenneth and Martha received a state income tax refund of \$230.
- Martha began receiving pension benefits on May 1, 2020. She chose a joint and survivor annuity. She also works part time.
- Kenneth and Martha purchased health care coverage through the Marketplace, which they had all year. At no time during the year were either Kenneth or Martha eligible for unemployment.
- The Kempers received an Economic Impact Payment (EIP 3) of \$2,800 in 2021.
- Kenneth and Martha are U.S. citizens, have valid Social Security numbers and lived in the lower 48 states for the entire year.
- If the Kempers are due a refund, they want it direct deposited to their checking account. Bank Routing is 111000022; Checking Account number is 1234567890. If they have a balance due, they will mail in the payment.



(October 2021)		Inta		•		sury - Interna Quali		view S	heet				Numbei 5-1964	
You will need: • Tax Information such a • Social security cards o • Picture ID (such as vali	r ITIN letters for	all perso	ons on yo			<ul> <li>You an compl</li> </ul>	re respo ete and	nsible for t accurate in	-4 of this f the informa formation. ease ask th	tion on yo		-		
	Volunteers a								hest ethica <u>x@irs.gov</u>	l standard	s.			
Part I – Your Personal Inform	mation (If you are	e filing a jo	oint returr	n, enter y	your nam	es in the s	ame ord	er as last y	ear's return,					
1. Your first name KENNETH	irst name			ame PER					est contact r 1 <b>2-555-1212</b>	umber	Are yo	ou a U.S. ci s	itizen? ❑ No	
2. Your spouse's first name MARTHA		M.I.	Last n	ame				Be	est contact r	umber		Is your spouse a U.S. citiz		
3. Mailing address		В					City		12-000-1212		State	2	 ZIP co	
8705 SKIDMORE WAY	5. Your job title			6	Lastveer	, were you	YOUR CI	ΓY		o Ful	YS		YOUR Yes [	
<ol> <li>Your Date of Birth</li> <li>07/11/1963</li> </ol>	DISABLED	5			•	, were you nd perman		ahled 🔽	Yes 🗌 N		gally blind		Yes	
7. Your spouse's Date of Birth		e's job title	e			, was you	-		103 [] [		I-time stud			
05/24/1960	CLIENT SERVI				•	nd perman	•		Yes 🕱 N		ally blind			
10. Can anyone claim you or y	your spouse as a	depender	nt? [	] Yes	X No	🗌 Unsi	ure							
		•				-								
11. Have you, your spouse, or 12. Provide an email address Part II – Marital Status ap	(optional) (this en	nail addre	ess will no							٧?			Yes	
	(optional) (this en d Household In what	mail addre nformatio er Married ied	ess <i>will no</i> on I (Th a. If b. Di	nis inclue Yes, Dic id you liv	des regisi	tered dom married in pur spouse	estic par 2021?	rnal Reven		or other for		nships und Yes 🕱 I	ler stat	
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			Page 2
Check	appr	opriate bo	ox for each question in each section
Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
X			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
	X		2. (A) Tip Income?
	X		3. (B) Scholarships? (Forms W-2, 1098-T)
	X		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
X			5. (B) Refund of state/local income taxes? (Form 1099-G)
	X		6. (B) Alimony income or separate maintenance payments?
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S,1099-B)
X			10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
X			11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
X			13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	X		14. (M) Income (or loss) from Rental Property?
	X		15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?  Yes No
	X		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
	X		3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	X		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>
	X		5. (B) Child or dependent care expenses such as daycare?
	X		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
	X		7. (A) Expenses related to self-employment income or any other income you received?
	X		8. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
	x		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	X		3. (A) Adopt a child?
	X		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	X		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	X		6. (A) Receive the First Time Homebuyers Credit in 2008?
	x		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	x		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
x			9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
x			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
	x		11. (B) Receive Advanced Child Tax Credit payments?
Catalo		ber 52121E	www.irs.gov Form <b>13614-C</b> (Rev. 10-2021)

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Qualified Experienced Volunteer

Pag
Additional Information and Questions Related to the Preparation of Your Return
1. Would you like to receive written communications from the IRS in a language other than English? 🗌 Yes 🛛 No If yes, which language?
2. Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund 🛛 🗴 You 🗌 Spouse
3. If you are due a refund, would you like:       a. Direct deposit       b. To purchase U.S. Savings Bonds       c. To split your refund between different account         Image: Construction of the system of the
4. If you have a balance due, would you like to make a payment directly from your bank account? 🗌 Yes 🛛 🛚 No
5. Did you live in an area that was declared a Federal disaster area? 🗌 Yes 🛛 🕱 No 🛛 If yes, where?
6. Did you, or your spouse if filing jointly, receive a letter from the IRS?
Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding. Your answer will be used only for statistical purposes. These question are optional.
7. Would you say you can carry on a conversation in English, both understanding & speaking? 🗷 Very well 🗌 Well 🗌 Not well 🗌 Not at all 🕱 Prefer not to answ
8. Would you say you can read a newspaper or book in English? 🛛 🗴 Very well 🗌 Well 🗌 Not well 🗌 Not at all 🕅 🗴 Prefer not to answ
9. Do you or any member of your household have a disability? 🛛 🗶 Yes 🗌 No 📄 Prefer not to answer
10. Are you or your spouse a Veteran from the U.S. Armed Forces? 🛛 Yes 🕱 No 🗌 Prefer not to answer
11. Your race?
🗌 American Indian or Alaska Native 🔲 Asian 📋 Black or African American 🗌 Native Hawaiian or other Pacific Islander 🗌 White 🗵 Prefer not to answe
12. Your spouse's race?
American Indian or Alaska Native 🗌 Asian 🗋 Black or African American 📋 Native Hawaiian or other Pacific Islander 🗌 White 🕱 Prefer not to answe
13. Your ethnicity?
14. Your spouse's ethnicity?
Additional comments
Privacy Act and Paperwork Reduction Act Notice
The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacti you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing a volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if y do not provide the requested information, the IRS may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224
Catalog Number 52121E         www.irs.gov         Form 13614-C (Rev. 10-20

a Employe	ee's social security number 456-00-XXXX	OMB No. 154	5-0008	Safe, accurate, 8 FAST! Use	·B-	file		e IRS website at s.gov/efile
b Employer identification number (EIN)			1 \	Wages, tips, other comp	pensation	2 Federa	al income t	ax withheld
34-600XXXX				\$20	,000.00			\$2,000.00
c Employer's name, address, and ZIP code			3 3	Social security wages		4 Social	security ta	x withheld
SWIFT & ASSOCIATES				\$20,	000.00			\$1,240.00
12210 ROBINSON ROAD			5	Medicare wages and t	tips	6 Medic	are tax wit	hheld
					,000.00			\$290.00
YOUR CITY, YOUR STATE, Z	IP		7 5	Social security tips		8 Alloca	ted tips	
d Control number			9			10 Deper	ident care	benefits
e Employee's first name and initial Last	name	Suff.		Nonqualified plans		<b>12a</b> See ir	nstructions	for box 12
MARTHA KEMPER			13	Statutory Retirement employee plan	Third-party sick pay	12b		
8705 SKIDMORE WAY						d e		
YOUR CITY, YOUR STATE, Z	IP.		14 0	Other		12c		
						ੂ 12d		
f Employee's address and ZIP code						e		
15 State Employer's state ID number	16 State wages, tips, etc.	17 State incom	ne tax	18 Local wages,	tips, etc.	19 Local inco	ome tax	20 Locality name
YS 123456-7	\$20,000.00	\$6	00.0	00				
Form <b>W-2</b> Wage and Tax St	atement	202	ך כ	Dep	partment of	the Treasury	– Internal	Revenue Service
			╸┙	IJ				
Copy B-To Be Filed With Employee's FE This information is being furnished to the In								

PAYER'S name, street addres		· · · ·	1	Gross distributio	n	0	MB No. 1545-0		Distributions From
country, ZIP or foreign postal code, and telephone no. SNEAD COMPANY PENSION PLAN 456 MARTIN MILLS ROAD YOUR CITY, YS, YOUR ZIP		\$ 6,000.00 2a Taxable amount \$ 6,000.00		1			ensions, Annuities, Retirement or rofit-Sharing Plans, IRAs, Insurance Contracts, etc.		
PAYER'S TIN	RECIPIENT'S TI	N		b Taxable amoun not determined Capital gain (incl		4	Total distribution Federal incon		Copy B Report this
20-700XXXX	457-00		\$	box 2a)		\$	withheld	600.00	income on your federal tax return. If this form shows
RECIPIENT'S name			+*	Employee contrib Designated Roth contributions or insurance premiu		6 \$	Net unrealize appreciation employer's s	ed in	federal income tax withheld in box 4, attach this copy to
Street address (including apt 8705 SKIDMORE WAY City or town, state or province, YOUR CITY, YOUR STATE,	country, and ZIP or for	eign postal code		<ul> <li>Distribution code(s)</li> <li>2</li> <li>a Your percentage distribution</li> </ul>	IRA/ SEP/ SIMPLE	\$ 9t	Other Total employee	% e contributions	your return. This information is being furnished to the IRS.
10 Amount allocable to IRR within 5 years \$	<b>11</b> 1st year of desig. Roth contrib.	12 FATCA filing requirement		4 State tax withhe		-	5 State/Payer	's state no.	16 State distribution \$\$
Account number (see instructio	ns)	<b>13</b> Date of payment	1 \$ \$	7 Local tax withhe	ld	18	Name of loo	cality	<ul><li><b>19</b> Local distribution</li><li>\$</li></ul>
Form <b>1099-R</b>	www.i	irs.gov/Form1099F	3				Department of	the Treasury	- Internal Revenue Service

PAYER'S name, street address, country, ZIP or foreign postal co Clark Company Pension 1721 Donnelly Drive Your City, State ZIP	de, and telephone		\$	Gross distribution	14,400		/IB No. 1545-0 20 <b>21</b> Form <b>1099</b> -	P	Distributions From ensions, Annuities, Retirement or rofit-Sharing Plans, IRAs, Insurance Contracts, etc.
			2	b Taxable amount not determined	t V	-	Total distribution		Сору В
PAYER'S TIN	RECIPIENT'S TIN	١	3	Capital gain (inclu box 2a)	uded in		Federal incon withheld	ne tax	Report this income on your federal tax return. If this
40-000XXXX	456-00-	XXXX	\$			\$		1,400	
RECIPIENT'S name Martha Kemper			5 \$	Employee contribut Designated Roth contributions or insurance premiur		-	Net unrealize appreciation employer's s	in	federal income tax withheld in box 4, attach this copy to your return.
Street address (including apt. n	o.)		7	Distribution	IRA/ SEP/	8	Other		your return.
8705 SKIDMORE WAY				code(s) 7	SIMPLE	\$		%	This information is being furnished to
City or town, state or province, co YOUR CITY, YOUR STATE, ZI	>		9;	a Your percentage distribution	of total %	\$	Total employee	9,000	the IRS.
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement	14 \$	4 State tax withhel	d 	15	State/Payer	's state no.	16 State distribution \$
		13 Date of	φ	7 Local tax withhel	d	12	Name of loo	ality	Φ 19 Local distribution
		payment	\$ \$		u 	10			\$
Form <b>1099-R</b>	www.i	rs.gov/Form1099F	{			[	Department of	the Treasury -	- Internal Revenue Service

Box 1. Name	KENNETH KEMPER	Box 2. B	eneficiary's Social Security Number 457-00-XXXX
Box 3. Benefits Paid in 2020 \$34,968	Box 4. Benefits Repaid to SSA	in 2020	Box 5. Net Benefits for 2020 (Box 2 minus Box 4) \$34,96
DESCRIPTION OF AN 2019: \$5,880 2020: \$14,400 2021: \$14,688	MOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
		Box 6. W	oluntary Federal Income Tax Withholding
			ddress SKIDMORE WAY CITY, STATE ZIP
Draft as of June 21.	2020 - Subject to Ch		izim Number (Lise this number if you need to contact SBA)
rm SSA-1000-SM (6/2020)	DO NOT I	RETURN	THIS FORM TO SSA OR IRS

orm 1095-A	Health	Insuran	ce Mark	(etplace	Statement	VOID		OMB No. 1545-2232	
Department of the Treasury nternal Revenue Service			your tax retu	•	your records. the latest informatio		RECTED	2021	
	nt Information	•	1095A TOP INSt	ructions and	the latest mornatio	л. 			
1 Marketplace identifier	r	2 Marketpl	ace-assigned po	blicy number	3 Policy issuer's nan				
4 Recipient's name	12-3456789		001	23456789	5 Recipient's SSN	OAKWO	6 Recipient's date of birth		
7 Recipient's spouse's		EMPER						07/11/1963 ent's spouse's date of bird	
	MARTHA K				456	6-00-XXXX		05/24/196	
0 Policy start date 01/01/2021 11 Policy te 01/01/2021 3 City or town 14 State or YOUR CITY		rmination date <b>12/3</b>	31/2021	12 Street address (inc 8705 SKIDN	•				
			JR STATE	15 Country and ZIP of ZIP	r foreign postal o	code			
Part II Covered	d Individuals		100	JK STATE	211				
	vered individual name		B. Covered indi	vidual SSN	C. Covered individual date of birth	D. Coverage s	start date	E. Coverage termination da	
16	KENNETH	KEMPER	457-0	0-XXXX	07/11/1963	01/0	01/2021	12/31/202	
17	MARTHA	KEMPER	456-00	o-xxxx	05/24/1960	01/0	01/2021	12/31/202	
8									
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Part III Coverag	-	nthly enrollme	ent premiums 1,839.06		(SLCSP) premium			um tax credit	
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- 15. How much of Kenneth and Martha's state income tax refund is taxable?
  - a. \$0
  - b. \$23
  - c. \$115
  - d. \$230
- **16.** What are the advantages of completing the lump-sum Social Security worksheet for Kenneth?
  - a. It reduces the taxable portion of Social Security benefits.
  - b. It reduces the amount of premium tax credit that must be repaid.
  - c. There is no benefit to completing the worksheet.
  - d. Both a and b
- **17.** If Kenneth uses the lump-sum Social Security worksheet, what is the taxable portion of his Social Security benefits?
  - a. \$8,927
  - b. \$13,385
  - c. \$17,546
  - d. \$29,723
- **18.** What age is used to compute the taxable amount of the pension using the Simplified Method?
  - a. 60
  - b. 115
  - c. 116
  - d. 117
- 19. How much of Kenneth and Martha's Advance Premium Tax Credit must be repaid?
  - a. 0
  - b. \$2,700
  - c. \$5,325
  - d. \$21,613
- **20.** How much should be entered as the amount previously recovered in the simplified method worksheet?
  - a. \$0
  - b. \$25
  - c. \$200
  - d. \$300

Read each question carefully and use your training and resource materials to answer the questions. All questions are based on calendar-year taxpayers.

# Scenario 1: Donna and Becky Howard

#### **Interview Notes**

- Becky is 25 years old and unmarried. She has two children: Seth is 7 years old and Kathleen was born in 2021. They all lived with Donna, Becky's mother, in 2021.
- Seth and Kathleen's father do not live with them, and Becky has not signed a Form 8332.
- Becky works full-time and made \$30,000 in 2021. The children attended daycare while she worked. She received a statement from her childcare provider showing that she paid \$8,000 for the care of both children for the year.
- Donna is unmarried and earned \$25,000 in 2021. Donna paid over half the costs of keeping up the home for herself, Becky and Becky's children.
- In 2020, Donna's adjusted gross income (AGI) was higher than Becky's and Becky allowed Donna to claim Seth as a dependent. Donna received a \$2,800 third Economic Impact Payment (EIP 3) in 2021. Becky received an EIP 3 of \$1,400.
- Donna opted out of the advance payments of the Child Tax Credit. Becky did not receive any advance payments of the Child Tax Credit.
- Becky, Donna, Seth, and Kathleen are all U.S. citizens with valid Social Security numbers and lived in the United States all year.

## **Scenario 1: Retest Questions**

- 1. Seth and Kathleen are the qualifying children of more than one person and are subject to the tiebreaker rules. Donna **cannot** claim them as dependents for 2021.
  - a. True
  - b. False
- 2. Donna must file as Single and Becky may file as Head of Household.
  - a. True, because Donna does not have a qualifying person for Head of Household
  - b. True, because Becky has a qualifying person for Head of Household
  - c. False, because Donna has a qualifying person for Head of Household
  - d. False, Becky **cannot** claim Head of Household because she doesn't pay more than half the cost of keeping up the home and Donna doesn't have a qualifying person

- **3.** For 2021, what is the maximum refundable Child Tax Credit for a qualifying child under the age of six? \_\_\_\_\_\_
- **4**. No one is eligible to claim a Recovery Rebate Credit for Seth because Donna received the EIP 3 for Seth in 2021.
  - a. True
  - b. False

This scenario does not require you to prepare a tax return. Refer to the interview notes here and the accompanying Form 1098-T on page 122 for the information needed to answer the questions that follow.

#### **Interview Notes**

- David is 19 years old and a full-time college sophomore majoring in physics. The college is an eligible educational institution. He resides on campus during the school year and lives with his parents during the summer.
- David spent \$1,500 on books in 2021.
- David's parents provided more than half of his support.
- David has never been convicted of a felony.
- David received Form 1098-T as shown on the following page. The Box 5 amount is an **unrestricted** scholarship. David received no other income in 2021.
- David and his parents are U.S. citizens with valid Social Security numbers.
- David and his parents came to the site to have their returns prepared. They want to maximize the tax benefits for the family.

## **Scenario 2: Retest Questions**

- **5.** If his parents optimize use of the American opportunity credit, David will include \$7,500 of his scholarship as taxable income.
  - a. True
  - b. False
- **6.** For the purpose of determining if David has a **filing requirement**, taxable scholarship and fellowship grants are considered earned income.
  - a. True
  - b. False

This scenario does not require you to prepare a tax return. Refer to the interview notes here and the accompanying brokerage statement on page 125 for the information needed to answer the questions that follow.

## **Interview Notes**

- Sophia is 20 years old, unmarried, and graduated from junior college in December 2020.
- In 2021, she worked as a care provider for her disabled sister, Savannah, and received \$15,200 in Medicaid waiver payments reported on Form W-2 Box 1.
- In June, Sophia sold some stock she inherited. She provided the brokerage statement showing all her stock sales for 2021.
- Sophia is a U.S. citizen, has a Social Security number, and lived with Savannah in the U.S. all year.
- Sophia provides all of her own support.

# **Scenario 3: Retest Questions**

- 7. Sophia's inherited stock sale is treated as a short-term transaction
  - a. True
  - b. False
- 8. What is Sophia's total capital gain or loss?
  - a. \$400
  - b. \$3,800
  - c. \$4,100
  - d. \$4,400
- 9. Sophia is eligible for the earned income credit.
  - a. True
  - b. False
- **10.** Sophia must include the qualified Medicaid waiver payments in **both** gross income and earned income if she wishes to claim the Earned Income Credit.
  - a. True
  - b. False

This scenario does not require you to prepare a tax return. Refer to the interview notes here and accompanying Forms 1099-NEC and 1099-K on page 128 for the information needed to answer the questions that follow.

### **Interview Notes**

- Keisha and Jay are married and file a joint return.
- Jay is an employee and received a Form W-2 showing \$30,000 in wages for the year. Keisha is a self-employed driver for Delicious Deliveries.
- Keisha and Jay had health insurance subsidized by Jay's employer. They paid \$3,600 in premiums for the year.
- Keisha provided a statement from the food delivery service that indicated the amount of mileage driven and fees paid for the year. These fees are considered ordinary and necessary for the food delivery business:
  - ° 7,200 miles driven while delivering food
  - Insulated box rental: \$300
  - Vehicle safety inspection (required by Delicious Deliveries): \$50
  - GPS device fee: \$120
- · Keisha also kept receipts for the following out-of-pocket expenses:
  - ° \$100 for tolls
  - ° \$120 for car washes
  - ° \$48 for parking tickets
  - ° \$75 for Personal Protective Equipment (PPE) used during deliveries
  - ° \$150 for snacks and lunches Keisha consumed while working
- Keisha's record keeping application shows she also drove 4,125 miles between deliveries and 4,200 miles driven between her home and her first and last delivery point of the day. Keisha has a separate car for personal use. She bought and started using her second car for business on September 1, 2020.
- Keisha provided the Form 1099-NEC and Form 1099-K that she received from Delicious Deliveries. See the next page.
- Keisha also received \$300 in cash tips that were not reported elsewhere.
- Keisha and Jay also paid the following this year:
  - Mortgage interest = \$5,000
  - Property tax = \$3,000
  - Donations of clothing in good used condition = \$350 (fair market value)
  - Cash donations to qualified charities = \$550
  - Tools for Jay's job = \$300
  - State income taxes withheld = \$4,000
- Keisha won \$10,000 on a scratch off lottery ticket. She has \$3,000 of losing tickets.

- **11.** Keisha's net Schedule C income is \$10,040.
  - a. True
  - b. False
- **12.** Because Keisha and Jay aren't itemizing, Keisha can subtract her losses from her gambling winnings and report \$7,000 in gross income.
  - a. True
  - b. False
- **13.** The maximum amount Keisha and Jay can claim as a charitable contribution if they take the standard deduction is \$300.
  - a. True
  - b. False
- 14. Keisha is not eligible for a self-employed health insurance deduction.
  - a. True
  - b. False

Refer to the scenario information for Kenneth and Martha Kemper, beginning on page 130.

- 15. The taxable amount of Kenneth and Martha's state income tax refund is \$230.
  - a. True
  - b. False
- **16.** If Kenneth uses the lump-sum benefits worksheet to calculate the tax on his prior years' Social Security benefits, they are still taxed in the current year and no amended returns need to be filed.
  - a. True
  - b. False
- **17.** If Kenneth uses the lump-sum benefits worksheet, the taxable portion of his Social Security is \$17,546.
  - a. True
  - b. False
- **18.** What age is used to compute the taxable amount of the pension using the Simplified Method? \_\_\_\_\_.
- 19. Kenneth and Martha must repay \$21,613 of the Advance Premium Tax Credit.
  - a. True
  - b. False
- **20.** How much should be entered as the amount previously recovered in the simplified method worksheet? \$\_\_\_\_\_.

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

## Military Scenario 1: Todd Long

#### **Interview Notes**

- Todd Long is single.
- Todd is a tank driver in the Army Reserve. He attended training drills one weekend a month for 12 months in 2021.
- Todd only owns one vehicle. He placed his vehicle in service on February 28, 2020.
- Todd's total mileage in 2021 was 35,700 miles.
- Todd's duty station is 150 miles away from his residence. He drove 3,600 miles to and from his duty station based on his travel log.
- Todd paid \$696 for meals while attending training drills. Lodging was provided for free on the base since he is enlisted.
- Meals were within federal per diem rates for the area.
- Todd paid \$150 for the cost and upkeep of his uniforms. He is permitted to wear his uniform for off duty purposes.
- Todd did not receive reimbursement for any of his out-of-pocket expenses.

# **Military Scenario 1: Test Questions**

- 1. Todd is **not** able to take an adjustment to income for:
  - a. Travel to and from duty station
  - b. Meals
  - c. Both a and b
  - d. Uniforms
- 2. What is the amount of the deductible mileage expense? \$\_\_\_\_\_.

- Dave and Sandra lived in Phoenix, AZ where Dave was stationed in the Navy for four years. He received new orders to move to Charleston, SC air station. This is a permanent change of station (PCS).
- They decided to make a Personally Procured Move (PPM).
- Sandra traveled to Charleston in May to find a house to rent. She wanted a home close to the beach. She spent \$950 on round-trip airfare, hotel, food, and rental car.
- Dave and Sandra spent \$200 on boxes, tape, bubble wrap, and mattress bags. They paid \$625 for the rental truck.
- On July 18, 2021, Dave and Sandra packed up their belongings and began driving from Phoenix to Charleston. Along the way, they stopped in Oklahoma City, OK to visit their cousins. Their trip took a total of nine days and eight nights instead of the authorized 4 nights for travel.
- The Blackburns drove their rental truck a total of 2,378 miles. The shortest, most direct route calculated by the Navy was 2,163 miles.
- They spent a total of \$215 on basketball tickets while on Oklahoma City. The allowable lodging per diem was \$79 per night.
- Dave and Sandra spent \$450 for food and \$75 on sport shirts.
- They paid \$25 in highway tolls and \$15 for parking as part of the expected move.
- Their move was estimated to cost \$3,200 and the Navy provided \$2,880 in advance.
- Dave and Sandra are U.S. citizens and have valid Social Security numbers.

- 3. Their net financial profit from the move will be reported on:
  - a. Form 1099-INT, Interest Income
  - b. Form W-2, Wage and Tax Statement
  - c. Form 1040 Schedule A, Itemized Deductions
  - d. None of the above. It doesn't need to be reported.
- **4.** The Blackburns can deduct the cost of their side trip and house hunting trip as qualified moving expenses.
  - a. True
  - b. False
- 5. How much can Dave and Sandra claim for the mileage \$ \_\_\_\_\_. (Round to nearest dollar.
  - a. \$346
  - b. \$380
  - c. \$1,211
  - d. \$1,332
- 6. How much can Dave and Sandra claim as their total qualified lodging expenses?
  - a. \$0
  - b. \$79
  - c. \$316
  - d. \$362

- Lisa Wagner is a retired member of the U.S. Army.
- She received Form 1099-R for retirement payement pay from the Defense Finance and Accounting Service.
- Form 1099-R indicates \$28,500 in Box 1 and Box 2a.
- Lisa is considered 20% disabled and received a letter of determination from the Department of Veterans Affairs (VA).
- She received a payment in the amount of \$2,950 from the VA for disability.

## **Military Scenario 3: Test Questions**

- 7. Which of the following documents are issued by the VA for disability payments?
  - a. Form W-2, Wage and Tax Statement
  - b. Forms W-2 or 1099-R, depending on type of disability.
  - c. No tax form is required to be issued; however, Lisa may receive a statement.
  - d. Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, Insurance Contracts, etc.
- 8. The disability payment of \$2,950 that Lisa received from the VA is non-taxable.
  - a. True
  - b. False

- Robert and Shirley Myers are married and have a 13 year old daughter who lived with Shirley all year.
- Robert was deployed to Afghanistan on June 1, 2021. His last day in the combat zone is scheduled for May 3, 2022.
- Robert's Form W-2 shows:
  - Box 1 = \$15,000
  - · Box 12a = \$20,000, Code Q
- Shirley's Form W-2 shows \$34,000 in Box 1. This is her only income.
- Robert, Shirley, and their daughter are all U.S. citizens and have valid Social Security numbers. The entire family lives in the U.S.

## **Military Scenario 4: Test Questions**

- **9.** Robert and Shirley **cannot** choose to exclude their combat pay for the purposes of calculating the earned income credit.
  - a. True
  - b. False
- **10.** Robert and Shirley have \_\_\_\_\_ days to file their 2021 tax return after he returns from the combat zone.
  - a. 105
  - b. 180
  - c. 285
  - d. 365

- · Daniel and Betty are married and want to file a joint return.
- Daniel and Betty have an 18 year old son, Brian, who lived with them the entire year.
- Daniel was deployed to Iraq and entered a combat zone on April 1, 2021. He returned to the U.S. on February 15, 2022.
- Betty has rental property, which she placed into service in 2017.
- Rental property:
  - Betty is an active participant.
  - Single family residence at 1285 West Indian Ave, Your City, Your State, Your Zip.
  - Purchased property: 07/21/2011.
  - Rented: 1/1/2021 to 12/31/2021
  - Annual rental income: \$18,600
  - Insurance: \$1,900
  - Management fees: \$1,045
  - Betty paid \$1,373 to fix a broken window, fill a pothole in the driveway, and repair a broken pipe. She did the pothole repair herself and feels her time completing the repair was worth \$675 compared to the estimate from the asphalt contractor.
  - Real estate property tax: \$2,114.
  - Mortgage Interest: \$4,750.
  - Depreciation: \$3,300 (annual amount previously calculated by Betty's accountant).
  - Betty did not make any payments that require her to file Form 1099.
- Daniel and Betty received \$4,200 as an Economic Impact Payment (EIP 3) in March 2021.
- The Simmons did not itemize last year and do not have enough deductions to itemize this year.



Form <b>13614-C</b> (October 2021)							e Treasury - Internal Revenue Service V & Quality Review Sheet							
You will need: • Tax Information such as • Social security cards or • Picture ID (such as valid	<b>ITIN</b> letters for	or all perso	ons on vo	our tax i ur spou	return. Ise.	<ul> <li>You an complete</li> </ul>	e responente ete and a	nsible for accurate i	1-4 of this formand the information. If the second the	tion on yo		•		
		To repo	ort unethi	cal beh	avior to	the IRS, e	nail us a	at <u>wi.volta</u>	phest ethica x@irs.gov		S.			
Part I – Your Personal Inform	ation (If you a	re filing a j	oint return	, enter	your nam	es in the s	ame ord	er as last y	/ear's return)					
1. Your first name DANIEL		M.I.	Last na SIMMO						est contact r 12-555-1212	umber	X Ýe		No	
2. Your spouse's first name BETTY		M.I.		Last name SIMMONS					est contact r 12-555-1212	umber		Is your spouse a U.S. citize ▼ Yes □ No		
3. Mailing address 4525 BOARDWALK WAY							City YOUR CI	ΓY			State YS		IP code <b>OUR ZIP</b>	
<ol> <li>Your Date of Birth</li> </ol>	5. Your job ti	tle		6.	Last year	, were you	:			a. Fu	ll-time stud	dent 🗌 Y	'es 🕱 No	
03/20/1978	SOLDIER			b.	Totally ar	nd perman	ently disa	abled 🗌	Yes 🕱 N	lo c. Leg	gally blind	🗌 Y	'es 🕱 No	
7. Your spouse's Date of Birth 10/25/1976	8. Your spou				9. Last year, was your spouse:       a. Full-time studen         b. Totally and permanently disabled       ☐ Yes       X         No       c. Legally blind						dent □ Y □ Y	es 🗴 No es 🗴 No		
10. Can anyone claim you or yo	Jur spouse as	a depende	nt?	∃ Yes	X No	Unsu					5 7			
11. Have you, your spouse, or								Identity F	rotection PI	١?		Π Υ	es 🗴 No	
12. Provide an email address (	•							,						
Part II – Marital Status and														
1. As of December 31, 2021, w was your marital status?	🕱 Ma	ver Married rried vorced	a. lf ` b. Di	Yes, Dio d you liv	d you get	married in our spouse	2021?		civil unions, the last six r			Yes 🕱 N	lo	
	🗌 Leg	gally Separ	ated Da	ate of se	eparate m	aintenance	e decree							
	🗆 Wid	dowed	Ye	ear of sp	ouse's d	eath								
<ol> <li>List the names below of:</li> <li>everyone who lived with yo</li> </ol>	ou last vear <i>(ot</i>	her than vo	our spouse	<del>)</del>				lf ac	ditional space	e is neede	d check h	ere 🗌 and li	ist on page	
• anyone you supported but				,					To be co	mpleted b	y a Certif	ied Volunte	er Prepare	
Name (first, last) Do not enter your name or spouse's name below	(mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/21 (S/M)	Full-time Student last year (yes/no)	Totally and Permanent Disabled (yes/no)	Is this	Did this person provide	Did this person have less than \$4,300 of income?	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/n/a)	Did the taxpayer(s)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	()03/10)	(yes,no,n/a)		(yes/10/1/d)	(yes/no)	
BRIAN SIMMONS	10/3/2003	SON	12	YES	YES	S	YES	NO						
					1									

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Military Scenarios

			Page 2
Check	appr	-	ox for each question in each section
Yes	No	Unsure	Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive
X			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 2
	X		2. (A) Tip Income?
	X		3. (B) Scholarships? (Forms W-2, 1098-T)
	X		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)
	X		6. (B) Alimony income or separate maintenance payments?
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	×		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S, 1099-B)
	X		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
	×		11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
	X		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
X			14. (M) Income (or loss) from Rental Property?
	X		15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? 🗌 Yes 🗌 No
	X		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
	×		3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	X		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>
	X		5. (B) Child or dependent care expenses such as daycare?
	X		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
	X		7. (A) Expenses related to self-employment income or any other income you received?
	X		8. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
	X		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	×		3. (A) Adopt a child?
	X		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	x		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	x		6. (A) Receive the First Time Homebuyers Credit in 2008?
	×		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	×		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
	×		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
X			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
	×		11. (B) Receive Advanced Child Tax Credit payments?
		per 52121E	www.irs.gov Form <b>13614-C</b> (Rev. 10-2021)

Page 3
Additional Information and Questions Related to the Preparation of Your Return
1. Would you like to receive written communications from the IRS in a language other than English? 🗌 Yes 🛛 No If yes, which language?
2. Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund 🛛 🗙 You 🗌 Spouse
3. If you are due a refund, would you like:       a. Direct deposit       b. To purchase U.S. Savings Bonds       c. To split your refund between different accounts         Yes       No       Yes       No
4. If you have a balance due, would you like to make a payment directly from your bank account?  Yes  No
5. Did you live in an area that was declared a Federal disaster area?  Yes X No If yes, where?
6. Did you, or your spouse if filing jointly, receive a letter from the IRS?
Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding . Your answer will be used only for statistical purposes. These questions are optional.
7. Would you say you can carry on a conversation in English, both understanding & speaking? 🗷 Very well 🗌 Well 🗌 Not well 🗌 Not at all 📋 Prefer not to answer
8. Would you say you can read a newspaper or book in English? 🗴 Very well 🗌 Well 🗌 Not well 🗌 Not at all 🔅 Prefer not to answer
9. Do you or any member of your household have a disability?
10. Are you or your spouse a Veteran from the U.S. Armed Forces? 🛛 🗴 Yes 🗌 No 🗌 Prefer not to answer
11. Your race?
🗌 American Indian or Alaska Native 🔲 Asian 🔲 Black or African American 🗌 Native Hawaiian or other Pacific Islander 🗌 White 🗵 Prefer not to answer
12. Your spouse's race?
🗌 American Indian or Alaska Native 🔲 Asian 🔲 Black or African American 🗌 Native Hawaiian or other Pacific Islander 🗌 White 🗵 Prefer not to answer
□ No spouse
13. Your ethnicity? 🗌 Hispanic or Latino 🗌 Not Hispanic or Latino 🕱 Prefer not to answer
14. Your spouse's ethnicity? 🔅 Hispanic or Latino 🔅 Not Hispanic or Latino 😨 Prefer not to answer
Additional comments
Privacy Act and Paperwork Reduction Act Notice
The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224
Catalog Number 52121E         www.irs.gov         Form 13614-C (Rev. 10-2021)

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Military Scenarios

	a Employe	e's social security number 550-00-XXXX	OMB No. 154		Safe, accurate, FAST! Use	+fi		e IRS website at rs.gov/efile	
b Empl	oyer identification number (EIN)			1 Waq	ges, tips, other compensation	2	Federal income	tax withheld	
40-0	600XXXX				\$8,100.00			\$810.00	
c Empl	oyer's name, address, and ZIP code			<b>3</b> Soc	cial security wages	4	Social security t	ax withheld	
DFAS					\$36,750.00			\$2,278.50	
	, BOX 9999			5 Me	dicare wages and tips	-	Medicare tax with		
	A CITY, IOWA 52240			7 0	\$36,750.0	-		\$532.88	
1000	CTTT, IOWA 32240			1 500	cial security tips	8	Allocated tips		
d Contr	rol number	9		10	10 Dependent care benefits				
e Empl	oyee's first name and initial Last	name	Suff.	11 Nonqualified plans			12a See instructions for box 12		
							Q	\$28,650.00	
DANI	EL SIMMONS			13 Statu empl	oyee plan sick pay	12b	1		
4525	BOARDWALK WAY				X	de			
YOU	R CITY, YOUR STATE, ZIP			14 Oth	er	12c	1		
						ੂੰ 12d			
							1		
f Emplo	oyee's address and ZIP code					e			
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State incon	ne tax	18 Local wages, tips, etc.	19 Lo	cal income tax	20 Locality name	
YS	40-600XXXX	\$8,100.00	\$5	37.00					
V	V-2 Wage and Tax St	atement	202	ך כ	Department of	of the Ti	reasury—Internal	Revenue Servic	
-				╸┛╝					
opy B-	– To Be Filed With Employee's FE	DERAL Tax Return.							

		a Employee	e's social security number 887-00-XXXX	OMB No. 154		Safe, accurate, FAST! Use	1138	-1		ne IRS website at rs.gov/efile		
Employ	yer identification number (	EIN)			1 Wag	es, tips, other con	npensation	2	Federal income	tax withheld		
34-6	00XXXX					\$1	4,650.00		\$2,100.0			
Employ	yer's name, address, and 2	ZIP code			<b>3</b> Soc	ial security wage	s	4	Social security t	ax withheld		
						\$1	4,650.00	)		\$908.30		
					5 Me	dicare wages and	l tips	6	Medicare tax wi	thheld		
						\$1	14,650.0	0		\$212.43		
YOUR	CITY, YOUR STA	TE, ZIP			7 Soc	ial security tips		8	Allocated tips			
I Contro	l number				9			10	Dependent care	benefits		
e Employ	yee's first name and initial	Last r	name	Suff.	11 Nor	nqualified plans		<b>12</b>	See instruction	s for box 12		
BETT	Y SIMMONS				13 Statu empl	tory Retirement oyee plan	Third-party sick pay	12	) 			
4525 E	BOARDWALK WA	Y						d	d e			
YOUR	CITY, YOUR STA	TE, ZIP			14 Othe	ər		120 0	; 			
								120	t 			
Employ	ee's address and ZIP cod	e						0				
5 State	Employer's state ID numb	er	16 State wages, tips, etc.	17 State incom	ne tax	18 Local wages	s, tips, etc.	<b>19</b> Lo	ocal income tax	20 Locality name		
YS	34-6	00XXXX	\$14,650.00	\$8	25.00							
1												
								C 41				
rm W	<b>=2</b> Wage and	d Tax Sta	atement	202	Т Г	De	epartment o	i the i	reasury-interna	Revenue Service		
py B-	To Be Filed With Emp	loyee's FE	DERAL Tax Return.									
is inform	nation is being furnishe	ed to the Inte	ernal Revenue Service.									

- **11.** Daniel and Betty can claim \$14,482 as their total rental expenses on their joint return?
  - a. True
  - b. False
- 12. Code "Q" in box 12a of Daniel's W-2 represents combat pay.
  - a. True
  - b. False
- 13. Which schedule is used to report rental income and expenses?
  - a. Schedule F, Profit or Loss From Farming
  - b. Schedule E, Supplemental Income and Loss
  - c. Schedule D, Capital Gains and Losses
  - d. Schedule C, Profit or Loss From Business
- 14. Combat pay \_\_
  - a. May increase the Earned Income Credit
  - b. May increase the Child Tax Credit
  - c. Is reported on Form W-2 in Box 12 with Code Q
  - d. All of the above
- 15. Which of the following credits can be claimed for their son, Brian?
  - a. Credit for Other Dependents
  - b. Earned Income Credit
  - c. Child Tax Credit
  - d. Both a and b



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

# Military Scenario 1: Todd Long

## **Interview Notes**

- Todd Long is single.
- Todd is a tank driver in the Army Reserve. He attended training drills one weekend a month for 12 months in 2021.
- Todd only owns one vehicle. He placed his vehicle in service on February 28, 2020.
- Todd's total mileage in 2021 was 35,700 miles.
- Todd's duty station is 150 miles away from his residence. He drove 3,600 miles to and from his duty station based on his travel log.
- Todd paid \$696 for meals while attending training drills. Lodging was provided for free on the base since he is enlisted.
- Meals were within federal per diem rates for the area.
- Todd paid \$150 for the cost and upkeep of his uniforms. He is permitted to wear his uniform for off duty purposes.
- Todd did not receive reimbursement for any of his out-of-pocket expenses.

# **Military Scenario 1: Retest Questions**

- 1. The amount Todd paid for meals and mileage are **not** deductible as an adjustment to income.
  - a. True
  - b. False
- 2. What is the correct amount of the deductible mileage expense?
  - a. \$0
  - b. \$84
  - c. \$2,016
  - d. \$19,992

- Dave and Sandra lived in Phoenix, AZ where Dave was stationed in the Navy for four years. He received new orders to move to Charleston, SC air station. This is a permanent change of station (PCS).
- They decided to make a Personally Procured Move (PPM).
- Sandra traveled to Charleston in May to find a house to rent. She wanted a home close to the beach. She spent \$950 on round-trip airfare, hotel, food, and rental car.
- Dave and Sandra spent \$200 on boxes, tape, bubble wrap, and mattress bags. They paid \$625 for the rental truck.
- On July 18, 2021, Dave and Sandra packed up their belongings and began driving from Phoenix to Charleston. Along the way, they stopped in Oklahoma City, OK to visit their cousins. Their trip took a total of nine days and eight nights instead of the authorized 4 nights for travel.
- The Blackburns drove their rental truck a total of 2,378 miles. The shortest, most direct route calculated by the Navy was 2,163 miles.
- They spent a total of \$215 on basketball tickets while in Oklahoma City. The allowable lodging per diem was \$79 per night.
- Dave and Sandra spent for \$450 for food and \$75 on sport shirts.
- They paid \$25 in highway tolls and \$15 for parking as part of the expected move.
- Their move was estimated to cost \$3,200 and the Navy provided \$2,880 in advance.
- Dave and Sandra are U.S. citizens and have valid Social Security numbers.

## **Military Scenario 2: Retest Questions**

- **3.** Dave and Sandra's net profit from their move will be reported on Form W-2, Wage and Tax Statement.
  - a. True
  - b. False
- 4. Which of the following are qualified moving expenses for Dave and Sandra?
  - a. Expenses that are reasonable for the circumstances of a move.
  - b. Expenses for stopovers, side trips, or pre-move house hunting.
  - c. Traveling expenses for the shortest, most direct route available from the former home to the new home including parking and tolls.
  - d. Both a and c

- 5. The mileage cost for Dave and Sandra's trip was \$346.
  - a. True
  - b. False
- 6. The Blackburns can claim \$316 as their lodging expense?
  - a. True
  - b. False

- · Lisa Wagner is a retired member of the U.S. Army.
- She received Form 1099-R for her retirement pay from the Defense Finance & Accounting Service.
- Form 1099-R indicates \$28,500 in Box 1 and Box 2a.
- Lisa is considered 20% disabled and received a letter of determination from the Department of Veterans Affairs (VA).
- She received a payment in the amount of \$2,950 from the VA for disability.

## **Military Scenario 3: Retest Questions**

- **7.** The \$28,500 from Defense Finance and Accounting Service is subject to which type of tax?
  - a. Medicare tax
  - b. Self-Employment tax
  - c. Social Security tax
  - d. Federal Income tax
- 8. The VA issues Form 1099-R for disability payments.
  - a. True
  - b. False

- Robert and Shirley Myers are married and have a 13 year old daughter who lived with Shirley all year.
- Robert was deployed to Afghanistan on June 1, 2021. His last day in the combat zone is scheduled for May 3, 2022.
- Robert's Form W-2 shows:
  - Box 1 = \$15,000
  - Box 12a = \$20,000, Code Q
- Shirley's Form W-2 shows \$34,000 in Box 1. This is her only income.
- Robert, Shirley, and their daughter are all U.S. citizens and have valid Social Security numbers. The entire family lives in the U.S.

## **Military Scenario 4: Retest Questions**

- 9. Robert and Shirley may count his combat pay to increase their Child Tax Credit.
  - a. True
  - b. False
- **10.** Robert and Shirley have 285 days to file their tax return after he returns from the combat zone.
  - a. True
  - b. False

Refer to the scenario information for Daniel and Betty Simmons beginning on page 152.

- 11. Which of the following is not an eligible rental expense deduction?
  - a. Interest
  - b. Insurance
  - c. Management fees
  - d. Value of Betty's labor
- 12. What is the amount of Daniel's combat pay from his W-2?
  - a. \$810
  - b. \$8,100
  - c. \$28,650
  - d. \$36,750
- **13.** The Simmons's net rental income (rental income minus expenses) is figured using Schedule C and reported as self-employment income on Form 1040, Schedule 1, Additional Income and Adjustments to Income.
  - a. True
  - b. False
- 14. Combat pay is **not** taxable.
  - a. True
  - b. False
- 15. The Simmons can claim the Child Tax Credit for their son, Brian.
  - a. True
  - b. False

# **International Course Scenarios and Test Questions**

## Directions

The first two scenarios do not require you to prepare a tax return. **Read the interview** notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.

## International Scenario 1: Andy and June Hillsdale

### **Interview Notes**

- Andy and June currently live in Hong Kong.
- They moved there on February 15, 2020 and rent a 2-bedroom apartment. Andy was transferred there for an indefinite period of time. Andy and June intend to eventually return to the United States.
- Andy is employed by a U.S.-based Fortune 500 company and June teaches English as a second language.
- Andy and June returned to the U.S. for 7 days for a family funeral in August of 2021. They also took a 13 day vacation to Macao, China to gamble and relax.
- Neither Andy nor June work for the U.S. government.
- Andy and June have a house in the U.S. It is vacant while they are overseas. Their brother and sister-in-law house sit while they are living abroad.
- Andy and June are U.S. citizens and have valid Social Security numbers.

# **International Scenario 1: Test Questions**

- 1. When calculating the 330 full days in a foreign country for the physical presence test, how is the 13-day vacation treated ?
  - a. None of days are counted as days spent in a foreign country
  - b. Only the first and last days of the trip do **not** count as days spent in the foreign country
  - c. All of the days are counted as days spent in the foreign country
  - d. Only 5 of the 13 days count as spent in the foreign country
- 2. In order for Andy and June to exclude their foreign earned income, they must
  - a. Have income that qualifies as foreign earned income
  - b. Demonstrate that their tax home is in a foreign country
  - c. Meet the physical presence test
  - d. All of the above

- Wilhelm and Mary are married and live in Stuttgart, Germany.
- Mary is a U.S. citizen and has a valid Social Security number. Wilhelm is a citizen of Germany and has an ITIN for U.S. tax filing purposes.
- In 2017, Wilhelm and Mary chose to treat Wilhelm as a resident alien for tax purposes. This choice has never been suspended or revoked.
- Wilhelm and Mary have a daughter, Helga, who was born on July 23, 2020. Helga is a U.S. citizen and has a valid Social Security number issued by the due date of the return, including extensions.
- When both of Wilhelm's parents died last year, his uncle Hans moved in with them. Hans is a citizen of Germany and has no income.
- Mary is employed by a Fortune 500 company and earned \$27,500.
- Wilhelm works as a part-time brewer and earned the equivalent of \$18,000 in U.S. dollars.
- Wilhelm and Mary provide all the financial support for Helga and Hans.

## **International Scenario 2: Test Questions**

- **3.** Neither spouse wishes to revoke their election to treat Wilhelm as a resident alien. What are Wilhelm and Mary's filing status options this year?
  - a. They must file Married Filing Separately
  - b. They must file Married Filing Jointly
  - c. Mary can chose to file Single and Wilhelm does not have to file at all
  - d. They can chose Married Filing Jointly or Married Filing Separately
- **4.** How can the Schmidts decide to end their election to treat Wilhelm as a resident alien?
  - a. Divorce or Legal Separation
  - b. Revocation in writing
  - c. Death of either spouse
  - d. All of the above
- **5.** On a Married Filing Jointly return, can Wilhelm and Mary claim the Credit for Other Dependents for Uncle Hans?
  - a. No, because Hans is **not** a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico
  - b. Yes, because Hans is a qualifying relative with no income
  - c. Yes, because Hans meets the relationship test
  - d. None of the above

- **6.** On a Married Filing Jointly return, Wilhelm and Mary are able to claim which of the following credits for Helga?
  - a. Child tax credit
  - b. Earned income credit
  - c. Other Dependents Credit
  - d. None of the above

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

#### **Interview Notes**

- Justin Herzing is a U.S. citizen, single, and has no children. He has lived and worked in England since March 20, 2013. He does not maintain an address in the U.S. and has no intentions of returning.
- He considers himself a resident of England. He rents an apartment at 700 Bond Street, London, UK W2SC5.
- Income:
  - Justin's visa type: Unlimited.
  - Justin works at the U.S. Embassy and has a Form W-2 for his salary.
  - In 2021, Justin got a job working part time in a pub as a waiter. The pub is called the Tilted Crown and located at 256 Oxford Street, London, UK, 2WSC4. Justin earned an equivalent of \$4,790 in wages and paid taxes totaling \$295. His taxes were paid to England as he earned his wages.
  - Justin earned \$215 (converted to U.S. dollars) of dividends from Rothchilds Corp. He paid foreign tax to England on these dividends in the amount of 33.0 Pounds. The exchange rate on the date he paid the tax was 1 U.S. Dollar (USD) = 0.746 Pounds. Justin's dividends are not qualified dividends for U.S. tax purposes.
- Justin was not required to file FinCen Form 114 and he did not receive a distribution, was not a grantor of, nor was he a transferor to a foreign trust.
- Justin did not itemize in 2020 and does not have enough deductions to itemize in 2021.
- Justin received a \$1,400 Economic Impact Payment (EIP 3) in March 2021.



You will need: • Tax Information such as • Social security cards or				ur tax re	eturn.	• You ar	e respoi	nsible for t	-4 of this for the information.		ur return.	Please pro	vide
Picture ID (such as valid	driver's licens	se) for yo	u and y໌oເ	ır spou	se.	• If you	have que	estions, pl	ease ask th			nteer prepa	rer.
	Volunteers								hest ethica <u>x@irs.gov</u>	l standards	6.		
Part I – Your Personal Informa	ation (If you ar	•							-				
1. Your first name		M.I.	Last na						est contact n	umber		u a U.S. citi	
JUSTIN			HERZI						/8-123-4567		X Yes		No
2. Your spouse's first name		M.I.	Last na	ame				Be	est contact n	umber	Is your	r spouse a l s	J.S. cit ] No
3. Mailing address		I				Apt # 0	City	I			State		IP cod
700 BOND STREET							ONDON				U.K.		V2SC5
4. Your Date of Birth	5. Your job title				•	, were you					-time stud	_	es 🗴
11/15/1972	GOVERNMEN					ld perman	-		Yes 🗴 N		ally blind		es 🗴
7. Your spouse's Date of Birth	8. Your spous	e's job title	Э		-	, was your					-time stud		
						nd perman		abled	Yes 🗌 N	o c. Leg	ally blind	□ Y	es 🗌
10. Can anyone claim you or yo	•	•		-	X No	Unsu							
11. Have you, your spouse, or o	•				•					1?		□ Y	es 🗴
12. Provide an email address (c Part II – Marital Status and	1 / 1			t be use	d for con	tacts from	the Inter	nal Reven	ue Service)				
1. As of December 31, 2021, w		er Married	-	ia inalud		orod dom	octio port	norching	vivil unions, o	or other for	nal ralation	achina unda	r ototo
was your marital status?	∏at <b>∧</b> Neve		•		-	married in	•	nersnips, c	ivii unions, t			Yes $\Box$ N	
		leu						ny part of t	he last six n	onths of 20			
		orced		•	al decree	•	uunny a	ing part of t			21: 🗆		0
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		ally Separa	ated Da	te of sei			e decree			_			
	🗌 Lega	ally Separa owed				aintenanc	e decree						
2 List the names below of	🗌 Lega				parate m	aintenanc	e decree						
<ul> <li>2. List the names below of:</li> <li>• everyone who lived with yo</li> </ul>	☐ Lega ☐ Wido	owed	Ye	ar of sp	parate m	aintenanc	e decree		ditional spac	e is needeo	d check he	re 🗌 and li	st on p
<ul> <li>2. List the names below of:</li> <li>everyone who lived with yo</li> <li>anyone you supported but of</li> </ul>	U last year <i>(oth</i>	owed	Ye ur spouse	ar of sp	parate m	aintenanc	e decree		· · ·			re	
everyone who lived with yo     anyone you supported but o     Name (first, last) Do not enter your	u last year (oth did not live with Date of Birth R (mm/dd/yy) to s dd	eer than yo you last y Relationship o you (for example: toon,	Ye <i>ur spouse</i> rear Number of months	ar of spo ) US Citizen	parate m puse's de Resident of US,	aintenanc eath Single or Married as of 12/31/21			To be co	mpleted by Did this person provide more than 50% of his/	y a Certific Did this person have less than \$4,300 of income?		er Pre Did the taxpay pay m half th mainta
everyone who lived with yo     anyone you supported but o     Name (first, last) Do not enter your	u last year (oth did not live with Date of Birth (mm/dd/yy) to so	ner than yo n you last y Relationship o you (for example: toon, laughter,	Ye ur spouse rear Number of months lived in your home	ar of spo ) US Citizen	Resident of US, Canada, or Mexico last year	aintenanc eath Single or Married as of 12/31/21	Full-time Student last year	If add Totally and Permanently Disabled	To be co Is this person a qualifying child/relative of any other	mpleted by Did this person provide more than 50% of his/	y a Certific Did this person have less than \$4,300 of income?	ed Volunte Did the taxpayer(s) provide more than 50% of support for	

International Scenarios

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Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
x			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 2
	X		2. (A) Tip Income?
	x		3. (B) Scholarships? (Forms W-2, 1098-T)
x			4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)
	X		6. (B) Alimony income or separate maintenance payments?
	X		7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S, 1099-B
	X		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
	X		11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
	X		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	X		14. (M) Income (or loss) from Rental Property?
X			15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You <i>(or Your Spouse)</i> Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN?  Yes No
	X		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🔤 401K (B) 🔄 Roth IRA (B) 📄 Other
	X		3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	x		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>
	x		5. (B) Child or dependent care expenses such as daycare?
	x		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
	x		7. (A) Expenses related to self-employment income or any other income you received?
	x		8. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You (or Your Spouse)
	X		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	x		3. (A) Adopt a child?
	x		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	x		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	x		6. (A) Receive the First Time Homebuyers Credit in 2008?
	x		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	x		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
			9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
	x		
	×		
	<b>X</b>		<ul><li>10. (B) Receive an Economic Impact Payment (stimulus) in 2021?</li><li>11. (B) Receive Advanced Child Tax Credit payments?</li></ul>

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International Scenarios

1 Would you like to receive written co	ommunications from the IRS in a language other than English? 🗌 Yes 🛛 🗍 No 🛛 If yes, which langua	ge?
-	nd (If you check a box, your tax or refund will not change)	go
	if filing jointly, want \$3 to go to this fund	
3. If you are due a refund, would you l	like: a. Direct deposit b. To purchase U.S. Savings Bonds c. To split your refu	nd between different accounts
4. If you have a balance due, would w	rou like to make a payment directly from your bank account? Yes X No	
	clared a Federal disaster area?  Yes X No If yes, where?	
6. Did you, or your spouse if filing join		
	erate by receiving grant money or other federal financial assistance. The data from the following	unestions may be used by
• • • •	or to support continued receipt of financial funding . Your answer will be used only for statistica	
7. Would you say you can carry on a c	conversation in English, both understanding & speaking? 🗵 Very well 🗌 Well 🔲 Not well 🗌 Not	at all  Prefer not to answe
8. Would you say you can read a new	vspaper or book in English? X Very well Vell Not well Not at all	Prefer not to answe
9. Do you or any member of your hou		
10. Are you or your spouse a Veteran	n from the U.S. Armed Forces?	
11. Your race?		
American Indian or Alaska Native	e 🔲 Asian 📋 Black or African American 📋 Native Hawaiian or other Pacific Islander 📋 Whi	te X Prefer not to answer
12. Your spouse's race?		
American Indian or Alaska Native	e 🗌 Asian 📋 Black or African American 📋 Native Hawaiian or other Pacific Islander 📋 Whi	te 🛛 Prefer not to answer
No spouse		
13. Your ethnicity?	🗌 Hispanic or Latino 🛛 🗌 Not Hispanic or Latino 🛛 🕱 Prefer not to answer	
14. Your spouse's ethnicity?	🗌 Hispanic or Latino 🛛 Not Hispanic or Latino 🗌 Prefer not to answer 🛛 🕱 No spous	e
Additional comments		
	Privacy Act and Paperwork Reduction Act Notice	
do not receive it, and whether your response is you relative to your interest and/or participation volunteer return preparation sites or outreach a do not provide the requested information, the IF information requests. The OMB Control Numbe	e ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We mus soluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for thi in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others what activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your RS may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS display an ON er for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or sugges fax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224	s information to assist us in contactin no coordinate activities and staffing a response is voluntary. However, if yo //B control number on all public
Catalog Number 52121E	www.irs.gov	Form <b>13614-C</b> (Rev. 10-202

25-1XXXXXX		1 Wag	jes, tips, other compensation	2 Federa	al income ta	x withheld	
			A AC EOO OO				
ode			\$ 46,530.00			\$4,553.00	
		3 Soc	cial security wages		security tax		
			\$46,530.00			\$2,884.86	
		5 Med	dicare wages and tips		are tax with		
		7 0	\$46,530.00		and the a	\$674.69	
		7 Soc	cial security tips	8 Allocat	ed tips		
		9		10 Depen	dent care b	enefits	
Last name	Suff.	<b>11</b> Nor	ngualified plans	12a See instructions for box 12			
				DD		\$3,722.00	
	-	13 Statu empl	tory Retirement Third-party oyee plan sick pay	12b		. ,	
				o d e			
		14 Othe	ər	12c			
				12d			
				ē			
16 State wages, tips, etc.	17 State incom	ne tax	18 Local wages, tips, etc.	19 Local inco	me tax	20 Locality name	
ax Statement	בחכ	ך כ	Department o	the Treasury	-Internal F	Revenue Service	
		16 State wages, tips, etc. 17 State incom	Last name Suff. 11 Nor 13 State 14 Other 16 State wages, tips, etc. 17 State income tax	Last name Suff. 11 Nonqualified plans  13 Statutory employee I I I I I I I I I I I I I I I I I I	9     10 Dependent       Last name     Suff.     11 Nonqualified plans     12a See in Construction of DD       13     Statutory employee     Petirement plan     Third-party plan     12b Construction of DD       14     Other     12c Construction of Party plan     12c Construction of Party plan     12c Construction of Party plan       14     Other     12c Construction of Party plan     12c Construction of Party plan     12c Construction of Party plan       14     Other     12c Construction of Party plan     12c Construction of Party plan     12c Construction of Party plan       14     Other     12c Construction of Party plan     12c Construction of Party plan     12c Construction of Party plan       14     Other     12c Construction of Party plan     12c Construction of Party plan     12c Construction of Party plan       16     State wages, tips, etc.     17     State income tax     18     Local wages, tips, etc.     19	9     10 Dependent care b       Last name     Suff.     11 Nonqualified plans     12a See instructions to the plan tot the plan to the plan to the plan to the	

- **7.** What is the maximum amount of foreign earned income excluded from Justin's tax return?
  - a. \$0
  - b. \$4,790
  - c. \$46,530
  - d. \$51,320
- 8. Justin does not have to report his dividend income from Rothchilds Corp. because:
  - a. Form 1099-DIV was not issued to him
  - b. He already paid foreign taxes to England on his dividends
  - c. Foreign passive income is not taxable
  - d. None of the above. He must report his worldwide income, which includes his dividend income.
- **9.** General category income consists of income earned in a foreign country that an individual does not exclude, or excludes only part of, under the foreign earned income exclusion.
  - a. True
  - b. False
- 10. Which source of Justin's income qualifies for the foreign earned income exclusion?
  - a. Wages from the pub
  - b. Dividends from Rothchilds Corp
  - c. Wages from U.S. Embassy
  - d. None of the above
- **11.** Justin does meet the requirements of the bona fide residence test and can exclude his foreign earned income.
  - a. True
  - b. False
- 12. Which of the following statements is false?
  - a. Justin has both passive and general categories of foreign income
  - b. Justin can take the foreign tax credit for the income taxes paid on his dividend income from Rothchilds Corp and has to file the Form 1116, Foreign Tax Credit
  - c. Justin can claim both the foreign tax credit for the \$295 income taxes paid to England and exclude the \$4,790 foreign earned income from his part time job at the pub
  - Justin can claim the foreign earned income exclusion of \$4,790 from his part time job at the pub. Therefore, he **cannot** take the foreign tax credit for the \$295 income taxes paid to England

- **13.** Justin must include the amount of foreign tax paid to England as withheld Federal income taxes.
  - a. True
  - b. False
- 14. Which of the following statements is true?
  - a. Once the election is made to exclude foreign earned income, that choice remains in effect for that year and all later years until revoked
  - b. The foreign earned income exclusion is voluntary
  - c. The election for the foreign earned income exclusion is made by completing the Form 2555, Foreign Earned Income
  - d. All of the above.
- **15.** What is the amount of foreign taxes paid on the dividend income, converted to U.S. dollars? (Round to the nearest dollar).
  - a. \$25
  - b. \$44
  - c. \$187
  - d. \$335

The first two scenarios do not require you to prepare a tax return. **Read the interview** notes for each scenario carefully and use your training and resource materials to answer the questions after the scenarios.

# International Scenario 1: Andy and June Hillsdale

## **Interview Notes**

- Andy and June currently live in Hong Kong.
- They moved there on February 15, 2020 and rent a 2-bedroom apartment. Andy was transferred there for an indefinite period of time. Andy and June intend to eventually return to the United States.
- Andy is employed by a U.S. based Fortune 500 company and June teaches English as a second language.
- Andy and June returned to the U.S. for 7 days for a family funeral in August of 2021. They also took a 13 day vacation to Macao, China to gamble and relax
- Neither Andy nor June work for the U.S. government.
- Andy and June have a house in the U.S. It is vacant while they are overseas. Their brother and sister-in-law house sit while they are living abroad.
- Andy and June are U.S. citizens and have valid Social Security numbers.

# **International Scenario 1: Retest Questions**

- 1. The 13 day vacation to Macao, China **cannot** be included when counting the 330 days for the physical presence test.
  - a. True
  - b. False
- **2.** Which test qualifies Andy and June for claiming the foreign earned income exclusion?
  - a. Physical presence test
  - b. Bona fide resident test
  - c. Neither a nor b
  - d. Both a and b

- Wilhelm and Mary are married and live in Stuttgart, Germany.
- Mary is a U.S. citizen and has a valid Social Security number. Wilhelm is a citizen of Germany and has an ITIN for U.S. tax filing purposes.
- In 2017, Wilhelm and Mary chose to treat Wilhelm as a resident alien for tax purposes. This choice has never been suspended or revoked.
- Wilhelm and Mary have a daughter, Helga, who was born on July 23, 2020. Helga is a U.S. citizen and has a valid Social Security number.
- When both of Wilhelm's parents died last year, his uncle Hans moved in with them. Hans is a citizen of Germany and has no income.
- Mary is employed by a Fortune 500 company and earned \$27,500.
- Wilhelm works as a part-time brewer and earned the equivalent of \$18,000 in U.S. dollars.
- Wilhelm and Mary provide all the financial support for Helga and Hans.

## **International Scenario 2: Retest Questions**

- 3. How should Wilhelm's income be treated on a Married Filing Jointly return?
  - a. Wilhelm's income does **not** need to be included on the return because he only works part time
  - b. They do **not** have to file a return because their combined income is less than the foreign earned income exclusion limit
  - c. Wilhelm's income does **not** need to be included on the return because it is paid by a company in Germany
  - d. Wilhelm's worldwide income must be reported on the return
- 4. Wilhelm can revoke the election to be treated as a resident alien at anytime.
  - a. True
  - b. False
- 5. Wilhelm and Mary can claim the Other Dependents Credit for Uncle Hans.
  - a. True
  - b. False
- 6. Helga is a qualifying child for the child tax credit on the Schmidt's return.
  - a. True
  - b. False

Refer to the scenario information for Justin Herzing, beginning on page 169.

- 7. The amount of Justin's foreign earned income exclusion is \$\_\_\_\_\_.
- 8. Justin is required to report the \$215 dividends from Rothchilds Corp.
  - a. True
  - b. False
- 9. Which sources of Justin's income are classified as passive category income?
  - a. Wages from the pub
  - b. Dividends from Rothchilds Corp
  - c. Wages from the U.S. Embassy
  - d. All of the above
- **10.** Justin is **not** able to exclude his wages from the U.S. Embassy because he is a civilian employee of the U.S. government.
  - a. True
  - b. False
- **11.** What eligibility requirements must Justin meet in order to be eligible to exclude his foreign earned income?
  - a. He must meet the bona fide residence test or physical presence test
  - b. He must have income that qualifies as foreign earned income
  - c. His tax home must be in a foreign country
  - d. All of the above.
- **12.** Justin is required to file Form 1116, Foreign Tax Credit, to claim the credit for the foreign taxes paid on his dividends.
  - a. True
  - b. False

- 13. What is the amount of federal income tax withheld on Justin's Form 1040?
  - a. \$4,553
  - b. \$4,848
  - c. \$4,881
  - d. \$4,892
- **14.** If Justin qualifies to exclude his foreign earned income, he must file a Form 2555, Foreign Earned Income, with his tax return.
  - a. True
  - b. False
- **15.** To convert a sum of money into U.S. dollars, divide the amount of foreign currency by the exchange rate for the foreign currency to one U.S. dollar.
  - a. True
  - b. False

# Federal Tax Law Update Test for Circular 230 Professionals

## Directions

The first three scenarios do not require you to prepare a tax return. Read the interview notes for each scenario carefully and **use the Important Changes lesson in Publication 4491, VITA/TCE Training Guide, or in Link & Learn Taxes to answer the questions after the scenarios.** All questions are based on **calendar year 2021** taxpayers.

# **Scenario 1: Herb and Alice Freeman**

#### **Interview Notes**

- Herb and Alice are married and file a joint return. Herb is 74 years old and Alice is 70. Neither are blind.
- · Both Herb and Alice are retired. Herb works part time as a greeter.
- Herb earned \$15,000 in wages. They also received Social Security benefits of \$28,000. They received no other income in 2021.
- Both Herb and Alice are U.S. citizens, lived in the United States all year, and have valid Social Security numbers. They do not have any qualifying children, and no one else lives with them.

# **Scenario 1: Test Questions**

- 1. What is Herb and Alice's standard deduction?
  - a. \$25,100
  - b. \$26,450
  - c. \$27,800
  - d. \$28,500
- 2. How much of Herb and Alice's Social Security is taxable?
  - a. \$0
  - b. \$14,000
  - c. \$23,800
  - d. \$28,000
- 3. Herb and Alice qualify for the Earned Income Credit (EIC).
  - a. True, because their daughter offered to let them claim their grandchild.
  - b. True, because they have earned income and adjusted gross income under the EIC threshold.
  - c. False, because their income is too high.
  - d. False, because they are over the age limit.

- Chloe, age 48, divorced her husband in 2017.
- Chloe's 4 year old grandson, Marcus, has been living with her since his parents were incarcerated in August 2019. Chloe provided all the support for Marcus and all the costs of keeping up their home in 2021.
- Chloe worked full time and earned \$53,000. She received no other income in 2021.
- Marcus attends daycare while Chloe works. Chloe received a statement from the daycare provider showing she paid \$5,980 for Marcus' care for the year. She did not pay any 2020 expenses in 2021.
- · Chloe received the third Economic Impact Payment (EIP 3) of \$2,800 in 2021.
- Chloe received advance payments of the Child Tax Credit totaling \$1,800 in 2021.
- Chloe and Marcus are both U.S. citizens, lived in the United States all year, and have valid Social Security numbers. No one else lives in the household with them.

# **Scenario 2: Test Questions**

- **4.** After reconciling the advance payments, how much Child Tax Credit will Chloe be able to claim on her 2021 federal income tax return?
  - a. \$3,600
  - b. \$3,000
  - c. \$2,000
  - d. \$1,800
- 5. What amount can Chloe claim as qualified dependent care expenses?
  - a. \$3,000
  - b. \$5,980
  - c. \$6,000
  - d. \$8,000
- 6. Which of the following credits are refundable for a taxpayer who lived in the United States for all of 2021? (Select all that apply)
  - a. Child Tax Credit
  - b. Earned Income Credit
  - c. Child and Dependent Care credit
  - d. Retirement Savings Contribution Credit

- Luther and Lexi are married and file a joint return.
- Luther and Lexi were enrolled in their Marketplace second lowest cost silver (SLCSP) high deductible health plan (HDHP) with family coverage for all of 2021. Their annual enrollment premium was \$10,000 and they received the benefit of an Advance Premium Tax Credit (APTC) of \$5,237.
- Lexi received a large bonus from her employer at the end of 2021, which increased their household income to \$70,000, which is more than 400% of the Federal Poverty Line (FPL) for the other 48 states and DC. They did not contact the marketplace to inform them of the increase in household income. They were not eligible to claim unemployment at any time in 2021.
- In 2021, Luther contributed \$1,500 to his Health Savings Account (HSA). Of that amount, \$1,000 was made pretax through his employer's cafeteria plan and he made the remaining \$500 contribution by electronic deposit into the HSA from his checking account. His employer sent Form W-2 reporting \$1,000 in Box 12a, with code W. Lexi did not contribute to her HSA.
- Lexi received a Form 1099-SA showing a distribution from her HSA of \$700. Lexi has receipts showing they paid \$200 for new eyeglasses for Luther, \$300 for over the counter allergy medicine for Lexi, and \$250 for doctor visit copays and medical tests for Lexi.
- Luther and Lexi donated \$450 by check to their local food bank. The food bank is a qualified organization and provided Luther and Lexi with a written acknowledgment of their donation. They contributed \$50 in cash to a local family in need. They also donated clothing in good condition with fair market value of \$200 to Goodwill. They have a receipt for the donation.
- Luther and Lexi are U.S. citizens with valid Social Security numbers. They do not have enough expenses to itemize their deductions.

## **Scenario 3: Test Questions**

- 7. What amount can Luther take as an HSA deduction?
  - a. \$1,500
  - b. \$1,000
  - c. \$500
  - d. \$0

- 8. How much of Lexi's Form 1099-SA amount is taxable?
  - a. \$0 because they had qualified medical expenses over \$700
  - b. \$150 because Lexi can't use money from her HSA to pay for Luther's medical expenses
  - c. \$250 because the over the counter medicine is **not** a qualified medical expense
  - d. \$700 because all of the contributions were pretax
- 9. How much of Luther and Lexi's APTC must be repaid for tax year 2021?
  - a. \$0
  - b. \$1,187
  - c. \$2,700
  - d. \$5,237
- 10. How much can Luther and Lexi deduct for their charitable donations?
  - a. \$0 because they do not have enough expenses to itemize
  - b. \$450 as a charitable contribution deduction
  - c. \$500 as a charitable contribution deduction
  - d. \$600 as a charitable contribution deduction
  - e. \$700 as a charitable contribution deduction

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, and worksheets. Answer the questions following the scenario.

Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

## **Interview Notes**

- Kendall and Siena are married and file a joint return.
- Siena is an employee and received a Form W-2. Kendall is a self-employed driver for Delicious Deliveries.
- Kendall and Siena had health insurance subsidized by Siena's employer. They paid \$3,600 pre-tax in premiums for the year.
- Kendall provided a statement from the food delivery service that indicated the amount of mileage driven and fees paid for the year. These fees are considered ordinary and necessary for the food delivery business:
  - 7,200 miles driven while delivering food
  - Insulated box rental: \$300
  - Vehicle safety inspection (required by Delicious Deliveries): \$50
  - GPS device fee: \$120
- Kendall's record keeping application shows he also drove 4,125 miles between deliveries and 4,200 miles driven between his home and his first and last delivery point of the day. Kendall has a separate car for personal use. He bought and started using his second car for business on September 1, 2020.
- Kendall also kept receipts for the following out-of-pocket expenses:
  - \$100 on tolls
  - \$120 for car washes
  - \$48 for parking tickets
  - \$75 for Personal Protective Equipment (PPE) used during deliveries
  - \$150 for snacks and lunches Kendall consumed while working
- Kendall provided the Form 1099-NEC and Form 1099-K that he received from Delicious Deliveries.
- Kendall also received \$300 in cash tips that were not reported elsewhere.
- Kendall won \$10,000 on a scratch off lottery ticket. He has \$3,000 in losing tickets.
- Siena's brother Quincy moved in with them in December 2020. He's a full-time student working on his PhD. He works part-time and earned \$3,800 in 2021. Kendall and Siena pay more than half of Quincy's support. Quincy paid \$5,000 in eligible educational expenses with the proceeds from a student loan. Quincy received a Form 1098-T from Yuma College, EIN 37-700XXXX, showing \$5,000 in Box 1 and having boxes 8 and 9 checked.
- Kendall and Siena received the third Economic Impact Payment (EIP 3) in the amount of \$2,800 in 2021. Quincy received his own EIP 3 of \$1,400 in 2021.
- Kendall, Siena, and Quincy are U.S. citizens, have valid Social Security numbers, and lived in the United States all year.



Form <b>13614-C</b> (October 2021)		Int		•		Quali			Sheet				3 Numbe 45-1964	
You will need: • Tax Information such as • Social security cards or • Picture ID (such as valie	ITIN letters f	or all perso	ons on yo			<ul> <li>You a compl</li> </ul>	re responent	nsible for accurate	1-4 of this for the informa information. please ask th	tion on yo		•		
		To repo	ort unethi	cal beh	avior to t	he IRS, e	mail us a	at <u>wi.volt</u> a	ghest ethica ax@irs.gov		ls.			
Part I – Your Personal Inform	nation (If you a	are filing a j	oint returr	n, enter y	your nam	es in the s	ame ord	er as last	year's return)					
1. Your first name KENDALL		M.I.	Last n KING	ame					Best contact n <b>104-555-4567</b>	umber	🗴 Ýe		🗌 No	
2. Your spouse's first name SIENA		M.I.	Last n KING	ame				E	Best contact n	umber	Is you 🗴 Ye	r spouse s	a U.S.	
3. Mailing address 1551 CONCORD CIRCLE							City YOUR CI <sup>-</sup>	ТҮ			State YS		ZIP co YOUR	
4. Your Date of Birth	5. Your job t	itle		6.	Last year	, were you	1:			a. Fu	II-time stud	lent 🗌	Yes	X No
04/04/1982	DRIVER			b.	Totally ar	nd perman	ently disa	abled 🛛	Yes 🕱 N	lo c. Le	gally blind		Yes	🗴 No
7. Your spouse's Date of Birth 06/07/1982	8. Your spou	use's job titl	e		•	, was you id permar	•		Yes 🕱 N		ll-time stud		Yes Yes	X No X No
10. Can anyone claim you or y	-	a depende	nt?		X No					0.20	gany binta		100	
11. Have you, your spouse, or			-	-				Identity F	Protection PIN	12			Yes	<b>x</b> No
12. Provide an email address (										•.			100	<u>A</u> no
Part II – Marital Status and	1 / 1			n be use				nai Kevei	lue Service)					
1. As of December 31, 2021, w was your marital status?	🖾 Ma	ever Marriec arried vorced	a. lf b. Di Da	Yes, Dic id you liv ate of fin	d you get ve with yo nal decree	married ir our spouse e	2021? during a	iny part of	civil unions, o			Yes 🗴	nder sta No No	te law)
		gally Separ			•	aintenanc	e decree							
	🗆 Wi	dowed	Ye	ear of sp	ouse's de	eath								
<ol> <li>List the names below of:</li> <li>everyone who lived with year</li> </ol>	ou last year <i>(</i> o	ther than yo	our spouse	e)				lf a	dditional spac	e is neede	d check he	ere 🗌 and	d list or	page 3
<ul> <li>anyone you supported but</li> </ul>	did not live wi	th you last y	/ear						To be co	mpleted b	oy a Certifi	ed Volun	teer P	reparer
Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)	Number of months lived in your home last year	Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/21 (S/M)	Student	Totally and Permanent Disabled (yes/no)		Did this person provide more than 50% of his/ her own support?	Did this person have less than \$4,300 of income? (yes,no,n/a)	Did the taxpayer(s provide mo than 50% of support for this persor (yes/no/n/a	ore pay of half r mai n? horr	the payer(s) more than the cost of ntaining a he for this son?
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(yes,no,n/a)			(yes	/no)
QUINCY SPELMAN	03/04/1984	BROTHER	12	YES	YES	S	YES	NO						

Check	annr	opriate bo	Page 2 Page 2 Page 2
Yes		-	Part III – Income – Last Year, Did You <i>(or Your Spouse)</i> Receive
x			1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? 1
x			2. (A) Tip Income?
	X		3. (B) Scholarships? (Forms W-2, 1098-T)
	X		4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
	X		5. (B) Refund of state/local income taxes? (Form 1099-G)
	X		6. (B) Alimony income or separate maintenance payments?
X			7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
	X		8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
	X		9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S,1099-B)
	X		10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
	X		11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)
	X		12. (B) Unemployment Compensation? (Form 1099G)
	X		13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
	X		14. (M) Income (or loss) from Rental Property?
X			15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, etc.)
Yes	No	Unsure	Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay
	X		1. (B) Alimony or separate maintenance payments? If yes, do you have the recipient's SSN? 🗌 Yes 🗌 No
	X		2. Contributions or repayments to a retirement account? 🗌 IRA (A) 🗌 401K (B) 🗌 Roth IRA (B) 🗌 Other
×			3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)
	X		4. Any of the following? (A) Medical & Dental (including insurance premiums) (A) Mortgage Interest (Form 1098)
			<ul> <li>(A) Taxes (State, Real Estate, Personal Property, Sales)</li> <li>(B) Charitable Contributions</li> </ul>
	X		5. (B) Child or dependent care expenses such as daycare?
	X		6. (B) For supplies used as an eligible educator such as a teacher, teacher's aide, counselor, etc.?
x			7. (A) Expenses related to self-employment income or any other income you received?
	X		8. (B) Student loan interest? (Form 1098-E)
Yes	No	Unsure	Part V – Life Events – Last Year, Did You <i>(or Your Spouse)</i>
	X		1. (A) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)
	X		2. (A) Have credit card, student loan or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)
	X		3. (A) Adopt a child?
	X		4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year? If yes, for which tax year?
	X		5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)
	X		6. (A) Receive the First Time Homebuyers Credit in 2008?
	X		7. (B) Make estimated tax payments or apply last year's refund to this year's tax? If so how much?
	X		8. (A) File a federal return last year containing a "capital loss carryover" on Form 1040 Schedule D?
	X		9. (A) Have health coverage through the Marketplace (Exchange)? [Provide Form 1095-A]
x			10. (B) Receive an Economic Impact Payment (stimulus) in 2021?
	X		11. (B) Receive Advanced Child Tax Credit payments?
Catalog	g Numb	per 52121E	www.irs.gov Form <b>13614-C</b> (Rev. 10-2021)

Federal Tax Law Update Test for Circular 230 Professionals

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	Page 3
Additional Information and Questions Related to the Preparation of Your Return	
1. Would you like to receive written communications from the IRS in a language other than English? 🗌 Yes 🛛 🗴 No If yes, which language	Je?
2. Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)	
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund 🛛 You 📄 Spouse	
	nd between different accounts x No
4. If you have a balance due, would you like to make a payment directly from your bank account?  Yes Xo	
5. Did you live in an area that was declared a Federal disaster area?  Yes If yes, where?	
6. Did you, or your spouse if filing jointly, receive a letter from the IRS?	
Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following this site to apply for these grants or to support continued receipt of financial funding. Your answer will be used only for statistical are optional.	
7. Would you say you can carry on a conversation in English, both understanding & speaking? 🗵 Very well 🗌 Well 🗋 Not well 🗋 Not a	at all 📋 Prefer not to answer
8. Would you say you can read a newspaper or book in English? 🛛 🗴 Very well 🗌 Well 🗌 Not well 🗌 Not at all	Prefer not to answer
9. Do you or any member of your household have a disability?	
10. Are you or your spouse a Veteran from the U.S. Armed Forces?	
11. Your race?	
🗌 American Indian or Alaska Native 📋 Asian 📋 Black or African American 📋 Native Hawaiian or other Pacific Islander 📋 Whit	e X Prefer not to answer
12. Your spouse's race?	
🗌 American Indian or Alaska Native 🔲 Asian 🗌 Black or African American 🗌 Native Hawaiian or other Pacific Islander 🗌 Whit	e X Prefer not to answer
□ No spouse	
13. Your ethnicity? 🛛 Hispanic or Latino 🗌 Not Hispanic or Latino 🕱 Prefer not to answer	
14. Your spouse's ethnicity? 🛛 Hispanic or Latino 🗌 Not Hispanic or Latino 🗵 Prefer not to answer 🗌 No spouse	Э
Additional comments	
Privacy Act and Paperwork Reduction Act Notice	
The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for this you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others why volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your r do not provide the requested information, the IRS may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS display an OM information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestive please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:TSP, 1111 Constitution Ave. NW, Washington, DC 20224	information to assist us in contacting o coordinate activities and staffing at response is voluntary. However, if you IB control number on all public
Catalog Number 52121E www.irs.gov	Form <b>13614-C</b> (Rev. 10-2021)

	a Employee's social security number 601-00-XXXX	OMB No. 154	5-0008	Safe, accurate, FAST! Use	· 8-	∽ file		e IRS website at s.gov/efile
<b>b</b> Employer identification number	(EIN)		1 Wa	ges, tips, other con	npensation	2 Fede	eral income	tax withheld
20-900XXXX				\$32	2,000.00			\$3,200.00
c Employer's name, address, and	ZIP code		3 Soc	cial security wage	S	4 Soci	al security ta	ax withheld
DUKE, DILLARD ANI 143 ROCK ROAD	DUQUESNE		<b>5</b> Me	dicare wages and	2,000.00 I tips 2,000.00	6 Med	licare tax wit	\$1,984.00 hheld \$464.00
YOUR CITY, YOUR S	TATE, ZIP		7 Soc	cial security tips	2,000.00		cated tips	<del></del>
d Control number			9			10 Dep	endent care	benefits
e Employee's first name and initial	Last name	Suff.	<b>11</b> No	nqualified plans		<b>12a</b> See	instructions	s for box 12
SIENA KING 1551 CONCORD CIR			13 State emp	utory Retirement loyee plan	Third-party sick pay	12b		
YOUR CITY, YOUR S			14 Oth	er		12c		
f Employee's address and ZIP coo	le					12d		
15 State Employer's state ID numb		17 State incon	ne tax	18 Local wages	s, tips, etc.	19 Local in	icome tax	20 Locality name
YS 12	3456-7 \$32,000.00	\$9	60.00	-				
Form <b>W-2</b> Wage an	d Tax Statement	202	<u>5</u> ]	De	epartment of	f the Treasu	ıry-Internal	Revenue Service
	bloyee's FEDERAL Tax Return. ed to the Internal Revenue Service.							

		EC	TED (if checked)				
PAYER'S name, street address, city or foreign postal code, and telephone	or town, state or province, country, ZIP e no.				OMB No. 1545-0116		
Delicious Deliveries 567 ALVIN AVENUE					2021		Nonemployee Compensation
YOUR CITY, YOUR STATE, ZIP					Form <b>1099-NEC</b>		
PAYER'S TIN	RECIPIENT'S TIN		1 Nonemployee comper	sation		-	Copy B
20-400XXXX	345-00-XXXX	\$	i		1	,800.00	For Recipient
RECIPIENT'S name		:	2 Payer made direct sa consumer products to				This is important tax information and is being furnished to the IRS. If you are
Street address (including apt. no.)			3				required to file a return, a negligence penalty or other sanction may be imposed on
1551 CONCORD CIRCLE		Γ	4 Federal income tax	withhe	ld		you if this income is taxable and the IRS determines that it
City or town, state or province, count	ry, and ZIP or foreign postal code	\$	i				has not been reported.
YOUR CITY, YOUR STATE, ZIP	•		5 State tax withheld	6 Sta	ate/Payer's state no.		7 State income
Account number (see instructions)		\$	i				\$
		\$		Ι			\$
Form 1099-NEC (keep	for your records) wv	ww.	irs.gov/Form1099NEC		Department of the T	Freasury -	- Internal Revenue Service

	CTED (if checked)		
FILER'S name, street address, city or town, state or province, country, ZIP	FILER'S TIN	OMB No. 1545-2205	
or foreign postal code, and telephone no.	20-400XXXX		Payment Card and
Delicious Deliveries	PAYEE'S TIN		Third Party
567 ALVIN AVENUE	345-00-XXXX	2021	Network
YOUR CITY, YOUR STATE, ZIP	1a Gross amount of payment card/third party network transactions		Transactions
	\$ 15,245.00	Form <b>1099-K</b>	
	1b Card Not Present transactions	2 Merchant category co	ode Copy B
Check to indicate if FILER is a (an): Check to indicate transactions	\$		For Payee
Payment settlement entity (PSE) Payment card	3 Number of payment	4 Federal income tax	
Electronic Payment Facilitator (EPF)/Other third party I Third party network	transactions 3,300	withheld \$	This is important tax information and is being furnished to
PAYEE'S name	5a January	5b February	the IRS. If you are
	\$ 1,270.00	\$ 1,20	0.00 required to file a return, a negligence
KENDALL KING	5c March	5d April	penalty or other
Street address (including apt. no.)	\$ 1,340.00	\$ 1,25	0.00 sanction may be imposed on you if
	<b>5e</b> May	5f June	taxable income
1551 CONCORD CIRCLE	\$ 1,290.00	\$ 1,30	0.00 results from this transaction and the
	5g July	5h August	IRS determines that it
City or town, state or province, country, and ZIP or foreign postal code	\$ 1,240.00	\$ 1,14	0.00 has not been reported.
YOUR CITY, YOUR STATE, ZIP	5i September	5j October	
PSE'S name and telephone number	\$ 1,270.00	\$ 1,23	5.00
	5k November	5I December	
	\$ 1,310.00	\$ 1,40	0.00
Account number (see instructions)	6 State	7 State identification no	
			<u>\$</u>
Form 1099-K (Keep for your records)	www.irs.gov/Form1099K	Department of the Trea	asury - Internal Revenue Service

PAYER'S name, street address, city of	or town, province or state, country,	1 Reportable winnings	2 Date won	OMB No. 1545-023			
and ZIP or foreign postal code STATE LOTTO BOARD		\$ 10.000.00	6/1/2021	Form W-20			
123 MAIN STREET		\$ 10,000.00 3 Type of wager	4 Federal income tax withheld	Certai			
				Gamblin			
YOUR CITY, STATE ZIP		5 Transaction	\$ \$2,800.00 6 Bace	Winning			
		5 Transaction	b Hace	(Rev. January 202			
			8 Cashier	For calendar ye			
		7 Winnings from identical wagers	8 Cashier	20			
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		9 Winner's taxpayer identification no.	10 Window				
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KENDALL KING				Revenue Servic			
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	ry, and ZIP or foreign postal code	15 State income tax withheld	<ul><li>16 Local winnings</li><li>\$</li></ul>	on your federal ta return. If this for shows feder			
City or town, province or state, count YOUR CITY, YOUR STATE, ZIP	ry, and ZIP or foreign postal code		°,	on your federal ta return. If this for shows feder income ta withheld in box			
•	ry, and ZIP or foreign postal code	\$	\$	on your federal ta return. If this for shows feder income ta withheld in box attach this cop			
	that, to the best of my knowledge	\$ 17 Local income tax withheld \$ and belief, the name, address, ar	\$ 18 Name of locality d taxpayer identification number				

# **Scenario 4: Test Questions**

- **11.** Which of the following tax benefits do Kendall and Siena qualify for because of Quincy? **(Select all that apply)** 
  - a. They qualify for a \$500 credit for other dependents (ODC)
  - b. They qualify for a lifetime learning credit
  - c. They get a \$4,300 dependency deduction
  - d. They do not qualify for any benefits because Quincy is not their dependent.
- 12. What is the amount of Kendall's Schedule C gross income?
  - a. \$300
  - b. \$1,800
  - c. \$15,245
  - d. \$17,345
- 13. What are Kendall's Schedule C expenses?
  - a. \$6,987
  - b. \$7,305
  - c. \$9,339
  - d. \$9,647
- How much of Kendall's gambling winnings is included in adjusted gross income?
- **15.** Which of the following statements is true:
  - a. Kendall can add the \$3,600 they paid for health insurance premiums to his selfemployment expenses on Schedule C.
  - b. Kendall can claim the \$3,600 they paid for health insurance premiums as a self-employed health insurance deduction on Schedule 1.
  - c. Kendall can claim his portion of the health insurance premiums, \$1,800, as a self-employed health insurance deduction on Schedule 1.
  - d. Kendall can add his portion of the health insurance premiums, \$1,800, to his self-employment expenses on Schedule C.
  - e. Kendall is not eligible for a self-employed health insurance deduction.



The first three scenarios do not require you to prepare a tax return. Read the interview notes for each scenario carefully and **use the Important Changes lesson in Publication 4491, VITA/TCE Training Guide, or in Link & Learn Taxes to answer the questions after the scenarios**. All questions are based on **calendar-year 2021** taxpayers.

# **Scenario 1: Herb and Alice Freeman**

#### **Interview Notes**

- Herb and Alice are married and file a joint return. Herb is 74 years old and Alice is 70. Neither are blind.
- Both Herb and Alice are retired. Herb works part time as a greeter.
- Herb earned \$15,000 in wages. They also received Social Security benefits of \$28,000. They received no other income in 2021.
- Both Herb and Alice are U.S. citizens, lived in the United States all year, and have valid Social Security numbers. They do not have any qualifying children, and no one else lives with them.

## **Scenario 1: Retest Questions**

- 1. What is Herb and Alice's standard deduction? \$\_\_\_\_\_
- 2. The taxable amount of Herb and Alice's Social Security is \$23,800.
  - a. True
  - b. False
- **3.** Herb and Alice are eligible to claim the Earned Income Credit (EIC) in 2021 because they have earned income and adjusted gross income under the EIC threshold.
  - a. True
  - b. False

- Chloe, age 48, divorced her husband in 2017.
- Chloe's 4 year old grandson, Marcus, has been living with her since his parents were incarcerated in August 2019. Chloe provided all the support for Marcus and all the costs of keeping up their home in 2021.
- Chloe worked full time and earned \$53,000. She received no other income in 2021.
- Marcus attends daycare while Chloe works. Chloe received a statement from the daycare provider showing she paid \$5,980 for Marcus' care for the year. She did not pay any 2020 expenses in 2021.
- Chloe received the third Economic Impact Payment (EIP 3) of \$2,800 in 2021.
- Chloe received advance payments of the Child Tax Credit totaling \$1,800 in 2021.
- Chloe and Marcus are both U.S. citizens, lived in the United States all year, and have valid Social Security numbers. No one else lives in the household with them.

# **Scenario 2: Retest Questions**

- **4.** Chloe can claim a Child Tax Credit of \$2,000 on her 2021 federal income tax return.
  - a. True
  - b. False
- What amount of qualified dependent care expenses can Chloe claim on her 2021 tax return? \$\_\_\_\_\_
- 6. Which of the following credits are **nonrefundable** for a taxpayer who lived in the U.S. for all of 2021? (Select all that apply)
  - a. Child Tax Credit
  - b. Earned Income Credit
  - c. Child and Dependent Care credit
  - d. Retirement Savings Contribution Credit

- Luther and Lexi are married and file a joint return.
- Luther and Lexi were enrolled in their Marketplace second lowest cost silver (SLCSP) high deductible health plan (HDHP) with family coverage for all of 2021. Their annual enrollment premium was \$10,000 and they received the benefit of an Advance Premium Tax Credit (APTC) of \$5,237.
- Lexi received a large bonus from her employer at the end of 2021, which increased their household income to \$70,000, which is more than 400% of the Federal Poverty Line (FPL) for the other 48 states and DC. They did not contact the marketplace to inform them of the increase in household income. They were not eligible to claim unemployment at any time in 2021.
- In 2021, Luther contributed \$1,500 to his Health Savings Account (HSA). Of that amount, \$1,000 was made pretax through his employer's cafeteria plan and he made the remaining \$500 contribution by electronic deposit into the HSA from his checking account. His employer sent Form W-2 reporting \$1,000 in Box 12a, with code W. Lexi did not contribute to her HSA.
- Lexi received a Form 1099-SA showing a distribution from her HSA of \$700. Lexi has receipts showing they paid \$200 for new eyeglasses for Luther, \$300 for over the counter allergy medicine for Lexi, and \$250 for doctor visit copays and medical tests for Lexi.
- Luther and Lexi donated \$450 by check to their local food bank. The food bank is a qualified organization and provided Luther and Lexi with a written acknowledgment of their donation. They contributed \$50 in cash to a local family in need. They also donated clothing in good condition with fair market value of \$200 to Goodwill. They have a receipt for the donation.
- Luther and Lexi are U.S. citizens with valid Social Security numbers. They do not have enough expenses to itemize their deductions.

## **Scenario 3: Retest Questions**

- 7. The maximum amount Luther can take as an HSA deduction is \$\_\_\_\_\_.
- **8.** Lexi's entire distribution from her HSA is nontaxable because their qualified medical expenses were over \$700.
  - a. True
  - b. False
- **9.** Luther and Lexi must repay the entire amount of APTC they received because their household income is over 400% of the Federal Poverty Line.
  - a. True
  - b. False
- **10.** How much can Luther and Lexi deduct for their charitable donations? \$

Refer to the scenario information for Kendall and Siena King beginning on page 185.

# **Scenario 4: Retest Questions**

- 11. Quincy is Kendall and Siena's qualifying relative dependent.
  - a. True
  - b. False
- 12. Kendall's gross income on Schedule C is \$\_\_\_\_\_
- **13.** Kendall's Schedule C expenses are \$6,987.
  - a. True
  - b. False
- **14.** Kendall can subtract his \$3,000 in losses and report only \$7,000 in winnings as other income on Kendall and Siena's joint federal income tax return.
  - a. True
  - b. False
- 15. Kendall is not eligible for a self-employed health insurance deduction.
  - a. True
  - b. False



# 2021 VITA/TCE Foreign Student Test for Volunteers

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

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

Volunteers who use tax preparation software to complete the test need to make sure they are using the final 2021 version.

# Introduction

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

Allow approximately 20 minutes to complete this segment.

- 1. Ken entered the U.S. as a student on July 30, 2018 in F-1 immigration status. He had never been to the United States before and he did **not** change immigration status during 2021. For federal income tax purposes, Ken is a resident alien for 2021.
  - a. True
  - b. False
- Helen is a visiting professor at the local university. Helen was a graduate student from June 2017 to May 2019 in F-1 immigration status. She re-entered the United States as a teacher on December 20, 2020 in J-1 immigration status. For federal income tax purposes, Helen is a nonresident alien for 2021.
  - a. True
  - b. False
- **3.** Yusuf served as a visiting scholar in F-1 immigration status from March 2017 through June 2020. In August of 2021, Yusuf returned to the United States as a professor. For federal income tax purposes, Yusuf is a resident alien for 2021.
  - a. True
  - b. False
- **4.** Juan came to the United States in F-2 immigration status with his wife on July 15, 2017. He has **not** changed his immigration status. For federal income tax purposes, Juan is a resident alien for 2021.
  - a. True
  - b. False
- 5. Emily lived with her parents in F-2 immigration status in the United States from August 2010 to June 2012. She returned to the U.S. to attend college in F-1 immigration status on December 5, 2019. Emily needs to file Form 8843 for 2021.
  - a. True
  - b. False

- 6. Polina entered the United States on July 30, 2016 in J-1 student immigration status. On January 10, 2020, her husband Dmitry joined her in J-2 immigration status. Because Polina is a resident alien this year, Dmitry does **not** need to file Form 8843 for 2021. He is electing to file married filing jointly with her.
  - a. True
  - b. False
- **7.** Polina and Dmitry from Question 6 had a son, Alexander, while here in the U.S. on December 5, 2020. A Form 8843 does **not** need to be filed for Alexander for 2021.
  - a. True
  - b. False
- 8. Sophie and Yves have been in the U.S. as students in F-1 immigration status, since August 2018. Their 12-year-old son, Vincent, has been attending a boarding school in the U.S. since June 2015 in F-1 immigration status. Sophie, Yves, and Vincent all need to file Form 8843 for 2021.
  - a. True
  - b. False
- **9.** Celeste is from Pakistan and is a Ph.D. student in communications engineering who is going to defend her dissertation in June. She arrived in the U.S. as a student on July 20, 2018. Celeste is a resident alien for tax purposes in 2021.
  - a. True
  - b. False
- 10. Marcus is a junior majoring in biology. He is in the U.S. in F-1 immigration status from Germany. He transferred from a German university and arrived in the U.S. on December 30, 2018. Marcus worked in a lab on campus in an approved summer internship program for a company in New York. He will graduate in May, 2022. The company issued him a Form 1099-NEC.

Marcus is considered a resident alien for tax purposes since the company issued him a Form 1099-NEC.

- a. True
- b. False

**11.** Nico is a nursing student from Greece who first arrived in F-1 immigration status on August 15, 2021. He does **not** have a tax identification number and he did **not** work or receive a scholarship in 2021, but had \$75 interest income from his U.S. savings account his parents set up for him to pay for school and his living expenses.

Nico must file Form 8843, and also Form 1040-NR to report his interest income for 2021.

- a. True
- b. False
- **12.** Bo entered the U.S. in J-1 immigration status as a trainee in January 2019, and lives alone. His wife, Mei, could **not** accompany him because she had to care for her ailing parents. Bo can file as Single because he did **not** live with his spouse at all during 2021.
  - a. True
  - b. False
- 13. Alex and Kim were married in March 2016, and the next year they both entered the U.S. in F-1 immigration status to complete their studies as Fulbright scholars. Currently, Alex lives in San Diego, where he is completing his graduate work. However, Kim left him in March 2020 and has **not** been heard from since. Her parents will **not** tell him where she lives and he has **not** heard from her since. Since Alex does **not** know Kim's whereabouts, he can file using the Single filing status.
  - a. True
  - b. False

# Scenario 1: Enrique Satō

Use the following information to prepare Form 8843.

- Enrique Satō came to the U.S. to study on August 1, 2018, in F-1 immigration status. His passport number is 4682936 and it was issued by his home country, Peru. His home address is 31 Rue de Santos, Lima, 07001, Peru. His address at school is Firestone University, 222 Tread Blvd., Lauderdale, MN 55000. His U.S. taxpayer identification number is XXX-XX-XXXX.
- Enrique is attending Firestone University, 222 Tread Blvd., Lauderdale, MN 55000, telephone 612-555-XXXX. His specialized program is Alternative Fuel Systems and the director is Professor Marri M. Young, also at 222 Tread Blvd., Lauderdale, MN 55000, telephone 612-555-XXXX ext. 1267.
- Enrique has not taken steps to apply for permanent residency. Enrique had no income, so he is not required to file any other tax forms. Enrique has not left the U.S. since arriving.
- After completing the required tax form, review the scenario and resource materials, and answer each of the test questions

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not w	ith your tax					
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Par			e, F, J, M, Q, etc.) and date you	, optored the United Stat	~~ <b>`</b>	
b			If your status has changed, al			See instructions
b	Current normin	ingrant status.	n your status has changed, an	-		
2	Of what count	rv or countries v	were you a citizen during the ta	ax vear?		
- 3a	What country	or countries iss	ued you a passport?			
b	Enter your pas	sport number(s	s) ►			
4a	Enter the actu	a number of da	tys you were present in the On	ited States during:		
	2020		2018			
			020 you claim you can exclude	e for purposes of the sub	stantial presence test	t 🕨
Par		rs and Traine				
5	For teachers, e	enter the name,	address, and telephone numb	per of the academic instit	ution where you taug	ht in 2020 ►
7 8	Enter the type 2016 of these years Were you pre calendar years	of U.S. visa (J of2017 changed, attac sent in the Un (2014 through	20 ► or Q) you held during: ► 2018 th a statement showing the ner ited States as a teacher, trai 2019)?	2014	2015 the type of visa you h it was acquired. part of 2 of the 6 p	neld during any prior . □ <b>Yes</b> □ <b>No</b>
			ined in the instructions.			
Part	Student	S				
9	Enter the name	e, address, and	telephone number of the acad	demic institution you atte	nded during 2020 🕨	
10	Enter the nam in during 2020	e, address, and ▶	I telephone number of the dire	ctor of the academic or	other specialized pro	gram you participated
11			J, M, or Q) you held during: ►			
	2016		2018	2019 If	the type of visa you h	eld during any
			h a statement showing the new			
12	Were you pres	sent in the Unite	ed States as a teacher, trainee	e, or student for any part	of more than 5 caler	
	If you checke	d the "Yes" bo	ox on line 12, you must prov nd to reside permanently in the	ide sufficient facts on a		
13	During 2020, o in the United	lid you apply fo States or have	or, or take other affirmative ste an application pending to cl	eps to apply for, lawful p hange your status to the	at of a lawful permar	nent
14			on line 13, explain ►			
	-		·····			
			see instructions.	Cat. No. 17227		Form <b>8843</b> (2020)

event(s) ▶         Note: You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.         Individuals With a Medical Condition or Medical Problem         a Describe the medical condition or medical problem that prevented you from leaving the United States.         See instructions. ▶
<ul> <li>Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s) </li> <li>Note: You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.</li> <li>Individuals With a Medical Condition or Medical Problem</li> <li>Describe the medical condition or medical problem that prevented you from leaving the United States. See instructions. </li> <li>Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a </li> <li>C Enter the date you actually left the United States </li> <li>Physician's Statement:</li> <li>I certify that</li></ul>
organization(s) listed on line 16.         art V       Individuals With a Medical Condition or Medical Problem         'a       Describe the medical condition or medical problem that prevented you from leaving the United States. See instructions. ▶         's       Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a ▶         c       Enter the date you actually left the United States ▶         Physician's Statement:       I certify that         I certify that
<ul> <li>7a Describe the medical condition or medical problem that prevented you from leaving the United States. See instructions. ►</li> <li>b Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a ►</li> <li>c Enter the date you actually left the United States ►</li> <li>Physician's Statement:</li> <li>I certify that</li></ul>
See instructions.       ▶
<ul> <li>b Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a ►</li> <li>c Enter the date you actually left the United States ►</li> <li>Physician's Statement: <ul> <li>I certify that</li></ul></li></ul>
Physician's Statement:     I certify that     Name of taxpayer     was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem
I certify that
I certify that
Name of taxpayer was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem
•
Name of physician or other medical official
Physician's or other medical official's address and telephone number
Physician's or other medical official's signature Date
Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and, to the best of my knowledge and belief, they are true, correct, and complete. s form by bif and with
t with
urn Your signature Date
Form <b>8843</b> (2020)

To answer the following multiple choice questions, refer to the Form 8843 you completed for Enrique Satō.

- 14. What should Enrique enter on Line 1b?
  - a. Leave blank
  - b. F1 January 1, 2020 H1b
  - c. F1
- **15.** Enrique has to complete Lines 4a and 4b.
  - a. True
  - b. False
- 16. Enrique only has to complete Part 1 of Form 8843.
  - a. True
  - b. False
- 17. What is the due date of Enrique's Form 8843 for tax year 2021?
  - a. April 18, 2022
  - b. June 15, 2022
  - c. October 15, 2022
  - d. December 31, 2022

### Introduction

This segment of the VITA/TCE certification test includes 7 general and 14 scenario-based multiple choice questions on taxability of income, ITINs, and credits.

Allow approximately 45 minutes to complete this segment.

- **18.** Margarita, who is a nonresident alien and is in the United States in J-1 immigration status, spent \$4,400 on qualifying tuition and educational expenses. She is entitled to claim an education credit on her tax return.
  - a. True
  - b. False
- 19. Ji-yoo received \$73 of dividend income on U.S. stocks she purchased online. She is an international student from Canada in F-1 immigration status. She arrived in the United States in 2020. Ji-yoo's dividend income will be taxed at 30% on Form 1040-NR, Schedule NEC.
  - a. True
  - b. False
- **20.** Marie and Nathan are a married nonresident alien couple from France. Both are in the U.S. in F-1 immigration statuses and arrived in 2021. They paid \$3,700 in childcare expenses, while attending school, for their child who was born in the United States and is a U.S. citizen. They are eligible to claim the child and dependent care credit on their Form 1040-NR.
  - a. True
  - b. False
- **21.** Antero is a student in J-1 immigration status from Latvia. He earned \$2,300 in wages in 2021. His wages are reported to him on Form 1042-S (Box 1, Income Code 20). Antero should report these wages on Form 1040-NR, Schedule OI.
  - a. Yes
  - b. No
- **22.** Gus is a student here in J-1 immigration status as of October 15, 2021. Under the terms of his visa, he is permitted to work in the U.S. Gus does **not** qualify for a Social Security number and should apply for an ITIN.
  - a. True
  - b. False

- **23.** Elena, in F-1 student immigration status from Romania, is on the basketball team. She arrived in the U.S. on June 18, 2021 on a full athletic scholarship that includes payments for her room and board. The amount of her scholarship for room and board is taxable.
  - a. True
  - b. False
- **24.** Gunther is a student in the U.S. in F-1 immigration status. He arrived from Germany on July 13, 2019. Gunther worked in the bookstore and earned \$2,500 in wages and had federal income tax withholding of \$215. Gunther needs to file Form 1040-NR and Form 8843 for 2021.
  - a. True
  - b. False

# Scenario 2: Kim Lee

Use the following information to prepare Form 1040-NR.

- Kim Lee, a citizen of South Korea, came to the United States in F-1 immigration status (number 3344123344) on January 01, 2021.
- He has remained in the country since then and is a full-time student at the local university. Kim, born July 25, 2001, is single. He began working at the university on February 10, 2021.
- He filed the proper withholding and treaty forms with the university payroll office before beginning his job. Since filing these forms correctly, he received a Form 1042-S for the treaty benefit for his wages. Kim was not in the U.S. before and therefore, has not filed an U.S. tax return in any prior year.
- Kim also received a scholarship from the university he was attending. He filed the appropriate forms to claim his treaty benefit for the scholarship. Therefore, he received a Form 1042-S.
- Kim's address in South Korea is Bldg. 102 Unit 304, Sajik-ro-3-gil (Street) 23, Jongno, Seoul (South Korea) 30174. If he is entitled to a refund, he wants a direct deposit to his checking account. The routing number is 123456789 and the account number is 98765432100. He doesn't want to designate anyone to discuss his return with the IRS. He did not take any affirmative steps to apply for permanent residence in the U.S. Kim's U.S. income will not be taxed in his home country.
- Using the following information (two Forms 1042-S and a Form W-2), complete Kim's federal income tax return. (Kim would also need to file Form 8843, but assume that he has already completed that on his own.)
- After completing the required tax form, review the scenario and resource materials, and answer each of the test questions.

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122 N	AIN STREET							
LINC	DLN, IL 62656			7 Soc	cial security tips	8 Allo	cated tips	
d Contro	number			9		10 Dep	endent care	benefits
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KIM L	EE			13 Statu emp	utory Retirement Third-par loyee plan sick pay	<sup>e</sup> <sup>y</sup> 12b		
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LE <b>1040</b>	<u>-N</u>	Department of the Treasury-III	Alien In	come Tax	Return	" 2(	)2(	ОМВ	No. 1545-		Use Only— or staple in th	
Filing Status		Single Married filing separately (MFS) (formerly Married) Qualifying widow(er) (QW) If you checked the QW box, enter the child's name if the										
Check only one box.		ou checked the QW box, enter the a alifying person is a child but not yo										
Your first name	and 1	niddle initial	Last n	ame						' <b>our iden</b> see instru	<b>itifying nι</b> ιctions)	ımber
Home address (number and street or rural route). If you have				ave a P.O. box, see instructions. Apt. no.					. C	heck if:	Indivi	dual e or Trus
City, town, or pos	st offi	ce. If you have a foreign address, als	o complete	spaces below.	State		ZIP co	de				
Foreign country	nam	e	Foreign pr	ovince/state/co	ounty		Foreig	n postal	code			
At any time duri	ng 2(	020, did you receive, sell, send, ex	change, or	otherwise acqu	lire any fin	ancial ir	nterest ir	n any virt	ual curre	ency?	Ves 🗌	No No
Dependents								(4) ✔ if o		es for (see	,	
(see instructions):		(1) First name Last na	me				(3) Dependent's relationship to you Chil		Child ta	ax credit		for other ndents
If more than four									[	-		
dependents, see instructions and check here ►									]		]	
Income	1a	Wages, salaries, tips, etc. Attach	Form(s) W	-2						1a		
Effectively	b	Scholarship and fellowship grant	s. Attach F	orm(s) 1042-S	or required	d statem	ent. See	e instruct	ions .	1b		
Connected With U.S.	с	Total income exempt by a treaty L, line 1(e)			1040-NR) 	), Item 	1c					
Trade or	2a	Tax-exempt interest	2a		<b>b</b> Taxable		ble interest			2b		
Business	3a	Qualified dividends	3a		<b>b</b> Ord	linary di	vidends			3b		
	4a	IRA distributions	4a		<b>b</b> Tax	able am	iount .			4b		
	5a	Pensions and annuities	5a		<b>b</b> Tax	able am	iount .			5b		
	6	Reserved for future use								6		
	7	Capital gain or (loss). Attach Sch	edule D (Fo	orm 1040) if req	uired. If no	ot requir	ed, cheo	ck here .		7		
	8	Other income from Schedule 1 (F	orm 1040)	, line 9						8		
	9	Add lines 1a, 1b, 2b, 3b, 4b, 5b,	7, and 8. T	his is your <b>tota</b>	effective	ly conn	ected in	ncome .	. 🕨	9		
	10	Adjustments to income:										
	а	From Schedule 1 (Form 1040), lir	ne 22				10a					
	b	Charitable contributions for certa	in resident	s of India. See i	nstruction	IS .	10b					
	с	Scholarship and fellowship grant	s excluded				10c					
	•	Contrationing and tonowornp grant	5 choidaca				IUC					

11 Subtract line 10d from line 9. This is your adjusted gross income

12 Itemized deductions (from Schedule A (Form 1040-NR)) or, for certain residents of India, standard

**13a** Qualified business income deduction. Attach Form 8995 or Form 8995-A

14

15

Taxable income. Subtract line 14 from line 11. If zero or less, enter -0- .

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

11

12

13c

14

15

Form 1040-NR (2020)

. . . . .

. . .

.

Cat. No. 11364D

13a 13b

. . . . . . . .

. . . .

Form 1040-NR (	2020)							Page <b>2</b>
	16	Tax (see instructions). Check if	any from Form	(s): <b>1</b> 🗌 8814 <b>2</b> 🗌 497	2 <b>3</b> 🗌		16	
	17	Amount from Schedule 2 (For	n 1040), line 3				17	
	18	Add lines 16 and 17					18	
	19	Child tax credit or credit for ot	her dependen	ts			19	
	20	Amount from Schedule 3 (For	n 1040), line 7	••••••••••			20	
	21	Add lines 19 and 20					21	
	22	Subtract line 21 from line 18. I	f zero or less,	enter -0			22	
	23a	Tax on income not effectivel from Schedule NEC (Form 104	•	with a U.S. trade or business	23a			
	b		ployment tax,	from Schedule 2 (Form 1040),	23b			
	с	Transportation tax (see instruc			23c		1	
	d		,				23d	
	24	Add lines 22 and 23d. This is	our total tax			🕨	24	
	25	Federal income tax withheld fr						
	а	Form(s) W-2			25a			
	b	Form(s) 1099			25b		1	
	с	Other forms (see instructions)			25c			
	d	Add lines 25a through 25c					25d	
	е	Form(s) 8805					25e	
	f	Form(s) 8288-A					25f	
	g	Form(s) 1042-S					25g	
	26	2020 estimated tax payments	and amount a	pplied from 2019 return	<u>.</u>		26	
	27	Reserved for future use			27			
	28	Additional child tax credit. Atta	ach Schedule	8812 (Form 1040)	28			
	29	Credit for amount paid with Fo	orm 1040-C		29			
	30	Reserved for future use			30			
	31	Amount from Schedule 3 (For	n 1040), line 1	3	31			
	32	Add lines 28 through 31. Thes	e are your <b>tot</b> a	al other payments and refunda	ble credits .	🕨	32	
	33	Add lines 25d, 25e, 25f, 25g, 2	26, and 32. The	ese are your total payments .		🕨	33	
Refund	34			4 from line 33. This is the amour		_	34	
	35a	Amount of line 34 you want re	funded to you	J. If Form 8888 is attached, chec	_		35a	
Direct deposit? See instructions.	►b ►d	Routing number     Account number		► c Type:	Checking	Savings		
	►e	enter it here.		address outside the United State	es not shown or	n page 1,	_	
	36			2021 estimated tax .	36			
Amount	37	•		24. For details on how to pay, s	1 1	🕨	37	
You Owe	38	Estimated tax penalty (see ins			38			
Third Party Designee		•		your paid preparer) to discuss		Complete I	below.	🗌 No
(Other than paid preparer)	Desig name	nee's ▶		Phone no. ►		nal identific er (PIN)	cation ►	
Sign				this return and accompanying scheo preparer (other than taxpayer) is base				
Here			Declaration of		o on an mornauc		• •	ent you an Identity
	Your	signature		Date Your occupation				PIN, enter it here
	/						nst.) 🕨	
	Phon	e no.		Email address				
Paid	Prepa	irer's name	Preparer's si	gnature	Date	PTIN		Check if:
Preparer								Self-employed
Use Only	Firm's	s name 🕨	Phone n	о.				
	Firm's	s address 🕨	Firm's El	IN ►				
Go to www.irs.	gov/Fo	m1040NR for instructions and the	e latest informa	tion.			F	orm <b>1040-NR</b> (2020)

SCHEDULE A (Form 1040-NR)		Itemized Deductions		OMB No. 1545-0074		
Department of the Tre	asury	► Go to www.irs.gov/Form1040NR for instructions and the lat ► Attach to Form 1040-NR.			_	2020 Attachment
Internal Revenue Serv Name shown on For	. ,		see ins		ur identifying	Sequence No. <b>7A</b> number
Taxes You						
Paid		State and local income taxes	1a			
		Enter the smaller of line 1a or \$10,000 (\$5,000 if you checked Married <i>Filing Status</i> on page 1 of Form 1040-NR)				
Gifts to U.S. Charities	2	Gifts by cash or check. If you made any gift of \$250 or more, see instructions	2			
<b>Caution:</b> If you made a gift and received	3	Other than by cash or check. If you made any gift of \$250 or more, see instructions. Individuals <b>must</b> attach Form 8283 if line 3 is over \$500	3		_	
a benefit in return, see	4	Carryover from prior year	4			
instructions.	5	Add lines 2 through 4			. 5	
Casualty and Theft Losses	6	Casualty and theft loss(es) from a federally declared disaster (oth disaster losses). Attach Form 4684 and enter the amount from line instructions	18 o	f that form.	See	
Other Itemized Deductions	7	Other-from list in instructions. List type and amount				
					7	
Total Itemized Deductions		Add the amounts in the far right column for lines 1b through 7. Also, Form 1040-NR, line 12			t on 8	
For Paperwork R		tion Act Notice, see the Instructions for Form 1040-NR. Cat. No.				A (Form 1040-NR) 2020
For Paperwork F	leduci	tion Act Notice, see the Instructions for Form 1040-NR. Cat. No	0. 7274	49E	Schedule 4	A (Form 1040-NR) 2020

#### SCHEDULE NEC (Form 1040-NR)

# Tax on Income Not Effectively Connected With a U.S. Trade or Business

Department of the Treasury

► Go to www.irs.gov/Form1040NR for instructions and the latest information.

► Attach to Form 1040-NR.

Name shown on Form 1040-NR

2020 Attachment Sequence No. 7B Your identifying number

OMB No. 1545-0074

Internal Revenue Service (99)

Enter a	amount of income und	er the appropriate rate of tax. See instructions.						
		Nature of Income		<b>(a)</b> 10%	<b>(b)</b> 15%	(c) 30%	(d) Other	r (specify)
				(2)		(0) 00 / 0	%	%
1	Dividends and divide							
а	Dividends paid by U	S. corporations	<b>1</b> a					
b	Dividends paid by fo	reign corporations	1b					
С	Dividend equivalent p	ayments received with respect to section 871(m) transactions	1c					
2	Interest:							
а	00		2a					
b	Paid by foreign corp	orations	2b					
С			2c					
3	Industrial royalties (p	atents, trademarks, etc.)	3					
4	•	copyright royalties	4					
5	Other royalties (copy	rights, recording, publishing, etc.)	5					
6		e and natural resources royalties	6					
7	Pensions and annuit	ies	7					
8	Social security bene	fits	8					
9		e 18 below	9					
10	If zero or less, ente							
а	Winnings							
b	Losses		10c					
11	Note: Losses not all	Residents of countries other than Canada.	11					
12			10					
13		12 in columns (a) through (d)	12 13					
	0	ate of tax at top of each column	13					
14 15		fectively connected with a U.S. trade or business. Add column		rough (d) of line 14	Entar the total here a	nd on Form 1040 N	R. line 23a ► <b>15</b>	
15	Tax on income not e	Capital Gains and Losses I						
Enter o	nly the capital gains and from property sales or	16 (a) Kind of property and description (b) Date acc		(c) Date sold	(d) Sales price	(e) Cost or	(f) LOSS	(g) GAIN
exchan within t	ges that are from sources he United States and not	(if necessary, attach statement of mm/dd/yy descriptive details not shown below)	ууу	mm/dd/yyyy		other basis	If (e) is more than (d), subtract (d) from (e).	If (d) is more than (e), subtract (e) from (d).
busines	ely connected with a U.S. ss. Do not include a gain							
	on disposing of a U.S. real y interest; report these							
gains a (Form 1	nd losses on Schedule D							
Report	property sales or ges that are effectively							
connec	ted with a U.S. business	17 Add columns (f) and (g) of line 16				17	( )	
	edule D (Form 1040), 797, or both.	18 Capital gain. Combine columns (f) and (g) of line 17					er-0 ► <b>18</b>	
For Pa	aperwork Reduction A	ct Notice, see the Instructions for Form 1040-NR.		-	. No. 72752B			(Form 1040-NR) 2020

epartm ternal I	EDULE OI 1040-NR) Hent of the Treasury Revenue Service (99)		to www.irs.gov/Form1040I ► Attac	<b>r Information</b> WR for instructions and ch to Form 1040-NR. swer all questions.			OMB No. 1545	0			
ame s	hown on Form 1040	-NR				Your identifyir	ng number				
A	Of what country	or countries w	vere you a citizen or nation	al during the tax year?	,						
B	In what country	did vou claim	residence for tax purpose	s during the tax year?	)						
0	Have you ever a	applied to be a	green card holder (lawful p	permanent resident) of	the United States? .		Ves				
D	Were you ever:										
	A U.S. citizen?						_				
2.	0	· ·	rmanent resident) of the Ur				Yes	L N			
_	-	., .	), see Pub. 519, chapter 4,	•							
Ξ			lay of the tax year, enter y day of the tax year.								
F	-		risa type (nonimmigrant sta	tus) or U.S. immigratio	on status?		Yes				
		0,	e the date and nature of th								
3	List all dates yo	u entered and	left the United States durin								
	•		Canada or Mexico <b>AND</b> co			_					
			Mexico and skip to item I			Mexico					
	Date entered mm/c		Date departed United Stat mm/dd/yy	Da Da	ate entered United States mm/dd/yy	Date de	parted United mm/dd/yy	State			
1	Give number of	davs (including	vacation, nonworkdays, and	d partial days) you were	e present in the United S	tates during:					
-			, 2019			-					
1	Did you file a U.	S. income tax	return for any prior year? .				Yes	🗌 N			
	If "Yes," give th	e latest year ar	nd form number you filed 🕨	•							
J	Are you filing a	return for a trus	st?				Yes	<u> </u>			
			J.S. or foreign owner under	•				□ N			
<b>‹</b>	•		ribution from a U.S. person ation of \$250,000 or more				∐ Yes ☐ Yes				
•		•		s ,							
-	Income Exemp	If "Yes," did you use an alternative method to determine the source of this compensation?									
1.		Enter the name of the country, the applicable tax treaty article, the number of months in prior years you claimed the treaty benefit, and the amount of exempt income in the columns below. Attach Form 8833 if required. See instructions.									
		(a) Cou	ntry	(b) Tax treaty article	(c) Number of months	s <b>(d)</b> A	mount of exen	npt			
					claimed in prior tax yea	irs income	e in current tax	( year			
	(e) Total. Enter	this amount or	n Form 1040-NR, line 1c. [	Do not enter it on line 1	1a or line 1b	►					
	Were you subje	ct to tax in a fo	preign country on any of the	e income shown in 1(d	) above?		Yes	=			
	Were you subje Are you claimin	ct to tax in a fo g treaty benefit	reign country on any of the s pursuant to a Competen	e income shown in 1(d t Authority determinati	l) above?		☐ Yes ☐ Yes	=			
3.	Were you subje Are you claimin If "Yes," attach	ct to tax in a fo g treaty benefit a copy of the C	preign country on any of the	e income shown in 1(d t Authority determinati	l) above?		=	=			
3. 1	Were you subje Are you claimin If "Yes," attach Check the appli	ct to tax in a fo g treaty benefit a copy of the C cable box if:	oreign country on any of the s pursuant to a Competen Competent Authority deterr	e income shown in 1(d t Authority determinati nination letter to your	) above? ion? return.		Yes	□ N			
3. 1	Were you subje Are you claimin If "Yes," attach Check the appli This is the first y	ct to tax in a fo g treaty benefit a copy of the C cable box if: year you are ma	reign country on any of the s pursuant to a Competen Competent Authority deterr aking an election to treat ir	e income shown in 1(d t Authority determinati nination letter to your ncome from real prope	) above?	 	Yes	N			
3. 1 1.	Were you subje Are you claimin If "Yes," attach Check the appli This is the first with a U.S. trad	ct to tax in a fo g treaty benefit a copy of the C cable box if: year you are ma e or business u	oreign country on any of the s pursuant to a Competen Competent Authority deterr	e income shown in 1(d t Authority determinati nination letter to your ncome from real prope nstructions	) above?	d States as e	Yes	□ N nnect			
3. // 1.	Were you subje Are you claimin If "Yes," attach Check the appli This is the first y with a U.S. trad You have made	ct to tax in a fo g treaty benefit a copy of the C cable box if: year you are ma e or business u an election ir	reign country on any of the s pursuant to a Competen Competent Authority deterr aking an election to treat ir under section 871(d). See ir	e income shown in 1(d t Authority determinati nination letter to your ncome from real prope nstructions not been revoked, to	above?       .       .       .         ion?       .       .       .       .         return.       .       .       .       .         erty located in the United       .       .       .       .         .       .       .       .       .       .         .       .       .       .       .       .       .         .       .       .       .       .       .       .       .       .         .	d States as a	Yes	► • Unit			

To answer the following multiple choice questions, refer to the Form 1040-NR you completed for Kim Lee.

- 25. What amount is entered on the line for wages, salaries, tips, etc. on Form 1040-NR?
  - a. \$2,000
  - b. \$6,000
  - c. \$8,500
- 26. What is on the line for Adjusted Gross Income (AGI) on Form 1040-NR?
  - a. \$0
  - b. \$2,000
  - c. \$6,000
  - d. \$8,500
- 27. What is on the line for Itemized Deductions on Form 1040-NR?
  - a. \$0
  - b. \$80
  - c. \$7,920
  - d. \$8,000
- 28. What is the amount on the line for taxable income on Form 1040-NR?
  - a. \$0
  - b. \$1,920
  - c. \$5,920
  - d. \$8,420
- 29. Is \$8,000 the total amount entered into Income Exempt from Treaty in Schedule OI?
  - a. Yes
  - b. No

Use the following information to prepare Form 1040-NR.

- Rudra Khatri, a citizen of India, came to the United States as a student. He entered in F-1 immigration status (visa number 88779914) on September 1, 2017. He has remained in the country since then and is a full-time student at the local university.
- Rudra was born on July 30, 2000, and is single. He filed the proper treaty and withholding forms with the university payroll office. Rudra has filed a U.S. tax return Form 1040-NR in 2020. His address in India is B block, GK II, New Delhi – South, Delhi NCR, India.
- If he is entitled to a refund, he wants it mailed to him. He doesn't want to designate anyone else to discuss his return with the IRS. Rudra has not taken any steps to apply for permanent residence in the U.S.
- He will not be taxed in his home country on the income he has from the U.S. Using the following Form W-2, prepare Rudra's federal income tax return. (He has already completed his Form 8843.)
- Rudra received \$25 in bank interest from an account he opened with money from his parents, this money is not connected with a U.S. trade or business.
- He owed additional State Income tax when he filed his taxes last year. He mailed a payment of \$85 on April 1, 2020 to his state.
- He donated \$100 to the American Red Cross as a charitable contribution.
- After completing the required tax form, review the scenario and resource materials, and answer each of the test questions.

а	Employee's social security number	OMB No. 154	5-0008	Safe, accurate, FAST! Use		file		e IRS website at s. <i>gov/efile</i>
<b>b</b> Employer identification number (EIN)			1 W	Vages, tips, other com	•		al income t	ax withheld
XX-XXXXXX			•		2,350.00		1	\$2,700.00
c Employer's name, address, and ZIP of	ode		35	Social security wage	S	4 Socia	l security ta	ix withneid
FIRST UNIVERSITY			5 N	Medicare wages and	tips	6 Media	care tax with	hheld
486 MAIN STREET								
TOWN, NY 14200			7 S	Social security tips		8 Alloca	ited tips	
d Control number			9			10 Depe	ndent care	benefits
e Employee's first name and initial	Last name	Suff.	11 N	Nonqualified plans		<b>12a</b> See i	instructions	for box 12
RUDRA KHATRI			13 S er	atutory Retirement mployee plan	Third-party sick pay	12b	ı	
22 INDIA BLVD			14 O			12c		
TOWN, NY 14200			14 0	ulei			1	
							L	
						Cod		
f Employee's address and ZIP code							1	
15 State Employer's state ID number	16 State wages, tips, etc.	17 State incor	ne tax	18 Local wages	, tips, etc.	19 Local inc	ome tax	20 Locality name
NY XX-XX	XXX \$22,350.00	) \$1,0	050.0	00				
Form <b>W-2</b> Wage and Ta	ax Statement	202	21	De	partment of	the Treasur	y—Internal	Revenue Service
Copy B—To Be Filed With Employ This information is being furnished to								

<b>Status</b> Check only		Single Married filing sep	parately (MFS	6) (formerly Mar	rried)	Qualify	ying widow(er)	(QW)			
		you checked the QW box, enter the									
ne box.	qu	alifying person is a child but not	your depend	lent							
'our first nam	e and	middle initial	Last n	ame						ntifying nu	umber
									(see instr	uctions)	
lomo oddroor	. (num	ber and street or rural route). If yo		) hav and ind	tructiono		Apt. r		Check if:		
ome address	s (nunn	ber and street of rural route). If yo	Ju Have a F.	J. DOX, SEE INS	tructions.		Apt. 1	10.	CHECK II.	Indivi	iduai e or Tru
ity, town, or p	ost off	ice. If you have a foreign address, a	also complete	spaces below.	State		ZIP code				
		, C ,	•	·							
oreign count	ry nam	e	Foreign pr	rovince/state/c	ounty		Foreign posta	l code			
t any time du	iring 2	020, did you receive, sell, send, e	exchange, or	otherwise acq	uire any fir	nancial in	terest in any vi	rtual curr	rency?	Yes	N
Dependent	۹							(4) •	if qualifi	ies for (see	instr.):
see instructions		(4) First same		(2) Depen identifying			Dependent's		tax credit	Credit	for othe
	-	(1) First name Last r	lame	ldentifying	number	relation	onship to you			depe	ndents
more than fou											-
ependents, se											
heck here										[	
ncome	1a	Wages, salaries, tips, etc. Attac	ch Form(s) W	-2					1a		
ffectively	b	Scholarship and fellowship gram	nts. Attach F	orm(s) 1042-S	or required	d statem	ent. See instru	ctions .	1b		
	С	Total income exempt by a trea		edule OI (Form	1040-NR	), Item					
Vith U.S.		L, line 1(e)	· · · ·	edule OI (Form			1c				
Vith U.S. Trade or	2a	L, line 1(e)	2a	edule OI (Form	<b>b</b> Tax	able inte	erest		2b		
Vith U.S. Trade or	2a 3a	L, line 1(e)	2a 3a	edule OI (Form	<b>b</b> Tax <b>b</b> Orc	able inte dinary div	erest vidends		3b		
Vith U.S. Trade or	2a	L, line 1(e)	2a	edule OI (Form	<b>b</b> Tax <b>b</b> Orc <b>b</b> Tax	able inte	vidends ount				
Vith U.S. Trade or	2a 3a 4a	L, line 1(e)	2a 3a 4a 5a	· · · · ·	b Tax b Orc b Tax b Tax	able inte linary div able am	vidends ount		3b 4b		_
Connected Vith U.S. Trade or Business	2a 3a 4a 5a	L, line 1(e)	2a 3a 4a 5a	· · · · ·	b Tax b Orc b Tax b Tax	xable inte dinary div xable am xable am	erest /idends ount ount	· · · ·	3b 4b 5b		
Vith U.S. Trade or	2a 3a 4a 5a 6	L, line 1(e)	2a 3a 4a 5a 	orm 1040) if rec	b Tax b Orc b Tax b Tax b Tax	able inte linary div able am able am ot require	vidends ount ount ount ed, check here	· · · ·	3b 4b 5b 6 7 8		
Vith U.S. Trade or	2a 3a 4a 5a 6 7 8 9	L, line 1(e)	2a 3a 4a 5a 	orm 1040) if rec	b Tax b Orc b Tax b Tax b Tax	able inte linary div able am able am ot require	vidends ount ount ount ed, check here	· · · ·	3b 4b 5b 6 7 8		
Vith U.S. Trade or	2a 3a 4a 5a 6 7 8 9	L, line 1(e)	2a           3a           4a           5a	orm 1040) if rec , line 9 .his is your <b>tota</b>	b Tax b Orc b Tax b Tax b Tax b Tax duired. If no	able interview of the second s	vidends	· · · ·	3b 4b 5b 6 7 8		
Vith U.S. rade or	2a 3a 4a 5a 6 7 8 9 10 a	L, line 1(e)	2a           3a           4a           5a	orm 1040) if rec , line 9 .his is your <b>tota</b>	b Tax b Orc b Tax b Tax b Tax duired. If no	able interview dinary div able am able am table am bt require	vidends	· · · ·	3b 4b 5b 6 7 8		
Vith U.S. Trade or	2a 3a 5a 6 7 8 9 10 a b	L, line 1(e)	2a           3a           4a           5a	orm 1040) if rec , line 9 his is your <b>tota</b> s of India. See	b Tax b Oro b Tax b Tax b Tax duired. If no al effective	able interview dinary div able am able am table am bt require	erest	· · · ·	3b 4b 5b 6 7 8		
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Vith U.S. rade or	2a 3a 4a 5a 6 7 8 9 10 a b c d 11	L, line 1(e)	2a       3a       4a       5a       5a	orm 1040) if rec , line 9 his is your <b>tota</b> s of India. See I <b>total adjustme</b> <b>djusted gross</b> orm 1040-NR))	b Tay b Orc b Tay b Tay b Tay duired. If no instruction instruction instruction instruction or, for cer	cable interview of the second	rest       .         vidends       .         ount       .         ount       .         ount       .         ed, check here       .         .       .         ected income       .         10a       .         10b       .         .       .		3b 4b 5b 6 7 8 9 9 10d 11		
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Vith U.S. rade or	2a 3a 4a 5a 7 8 9 10 a b c d 11 12 13a b c	L, line 1(e)	2a       3a       4a       5a	orm 1040) if rec , line 9 his is your <b>tota</b> s of India. See I <b>total adjustme</b> <b>djusted gross</b> orm 1040-NR))  h Form 8995 o instructions	b Tay b Orc b Tay b Tay duired. If no instruction instruction instruction or, for cer r Form 898	cable interdinary div able am able am cable am cot require cot require cons cons cons cons cons cons cons cons	rest       .         vidends       .         ount       .         ount       .         ount       .         ount       .         ed, check here       .         .       .         ected income         10a         10b         10c         .       .         .       .         dents of India,         .       .         13a         13b         .       .	· · · · · · · · · · · · · · · · · · ·	3b 4b 5b 6 7 8 9 9 10d 11 12 12 13c		
Vith U.S. rade or	2a 3a 4a 5a 7 8 9 10 a b c d 11 12 13a b	L, line 1(e)	2a       3a       4a       5a       5a	orm 1040) if rec , line 9 his is your <b>tota</b> s of India. See I . <b>total adjustme</b> <b>djusted gross</b> orm 1040-NR)) h Form 8995 o instructions	b Tay b Tay b Ord b Tay duired. If no instruction instructin instruction instruction instruction instruction instruction instr	xable inte dinary div xable am xable am ot require  sis ome  tain resi  35-A	rest       .         vidends       .         ount       .         ount       .         ount       .         ed, check here       .         .       .         ected income       .         10a       .         10b       .         10c       .         .       .         .       .         .       .         .       .         10a       .         10b       .         .<	· · · · · · · · · · · · · · · · · · ·	3b 4b 5b 6 7 8 9 9 10d 11 12		

Form 1040-NR (	2020)			Page <b>2</b>
	16	Tax (see instructions). Check if any from Form(s): 1 🗌 8814 2 🗌 4972 3 🗌	l	16
	17	Amount from Schedule 2 (Form 1040), line 3		17
	18	Add lines 16 and 17		18
	19	Child tax credit or credit for other dependents		19
	20	Amount from Schedule 3 (Form 1040), line 7		20
	21	Add lines 19 and 20		21
	22	Subtract line 21 from line 18. If zero or less, enter -0		22
	23a	Tax on income not effectively connected with a U.S. trade or business from Schedule NEC (Form 1040-NR), line 15.       23a		
	b	Other taxes, including self-employment tax, from Schedule 2 (Form 1040),		-
		line 10		-
	с	Transportation tax (see instructions)		
	d	Add lines 23a through 23c		23d
	24	Add lines 22 and 23d. This is your <b>total tax</b>	🕨	24
	25	Federal income tax withheld from:		
	a	Form(s) W-2		-
	b	Form(s) 1099		-
	c	Other forms (see instructions)		054
	d	Add lines 25a through 25c		25d
	e	Form(s) 8805		25e
	f	Form(s) 8288-A		25f
	g	Form(s) 1042-S		25g 26
	26 27	2020 estimated tax payments and amount applied from 2019 return		20
	27 28	Additional child tax credit. Attach Schedule 8812 (Form 1040) 28		-
	20 29	Credit for amount paid with Form 1040-C		-
	29 30	Reserved for future use         30		
	31	Amount from Schedule 3 (Form 1040), line 13		
	32	Add lines 28 through 31. These are your total other payments and refundable credits		32
	33	Add lines 25d, 25e, 25f, 25g, 26, and 32. These are your total payments		33
Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you over		34
	35a	Amount of line 34 you want <b>refunded to you.</b> If Form 8888 is attached, check here	_	35a
Direct deposit?	►b	Routing number	_	
See instructions.	►d	Account number	_ 0	
	►e	If you want your refund check mailed to an address outside the United States not show	vn on page 1.	
		enter it here.		
A	36	Amount of line 34 you want applied to your 2021 estimated tax .  36	>	
Amount You Owe	37 38	Amount you owe. Subtract line 33 from line 24. For details on how to pay, see instructi Estimated tax penalty (see instructions)	ons 🕨	37
		Estimated tax penalty (see instructions)		
Third Party Designee			es. Complete l	below. 🗌 No
(Other than paid preparer)	Desig name		Personal identific number (PIN)	cation ▶
Sign		penalties of perjury, I declare that I have examined this return and accompanying schedules and sta		
Here		they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all infor		
	Your	signature Date Your occupation		IRS sent you an Identity ection PIN, enter it here
				nst.) ►
	Phone	e no. Email address		
Daid		arer's name Preparer's signature Date	PTIN	Check if:
Paid Dronoror	-			Self-employed
Preparer	Firm's	s name 🕨	Phone n	0.
Use Only	Firm's	s address >	Firm's El	N►
Go to www.irs.	gov/Fo	rm1040NR for instructions and the latest information.		Form <b>1040-NR</b> (2020)

SCHEDULE A (Form 1040-NF		Itemized Deductions	'n	OMB No. 1545-0074
Department of the Tre		► Attach to Form 1040-NR.		Attachment 7
Internal Revenue Servine Name shown on For	. ,			Sequence No. <b>7A</b>
Taxes You				
Paid	<b>1</b> a	State and local income taxes		
	b	Enter the smaller of line 1a or \$10,000 (\$5,000 if you checked Married filing separate <i>Filing Status</i> on page 1 of Form 1040-NR)	ly under	1b
Gifts to U.S. Charities	2	Gifts by cash or check. If you made any gift of \$250 or more, see instructions    2		
<b>Caution:</b> If you made a gift and received	3	Other than by cash or check. If you made any gift of \$250 or more, see instructions. Individuals <b>must</b> attach Form 8283 if line 3 is over \$500.         \$500.       3		
a benefit in return, see	4	Carryover from prior year		
instructions.	5	Add lines 2 through 4		5
Casualty and Theft Losses	6	Casualty and theft loss(es) from a federally declared disaster (other than net of disaster losses). Attach Form 4684 and enter the amount from line 18 of that fo instructions	qualified rm. See	6
Other Itemized Deductions	7	Other—from list in instructions. List type and amount ►		
				7
Total Itemized Deductions	8	Add the amounts in the far right column for lines 1b through 7. Also, enter this am Form 1040-NR, line 12	ount on	8
For Paperwork F	Reduc	tion Act Notice, see the Instructions for Form 1040-NR. Cat. No. 72749E	Sche	dule A (Form 1040-NR) 2020
			Sche	aule A (Form 1040-NK) 2020

SCHEDULE NEC (Form 1040-NR)

# Tax on Income Not Effectively Connected With a U.S. Trade or Business

► Go to www.irs.gov/Form1040NR for instructions and the latest information. ► Attach to Form 1040-NR.



Your identifying number

Department of the Treasury Internal Revenue Service (99) Name shown on Form 1040-NR

			Nature of Income			<b>(a)</b> 10%	<b>(b)</b> 15%	(c) 30%	(d) Other	(specify)
						(a) 1078	<b>(b)</b> 1376	(c) 3078	%	9
1 [	Dividends and divide	nd ec	quivalents:							
al	Dividends paid by U.	S. co	rporations		1a					
b	Dividends paid by fo	reign	corporations		1b					
c i	Dividend equivalent p	ayme	nts received with respect to section 871(	m) transactions	1c					
<b>2</b>	nterest:									
al	Mortgage				2a					
b	Paid by foreign corpo	oratio	ns		2b					
c (	Other				2c					
<b>3</b>	ndustrial royalties (p	atents	s, trademarks, etc.)		3					
4 [	Motion picture or TV	copy	right royalties		4					
5 (	Other royalties (copy	rights	, recording, publishing, etc.)		5					
<b>6</b> I	Real property income	e and	natural resources royalties		6					
7	Pensions and annuiti	es.			7					
8 3	Social security benef	its .			8					
			elow		9					
I	f zero or less, ente	r <b>-0</b>		n (c).						
a۱	Winnings									
	Losses		<u> </u>		10c				_	
	Note: Losses not allo	owed	dents of countries other than Canada.		11					
12 (	Other (specify) ►				10					
10					12 13					
	•		columns (a) through (d)		13					
			f tax at top of each column ely connected with a U.S. trade or busir			rough (d) of line 14	Enter the total have a	and on Form 1040 M	NR. line 23a ► <b>15</b>	
15	Tax on income not ef	rectiv					anges of Proper			
			•		FIOIII	Sales of Excita	anges of Froper	ly		
losses fro exchange within the	r the capital gains and m property sales or s that are from sources United States and not	16	(a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acc mm/dd/y		(c) Date sold mm/dd/yyyy	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e).	(g) GAIN If (d) is more than (e) subtract (e) from (d).
	connected with a U.S. Do not include a gain									
or loss on	disposing of a U.S. real nterest; report these									
	losses on Schedule D									
Report pro	operty sales or s that are effectively									
connected	d with a U.S. business	17	Add columns (f) and (g) of line 16					17	' ( )	
	ule D (Form 1040), 7, or both.		<b>Capital gain.</b> Combine columns (f) a						, ,	
			tice, see the Instructions for Form 1040	(0)		0	at. No. 72752B			(Form 1040-NR) 202

VITA/TCE Foreign Student Test

Form	EDULE OI		Othe	er Information		1	OMB No. 15	45-0074
Departme	<b>1040-NR)</b> ent of the Treasury	►Go		ch to Form 1040-NR.	d the latest informatior		202 Attachment	20
	Revenue Service (99) hown on Form 1040-NF		► An	swer all questions.		Your identify	Sequence N	o. 7C
vame sr	nown on Form 1040-Nr	1				Your identity	ing number	
Α	Of what country o	or countries v	were you a citizen or nation	al during the tax year	?			
в	In what country d	id you claim	residence for tax purpose	es during the tax year	?			
С	Have you ever ap	plied to be a	a green card holder (lawful p	permanent resident) of	f the United States? .		. 🗌 Yes	No
D	Were you ever:							
							_	∐ No
2.	0	· ·	ermanent resident) of the Ui 2), see Pub. 519, chapter 4.				. 🗋 Yes	∐ No
Е	,	., .	day of the tax year, enter y	· · ·	11 5 5	or your LLS	2	
E								
F			visa type (nonimmigrant sta	atus) or U.S. immigrati	on status?		. 🗌 Yes	🗌 No
			te the date and nature of th					
G	List all dates you	entered and	left the United States durin					
			Canada or Mexico AND co				,	
			r Mexico and skip to item I			Mexic	-	
	Date entered Un mm/dd/		Date departed United Stat mm/dd/yy	tes Di	ate entered United States mm/dd/yy	B Date d	eparted Unite mm/dd/yy	d States
		yy			mini/dd/yy		mm/ dd/ yy	
			-					
			-					
н			vacation, nonworkdays, an					
	2018		, 2019, return for any prior year? .	, and 20		· · ·		_
I	Did you file a U.S.	income tax	return for any prior year? .				. Yes	🗌 No
	If "Yes," give the I	atest year ar	nd form number you filed	•				<b>—</b>
J			ıst?					∐ No
			U.S. or foreign owner unde tribution from a U.S. persor	•				No
к	•		sation of \$250,000 or more				_	
	lf "Yes," did you u	use an altern:					. Lites	🗌 No
L	Income Exempt F		ative method to determine	the source of this con			_	□ No □ No
	complete (1) throu	rom Tax-If	ative method to determine f you are claiming exempt v. See Pub. 901 for more in	tion from income tax	npensation? under a U.S. income t		. Yes	No
1.	Enter the name of	From Tax—If ugh (3) below the country,	f you are claiming exempt v. See Pub. 901 for more in the applicable tax treaty ar	tion from income tax formation on tax treat ticle, the number of mo	npensation? under a U.S. income t ies. onths in prior years you	ax treaty v	. <b>Yes</b> vith a foreign	<b>No</b> country,
1.	Enter the name of	From Tax—If ugh (3) below the country, income in the	f you are claiming exempt v. See Pub. 901 for more in the applicable tax treaty ar ne columns below. Attach Fo	tion from income tax iformation on tax treat ticle, the number of mo orm 8833 if required. Se	npensation? under a U.S. income t ies. onths in prior years you ee instructions.	ax treaty v	. <b>Yes</b> vith a foreign treaty benefi	<b>No</b> country, t, and the
1.	Enter the name of	From Tax—If ugh (3) below the country,	f you are claiming exempt v. See Pub. 901 for more in the applicable tax treaty ar ne columns below. Attach Fo	tion from income tax formation on tax treat ticle, the number of mo	npensation? under a U.S. income t ies. onths in prior years you	ax treaty v claimed the s (d)	. <b>Yes</b> vith a foreign	<b>No</b> country, t, and the
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To answer the following questions, refer to the Form 1040-NR you completed for Rudra Khatri.

- 30. What amount is entered for wages, salaries, tips, etc. on Form 1040-NR?
  - a. \$25,200
  - b. \$22,375
  - c. \$22,350
  - d. \$17,350
- 31. What amount is entered on the itemized deductions line on Form 1040-NR?
  - a. \$13,785
  - b. \$13,600
  - c. \$12,550
  - d. \$1,235
- 32. What is the amount of federal income tax withheld on Form 1040-NR?
  - a. \$3,985
  - b. \$3,900
  - c. \$2,700
  - d. \$1,050
- 33. What amount is on the taxable income line of the Form 1040-NR?
  - a. \$21,300
  - b. \$21,140
  - c. \$9,825
  - d. \$9,700

## Scenario 4: Gergana Alferov

Use the following information to prepare 2021 Form 1040-NR.

- Gergana Alferov is a resident of Bulgaria (visa number 38755219). She arrived in the United States in F-1 immigration status on September 1, 2020 as a full-time student. Gergana is 25 years old and single. Her address in Bulgaria is Vna 74117 Varna, Grand Mol Varna, 9021 Bulgaria.
- Gergana has not taken any affirmative steps to apply for permanent residence in the United States. Gergana did not file a Form 1040-NR in 2020 as she did not work that year. She started a new job with the university bookstore on January 20, 2021.
- If she is entitled to a refund, she wants a direct deposit to her checking account. The routing number is 789654321 and the account number is 011233456789. She will not be taxed by the Bulgarian government on the income she has earned in the United States. Assume Gergana has already completed her Form 8843, and prepare her federal income tax return with the following Form W-2. College Town University reports all student income on Form W-2. Miss Alferov failed to respond to the university in time for them to properly issue Form 1042-S for her treaty-exempt income. However, she is still entitled to take her treaty benefit on her tax return instead.
- After completing the required tax form, review the scenario and resource materials, and answer each of the test questions.

		a Employe	e's social security number	OMB No. 154		Safe, accurate, FAST! Use		he IRS website at irs.gov/efile
b Emplo	oyer identification number (	EIN)			1 Wag	ges, tips, other compensation	2 Federal income	tax withheld
XX-	XXXXXX					\$15,220.00		\$622.00
c Emplo	oyer's name, address, and 2	ZIP code			<b>3</b> Soc	cial security wages	4 Social security	tax withheld
COL	LEGE TOWN UNIV	ERSITY			5 Me	dicare wages and tips	6 Medicare tax w	ithheld
23 S	OUTHWEST STRE	ET						
COL	LEGE TOWN, VA	23000			7 Soc	cial security tips	8 Allocated tips	
d Contr	rol number				9		10 Dependent care	e benefits
e Emplo	oyee's first name and initial	Last	name	Suff.	11 No	nqualified plans	12a See instruction	ns for box 12
GE	RGANA ALFEROV	/			13 Statu emp	utory Retirement Third-party loyee plan sick pay	12b	
237	75 LINWOOD BLVI	כ			14 Oth		12c	
CO	LLEGE TOWN, VA	23000						
							12d	
f Emplo	oyee's address and ZIP cod	е					5	
5 State	Employer's state ID numb	er	16 State wages, tips, etc.	17 State incon	ne tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
VA	XX-2	XXXXXX	\$15,220.00	\$2	20.00			
	<b>V-2</b> Wage and			202	<u>5</u> ]	Department o	f the Treasury—Interna	al Revenue Service
	– To Be Filed With Emp rmation is being furnished							
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1040	)-ľ	U.S. Nonreside	nt Alien In	icome Tax	Return	n 20	20	OMB No.		IRS Use Only-Do not or staple in this spa
iling		] Single 🛛 Married filing s	eparately (MFS	6) (formerly Mari	ried)	_ Qualify	ing widc	w(er) (QW)		
<b>itatus</b> heck only		ou checked the QW box, enter								
ne box.	qu	alifying person is a child but no	ot your depend	ent ►						
our first name	e and	niddle initial	Last n	ame						entifying numbe tructions)
									(566 115	
ome address	(num	ber and street or rural route). If	vou have a P.0	D. box. see inst	ructions.			Apt. no.	Check i	f: Individual
	<b>(</b>	·····,	<b>,</b>	,						Estate or T
ty, town, or p	ost off	ice. If you have a foreign address	s, also complete	spaces below.	State		ZIP cod	е		
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oreign countr	y nam	e	Foreign pr	ovince/state/co	ounty		Foreign	postal code	e	
				- 41						
any time du	nng zi	020, did you receive, sell, send	, exchange, or	otherwise acqu	ire any in	ianciai ini	erestin	any virtual o	currency?	Yes
ependents	s				lant'a	(0) D			( <b>4) 🖌</b> if qua	lifies for (see instr.)
e instructions	):	(1) First name Las	st name	(2) Depend identifying n			ependen		nild tax crec	lit Credit for oth dependent
more than fou ependents, see										
structions and										
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icome	1a	Wages, salaries, tips, etc. Atl	.,		· · ·				. 1a	
ffectively onnected	b	Scholarship and fellowship g Total income exempt by a tr		. ,	•	I	ent. See	Instructions	s. 1b	
/ith U.S.	С	L, line 1(e)	eaty non Sch		1040-INN)		1c			
rade or	2a	Tax-exempt interest	2a		<b>b</b> Tax	⊿ able inte			. 2b	
usiness	3a	Qualified dividends	3a		<b>b</b> Orc	dinary div	idends .		. 3b	
	4a	IRA distributions	4a		<b>b</b> Tax	able amo	ount.		. 4b	
	5a	Pensions and annuities	5a			able amo	ount.		. 5b	
	6	Reserved for future use					• • • •	 . h	. 6	
	7 8	Capital gain or (loss). Attach Other income from Schedule		, ,		•		k nere . 🕨	. 8	
	9	Add lines 1a, 1b, 2b, 3b, 4b,	,					come		
	10	Adjustments to income:	ob, i , and of i							
	а	From Schedule 1 (Form 1040	), line 22				10a			
	b	Charitable contributions for c	ertain resident	s of India. See i	nstruction	ns.	10b			
	с	Scholarship and fellowship g				-	10c			
	d	Add lines 10a through 10c. T		-					► <u>10d</u>	
	11	Subtract line 10d from line 9.							▶ <u>11</u>	
	12	Itemized deductions (from a deduction. See instructions .						inula, stand	. 12	
		Qualified business income de				1	13a			
	13a			instructions .			13b			
	13a b	Exemptions for estates and t				-			. 130	:
		Add lines 13a and 13b	-		•••					
	b	Add lines 13a and 13b								

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Form 1040-NR (ź	2020)								Page <b>2</b>
	16	Tax (see instructions). Check if a	ny from Form	(a): <b>1</b> 28	214 <b>2</b> 140	72 3		16	r ugo <b>_</b>
	17	Amount from Schedule 2 (Form	,					17	
	18	Add lines 16 and 17						18	
	19	Child tax credit or credit for oth						19	
	20							20	
		Amount from Schedule 3 (Form						20	
	21 22	Add lines 19 and 20						21	
		Subtract line 21 from line 18. If						22	
	23a	Tax on income not effectively from Schedule NEC (Form 1040				23a			
	b	Other taxes, including self-emp line 10				23b			
	с	Transportation tax (see instructi	ons)			23c			
	d	Add lines 23a through 23c						23d	
	24	Add lines 22 and 23d. This is yo	our total tax				►	24	
	25	Federal income tax withheld fro							
	а	Form(s) W-2				25a			
	b	Form(s) 1099				25b			
	c	Other forms (see instructions)				25c		-	
	d	Add lines 25a through 25c						25d	
	e	Form(s) 8805						25e	
	f	Form(s) 8288-A						25f	
	g	Form(s) 1042-S						25g	
	9 26	2020 estimated tax payments a						26	
	27	Reserved for future use				27		20	
	28	Additional child tax credit. Attac				28			
	20 29	Credit for amount paid with For			,	29		-	
	29 30	•				30			
		Reserved for future use						-	
	31	Amount from Schedule 3 (Form Add lines 28 through 31. These				31		20	
	32 33	-	-					32	
Refund		Add lines 25d, 25e, 25f, 25g, 26		-				33	
neiulia	34 05-	If line 33 is more than line 24, su						34	
D:	35a	Amount of line 34 you want refu	Indea to you					35a	
Direct deposit? See instructions.	►b	Routing number			► c Type:	Checking	Savings		
	►d	Account number							
	►e	If you want your refund check r enter it here.				es not shown or	page 1,		
	36	Amount of line 34 you want app	-			36			
Amount	37	Amount you owe. Subtract line				1 1	🕨	37	
You Owe	38	Estimated tax penalty (see instr	uctions) .		🕨	38			
Third Party Designee		ou want to allow another person with the IRS? See instructions			parer) to discuss		Complete	below.	No
(Other than paid preparer)	Desig name			Phone no. ▶			nal identifi er (PIN)	cation	
Sign		penalties of perjury, I declare that I h	ave examined		accompanving sche		. ,	the best of mv k	nowledge and
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Go to www.irs		m1040NR for instructions and the	atest informat	ion			O L		40-NR (2020)
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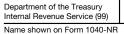
SCHEDULE A (Form 1040-NF		Itemized Deductions		0	MB No. 1545-0074
•		► Go to www.irs.gov/Form1040NR for instructions and the latest information ► Attach to Form 1040-NR.	tion.		2020
Department of the Tre Internal Revenue Serv			ons for line 7.		Attachment Sequence No. <b>7A</b>
Name shown on For	rm 104	0-NR	Your iden	tifying	number
Taxes You Paid	1a	State and local income taxes			
Falu	b	Enter the smaller of line 1a or \$10,000 (\$5,000 if you checked Married filing separa <i>Filing Status</i> on page 1 of Form 1040-NR)		1b	
Gifts to U.S. Charities	2	Gifts by cash or check. If you made any gift of \$250 or more, see a 2			
<b>Caution:</b> If you made a gift and received	3	Other than by cash or check. If you made any gift of \$250 or more, see instructions. Individuals must attach Form 8283 if line 3 is over \$500.         \$500.       3			
a benefit in return, see	4	Carryover from prior year			
instructions.	5	Add lines 2 through 4		5	
Casualty and Theft Losses	6	Casualty and theft loss(es) from a federally declared disaster (other than ne disaster losses). Attach Form 4684 and enter the amount from line 18 of that instructions	form. See	6	
Other Itemized Deductions	7	Other-from list in instructions. List type and amount			
				7	
Total					
Itemized Deductions	8	Add the amounts in the far right column for lines 1b through 7. Also, enter this a Form 1040-NR, line 12		8	
For Paperwork F	Reduc	tion Act Notice, see the Instructions for Form 1040-NR. Cat. No. 72749E			(Form 1040-NR) 2020

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#### SCHEDULE NEC (Form 1040-NR)

# Tax on Income Not Effectively Connected With a U.S. Trade or Business

▶ Go to www.irs.gov/Form1040NR for instructions and the latest information.
 ▶ Attach to Form 1040-NR.



Your id	entifying number
	Attachment Sequence No. 7B
	2020
	OMB No. 1545-0074

m 1040-NR

		Nat	ure of Income			<b>(a)</b> 10%	<b>(b)</b> 15%	(c) 30%	(d) Other	(specify)
		INAL				(a) 1070	(6) 1070	(0) 00 /0	%	%
1	Dividends and divide	end equivale	ents:							
а	Dividends paid by U.	.S. corporati	ions		1a					
b	Dividends paid by fo	reign corpoi	rations		1b					
С	Dividend equivalent p	ayments rec	eived with respect to section 871(n	n) transactions	1c					
2	Interest:									
а	Mortgage				2a					
b	Paid by foreign corpo	orations .			2b					
С	Other				2c					
3	Industrial royalties (p	atents, trad	emarks, etc.)		3					
4	Motion picture or TV	copyright ro	oyalties		4					
5		•	rding, publishing, etc.)		5					
6			al resources royalties		6					
7	Pensions and annuit	ies			7					
8	Social security benef	fits			8					
9					9					
10	If zero or less, ente	r -0	a only. Enter net income in columr	ו (c).						
а	Winnings									
b					10c					
11	Note: Losses not allo	owed	of countries other than Canada.		11					
12					12					
13			nns (a) through (d)		13					
14	0		it top of each column		14					
15			nnected with a U.S. trade or busin			rough (d) of line 14.	Enter the total here a	nd on Form 1040-N	NR. line 23a ► <b>15</b>	
					. ,	<b>U</b> ( )	inges of Proper			
losses f exchan	nly the capital gains and rom property sales or ges that are from sources he United States and not	(if	Kind of property and description necessary, attach statement of scriptive details not shown below)	(b) Date acq mm/dd/yy	uired	<b>(c)</b> Date sold mm/dd/yyyy	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e).	(g) GAIN If (d) is more than (e), subtract (e) from (d).
effectiv	ely connected with a U.S. s. Do not include a gain									
or loss	on disposing of a U.S. real									
	y interest; report these nd losses on Schedule D 040).									
Report	property sales or									
connec on Sche	ges that are effectively ted with a U.S. business edule D (Form 1040), 797, or both.		columns (f) and (g) of line 16 . tal gain. Combine columns (f) ar						, ,	
	<i>i ai</i> , or boun.		a gan. Combine columns (I) a	ia (g) or line Tr	. Linte	a the net gail her		5ve. ii a 1055, eiit		

SCHEDULE OI (Form 1040-NR) Department of the Treasury		►Go	Other Information ► Go to www.irs.gov/Form1040NR for instructions and the latest information. ► Attach to Form 1040-NR.			.	OMB No. 1545-0074	
nternal Revenue Service (99) ► An Name shown on Form 1040-NR			swer all questions.		Verus identificio	our identifying number		
ame si	nown on Form 1040-	INR				rour identifyir	ng number	
A	Of what country	or countries w	vere you a citizen or nation	al during the tax year?				
в	In what country	did you claim	residence for tax purpose	s during the tax year?				
С	Have you ever a	applied to be a	green card holder (lawful p	permanent resident) of	the United States? .		Yes	🗌 No
D	Were you ever:						_	_
	A U.S. citizen?							
	A green card holder (lawful permanent resident) of the United States?						Yes	
Е		., .	day of the tax year, enter y	•		tor your LLS		
						-		
F	immigration status on the last day of the tax year							
	If you answered "Yes," indicate the date and nature of the change							
G	List all dates you entered and left the United States during 2020. See instructions.							
	Note: If you are a resident of Canada or Mexico AND commute to work in the United States at frequent intervals,							
	check the box for Canada or Mexico and skip to item H							
	Date entered U mm/d		Date departed United Stat mm/dd/yy	ies Da	te entered United State mm/dd/yy	s Date de	parted United mm/dd/yy	d States
Н	Give number of days (including vacation, nonworkdays, and partial days) you were present in the United States during: 2018, 2019, and 2020							
ı	Did you file a U	S income tax	return for any prior year?	, and 20	20	· · ·	Yes	
•								
J	If "Yes," give the latest year and form number you filed ► Are you filing a return for a trust?							
	If "Yes," did the trust have a U.S. or foreign owner under the grantor trust rules, make a distribution or loan to a							
K		•	sation of \$250,000 or more	<b>°</b> ,			Yes	L No
L	If "Yes," did you use an alternative method to determine the source of this compensation?							
L				ion from income tax	under a U.S. income t		Yes	
	complete (1) three Enter the name	ough (3) below of the country,	v. See Pub. 901 for more in the applicable tax treaty and	ion from income tax formation on tax treati ticle, the number of mo	under a U.S. income t es. nths in prior years you	ax treaty wi	☐ <b>Yes</b> th a foreign	count
	complete (1) three Enter the name	ough (3) below of the country, pt income in the	<ul> <li>See Pub. 901 for more in the applicable tax treaty and e columns below. Attach Fo</li> </ul>	ion from income tax formation on tax treati ticle, the number of mo rm 8833 if required. Se	under a U.S. income t es. nths in prior years you e instructions.	ax treaty wi	<b>Yes</b> th a foreign treaty benefit	count
	complete (1) three Enter the name	ough (3) below of the country,	<ul> <li>See Pub. 901 for more in the applicable tax treaty and e columns below. Attach Fo</li> </ul>	ion from income tax formation on tax treati ticle, the number of mo	under a U.S. income t es. nths in prior years you	ax treaty with the tail the ta	☐ <b>Yes</b> th a foreign	count t, and t
	complete (1) three Enter the name	ough (3) below of the country, pt income in the	<ul> <li>See Pub. 901 for more in the applicable tax treaty and e columns below. Attach Fo</li> </ul>	ion from income tax formation on tax treati ticle, the number of mo rm 8833 if required. Se	under a U.S. income t es. Inths in prior years you e instructions.	ax treaty with the tail the ta	Yes th a foreign treaty benefit mount of exe	count t, and t
	complete (1) three Enter the name	ough (3) below of the country, pt income in the	<ul> <li>See Pub. 901 for more in the applicable tax treaty and e columns below. Attach Fo</li> </ul>	ion from income tax formation on tax treati ticle, the number of mo rm 8833 if required. Se	under a U.S. income t es. Inths in prior years you e instructions.	ax treaty with the tail the ta	Yes th a foreign treaty benefit mount of exe	count t, and t
	complete (1) three Enter the name	ough (3) below of the country, pt income in the	<ul> <li>See Pub. 901 for more in the applicable tax treaty and e columns below. Attach Fo</li> </ul>	ion from income tax formation on tax treati ticle, the number of mo rm 8833 if required. Se	under a U.S. income t es. Inths in prior years you e instructions.	ax treaty with the tail the ta	Yes th a foreign treaty benefit mount of exe	count t, and t
	complete (1) three Enter the name	ough (3) below of the country, pt income in the	<ul> <li>See Pub. 901 for more in the applicable tax treaty and e columns below. Attach Fo</li> </ul>	ion from income tax formation on tax treati ticle, the number of mo rm 8833 if required. Se	under a U.S. income t es. Inths in prior years you e instructions.	ax treaty with the tail the ta	Yes th a foreign treaty benefit mount of exe	count t, and t empt
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To answer the following multiple choice questions, refer to the Form 1040-NR you completed for Gergana Alferov.

- 34. What amount is Gergana allowed as a treaty benefit?
  - a. \$15,220
  - b. \$9,000
  - c. \$0
- **35.** What is the amount entered on Form 1040-NR on the line for wages, salaries, tips, etc.?
  - a. \$0
  - b. \$6,220
  - c. \$9,000
  - d. \$15,220
- 36. Where on the tax return will Gergana enter her treaty benefits information?
  - a. Schedule OI, Line L then carried to Form 1040-NR, Line 1c
  - b. Form 1040-NR, Schedule A, Line 7
  - c. Treaty benefits are **only** subtracted from wages, salaries, tips, etc. and listed on Form 1040-NR, Line 1c.
  - d. No treaty amounts are allowed without Form 1042-S.
- **37.** What is the amount of itemized deductions that Gergana is entitled to take? And what is her taxable income?
  - a. \$622 and \$10,244
  - b. \$622 and \$14,598
  - c. \$220 and \$6,000
  - d. \$220 and \$15,000

## Introduction

This part of the VITA/TCE certification test includes 13 true/false or multiple choice questions.

Allow approximately 20 minutes to complete this segment.

- **38.** Emily, an international student from Ireland, has a Form W-2 that shows amounts withheld for Social Security and Medicare taxes. Emily is an F-1 student who arrived in 2018. What form should Emily use to claim a refund of her Social Security and Medicare taxes withheld?
  - a. Form 1040-NR
  - b. Form 8843
  - c. Form 843
- **39.** Jose and Maria are from Mexico. Jose is a scholar at a local university in J-1 immigration status and Maria is in J-2 immigration status. Maria worked at a local boutique in 2021. Her Form W-2 shows Social Security and Medicare withholding. Maria found out her spouse does **not** have to pay Social Security or Medicare taxes. Maria is **not** eligible for a refund of her Social Security and Medicare taxes withheld.
  - a. True
  - b. False
- **40.** Li, an international student from People's Republic of China, received \$10,100 of interest income in 2021 from a personal bank account in the U.S. he opened when he first arrived on August 27, 2016. He also had a \$100 capital gain from some U.S. stock he sold. What form and schedules does Li need to complete?
  - a. He does not need to file a return
  - b. Form 1040-NR, Schedule OI, and Schedule D
  - c. Form 1040-NR, Schedule D, and Schedule NEC
  - d. Form 1040-NR, Schedule OI, and Schedule NEC
- **41.** Arthur entered the United States for the first time in 2019. He is a resident of France, and in F-1 immigration status. Arthur won \$1,200 at the local casino.

Does Arthur need to file Form 1040-NR to report the \$1,200?

- a. Yes
- b. No

- **42.** George is a visiting scholar from Ireland. He arrived in the U.S. on September 1, 2020 in a J-1 immigration status and was accompanied by his wife Freya and his son Noah. Since his arrival, his second child, Charlie, was born in the U.S. George earned \$85,000 in 2021 from State University. When he files his federal tax return, he **cannot** claim his wife and children as dependents.
  - a. True
  - b. False
- **43.** Quang, a graduate student of physics from Vietnam, is in F-1 immigration status. He first arrived in the U.S. on April 1, 2018. Quang needs help preparing his tax return. He made donations to a U.S. charity and wants to know where to claim them. Quang can claim his charitable contributions as an itemized deduction on Form 1040-NR.
  - a. True
  - b. False
- **44.** Adi is in F-1 immigration status from Chile. He entered the United States in August 2018 and enrolled as a full time undergraduate student. Adi is pursuing his first degree in mathematics.

Does Adi qualify to claim any education credit on his Form 1040-NR?

- a. Yes
- b. No
- **45.** Margarita is a single, nonresident alien who began studying in the U.S. in 2019 in F-1 immigration status from Ecuador. She has wages of \$9,300, interest income from her savings account of \$175, \$50 of dividends, and sold \$4,500 of U.S. stocks for a \$250 capital gain. She donated \$50 of the proceeds to a local charity. Could Margarita have her return completed at a Foreign Student and Scholar VITA site that has properly certified volunteers?
  - a. Yes
  - b. No
- **46.** Some students and scholars may owe money with their tax return. Nonresidents have which of the following payment options?
  - a. Ask for an extension of time to pay or an installment agreement.
  - b. Pay the entire balance by the due date for the return.
  - c. Put the balance on a credit card.
  - d. All of the above.

- **47.** Viktor, who is from Russia, earned wages of \$12,335 in 2020. He had \$280 withheld for state income taxes. He listed the state taxes as a deduction on his federal tax return in 2020, and it lowered his taxable income for 2020. Viktor received a state refund of \$200 in 2021 from the 2020 tax return. Viktor does **not** need to include this state tax refund on his 2021 federal return.
  - a. True
  - b. False
- **48.** Letizia came to the U.S. in 2018 for postgraduate study. She took out a student loan through the school's financial aid office to help pay the tuition. Sofia graduated in December 2020, but remained in the U.S. for one year of practical training. She began repaying the loan on August 1, 2021 and paid \$65 in interest during 2021. Letizia can claim this interest as an adjustment to income.
  - a. True
  - b. False
- **49.** Luis, a student from Malta, had \$7,500 in wages reported to him on Form W-2. Because all of his wages are excluded from tax by treaty, he is **not** required to file a tax return.
  - a. True
  - b. False
- **50.** Shakir is a resident of Egypt attending college in the U.S. He arrived on J-1 immigration status in May of 2019. He had \$6,500 in wages and \$45 in dividend income. What form/schedule(s) must Shakir complete?
  - a. Just Form 1040-NR
  - b. Form 1040-NR, Schedule OI
  - c. Form 1040-NR, Schedule NEC
  - d. Form 1040-NR, Schedules NEC and OI



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

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

Volunteers who use tax preparation software to complete the retest need to make sure they are using the final 2021 version.

## Residency Status, Form 8843, and Filing Status

## Directions

This section of the VITA/TCE certification Foreign Student test covers determining residency status, the use of Form 8843, and filing status. It consists of 13 Resident/Nonresident questions and 4 scenario-based multiple-choice questions. Read the interview notes for each scenario from the original test.

Allow approximately 20 minutes to complete this segment.

- Ken entered the U.S. on July 30, 2018 in F-1 immigration status. He had never been to the United States before and he did **not** change immigration status during 2021. For 2021 federal income tax purposes, Ken is a \_\_\_\_\_\_.
  - a. Resident alien
  - b. Nonresident alien
- Helen is a visiting professor at the local university. Helen was a graduate student from June 2017 to May 2019 in F-1 immigration status. She re-entered the United States as a teacher on December 20, 2020 in J-1 immigration status. For 2021 federal income tax purposes, Helen is a .
  - a. Resident alien
  - b. Nonresident alien
- **3.** Yusuf served as a visiting scholar in F-1 immigration status from December 2012 through June 2020. In August of 2021, Yusuf returned to the United States as a graduate student. For 2021 federal income tax purposes, Yusuf is a \_\_\_\_\_.
  - a. Resident alien
  - b. Nonresident alien

- **4.** Juan came to the United States in F-2 immigration status with his wife on July 15, 2017. He has **not** changed his immigration status. For 2021 federal income tax purposes, Juan is a \_\_\_\_\_.
  - a. Resident alien
  - b. Nonresident alien
- 5. Nell was in the U.S. as a child in J-2 status with her parents from 2009 through 2012. She re-entered the U.S. in 2020 as a student in J-1 status. The time she was present in the U.S. as a child is considered when determining her total number of years with exempt days.
  - a. True
  - b. False
- 6. Polina entered the United States on July 30, 2017 in J-1 student immigration status. On July 10, 2020, her husband Dmitry joined her in J-2 immigration status. Polina and Dmitry had no income in 2021. Which form(s) should both Polina and Dmitry file for 2021?
  - a. No forms
  - b. Forms 1040-NR and Forms 8843
  - c. Forms 8843
  - d. Form 1040 filing married filing jointly
- **7.** Polina and Dmitry from Question 6 had a son, Alexander while here in the U.S. on December 5, 2020. For 2021, how many Form(s) 8843 does Polina's family need to file?
  - a. O
  - b. 1
  - c. 2
  - d. 3
- Sophie and Yves have been in the U.S. in F-1 immigration status, since August 2016. Their 12-year old son, Vincent, has been attending boarding school since June 2015 on F-1 immigration status. For 2021, who must file Form 8843?
  - a. Sophie and Yves
  - b. Vincent
  - c. All three of them
  - d. None of them

- **9.** Celeste is from Pakistan and is a Ph.D. student in communications engineering who is going to defend her dissertation in June 2022. She arrived in the U.S. as a student in F-1 immigration status on July 20, 2018. For 2021 federal income tax purposes, Celeste is a \_\_\_\_\_.
  - a. Resident alien
  - b. Nonresident alien
- 10. Marcus is a junior majoring in biology. He is in the U.S. in F-1 immigration status from Germany. He transferred from a German university and arrived in the U.S. on April 2, 2016. Marcus worked in a lab on campus and as a summer intern for a company in New York. He will graduate in May 2022. The company issued him a Form 1099-NEC. For tax purposes, Marcus is considered a nonresident alien even though the Form 1099-NEC was issued.
  - a. True
  - b. False
- 11. Nico is a nursing student from Greece who first arrived in F-1 immigration status on August 15, 2021. He does **not** have a tax identification number and he did **not** work or receive a scholar-ship in 2021, but had \$75 interest income from his U.S. savings account his parents set up for him to pay for school and his living expenses. Nico must file both a Form 1040-NR and Form 8843 for 2021.
  - a. True
  - b. False
- 12. Bo entered the U.S. in J-1 immigration status as a trainee in January 2019 and lives alone. His wife, Mei, could **not** accompany him because she had to care for her ailing parents. Bo must file as \_\_\_\_\_\_ because/even though he did **not** live with his spouse at all during 2021.
  - a. Single
  - b. Qualifying Widower
  - c. Married
- **13.** Alex and Kim were married in March 2016. The next year, they both entered the U.S. in F-1 immigration status to complete their studies as Fulbright scholars. Currently, Alex lives in San Diego where he is completing his graduate work. However, Kim left him in March 2020 and has **not** been heard from since. Her parents will **not** tell him where she lives. Because Alex does **not** know Kim's whereabouts, he can file using the Single filing status.
  - a. True
  - b. False

To answer the following questions, refer to the scenario information and Form 8843 you completed for Enrique Satō.

- 14. Enrique reports his most current nonimmigration status on line 1b.
  - a. True
  - b. False
- 15. Enrique should put 365 days on line 4b, for days of exempted presence for 2021.
  - a. True
  - b. False
- 16. What parts of Form 8843 does Enrique need to complete?
  - a. Part I
  - b. Part II
  - c. Parts I and II
  - d. Parts I and III
- 17. Enrique must submit his Form 8843 for tax year 2021 by April 18, 2022?
  - a. True
  - b. False

# Taxability of Income, ITINs, and Credits

## Introduction

This segment of the VITA/TCE certification test includes 7 general and 14 scenario-based multiple choice questions on taxability of income, ITINs, and credits.

Allow approximately 45 minutes to complete this segment.

- **18.** Margarita, who is a nonresident alien and is in the United States in J-1 immigration status, spent \$4,400 on qualifying education expenses. She is **not** eligible to claim an education credit on her tax return.
  - a. True
  - b. False
- **19.** Ji-yoo received \$73 of dividend income on U.S. stocks she purchased online. She is an international student from Canada in F-1 immigration status. She arrived in the United States in 2020. How much of Ji-yoo's dividend income will be taxed at 30%?
  - a. \$0, it's taxed at the ordinary rate
  - b. \$0, Per Publication 4011, the correct tax rate is 15%
  - c. \$73

- 20. Marie and Nathan are a married nonresident alien couple from France. Both are in the U.S. in F-1 immigration statuses and arrived in 2021. They paid \$3,700 in childcare expenses, while attending school, for their child who was born in the United States and is a U.S. citizen. They will not be able to claim these expenses on a U.S. tax return.
  - a. True
  - b. False
- **21.** Antero is a student in J-1 immigration status from Latvia. He earned \$2,300 in wages in 2021. His wages are reported to him on Form 1042-S (Box 1, Income Code 20). Should Antero include his wages anywhere on Form 1040-NR?
  - a. Yes
  - b. No
- **22.** Gus is a student here in J-1 immigration status as of October 15, 2021. Under the terms of his visa, he is permitted to work in the U.S. What tax identification number should Gus apply for?
  - a. SSN
  - b. ITIN
  - c. None
- **23.** Elena, in F-1 immigration status from Romania, is on the basketball team. She arrived in the U.S. on June 18, 2021 on a full athletic scholarship that includes \$10,000 for her room and board and \$35,000 for tuition and fees. What amount will be taxable on her Form 1040-NR?
  - a. \$0
  - b. \$10,000
  - c. \$35,000
  - d. \$45,000
- **24.** Gunther is a student in the U.S. in F-1 immigration status. He arrived from Germany on July 13, 2019. Gunther worked in the bookstore and earned \$2,500 in wages and had federal income tax withholding of \$215. Gunther is only required to file Form 8843 for 2021.
  - a. True
  - b. False

To answer the following questions, refer to the scenario information and Form 1040-NR you completed for Kim Lee.

- 25. Is \$8,500 the amount entered on the line for wages, salaries, tips, etc. on Form 1040-NR?
  - a. Yes
  - b. No
- 26. Is \$8,500 the amount of Adjusted Gross Income on the Form 1040-NR?
  - a. Yes
  - b. No
- 27. Is \$860 the amount of Itemized Deductions on the Form 1040-NR?
  - a. Yes
  - b. No
- 28. Is \$8,420 the amount for taxable income on the Form 1040-NR?
  - a. Yes
  - b. No
- 29. What is the total amount entered into the Income Exempt from Treaty in Schedule OI?
  - a. \$0
  - b. \$2,000
  - c. \$6,000
  - d. \$8,000

To answer the following questions, refer to the scenario information and Form 1040-NR you completed for Rudra Khatri.

- 30. What is the Adjusted Gross Income (AGI) on Form 1040-NR?
  - a. \$22,375
  - b. \$22,350
  - c. \$17,375
  - d. \$17,350
- **31.** Rudra Khatri is a student who is considered a resident of India. According to the U.S.-India Tax Treaty, he can take the standard deduction instead of itemizing.
  - a. True
  - b. False
- 32. Will Rudra have a refund on Form 1040-NR?
  - a. Yes
  - b. No
- **33.** The taxable income line on Rudra's Form 1040-NR shows \$9,700.
  - a. True
  - b. False

To answer the following questions, refer to the scenario information for Gergana Alferov.

- 34. Is Gergana allowed to exclude her wages of \$9,000 as a treaty benefit on Schedule OI?
  - a. Yes
  - b. No
- **35.** The total amount of the W-2, box 1, wages, salaries, tips, is reported on the line for wages, salaries, and tips, etc. of the Form 1040-NR.
  - a. True
  - b. False
- 36. Form 1040-NR, schedule OI, line G shows Gergana's treaty benefit information.
  - a. True
  - b. False
- 37. Is Gergana entitled to itemize her deductions?
  - a. Yes
  - b. No

## Introduction

This part of the VITA/TCE certification test includes 13 true/false or multiple choice questions.

Allow approximately 20 minutes to complete this segment.

- **38.** Emily, an international student from Ireland, has a Form W-2 that shows amounts withheld for Social Security and Medicare taxes. Emily is an F-1 student who first arrived in the U.S. in 2018. Can she file Form 843 to receive a refund of these taxes?
  - a. True
  - b. False
- **39.** Jose and Maria are from Mexico. Jose is a scholar at a local university in J-1 immigration status and Maria is in J-2 immigration status. Maria worked at a local boutique in 2021. Her Form W-2 shows Social Security and Medicare tax witholding, while Jose's does not. Was Maria's Social Security and Medicare tax withholding done in error?
  - a. True
  - b. False
- 40. Li, an international student from People's Republic of China, received \$10,100 of interest income in 2021 from a personal bank account in the U.S. he opened when he first arrived on August 27, 2016. He also had a \$100 capital gain from some U.S. stock he sold. Li reports the stock sale on Schedule D and includes it on the front of his Form 1040-NR.
  - a. True
  - b. False
- **41.** Arthur entered the United States for the first time in 2018. He is a resident of France and is in F-1 immigration status. Arthur won \$1,200 at the local casino. Arthur doesn't need to report the \$1,200 as income on his Form 1040-NR because nonresidents aren't taxed on gambling winnings.
  - a. True
  - b. False
- **42.** George is a visiting scholar from Ireland. He arrived in the U.S. on September 1, 2020 in J-1 immigration status and was accompanied by his wife and son. They had a second child in 2020, born in the U.S. George is required to file a federal income tax return. Which of the following is a true statement?
  - a. He can claim exemptions for himself, his wife and his two children.
  - b. He only can claim the earned income credit for his U.S.-born child.
  - c. The personal and/or dependency exemption deduction for 2020 is \$0 through 2025.
  - d. None of the above

- **43.** Quang, a graduate student from Vietnam, is in F-1 immigration status. He has been here since April 1, 2018. He has receipts for his donations to his church in Vietnam. Quang can claim these charitable contributions on Form 1040-NR.
  - a. True
  - b. False
- **44.** Adi is in F-1 immigration status from Chile. He entered the United States in August 2018 and enrolled as a full-time undergraduate student. Adi is pursuing his first degree in mathematics. What credit does Adi qualify for in 2021?
  - a. American opportunity credit
  - b. Lifetime learning credit
  - c. None of the above
- **45.** Margarita is a single, nonresident alien who began studying in the U.S. in 2019 in F-1 immigration status from Ecuador. She has wages of \$9,300, interest income from her savings account of \$175, \$50 of dividends, and sold \$4,500 of U.S. stocks for a \$250 capital gain. She donated \$50 of the proceeds to a local charity. Margarita **cannot** have her return prepared at any Foreign Student and Scholar VITA site, because she has capital gain income.
  - a. True
  - b. False
- **46.** Some students and scholars may owe money with their tax return. Generally, nonresidents have the option to set up an installment agreement.
  - a. True
  - b. False
- **47.** Viktor, who is from Russia, earned wages of \$12,335 in 2020. He had \$280 withheld for state income taxes. He listed the state taxes as a deduction on his federal tax return in 2020 which lowered his taxable income. Viktor received a state refund of \$200 in 2021 from the 2020 tax return. Will Viktor report his state tax refund as income on his Form 1040-NR in 2021 or amend his 2020 return?
  - a. He needs to include the state income tax refund on his 2021 federal return.
  - b. He will remove the \$125 state taxes from his 2020 deductions with an amended return.
  - c. He does not need to do anything with his state income tax refund.
- **48.** Letizia came to the U.S. in 2018 for postgraduate study. She took out a student loan to help pay the tuition through her school's financial aid office. Letizia graduated in December 2020 but remained in the U.S. for one year of practical training. She began repaying the loan on August 1, 2021 and paid \$65 in interest during 2021. Where can Letizia claim this interest?
  - a. Itemized deduction
  - b. Adjustment to income
  - c. Credit
  - d. None of the above

- **49.** Luis, a student from Malta, had \$7,500 in wages reported to him on Form W-2. Although all of his wages are excluded from tax by treaty, he is required to file a tax return.
  - a. True
  - b. False
- **50.** Shakir is a resident of Egypt attending college in the U.S. He arrived on J-1 immigration status in May of 2019. He had \$6,500 in wages and \$45 in dividend income. Shakir must complete both Schedules OI and NEC with his Form 1040-NR.
  - a. True
  - b. False

# Link & Learn Taxes

**Link & Learn Taxes** is web-based training designed specifically for VITA/TCE volunteers. Each volunteer's ability to prepare complete and accurate returns is vital to the credibility and integrity of the program. Link & Learn Taxes, as part of the complete volunteer training kit, provides the path to achieving this high level of quality service.

Link & Learn Taxes and Publication 4012, VITA/TCE Volunteer Resource Guide, work together to help volunteers learn and practice.

# Link & Learn Taxes for 2021 includes:

- Access to all VITA/TCE courses
- Easy identification of the VITA/TCE courses with the course icons
  - As you progress through a lesson, the content for Basic, Advanced, Military, or International will display, depending on the level of certification you selected
- PowerPoint presentations that can be customized to fit your classroom needs
- VITA/TCE Central to provide centralized access for training materials and reference links
- The Practice Lab
  - Gives volunteers practice with an early version of the IRS-provided tax preparation software
  - Lets volunteers complete test practice problems
  - Lets volunteers prepare test scenario returns for the test/retest



Go to www.irs.gov, type "Link & Learn" in the Keyword field and click Search. You'll find a detailed overview and links to the courses.

**FSA (Facilitated Self Assistance)** empowers taxpayers to prepare their own returns with the assistance of a certified volunteer. Taxpayers complete their own returns using interview-based software supplied by leaders in the tax preparation industry. Volunteers assist taxpayers with tax law questions.

**Virtual VITA/TCE** model includes any site where face-to-face activities are not used during the tax preparation process. That is, the intake specialist, IRS-tax law certified preparer (who prepares the return) and/or the quality reviewer are not face-to-face with the taxpayer. By incorporating this flexibility partners can provide taxpayers with more convenient locations to file their taxes.

For more information contact your SPEC Relationship Manager to see if you should start a FSA or Virtual VITA site in your community.





# Your online resource for volunteer and taxpayer assistance

# Partner and Volunteer Resource Center

https://www.irs.gov/Individuals/Partner-and-Volunteer-Resource-Center

- What's Hot!
- Site Coordinator's Corner

# Quality and Tax Alerts for IRS Volunteer Programs

https://www.irs.gov/individuals/quality-and-tax-alerts-for-irs-volunteer-programs

Volunteer Tax Alerts

## Volunteer Training Resources https://www.irs.gov/Individuals/Volunteer-Training-Resources

Outreach Connection https://www.irs.gov/Individuals/Outreach-Corner

## Interactive Tax Assistant (ITA) https://www.irs.gov/help/ita

# Online Services and Tax Information for Individuals https://www.irs.gov/Individuals

# Plan

- Tax Withholding (Paycheck Checkup)
- When to File
- Recordkeeping
- Choosing a Tax Professional
- Get Answers to Your Tax Questions Online
- Year-round Tax Planning is for Everyone, Publication 5349

# **Tools**

- View Your Tax Account
- Get Your Transcript
- Where's My Refund?

# **Identity Theft Protections**

## **Get Help Now**

# File

- IRS Free File
- How to File
- Filing Past Due Returns
- Correcting Your Tax Return
- Social Security Benefit Statement

# Pay

- Tax Withholding
- Estimated Taxes
- Options for Paying Your Taxes
- How to Choose a Payment Option
- Understanding Your IRS Notice or Letter
- What to Do If You Can't Pay

# eBooks

Want to view our training products on your mobile or tablet devices? Click here to access our eBooks: https://www.irs.gov/individuals/site-coordinator-corner

# **Mobile App**

Another device to use for additional information is IRS2Go. Click here to download IRS2Go mobile app: https://www.irs.gov/newsroom/irs2goapp.

# and much more!

Your direct link to tax information 24/7: www.irs.gov