United We Thrive

VITA Training – Returning Volunteer

Presenter: Charles Lewis & Iris Kelsen

January 17, 2026

UNITED WAY
Greater Cincinnati

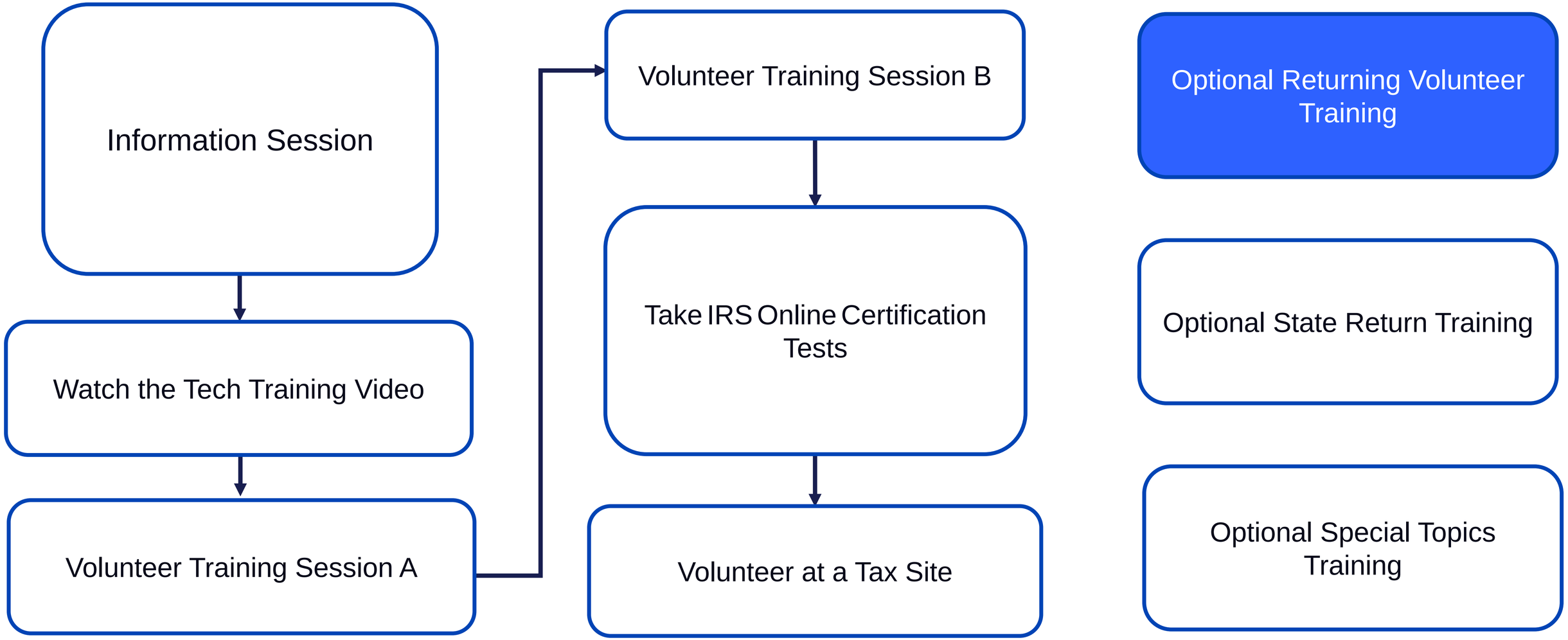
Welcome!

- Instructors
  - Charles Lewis
    - Site Coordinator for Ohio Means Jobs – Cincinnati/Hamilton County & AmeriCorps
  - Iris Kelsen
    - AARP Tax-Aide Counselor and new Free Tax Prep Volunteer

- Panelists Mary Lepper, Jim Yuhas, Keith Gehring, and Kathy Lavieri will monitor Zoom Chat

- Our United Way of Greater Cincinnati Support Team
  - Adrienne Brandicourt, Program Manager, Free Tax Prep
  - Emily Rose, Sr. Project Manager Volunteer Connection
  - Jackson Hare, Associate, Free Tax Prep
  - Here to deliver a few words

Your Volunteer Pathway: From today through Tax Season



Agenda

I. Changes for 2025 (Tax law, tax forms and software)

- Additional Standard Deductions

II. Important Reminders for Complete & Accurate Tax Preparation

- Schedule C Self-Employment Income
- Schedule D Capital Gains & Losses
- Disability Retirement
- Amended Returns
- Miscellaneous Reminders

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Greater Cincinnati

Updates for 2025

New Standard Deductions

4491: x

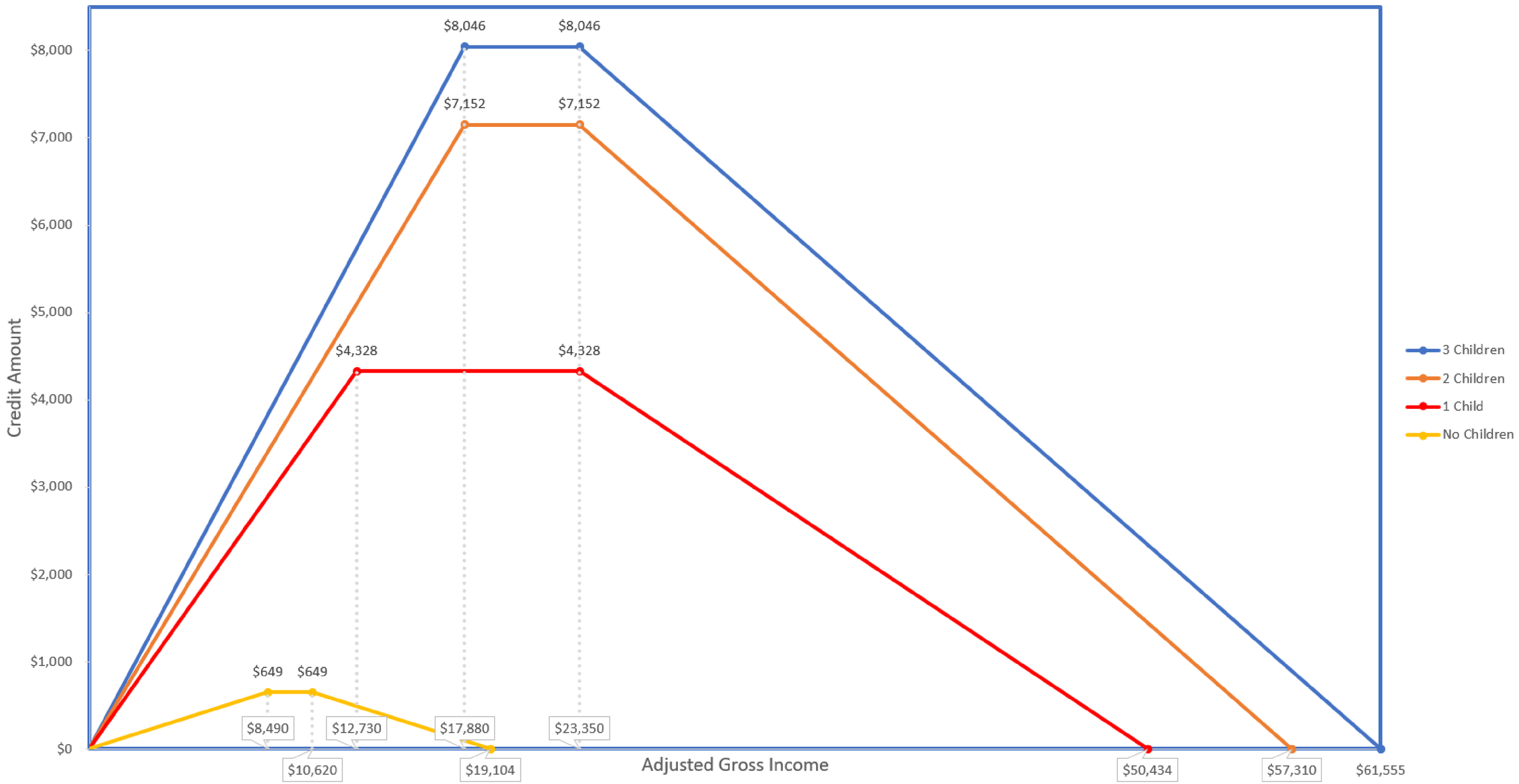
Filing Status	2024	2025
Single/Married Filing Separately (MFS)	$14,600	$15,750
Married Filing Jointly (MFJ)/Qualifying Surviving Spouse (QSS)	$29,200	$31,500
Head of Household (HOH)	$21,900	$23,625
Additional Standard Deduction for >= Age 65 or blind (Single/HOH)	$1,950	$2,000
Additional Standard Deduction for >= Age 65 or blind (MFJ/QSS/MFS)	$1,550	$1,600
Gross Income Test	$5,050	$5,200

Additional Updates

- Form 1099-K, Payment Card and Third-Party Network Transactions, reporting threshold has reverted to more than $20,000 in payments or more than 200 transactions
- Limitation on deduction for state and local, etc. taxes (SALT) increased to $40,000
- New Standard Mileage Rates
  - 70 cents per mile for business miles driven
  - 21 cents per mile driven for medical or moving purposes
  - 14 cents per mile driven in service of charitable organizations
- Child Tax Credit/Additional Child Tax Credit
  - Maximum of $2,200 per child of which up to $1,700 is refundable
  - A taxpayer must include a valid SSN on the return (if MFJ, at least one spouse must have an SSN)
  - Credit (both nonrefundable and refundable) is indexed for inflation
- Kiddie Tax may apply if unearned income > $2,700 (Out of Scope [OOS])
- Trump Accounts are new tax-advantaged savings options for children
  - Additional information is forthcoming when Form 4547 becomes available in TaxSlayer.
- IRS ceases paper checks for refunds on 2025 returns.
- Investment income must be <= $11,950 to be eligible for the earned income tax credit (EITC).

4012: I-4
4491: xi

2025 Earned Income Tax Credit
(All Filings Statuses Except for MFJ)



New Schedule 1-A Additional Deductions (Form 1040)

SCHEDULE 1-A (Form 1040)
Department of the Treasury
Internal Revenue Service

Additional Deductions

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074
2025
Attachment Sequence No. 1A

Name(s) shown on Form 1040, 1040-SR, or 1040-NR | Your social security number

Part I Modified Adjusted Gross Income (MAGI) Amount

1	Enter the amount from Form 1040, 1040-SR, or 1040-NR, line 11b		1	
2a	Enter any income from Puerto Rico that you excluded	2a		
b	Enter the amount from Form 2555, line 45	2b		
c	Enter the amount from Form 2555, line 50	2c		
d	Enter the amount from Form 4563, line 15	2d		
e	Add lines 2a, 2b, 2c, and 2d		2e	
3	Add lines 1 and 2e		3	

Part II No Tax on Tips

Caution: Fill out Part II only if you received qualified tips. These tips must have been received in an occupation listed at *IRS.gov/TippedOccupations*. You and/or your spouse who received qualified tips must have a valid social security number to claim the deduction. If married, you must file jointly to claim this deduction. See instructions.

4	Qualified tips received as an employee. If you received tips as an employee with respect to employment with more than one employer, enter -0- on lines 4a and 4b and see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions.			
a	Enter qualified tips included on Form W-2, box 7, but see the instructions if Form W-2, box 5 is more than $176,100 or you received tips that are not subject to social security and Medicare taxes	4a		
b	Qualified tips included on Form 4137, line 1, row A, column (c). If Form 4137 is not filed, enter -0-	4b		
c	If you only received qualified tips as an employee with respect to employment with one employer, enter the larger of line 4a or line 4b. Otherwise, see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions		4c	
5	Qualified tips received in the course of a trade or business. Qualified tip amount included in Form 1099-NEC, box 1; Form 1099-MISC, box 3; or Form 1099-K, box 1a. Do not enter more than the net profit from the trade or business. If you received qualified tips in the course of more than one trade or business or in more than one occupation, see instructions		5	
6	Add lines 4c and 5		6	
7	Enter the smaller of the amount on line 6 or $25,000		7	
8	Enter the amount from line 3		8	
9	Enter $150,000 ($300,000 if married filing jointly)		9	
10	Subtract line 9 from line 8. If zero or less, enter the amount from line 7 on line 13		10	
11	Divide line 10 by $1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)		11	
12	Multiply line 11 by $100		12	
13	**Qualified tips deduction.** Subtract line 12 from line 7. If zero or less, enter -0-		13	

Part III No Tax on Overtime

Caution: Fill out Part III only if you received qualified overtime compensation. You and/or your spouse who received the qualified overtime compensation must have a valid social security number to claim this deduction. If married, you must file jointly to claim this deduction. See instructions.

14a	Qualified overtime compensation included in Form W-2, box 1. If you received qualified overtime compensation not reported on Form W-2, box 1, see instructions	14a		
b	Qualified overtime compensation included in Form 1099-NEC, box 1, or Form 1099-MISC, box 3 (see instructions)	14b		
c	Add lines 14a and 14b		14c	
15	Enter the smaller of the amount on line 14c or $12,500 ($25,000 if married filing jointly)		15	
16	Enter the amount from line 3		16	
17	Enter $150,000 ($300,000 if married filing jointly)		17	
18	Subtract line 17 from line 16. If zero or less, enter the amount from line 15 on line 21		18	
19	Divide line 18 by $1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)		19	
20	Multiply line 19 by $100		20	
21	**Qualified overtime compensation deduction.** Subtract line 20 from line 15. If zero or less, enter -0-		21	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 95872Q **Schedule 1-A (Form 1040) 2025** Created 11/4/25

Part IV No Tax on Car Loan Interest

Caution: Fill out Part IV only if you, or your spouse if married filing jointly, paid or accrued qualified passenger vehicle loan interest (QPVLI). Column (iii) is the total QPVLI paid in 2025 less the amounts reported in column (ii). See instructions.

22 Applicable passenger vehicle (see instructions). If more than two VINs, see instructions.

	(i) Vehicle identification number (VIN)	Interest for this loan: (ii) Deducted on Schedule C, Schedule E, or Schedule F	Interest for this loan: (iii) Schedule 1-A
a			
b			

23	Add lines 22a and 22b, column (iii)	23	
24	Enter the smaller of the amount on line 23 or $10,000	24	
25	Enter the amount from line 3	25	
26	Enter $100,000 ($200,000 if married filing jointly)	26	
27	Subtract line 26 from line 25. If zero or less, enter the amount from line 24 on line 30	27	
28	Divide line 27 by $1,000. If the resulting number isn't a whole number, increase the result to the next higher whole number. (For example, increase 1.5 to 2, and increase 0.05 to 1.)	28	
29	Multiply line 28 by $200	29	
30	**Qualified passenger vehicle loan interest deduction.** Subtract line 29 from line 24. If zero or less, enter -0-	30	

Part V Enhanced Deduction for Seniors

Caution: You and/or your spouse must have a valid social security number. If married, you must file jointly to claim this deduction. See instructions.

31	Enter the amount from line 3	31	
32	Enter $75,000 ($150,000 if married filing jointly)	32	
33	Subtract line 32 from line 31. If zero or less, enter $6,000 on line 35	33	
34	Multiply line 33 by 6% (0.06)	34	
35	Subtract line 34 from $6,000. If zero or less, enter -0-	35	
36a	If you have a valid social security number (see instructions) and were born before January 2, 1961, enter the amount from line 35	36a	
b	If you are married filing jointly, your spouse has a valid social security number (see instructions), and your spouse was born before January 2, 1961, enter the amount from line 35	36b	
37	**Enhanced deduction for seniors.** Add lines 36a and 36b	37	

Part VI Total Additional Deductions

38	Add lines 13, 21, 30, and 37. Enter here and on Form 1040 or 1040-SR, line 13b, or on Form 1040-NR, line 13c	38	

New Schedule 1-A (Cont'd) DRAFT

Form 1040 (2025) Page **2**

Tax and Credits

11b	Amount from line 11a (adjusted gross income)	11b	
12a	Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent		
b	☐ Spouse itemizes on a separate return c ☐ You were a dual-status alien		
d	**You:** ☐ Were born before January 2, 1961 ☐ Are blind		
	Spouse: ☐ Was born before January 2, 1961 ☐ Is blind		
e	**Standard deduction or itemized deductions** (from Schedule A)	12e	
13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
b	Additional deductions from Schedule 1-A, line 38	13b	
14	Add lines 12e, 13a, and 13b	14	
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15	
16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	
19	Child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
24	Add lines 22 and 23. This is your **total tax**	24	

Standard deduction for—

- Single or Married filing separately, $15,750
- Married filing jointly or Qualifying surviving spouse, $31,500
- Head of household, $23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Criteria for Qualified Tips

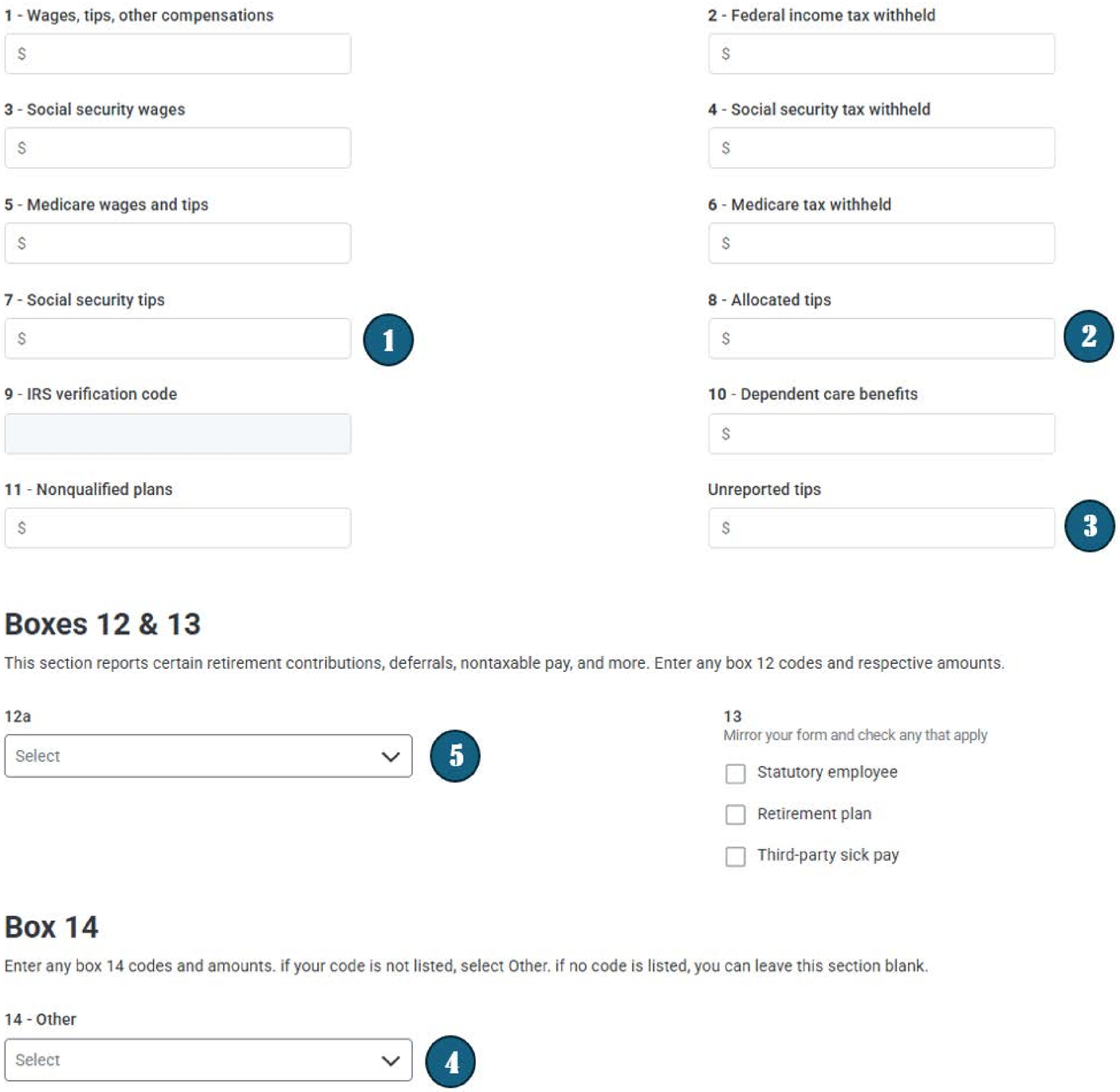
- Taxpayer receiving the tips must have a work-authorized SSN and, if married, must file jointly (MFJ).
  - Spouse may have an ITIN unless they are also claiming the deduction
- Deduction amount – a maximum of $25,000 regardless of filing status – is allowed for qualified tip income.
  - If you are self-employed, your deduction **cannot exceed your net profit**. This limitation applies to each trade or business separately.
  - The deduction is reduced if the MAGI exceeds $150,000 (S, HOH or QSS) and $300,000 (MFJ).
- Qualified tips are **cash** tips that you received from customers or, as an employee, through a tip-sharing arrangement in an occupation that has been identified for customarily and regularly receiving tips.
  - Paid in a cash medium, including by cash, check, credit card, mobile payment, etc.
  - Must be paid **voluntarily** and determined by the customer/payor
  - Cash tips do not include event tickets, meals, services or other assets (reported as Other Income) that aren't exchangeable for a fixed amount of cash (e.g., casino chips)
  - A preliminary list of occupations can be found here

Criteria for Qualified Tips (Cont'd)

- Qualified tips do not include amounts received from:
  - Specified service trade or business (SSTB)
    - Examples include occupations in the fields of health, law, accounting, consulting, performing arts, athletics, financial services, etc.
    - Until the issuance of final regulations, IRS will treat employees and self-employed individuals as having received tips in the course of a trade or business that is not an SSTB if the employee is in an occupation that customarily and regularly received tips on or before December 31, 2024.
  - A service that is a felony or misdemeanor under applicable law (e.g., bartender working @ business that does not have a license to serve alcohol). However, tips you received for a service that is legal but were received while working for an establishment that violates applicable law in other respects may be qualified tips (e.g., waiter working at a restaurant serving alcohol, as well as food, w/o a license).
  - Prostitution or pornographic activity

Form W-2 Input Screen for Qualified Tips

1. Social security tips – Tips ($20 or more in a month) reported by the employee to the employer.
   - These are included in Boxes 1 & 7
2. Allocated tips – Unreported tips that the employer is required to allocate to the employee in addition to the reported tips because the total reported tips by all employees fell short of an IRS threshold.
   - Taxpayer may use a lower figure if they have adequate records. In this case, skip this box and input alternative figure in Unreported tips box.
   - These are not included in boxes 1, 3, 5 and 7
   - An amount here automatically generates Form 4137 Social Security and Medicare Tax on Unreported Tip Income
3. Unreported tips – Self-reported tips at the time of tax filing that were not reported to the employer (incl., tips < $20 in any one month).
   - Tips below $20 in any one month are subject to income tax but not SS or Medicare taxes. In this case, also entered the affected tips on the Form 4137 input screen.
   - Amount here automatically generates Form 4137.
4. For 2025, employer may voluntarily report Qualified Tips here.
5. For 2026, qualified tips reported with code "TP."



Form 4137 Generated from Input of Unreported Tips

Unreported tips (both Allocated tips and “other” Unreported tips) input on Form W-2 will generate Form 4137.

1. Preparer will manually enter this figure(s) in the field Qualified Tips reported on Form 4137 on the input screen No Tax on Tips.
2. Tips < $20 in a calendar month will appear here after it is entered on Form 4137 input screen.
   - These are only subject to income tax, not SS and Medicare taxes.

Form **4137**

Department of the Treasury
Internal Revenue Service

Social Security and Medicare Tax on Unreported Tip Income

Attach to your tax return.
Go to *www.irs.gov/Form4137* for the latest information.

OMB No. 1545-0074
2025
Attachment Sequence No. **24**

Name of person who received tips. If married, complete a separate Form 4137 for each spouse with unreported tips. | **Social security number**

1	(a) Name of employer to whom you were required to but didn't report all your tips (see instructions)	(b) Employer identification number (see instructions)	(c) Total cash and charge tips you **received** (including unreported tips) (see instructions)	(d) Total cash and charge tips you **reported** to your employer
A				
B				
C				
D				
E				

1

2	Total cash and charge tips you **received** in 2025. Add the amounts from line 1, column (c)	2	
3	Total cash and charge tips you **reported** to your employer(s) in 2025. Add the amounts from line 1, column (d)		3
4	Subtract line 3 from line 2. Include as income on Form 1040, 1040-SR, or 1040-NR, line 1c. (See *Allocated tips* in the instructions.)		4
5	Cash and charge tips you received but didn't report to your employer because the total was less than $20 in a calendar month (see instructions)		5
6	Unreported tips subject to Medicare tax. Subtract line 5 from line 4		6
7	Maximum amount of wages (including tips) subject to social security tax	7	176,100
8	Total social security wages and social security tips (total of your Form(s) W-2, boxes 3 and 7) and railroad retirement (RRTA) compensation (subject to 6.2% rate) (see instructions)	8	
9	Subtract line 8 from line 7. If line 8 is more than line 7, enter -0-		9
10	Unreported tips subject to social security tax. Enter the **smaller** of line 6 or line 9. If you received tips as a federal, state, or local government employee, see instructions		10
11	Multiply line 10 by 0.062 (social security tax rate)		11
12	Multiply line 6 by 0.0145 (Medicare tax rate)		12
13	Add lines 11 and 12. Include as tax on Schedule 2 (Form 1040), line 5, or Form 1040-SS, Part I, line 6a. (See instructions there.)		13

2

No Tax on Tips Scenario: Employee with SS Tips Only

Generally, income, SS, and Medicare taxes have already been withheld from SS tips (i.e., reported tips). Hence, no Form 4137 is generated.

22222	a Employee's social security number: 495-00-0091	OMB No. 1545-0029
b Employer identification number (EIN): 37-5000091	1 Wages, tips, other compensation: 26000	2 Federal income tax withheld: 1600
c Employer's name, address, and ZIP code: FOOD DINER, 550 MAIN ST, CINCINNATI OH 45202	3 Social security wages: 25000	4 Social security tax withheld: 1550
	5 Medicare wages and tips: 26000	6 Medicare tax withheld: 377
	7 Social security tips: 1000	8 Allocated tips
d Control number	9	10 Dependent care benefits
e Employee's first name and initial: TIP INCOME; Last name: SSTIP; Suff.	11 Nonqualified plans	12a Code
	13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b Code
	14 Other	12c Code
550 VINE ST, CINCINNATI OH 45202		12d Code
f Employee's address and ZIP code		

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** **Wage and Tax Statement** 2025 Department of the Treasury—Internal Revenue Service

No Tax on Tips Scenario: Employee with SS Tips Only (Cont'd)

Deductions

Adjustments
Educator expenses, medical savings accounts, student loan interest, etc. — BEGIN

Additional Deductions
No tax on overtime, No tax on tips, No tax on car loan interest — BEGIN

Standard Deduction
Flat amount based on filing status — BEGIN

Itemized Deductions
Charitable contributions, mortgage interest, property taxes, etc. — BEGIN

Credits
Child and dependent care credit, education credits, mortgage interest credit, etc. — ADD/EDIT

Qualified Business Income Deduction
Deduct qualified income paid by a pass-through business and/or acquired qualified assets — BEGIN

Compare Deductions
Compare your total deduction amounts — BEGIN

BACK CONTINUE

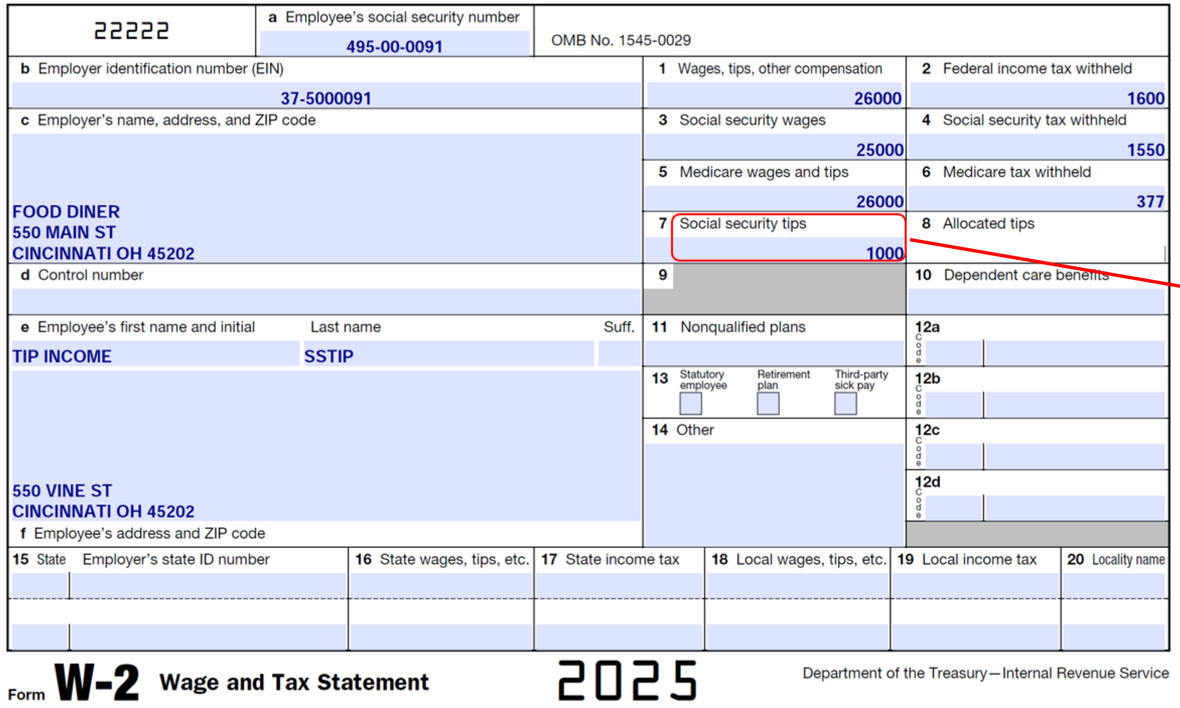
Schedule 1-A Additional Deductions

No Tax on Overtime — BEGIN

No Tax on Tips — BEGIN

No Tax on Car Loan Interest — BEGIN

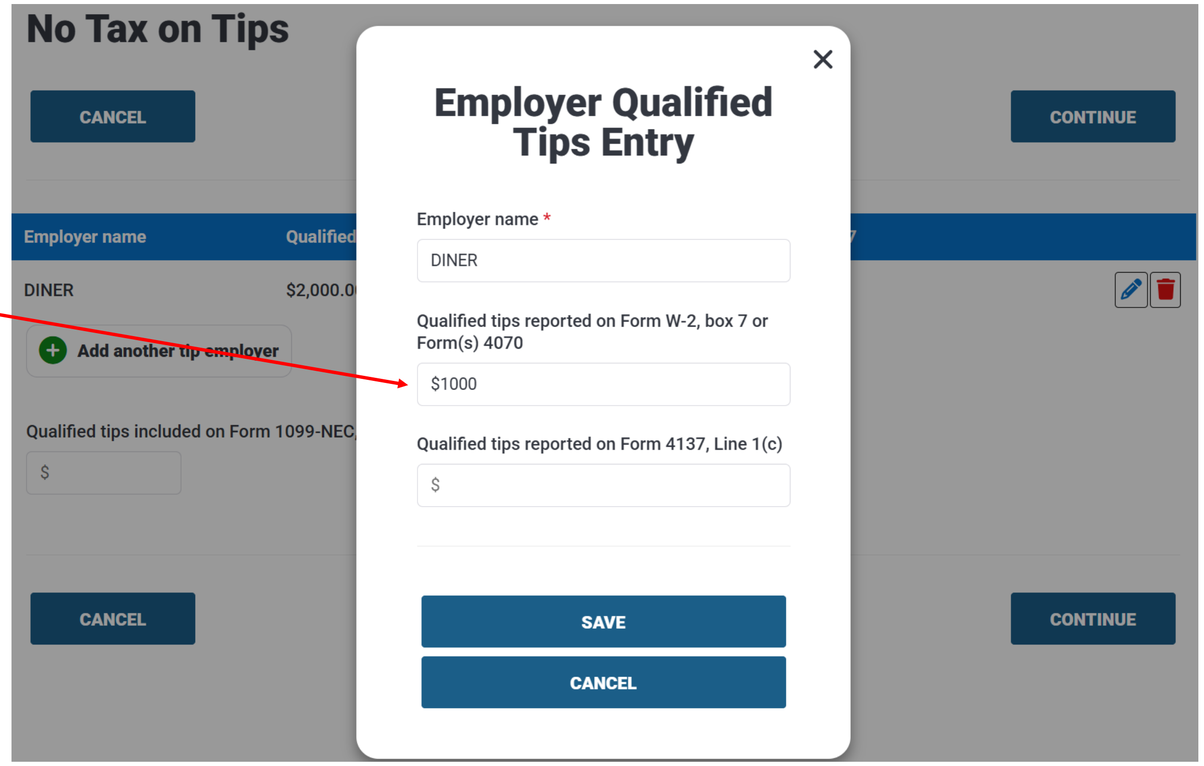
No Tax on Tips Scenario: Employee with SS Tips Only (Cont'd)



22222	a Employee's social security number 495-00-0091	OMB No. 1545-0029	
b Employer identification number (EIN) 37-5000091		1 Wages, tips, other compensation 26000	2 Federal income tax withheld 1600
c Employer's name, address, and ZIP code FOOD DINER 550 MAIN ST CINCINNATI OH 45202		3 Social security wages 25000	4 Social security tax withheld 1550
		5 Medicare wages and tips 26000	6 Medicare tax withheld 377
		7 Social security tips 1000	8 Allocated tips
d Control number		9	10 Dependent care benefits
e Employee's first name and initial TIP INCOME	Last name SSTIP	11 Nonqualified plans	12a Code
		13 Statutory employee / Retirement plan / Third-party sick pay	12b Code
		14 Other	12c Code
550 VINE ST CINCINNATI OH 45202 f Employee's address and ZIP code			12d Code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement 2025 Department of the Treasury—Internal Revenue Service



No Tax on Tips Scenario: Employee with SS Tips Only (Cont'd)

No Tax on Tips

CANCEL CONTINUE

Employer name	Qualified Tips from W-2	Qualified Tips from 4137
FOOD DINER	$1,000.00	$0.00

Add another tip employer

Qualified tips included on Form 1099-NEC, 1099-MISC or 1099-K

$

CANCEL CONTINUE

Part II **No Tax on Tips**

Caution: Fill out Part II only if you received qualified tips. These tips must have been received in an occupation listed at *IRS.gov/TippedOccupations*. You and/or your spouse who received qualified tips must have a valid social security number to claim the deduction. If married, you must file jointly to claim this deduction. See instructions.

4	Qualified tips received as an employee. If you received tips as an employee with respect to employment with more than one employer, enter -0- on lines 4a and 4b and see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions.			
a	Enter qualified tips included on Form W-2, box 7, but see the instructions if Form W-2, box 5 is more than $176,100 or you received tips that are not subject to social security and Medicare taxes	4a	1000	
b	Qualified tips included on Form 4137, line 1, row A, column (c). If Form 4137 is not filed, enter -0-	4b		
c	If you only received qualified tips as an employee with respect to employment with one employer, enter the larger of line 4a or line 4b. Otherwise, see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions			4c 1000
5	Qualified tips received in the course of a trade or business. Qualified tip amount included in Form 1099-NEC, box 1; Form 1099-MISC, box 3; or Form 1099-K, box 1a. Do not enter more than the net profit from the trade or business. If you received qualified tips in the course of more than one trade or business or in more than one occupation, see instructions			5
6	Add lines 4c and 5			6 1000
7	Enter the smaller of the amount on line 6 or $25,000			7 1000
8	Enter the amount from line 3			8 26000
9	Enter $150,000 ($300,000 if married filing jointly)			9 150000
10	Subtract line 9 from line 8. If zero or less, enter the amount from line 7 on line 13			10 -124000
11	Divide line 10 by $1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)			11
12	Multiply line 11 by $100			12
13	**Qualified tips deduction.** Subtract line 12 from line 7. If zero or less, enter -0-			13 1000

SSTIP 495-00-0091

Form 1040 (2025) Page **2**

Tax and Credits

11b	Amount from line 11a (adjusted gross income)	11b	26000
12a	Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent		
b	☐ Spouse itemizes on a separate return c ☐ You were a dual-status alien		
d	**You:** ☐ Were born before January 2, 1961 ☐ Are blind		
	Spouse: ☐ Was born before January 2, 1961 ☐ Is blind		
e	**Standard deduction or itemized deductions** (from Schedule A)	12e	15750
13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
b	Additional deductions from Schedule 1-A, line 38	13b	1000
14	Add lines 12e, 13a, and 13b	14	16750
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15	9250
16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	928
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	928
19	Child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	928
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	0
24	Add lines 22 and 23. This is your **total tax**	24	928

Standard deduction for—
- Single or Married filing separately, $15,750
- Married filing jointly or Qualifying surviving spouse, $31,500
- Head of household, $23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

No Tax on Tips Scenario: Employee with SS Tips & Unreported Tips (Both Allocated Tips & Tips < $20 Calendar Month)

22222

a Employee's social security number: 495-00-0091

OMB No. 1545-0029

b Employer identification number (EIN): 37-5000091

1 Wages, tips, other compensation: 26000

2 Federal income tax withheld: 1600

c Employer's name, address, and ZIP code:
FOOD DINER
550 MAIN ST
CINCINNATI OH 45202

3 Social security wages: 25000

4 Social security tax withheld: 1550

5 Medicare wages and tips: 26000

6 Medicare tax withheld: 377

7 Social security tips: 1000

8 Allocated tips: 250

d Control number

9

10 Dependent care benefits

e Employee's first name and initial: TIP INCOME

Last name: SSTIP

Suff.

11 Nonqualified plans

12a Code

13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐

12b Code

14 Other

12c Code

12d Code

550 VINE ST
CINCINNATI OH 45202

f Employee's address and ZIP code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement 2025 Department of the Treasury—Internal Revenue Service

10 - Dependent care benefits

$

Unreported tips

$19

Form 4137 Social Security and Medicare Tax on Unreported Tip Income

CANCEL CONTINUE

Form belongs to:

Taxpayer

Total cash and charge tips you **received** including unreported tips
$1,269.00

Total cash and charge tips **reported** to your employer and included on Form(s) W-2
$1,000.00

Cash and charge tips you received but did not report to your employer because the total was less than $20 in a calendar month

$19

Tips received as a Federal, State or Local Government Employee

$

CANCEL CONTINUE

No Tax on Tips Scenario: Employee with SS Tips & Unreported Tips (Allocated Tips & Tips < $20 Calendar Month) (Cont'd)

22222

a Employee's social security number: 495-00-0091

OMB No. 1545-0029

b Employer identification number (EIN): 37-5000091

c Employer's name, address, and ZIP code:
FOOD DINER
550 MAIN ST
CINCINNATI OH 45202

d Control number

e Employee's first name and initial: TIP INCOME
Last name: SSTIP
Suff.

f Employee's address and ZIP code:
550 VINE ST
CINCINNATI OH 45202

1 Wages, tips, other compensation	26000
2 Federal income tax withheld	1600
3 Social security wages	25000
4 Social security tax withheld	1550
5 Medicare wages and tips	26000
6 Medicare tax withheld	377
7 Social security tips	1000
8 Allocated tips	250
9	
10 Dependent care benefits	
11 Nonqualified plans	
12a Code	
13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	
12b Code	
14 Other	
12c Code	
12d Code	

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement 2025 Department of the Treasury—Internal Revenue Service

Form **4137**
Department of the Treasury
Internal Revenue Service

Social Security and Medicare Tax on Unreported Tip Income

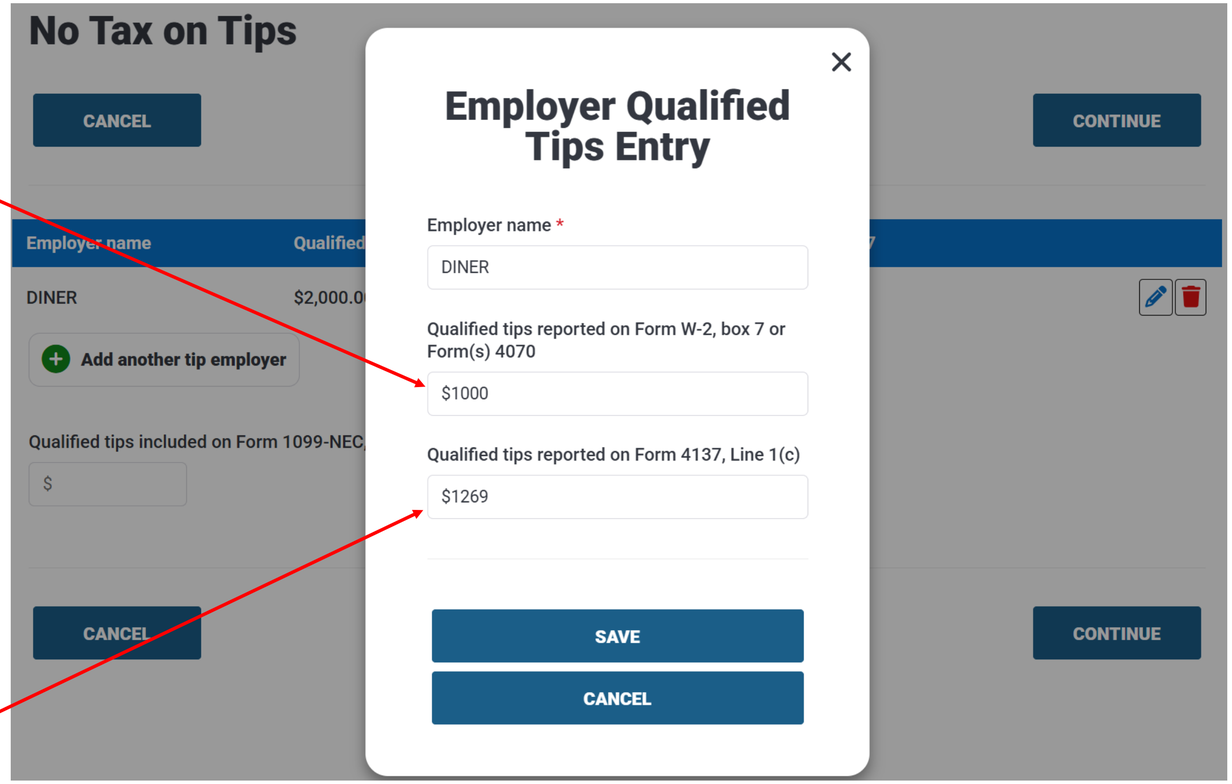
Attach to your tax return.
Go to *www.irs.gov/Form4137* for the latest information.

OMB No. 1545-0074
2025
Attachment Sequence No. **24**

Name of person who received tips. If married, complete a separate Form 4137 for each spouse with unreported tips.: TIPINCOME REPORTEDNALLOCATED

Social security number: 498-00-0091

1	(a) Name of employer to whom you were required to but didn't report all your tips (see instructions)	(b) Employer identification number (see instructions)	(c) Total cash and charge tips you **received** (including unreported tips) (see instructions)	(d) Total cash and charge tips you **reported** to your employer
A	DINER	34-5000091	1269	1000
B				
C				
D				
E				



No Tax on Tips Scenario: Employee with SS Tips & Unreported Tips (Allocated Tips & Tips < $20 Calendar Month) (Cont'd)

No Tax on Tips

CANCEL CONTINUE

Employer name	Qualified Tips from W-2	Qualified Tips from 4137
DINER	$1,000.00	$1,269.00

Add another tip employer

Qualified tips included on Form 1099-NEC, 1099-MISC or 1099-K

$

CANCEL CONTINUE

Part II **No Tax on Tips**

Caution: Fill out Part II only if you received qualified tips. These tips must have been received in an occupation listed at *IRS.gov/TippedOccupations*. You and/or your spouse who received qualified tips must have a valid social security number to claim the deduction. If married, you must file jointly to claim this deduction. See instructions.

4	Qualified tips received as an employee. If you received tips as an employee with respect to employment with more than one employer, enter -0- on lines 4a and 4b and see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions.			
a	Enter qualified tips included on Form W-2, box 7, but see the instructions if Form W-2, box 5 is more than $176,100 or you received tips that are not subject to social security and Medicare taxes	4a	1000	
b	Qualified tips included on Form 4137, line 1, row A, column (c). If Form 4137 is not filed, enter -0-	4b	1269	
c	If you only received qualified tips as an employee with respect to employment with one employer, enter the larger of line 4a or line 4b. Otherwise, see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions			4c 1269
5	Qualified tips received in the course of a trade or business. Qualified tip amount included in Form 1099-NEC, box 1; Form 1099-MISC, box 3; or Form 1099-K, box 1a. Do not enter more than the net profit from the trade or business. If you received qualified tips in the course of more than one trade or business or in more than one occupation, see instructions			5
6	Add lines 4c and 5			6 1269
7	Enter the smaller of the amount on line 6 or $25,000			7 1269
8	Enter the amount from line 3			8 26269
9	Enter $150,000 ($300,000 if married filing jointly)			9 150000
10	Subtract line 9 from line 8. If zero or less, enter the amount from line 7 on line 13			10 -123731
11	Divide line 10 by $1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)			11
12	Multiply line 11 by $100			12
13	**Qualified tips deduction.** Subtract line 12 from line 7. If zero or less, enter -0-			13 1269

Form 1040 (2025) Page **2**

Tax and Credits

11b	Amount from line 11a (adjusted gross income)	11b	26269
12a	Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent		
b	☐ Spouse itemizes on a separate return c ☐ You were a dual-status alien		
d	**You:** ☐ Were born before January 2, 1961 ☐ Are blind		
	Spouse: ☐ Was born before January 2, 1961 ☐ Is blind		
e	**Standard deduction or itemized deductions** (from Schedule A)	12e	15750
13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
b	Additional deductions from Schedule 1-A, line 38	13b	1269
14	Add lines 12e, 13a, and 13b	14	17019
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15	9250
16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	928
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	928
19	Child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	928
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	20
24	Add lines 22 and 23. This is your **total tax**	24	948

Standard deduction for—
- Single or Married filing separately, $15,750
- Married filing jointly or Qualifying surviving spouse, $31,500
- Head of household, $23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

No Tax on Tips Scenario: Non-employee with Tips

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 Form **1099-NEC** (Rev. April 2025) For calendar year	**Nonemployee Compensation**
TAXI SERVICE 550 MAIN ST CINCINNATI OH 45202			
PAYER'S TIN: 38-3000091	RECIPIENT'S TIN: 493-00-0091	1 Nonemployee compensation: $ 35000	**Copy 1** **For State Tax Department**
RECIPIENT'S name: TIPINCOME SELFEMPLOYMENT		2 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐	
Street address (including apt. no.): 550 VINE ST		3 Excess golden parachute payments: $	
City or town, state or province, country, and ZIP or foreign postal code: CINCINNATI OH 45202		4 Federal income tax withheld: $	
Account number (see instructions)		5 State tax withheld: $ / $	6 State/Payer's state no.	7 State income: $ / $

Form **1099-NEC** (Rev. 4-2025) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

No Tax on Tips

CANCEL CONTINUE

Add tip employer

Qualified tips included on Form 1099-NEC, 1099-MISC or 1099-K

$2000

CANCEL CONTINUE

Schedule C

Basic Information About Your Business	ADD/EDIT
Questions About the Operation of Your Business	BEGIN
Other Expenses	ADD/EDIT
Qualified Business Income Deduction	ADD/EDIT
Expenses for Business Use of Your Home	BEGIN

Qualified Business Income Deduction Amounts

CANCEL CONTINUE

Does this business qualify for the qualified business income deduction?

- (●) Yes
- ( ) No

Qualified Business Income Adjustment Amount (any amount entered here will add or subtract from the amount calculated on your Schedule C)

-$2000

W-2 Wages paid

$

No Tax on Tips Scenario: Non-employee with Tips (Cont'd)

QBI = $29,000 (Schedule Net Profit) [-] $2,049 (SE tax deduction) [-] $2,000 (Qualified Tip Deduction)

SCHEDULE C (Form 1040) — Department of the Treasury, Internal Revenue Service

Profit or Loss From Business (Sole Proprietorship)

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.

Go to *www.irs.gov/ScheduleC* for instructions and the latest information.

OMB No. 1545-0074 — 2025 — Attachment Sequence No. 09

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27b	28	6000
29	Tentative profit or (loss). Subtract line 28 from line 7	29	29000
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. **Simplified method filers only:** Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on both **Schedule 1 (Form 1040), line 3,** and on **Schedule SE, line 2.** (If you checked the box on line 1, see instructions.) Estates and trusts, enter on **Form 1041, line 3.**	31	29000

SCHEDULE 1 (Form 1040) — Department of the Treasury, Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074 — 2025 — Attachment Sequence No. 01

Schedule 1 (Form 1040) 2025 — Page 2

Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903. If claiming only storage fees (see instructions), check here ☐	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	2049
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	

Form 8995 — Department of the Treasury, Internal Revenue Service

Qualified Business Income Deduction Simplified Computation

Attach to your tax return.

Go to *www.irs.gov/Form8995* for instructions and the latest information.

OMB No. 1545-0074 — 2025 — Attachment Sequence No. 55

Name(s) shown on return: TIPINCOME SELFEMPLOYMENT — Your taxpayer identification number: 493-00-0091

Note: *You can claim the qualified business income deduction* ***only*** *if you have qualified business income from a qualified trade or business, real estate investment trust dividends, publicly traded partnership income, or a domestic production activities deduction passed through from an agricultural or horticultural cooperative. See instructions.*

Use this form if your taxable income, before your qualified business income deduction, is at or below $197,300 ($394,600 if married filing jointly), and you aren't a patron of an agricultural or horticultural cooperative.

1	(a) Trade, business, or aggregation name	(b) Taxpayer identification number	(c) Qualified business income or (loss)
i	TAXI LIMOUSINE	493-00-0091	24951

5	Qualified business income component. Multiply line 4 by 20% (0.20)			5	4990
6	Qualified REIT dividends and publicly traded partnership (PTP) income or (loss) (see instructions)	6			
7	Qualified REIT dividends and qualified PTP (loss) carryforward from the prior year	7	( )		
8	Total qualified REIT dividends and PTP income. Combine lines 6 and 7. If zero or less, enter -0-	8			
9	REIT and PTP component. Multiply line 8 by 20% (0.20)			9	
10	Qualified business income deduction before the income limitation. Add lines 5 and 9			10	4990
11	Taxable income before qualified business income deduction (see instructions)	11	26201		
12	Enter your net capital gain, if any, increased by any qualified dividends (see instructions)	12			
13	Subtract line 12 from line 11. If zero or less, enter -0-	13	26201		
14	Income limitation. Multiply line 13 by 20% (0.20)			14	5240
15	Qualified business income deduction. Enter the smaller of line 10 or line 14. Also enter this amount on the applicable line of your return (see instructions)			15	4990

SELFEMPLOYMENT 493-00-0091

Form 1040 (2025) — Page 2

Standard deduction for— • Single or Married filing separately, $15,750 • Married filing jointly or Qualifying surviving spouse, $31,500 • Head of household, $23,625 • If you checked a box on line 12a, 12b, 12c, or 12d, see inst.	e	**Standard deduction or itemized deductions** (from Schedule A)	12e	15750
	13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	4990
	b	Additional deductions from Schedule 1-A, line 38	13b	2000
	14	Add lines 12e, 13a, and 13b	14	22740
	15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15	19211
	16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	2069
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	2069
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	2069
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	4098
	24	Add lines 22 and 23. This is your **total tax**	24	6167

No Tax on Tips Scenario: Non-employee with Tips (Cont'd)

If the adjustment to the QBI (i.e., -$2,000) was **not** made, the QBID would have been **overstated** by $250 and the total tax **understated** by $30.

Form **8995**

Department of the Treasury
Internal Revenue Service

Qualified Business Income Deduction
Simplified Computation

Attach to your tax return.
Go to *www.irs.gov/Form8995* for instructions and the latest information.

OMB No. 1545-0074

2025

Attachment Sequence No. **55**

Name(s) shown on return: TIPINCOME SELFEMPLOYMENT

Your taxpayer identification number: 493-00-0091

1	(a) Trade, business, or aggregation name [No Title]	(b) Taxpayer identification number	(c) Qualified business income or (loss)
i	TAXI LIMOUSINE	493-00-0091	26951

5	Qualified business income component. Multiply line 4 by 20% (0.20)			5	5390
6	Qualified REIT dividends and publicly traded partnership (PTP) income or (loss) (see instructions)	6			
7	Qualified REIT dividends and qualified PTP (loss) carryforward from the prior year	7	( )		
8	Total qualified REIT dividends and PTP income. Combine lines 6 and 7. If zero or less, enter -0-	8			
9	REIT and PTP component. Multiply line 8 by 20% (0.20)			9	
10	Qualified business income deduction before the income limitation. Add lines 5 and 9			10	5390
11	Taxable income before qualified business income deduction (see instructions)	11	26201		
12	Enter your net capital gain, if any, increased by any qualified dividends (see instructions)	12			
13	Subtract line 12 from line 11. If zero or less, enter -0-	13	26201		
14	Income limitation. Multiply line 13 by 20% (0.20)			14	5240
15	Qualified business income deduction. Enter the smaller of line 10 or line 14. Also enter this amount on the applicable line of your return (see instructions)			15	5240

SELFEMPLOYMENT 493-00-0091

Form 1040 (2025) Page **2**

Tax and Credits

11b	Amount from line 11a (adjusted gross income)	11b	41951
12a	Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent		
b	☐ Spouse itemizes on a separate return c ☐ You were a dual-status alien		
d	**You:** ☐ Were born before January 2, 1961 ☐ Are blind		
	Spouse: ☐ Was born before January 2, 1961 ☐ Is blind		
e	**Standard deduction or itemized deductions** (from Schedule A)	12e	15750
13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	5240
b	Additional deductions from Schedule 1-A, line 38	13b	2000
14	Add lines 12e, 13a, and 13b	14	22990
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15	18961
16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	2039
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	2039
19	Child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	2039
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	4098
24	Add lines 22 and 23. This is your **total tax**	24	6137

Standard deduction for—
- Single or Married filing separately, $15,750
- Married filing jointly or Qualifying surviving spouse, $31,500
- Head of household, $23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Criteria for No Tax on Overtime (OT)

- The same requirement for an SSN and filing status applies.
- A maximum deduction of $12,500 ($25,000 if MFJ) is allowed for qualified overtime compensation. Same income limitations applies.
  - The maximum deduction of $25,000 (MFJ) applies even if only one of the spouses earns the overtime pay.
- Qualified overtime is the time-and-half compensation (1.5x) that is required under section 7 of the Fair Labor Standards Act (FLSA) of 1938.
  - Generally, FLSA-eligible employees earn 1.5 the rate of regular pay for hours worked beyond the 40-hour workweek.
    - Some employees (e.g., public sector) may be covered by another section of FLSA that provides different rules for establishing overtime eligibility. If in doubt, the taxpayer may need to check with their employer.
  - The deduction is limited to the "**half**" portion (also known as overtime premium or FLSA Overtime Premium) above the regular rate even if it exceeds the 1.5 rate (e.g., double time).
  - Qualified overtime does **not** include:
    - Higher payment for holidays and weekends unless you worked more than 40 hours.
    - Qualified tips.
    - Overtime compensation paid to FLSA-**ineligible** employees (also known as exempt employees).

No Tax on OT Scenario: Employer Provides Qualified OT

22222

a Employee's social security number: 495-00-0091

OMB No. 1545-0029

b Employer identification number (EIN): 37-5000091

1 Wages, tips, other compensation: 23526.80

2 Federal income tax withheld: 2300

c Employer's name, address, and ZIP code:
US TREASURY
550 MAIN ST
CINCINNATI OH 45202

3 Social security wages: 23526.80

4 Social security tax withheld: 1458.66

5 Medicare wages and tips: 23526.80

6 Medicare tax withheld: 341.14

7 Social security tips

8 Allocated tips

d Control number

9

10 Dependent care benefits

e Employee's first name and initial: OVERTIMEMFJ

Last name: OVERFIFTEENTHOU

Suff.

11 Nonqualified plans

12a Code

13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐

12b Code

14 Other

QUALIFIED OVERTIME PREMIUM $260

12c Code

12d Code

550 VINE ST
CINCINNATI OH 45202

f Employee's address and ZIP code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement 2025 Department of the Treasury—Internal Revenue Service

No Tax on Overtime

CANCEL CONTINUE

Information
The overtime deduction is calculated based on the federal definition of overtime. The deductible portion of overtime pay is the premium amount paid above regular wages. Under federal law, overtime refers to any hours worked beyond 40 in a workweek, compensated at time-and-a-half. Only the "half" portion (the premium pay) is deductible. If your employer reports your total overtime pay, divide that amount by three and report one-third below.
**Residents of states that calculate overtime based on daily hours (e.g., after 8 hours in a day) must determine the portion of pay that would have applied if the employee had worked more than 40 hours in that week.

Qualified overtime compensation included on Form W-2, Box 1: $260

Qualified overtime compensation included on Form 1099-NEC, 1099-MISC: $

CANCEL CONTINUE

Part III No Tax on Overtime

Caution: Fill out Part III only if you received qualified overtime compensation. You and/or your spouse who received the qualified overtime compensation must have a valid social security number to claim this deduction. If married, you must file jointly to claim this deduction. See instructions.

14a	Qualified overtime compensation included in Form W-2, box 1. If you received qualified overtime compensation not reported on Form W-2, box 1, see instructions	14a	260	
b	Qualified overtime compensation included in Form 1099-NEC, box 1, or Form 1099-MISC, box 3 (see instructions)	14b		
c	Add lines 14a and 14b		14c	260
15	Enter the smaller of the amount on line 14c or $12,500 ($25,000 if married filing jointly)		15	260
16	Enter the amount from line 3		16	38527
17	Enter $150,000 ($300,000 if married filing jointly)		17	300000
18	Subtract line 17 from line 16. If zero or less, enter the amount from line 15 on line 21		18	-261473
19	Divide line 18 by $1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)		19	
20	Multiply line 19 by $100		20	
21	**Qualified overtime compensation deduction.** Subtract line 20 from line 15. If zero or less, enter -0-		21	260

For Paperwork Reduction Act Notice, see your tax return instructions. **Schedule 1-A (Form 1040) 2025** Created 11/4/25

OVERFIFTEENTHOUSAND 690-00-0091

Form 1040 (2025) Page **2**

Tax and Credits

11b	Amount from line 11a (adjusted gross income)	11b	38527
12a	Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent		
b	☐ Spouse itemizes on a separate return c ☐ You were a dual-status alien		
d	**You:** ☐ Were born before January 2, 1961 ☐ Are blind		
	Spouse: ☐ Was born before January 2, 1961 ☐ Is blind		
e	**Standard deduction or itemized deductions** (from Schedule A)	12e	31500
13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
b	Additional deductions from Schedule 1-A, line 38	13b	260
14	Add lines 12e, 13a, and 13b	14	31760
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income**	15	6767
16	**Tax** (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐	16	678
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	678
19	Child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	678
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	0
24	Add lines 22 and 23. This is your **total tax**	24	678

Standard deduction for—
- Single or Married filing separately, $15,750
- Married filing jointly or Qualifying surviving spouse, $31,500
- Head of household, $23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

No Tax on OT Scenario:
Employee Provides Yearend Leave & Earnings Statement

T

Social Security Number: 999-99-9999
Taxable Marital Status: Married
Exemptions/Allowances:
Federal: 3, $25 Additional Tax
State: 2

JANE HARPER
101 MAIN STREET
ANYTOWN, USA 12345

Earnings	rate	hours	this period	year to date
Regular	10.00	32.00	320.00	16,640.00
Overtime	15.00	1.00	15.00	780.00
Holiday	10.00	8.00	80.00	4,160.00
Tuition			37.43*	1,946.80
	Gross Pay		$ 452.43	23,526.80

Other Benefits and Information	this period	total to date
Group Term Life	0.51	27.00
Loan Amt Paid		840.00
Vac Hrs		40.00
Sick Hrs		16.00

Overtime Pay Reported
(Regular Rate + Premium)

If the taxpayer is paid…	Divide by….
1.5x	3
2.0x	4
2.5x	5

$780 Total OT Pay [÷] 3 = $260 Qualified OT

Overtime Premium Reported
(Amount above Regular Rate of Pay)

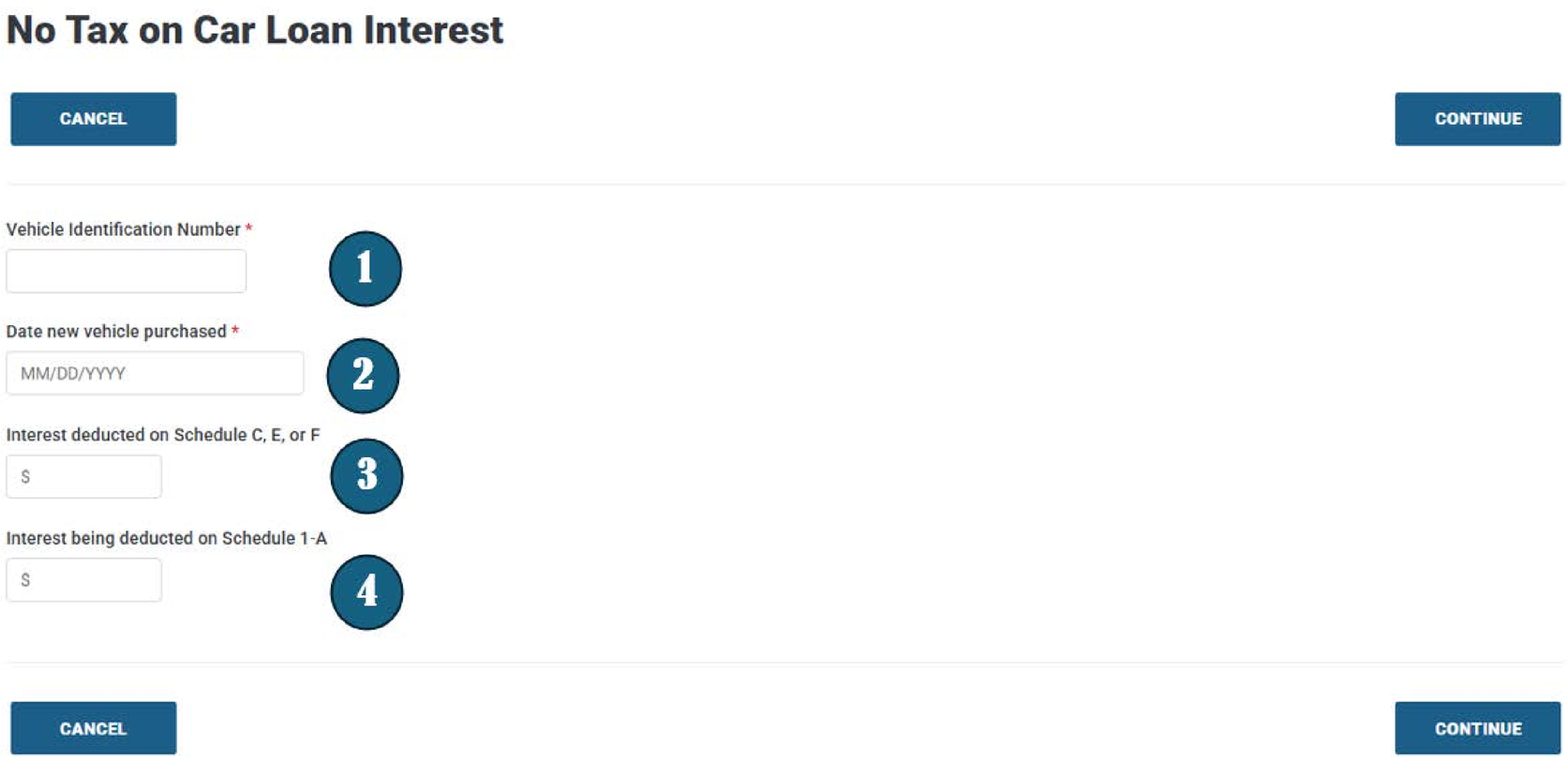
If the taxpayer is paid…	Divide by….
1.5x	1
2.0x	2
2.5x	3

$260 Total OT Premium [÷] 1 = $260 Qualified OT

Criteria for No Tax on Car Loan Interest

- The same restriction on filing status applies, but there is no restriction on the TIN (SSN vs. ITIN).
- A maximum deduction of $10,000 is allowed for qualified passenger vehicle loan interest.
  - The deduction is reduced if the MAGI exceeds $100,000 (S, HOH or QSS) and $200,000 (MFJ).
- To qualify for the deduction, the interest must be paid on a loan that meets all the following requirements:
  - Taxpayer loan originated after December 31, 2024;
  - The loan originated by the taxpayer;
  - The proceeds of the loan were used to purchase an applicable passenger vehicle (APV);
  - The vehicle is for primarily personal use; and,
    - At the time of purchase, the original intent was to use the vehicle more than 50% for personal use.
    - Deduction is not revoked if switched to business use (i.e., > 50% business use) in later years.
  - The loan is secured by a first lien on the vehicle.
- In general, a APV is any vehicle that meets the following conditions:
  - The original use of the vehicle starts with the taxpayer (a used vehicle does not qualify),
  - The vehicle is a motor vehicle primarily for use on public streets, roads, and highways,
  - The vehicle has at least two wheels (motorcycle qualifies),
  - The vehicle has a gross vehicle weight of less than 14,000 pounds, and
  - The vehicle has undergone final assembly in the United States.
    - The location of final assembly is listed on the vehicle information label if retained by owner.
    - The National Highway of Traffic Safety's VIN Decoder website provides the manufacture information.

No Tax on Car Loan Interest Input Screen



1. Flows through to Schedule 1-A (Form 1040), Line 22.
2. Software generates a warning prompt if prior to January 1, 2025.
3. Input business portion of interest expense. Flows to Schedule 1-A (Form 1040), Line 22, column (ii).
4. Input **remaining** amount of loan interest. Flows to Schedule 1-A (Form 1040), Line 22, column (iii).
   - Note: The total interest (business expense and additional deduction) can exceed $10,000.

Criteria for Enhanced Deduction for Seniors

- The same requirement for an SSN and filing status applies.
- Taxpayer was born before January 2, 1961.
- A maximum deduction of $6,000 per person.
  - The deduction is reduced if the MAGI exceeds $75,000 (S, HOH or QSS) and $150,000 (MFJ).
- Deduction is automatically generated from input of personal information (e.g., SSN, date of birth, and filing status).

Software Enhancements

- Consents have been moved after the federal tax return in the printsets.
- Preparer’s username is shown in the header which might be useful for volunteer preparers who work at multiple sites.
- The Form 1099-R input screen automatically checks Box 13, Retirement Plan, if one of the qualified retirement plans was selected in Box 12 [e.g., 401(k)].
- The taxpayer’s SSN is clickable in the Office Client List

Changes for the 2026 Tax Year

Charitable Contributions

- Non-itemizers can deduct up to $1,000 ($2,000 for MFJ)
- New 0.5% floor introduced.

Gambling Losses

- Only 90% of gambling losses can offset winnings.

Educator Expenses

- More information forthcoming as to whether excess expenses can be itemized

Mortgage Insurance Premiums (PMI)

- Made a permanent deduction.

Education Credits

- SSNs are required for taxpayer (and spouse if MFJ) and qualifying student.

Limitation on Repayment of Advance PTC

- The limit on repayment of APTC has be eliminated.
- It’s important to advise taxpayers to update the Marketplace with changes in their income level.

Child & Dependent Care Credit

- Credit will increase the range from 35% to 50% of expenses (2025: 20% to 35%).

Health Savings Accounts

- HSA qualified expenses will expand to include proactive health measures (e.g., gym membership (up to $500) and Telehealth (fully reimbursable).

Important Reminders for Complete & Accurate Tax Preparation

Schedule C
Self- Employment Income

Important Reminders for Businesses

- Beware of any OOS issues (e.g., operating loss) that would require a paid professional referral (Detailed list of OOS issues provided later).
- Generally, one Schedule C should be prepared for business activities that use the same business code (e.g., taxpayer working both for Lyft and Uber).
- Every self-employed taxpayer must claim all allowable deductions in computing net earnings from self-employment. Volunteer may assist the taxpayer with simple record reconstruction [4491: 9-2, 9-5 & 9-12]. There is no option to disregard allowable expenses [4012: D-39].
- To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your industry. A necessary expense is one that is helpful and appropriate for your trade or business.

Examples of Ordinary and Necessary Business Expenses

- Mileage (Remember to NOT include commuting miles [4012: D-41]
- Phone*
- Individual assets purchases <= $2,500*; must include De minimis expense safe harbor election [4012: D-35]
  - Federal Section -> Miscellaneous Forms -> Explanations -> Election Explanations
- Interest on auto loan* [4012: D-41]
- Property tax on auto (only applies to KY)*

*Note: Expenses should be prorated based on business use

Types of Tax Documents and Records Needed to Prepare Schedule C

- Form 1099-NEC
  - Issuance threshold > $600
  - Enter entire tax document into TaxSlayer and associate with Schedule C
- Form 1099-K
  - Issuance threshold: proceeds > $20,000 or # of transactions > 200
  - Enter gross amount directly in Schedule C on “Gross receipts or sales” line, net of sales tax
- Tax Summary (Issued by companies such as Lyft and Uber)
  - This may be the only income document available if the issuance threshold was not met for Forms 1099-NEC and 1099-K
- Taxpayer records and receipts

Sample Schedule C Intake Sheet

ARE YOU (AND/OR YOUR SPOUSE) SELF-EMPLOYED?

PLEASE CHECK ALL THE BOXES THAT APPLY!

	I paid employees or other individuals.		I want to deduct a home office.
	I had more than $35,000 in business expenses.		I have a business loss.
	I keep an inventory of products for sale.		I don't use a cash method of accounting.
	I have assets to depreciate (Items that last more than one year and that cost more than $2,500).		I was paid with crypto currency

If you checked any of the boxes above, please speak with one of the Greeters, your return may be **OUT OF SCOPE FOR THE SITE**. If you did not check any of the boxes above, continue by completing the worksheet below for the business – ONE SHEET PER BUSINESS.

INCOME – COMPLETE AND GIVE US ALL DOCUMENTS		BUSINESS CODE OR TYPE OF BUSINESS
Forms 1099 (NEC, MISC, K)	Enclose in envelope	CODE: __ __ __ __ __ __
Amount of cash, checks, etc. including tips your received	$	TYPE (Brief Description):

BUSINESS EXPENSES – PUT AMOUNTS IN BOX			
Advertising	$	Taxes and Licenses	$
Commissions and fees	$	Legal or Professional Fees	$
Health insurance premiums (incl. LTC & Medicare Supplement)	$	Business portion of Phone Expenses	$
Business Insurance	$	Business portion of internet	$
Interest on business Loans	$	Training expenses for business	$
Office expense/supplies (ex. stamps, paper, printer, ink)	$	Tools, etc. under $2,500 each	$
Rent (not home office)	$	Travel away from home expenses	$
Supplies other than office (paint, water for customers, etc.)	$	Other (specify):	$

BUSINESS USE OF CAR OR TRUCK	
Total mileage for year	
Business miles	
Commuting miles	
Other miles	
Vehicle (YR, Make)	
Date vehicle placed in business service	

CAR OR TRUCK EXPENSES	
Parking, tolls	$
Business portion of auto property tax	
Business portion of car loan interest	$
Other (specify)	$

Drivers – be sure you enclose:

- All tax forms (e.g., 1099-NEC & 1099-K) AND the detail provided by the company (DOOR DASH, LYFT, Postmates, Uber, etc.) – you need to download and print the detail from each company's site.
- Your trip miles AND the between-trip miles (do not include miles from home to first stop nor from last stop to home).

Sample Uber Tax Summary Report

Driving Totals

Online Miles shows all of the miles you drove while online, including off trip miles.

3,080

COMPLETED TRIPS

4

22,566

ONLINE MILES

Your Gross Payment

Total Trip Earnings from Uber plus any other additional earnings

Reportable Payments	
Gross Trip Earnings	+ $43,820.26
Total Additional Earnings	+ $10,571.22

1

2

$54,391.48

Expenses, Fees and Tax

Expenses, Fees and Tax. For a complete breakdown, please refer to table 1 on page 2.

Expenses, Fees and Tax	+ $22,034.08

3

$22,034.08

Your Net Payout

Not for tax filing purposes. This amount represents what was paid in your bank account.

Net Earnings	+ $32,356.31
Reimbursements: Tolls, Airport fees and Surcharges	+ $1.09

5

$32,357.40

1. Gross amount reported on Form 1099-K
   - Enter directly in Schedule C on the line “Gross receipts or sales” net of sales tax
   - Include cash receipts
2. Gross amount reported on Form 1099-NEC
   - Enter Form 1099-NEC and associate with Schedule C
   - If Forms 1099-K and 1099 NEC were not issued because it was below tolerance, total both amounts and input directly in Schedule C
3. Expenses
   - Breakdown provided on page 2 of Tax Summary
   - Record expenses on Schedule C accordingly
   - Include any additional expenses per taxpayer records
4. Mileage
   - Taxpayer may have additional mileage
5. Net payout made to contract employee
   - This is not recorded for tax purposes
   - Includes a reimbursed expense which should NOT be recorded as either an expense or income

Sample Uber Tax Summary Report (Cont'd)

Table 1 - Expenses, Fees, Tax and Reimbursement

All items marked with a * may be tax deductible. Your online mileage may also be deductible. Need help filing? Get help from the tax experts. Visi t.uber.com/turbotax or consult a tax professional for more information.

Expenses, Fees and Tax	
Uber service fee/other adjustments*	$14,725.95
Booking fee*	$4,389.19
Split fare fee*	$6.00
Airport and city fees collected*	$1,440.57
Sales tax and other taxes*	$1,443.47
Instant pay charges*	$28.90
Reimbursements	
Tolls, airport fees and surcharges*	$1.09
TOTAL EXPENSES, FEES, TAX AND REIMBURSEMENTS	**$22,035.17**

Note, the expenses on the main page of the Tax Summary were reported net of the $1.09 amount since it was reimbursed. This should not be included in either the income or expense.

Table - 2 Additional Payments from Uber or Subsidiaries

Incentives	$10,560.71
Other Miscellaneous Payment	$10.51
TOTAL ADDITIONAL EARNINGS	**$10,571.22**

Business is OOS if any of the following exists

- Rental property
- Net loss of any amount
  - Exception per SPEC advice: If a taxpayer has multiple businesses (e.g., courier and rideshare), the return is in scope if there is an aggregate net profit.
- Individual assets > $2,500; requires depreciation
- Inventory and Cost of Goods Sold
  - Examples include Mary Kay consultant who resales products, artisan of arts and crafts and independent repair contractor who maintains a supply of repair parts
- Business use of home
- Employees
- Manufacture, distribution, or trafficking of controlled substances (such as marijuana)
- Any transactions involving digital assets/virtual currency (e.g., Bitcoin) such as a disposition, sale, exchange or transfer

Schedule D
Capital Gains & Losses

Brokerage Statements (Form 1099-B)

- Ask for capital loss carryover worksheet from last year's tax return, if applicable.
- First review the brokerage statement for OOS transactions (e.g., virtual currency). See resource for detailed list. [4012: D-51].
- There are two timesaving alternatives to entering each transaction on a separate row:

  1. 1099-B Transactions with No Adjustments
     - Only available if the cost basis is reported to the IRS (i.e., Covered Securities) and there are no adjustments to cost basis, capital gain or loss (e.g., Nondeductible loss from a wash sale).
  2. Report multiple transactions from the same broker on one row

Sample of Consolidated Brokerage Statement

Robinhood Securities LLC	Tax Information Account ########	Statement Date: 02/11/2022 Document ID: K89W 8G1 46P2	2021
500 Colonial Center Parkway Suite 100 Lake Mary, FL 32746 Customer Service: 650-940-2700 PAYER'S TIN: 38-4019216			

[ ] FATCA filing requirement (see instructions)

Summary Information

DIVIDENDS AND DISTRIBUTIONS 2021 1099-DIV* OMB No. 1545-0110

1a- Total ordinary dividends (includes lines 1b, 5, 2e)	0.00
1b- Qualified dividends	0.00
2a- Total capital gain distributions (includes lines 2b, 2c, 2d, 2f)	0.00
2b- Unrecaptured Section 1250 gain	0.00
2c- Section 1202 gain	0.00
2d- Collectibles (28%) gain	0.00
2e- Section 897 ordinary dividends	0.00
2f- Section 897 capital gain	0.00
3- Nondividend distributions	0.00
4- Federal income tax withheld	**0.00**
5- Section 199A dividends	0.00
6- Investment expenses	0.00
8- Foreign country or US possession: 7- Foreign tax paid:	0.00
9- Cash liquidation distributions	0.00
10- Noncash liquidation distributions	0.00
11- Exempt-interest dividends (includes line 12)	0.00
12- Specified private activity bond interest dividends (AMT)	0.00

MISCELLANEOUS INFORMATION 2021 1099-MISC* OMB No. 1545-0115

2- Royalties	0.00
3- Other income	0.00
4- Federal income tax withheld	**0.00**
8- Substitute payments in lieu of dividends or interest	0.00

SECTION 1256 CONTRACTS 2021 1099-B* OMB No. 1545-0715

8- Profit or (loss) realized in 2021 on closed contracts	0.00
9- Unrealized profit or (loss) on open contracts-12/31/2020	0.00
10- Unrealized profit or (loss) on open contracts-12/31/2021	0.00
11- Aggregate profit or (loss) on contracts	0.00

If applicable, proceeds from sale transactions appear summarized below and are detailed in subsequent sections of this document.

*** This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.**

SUMMARY OF PROCEEDS, GAINS & LOSSES, ADJUSTMENTS AND WITHHOLDING

Refer to the 1099-B *and* Proceeds not reported to the IRS *pages to ensure that you consider all relevant items and to determine the correct gains and losses. The amounts shown below are for informational purposes.*

Term	Form 8949 type	Proceeds	Cost basis	Market discount	Wash sale loss disallowed	Net gain or loss(-)
Short	A (basis reported to the IRS)	1,248.64	1,150.81	0.00	44.06	141.89
Short	B (basis not reported to the IRS)	0.00	0.00	0.00	0.00	0.00
Short	C (Form 1099-B not received)	0.00	0.00	0.00	0.00	0.00
	Total Short-term	**1,248.64**	**1,150.81**	**0.00**	**44.06**	**141.89**
Long	D (basis reported to the IRS)	14.12	10.32	0.00	0.00	3.80
Long	E (basis not reported to the IRS)	0.00	0.00	0.00	0.00	0.00
Long	F (Form 1099-B not received)	0.00	0.00	0.00	0.00	0.00
	Total Long-term	**14.12**	**10.32**	**0.00**	**0.00**	**3.80**
Undetermined	B or E (basis not reported to the IRS)	0.00	0.00	0.00	0.00	0.00
Undetermined	C or F (Form 1099-B not received)	0.00	0.00	0.00	0.00	0.00
	Total Undetermined-term	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand total	**1,262.76**	**1,161.13**	**0.00**	**44.06**	**145.69**

Withholding	Amount
Federal income tax withheld	0.00

Sample of Consolidated Brokerage Statement (Cont'd)

Robinhood Securities LLC

Account #########

Proceeds from Broker and Barter Exchange Transactions

2021 1099-B* OMB No. 1545-0715

(continued)

02/11/2022

SHORT TERM TRANSACTIONS FOR COVERED TAX LOTS [Ordinary gains or losses are identified in the Additional information column] *(Lines 2 & 5)*

Report on Form 8949, Part I with Box A checked. Basis is provided to the IRS. *(Line 12)*

"Gain or loss (-)" is NOT reported to the IRS.

1a- Description of property/CUSIP/Symbol

1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (G)ross or (N)et	1b- Date acquired	1e- Cost or other basis	1f- Accrued mkt disc (D) & 1g- Wash sale loss disallowed (W)	Gain or loss(-) & 7- Loss not allowed (X) also not reported (Z)	Additional information
CASTOR MARITIME INC. COMMON SH ARES / CUSIP: Y1146L109 / Symbol:							
02/12/21	17.000	25.67	02/09/21	18.11	...	7.56	Sale [25]
Totals :		**1,248.64**		**1,150.81**	**44.06 W**	**141.89**	

LONG TERM TRANSACTIONS FOR COVERED TAX LOTS [Ordinary gains or losses are identified in the Additional information column] *(Lines 2 & 5)*

Report on Form 8949, Part II with Box D checked. Basis is provided to the IRS. *(Line 12)*

"Gain or loss (-)" is NOT reported to the IRS.

1a- Description of property/CUSIP/Symbol

1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (G)ross or (N)et	1b- Date acquired	1e- Cost or other basis	1f- Accrued mkt disc (D) & 1g- Wash sale loss disallowed (W)	Gain or loss(-) & 7- Loss not allowed (X) also not reported (Z)	Additional information
VAXART, INC COMMON STOCK / CUSIP: 92243A200 / Symbol:							
	5 transactions for 11/18/21. Total proceeds and cost reported to the IRS.						
	0.009	*0.06*	*10/29/20*	*0.05*	...	*0.01*	*1 of 5 - Sale [25]*
	0.991	*6.97*	*10/29/20*	*5.27*	...	*1.70*	*2 of 5 - Sale [25]*
	0.002	*0.01*	*11/02/20*	*0.01*	...	*0.00*	*3 of 5 - Sale [25]*
	0.007	*0.05*	*11/02/20*	*0.03*	...	*0.02*	*4 of 5 - Sale [25]*
	1.000	*7.03*	*11/02/20*	*4.96*	...	*2.07*	*5 of 5 - Sale [25]*
11/18/21	2.009	14.12	Various	10.32	...	3.80	Total of 5 transactions
Totals :		**14.12**		**10.32**		**3.80**	

Recording 1099-B Transactions With No Adjustments

Schedule D Capital Gains

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

CONTINUE

Recording 1099-B Transactions With No Adjustments (Cont'd)

1099-B Transactions with No Adjustments

CANCEL CONTINUE

Short-Term Transactions

Total proceeds (sales price)	Total cost or other basis	Total gain or loss
$0.00	$0.00	$

Long-Term Transactions

Total proceeds (sales price)	Total cost or other basis	Total gain or loss
$14.00	$10.00	$4

CANCEL CONTINUE

Reporting Multiple Transactions on a Single Row

- In our example, the S-T transactions included nondeductible losses due to wash sales; therefore, the 1st alternative method cannot be used.
- Group the securities into their respective categories: Covered Short-Term (S-T) securities, Noncovered S-T securities, Covered Long-Term (L-T) securities and Noncovered L-T securities. Often the brokerage statement is arranged in the above format.
  - Covered securities – Basis is reported to the IRS
  - Noncovered securities – Basis is not reported to the IRS
- Input the following for each category:
  - Description of Property: Issuer of the brokerage statement (e.g., "Charles Schwab")
  - Date Acquired: Mark checkbox "Alternate option" and Select "Various (S-T or L-T, as applicable)"
  - Date Sold: "##/##/##" (Date of the latest transaction for the category)
  - Adjustments: Enter $0 and Select "M – Reporting Multiple Transactions on a Single Row," unless there is an applicable adjustment (e.g., nondeductible loss from a Wash Sale)
    - Wash sale - The sale of securities at a loss and the acquisition of the same (substantially identical) securities within 30 days of the sale date (before or after). The loss is added to the cost of the new stock or securities, increasing the cost basis.

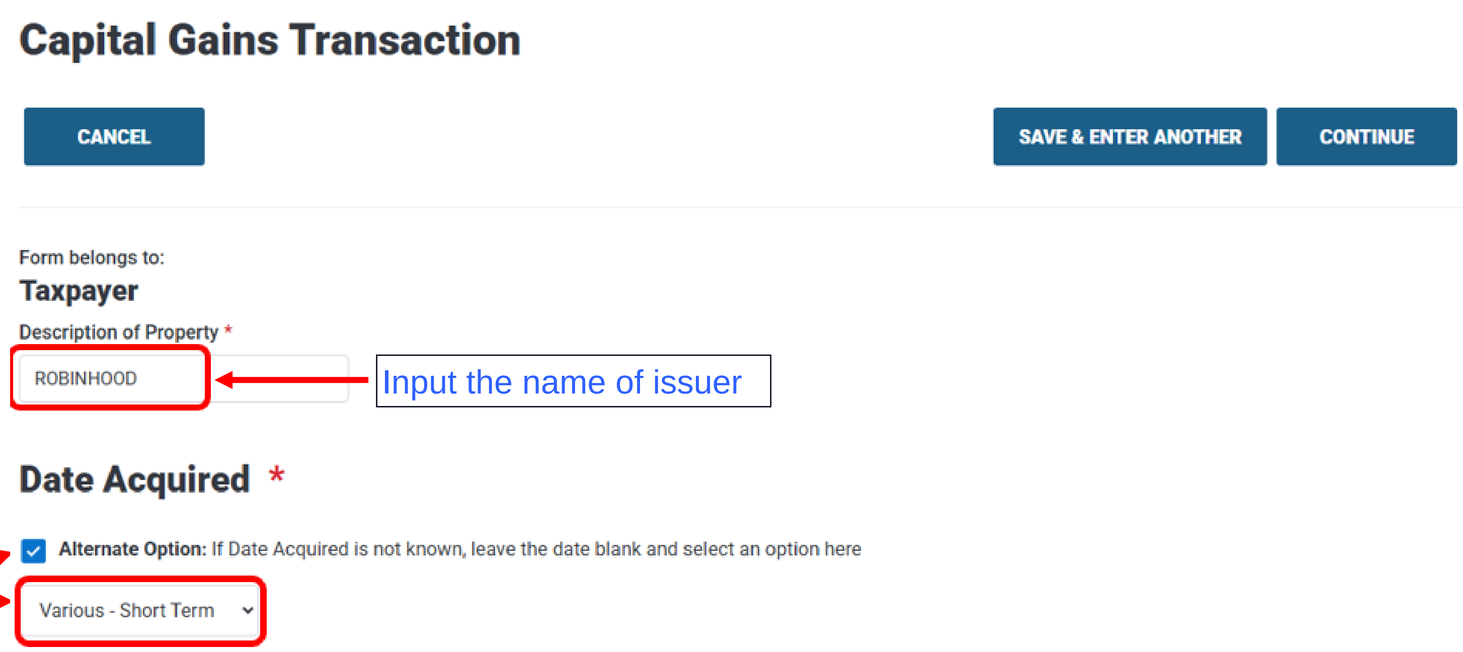
Reporting Multiple Transactions on a Single Row (Cont'd)

Schedule D Capital Gains

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

CONTINUE

Reporting Multiple Transactions on a Single Row (Cont'd)



Select the "Alternate Option" checkbox and the appropriate down-menu option

Reporting Multiple Transactions on a Single Row (Cont'd)

Date Sold *

☐ **Alternate Option:**

☐ Check here if a short sale.

Date sold *

06/30/2023

Input the date of the latest sale for the applicable investment category

Sales Price

☐ *** Alternate Option:** If Sale Price is Expired, leave the sales price blank and select an option here

$1249

Select cost basis type *

1099-B, Box 12 Cost Basis Reported to the IRS

☐ Is the transaction a Short Term Section 1061 Partnership Interest?

Cost

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

$1151

Reporting Multiple Transactions on a Single Row (Cont'd)

Adjustments

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

$44

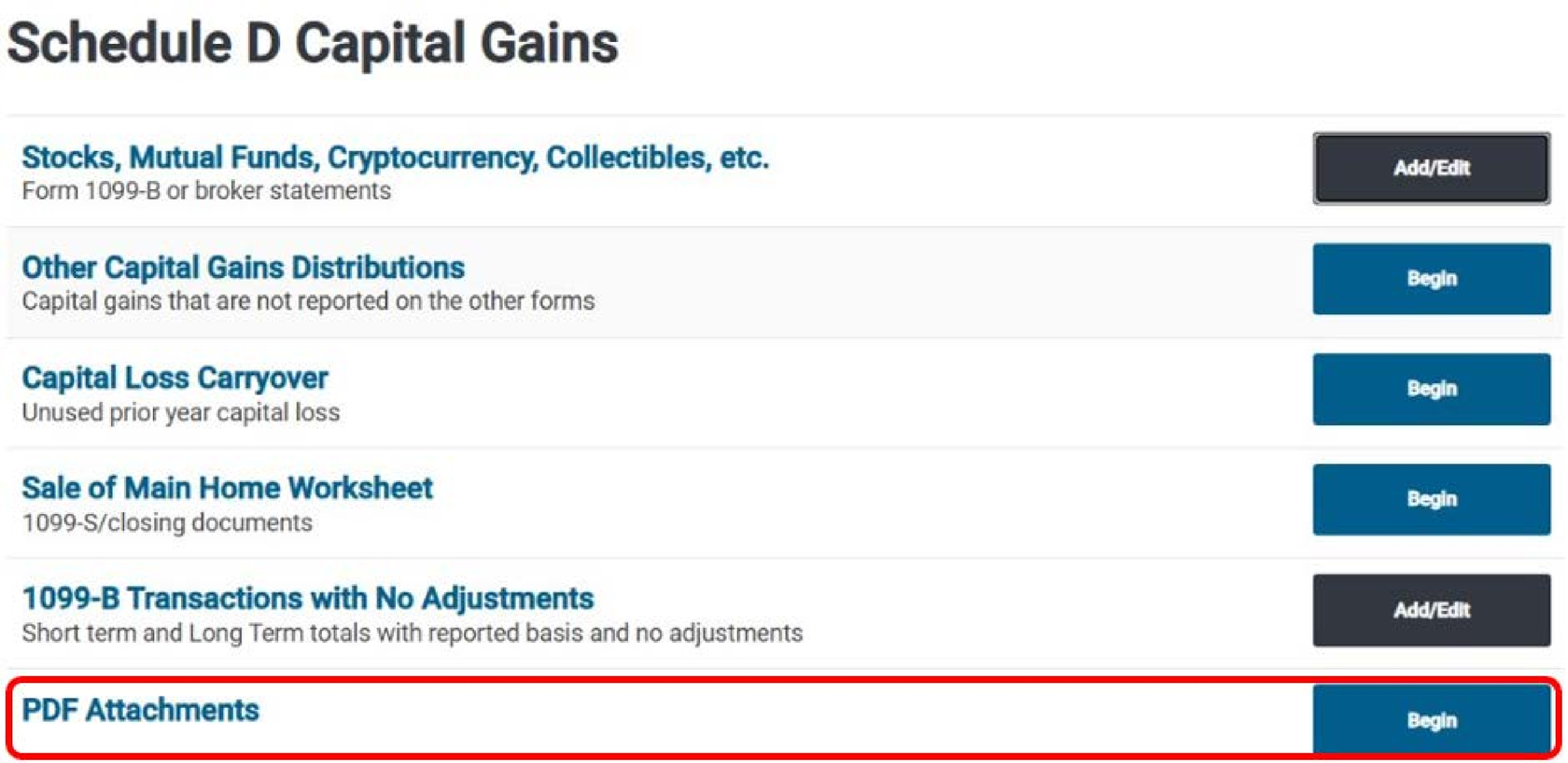
Based our example, enter the amount of the nondeductible loss from a Wash Sale as a positive number and check the appropriate boxes below.

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

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

Additional Information on Brokerage Statements

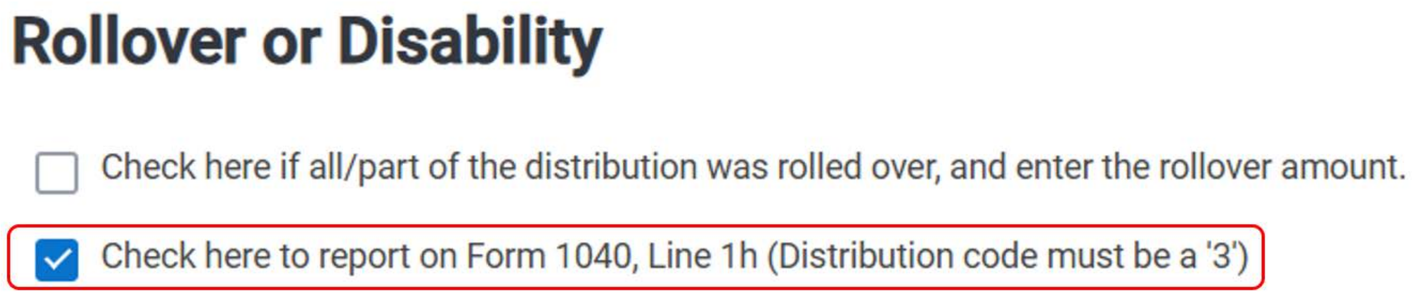
- Like our example, both alternative methods can be used for entering a brokerage statement on the same return
- If the transactions contain noncovered securities or multiple transactions were recorded on one line, a copy of the brokerage statement should be uploaded as an attachment to the return or mailed to the IRS on Form 8453 within 3 business days of acceptance.



Disability Retirement

Disability Retirement Under Minimum Retirement Age

Disability payments – which are generally reported on Form 1099-R with distribution code "3" (Disability) in Box 7 – are taxed as earned income until the taxpayer reaches their minimum retirement age (MRA). If below their MRA, check the box on Form 1099-R to reclassify the disability income as earned income. As earned income, this figure will be used to calculate tax credits such as the EIC and ACTC.



Criteria of Minimum Retirement Age

The MRA is generally the earliest age at which taxpayers may receive an employer-provided pension if you are not disabled; the MRA is established by the retirement plan. Below is the MRA schedule for most Federal employees.

If your year of birth is…	Your Minimum Retirement Age is…
Before 1948	55 years
1948	55 years, 2 months
1949	55 years, 4 months
1950	55 years, 6 months
1951	55 years, 8 months
1952	55 years, 10 months
1953 to 1964	56 years
1965	56 years, 2 months
1966	56 years, 4 months
1967	56 years, 6 months
1968	56 years, 8 months
1969	56 years, 10 months
After 1969	57 years

Reaching Minimum Retirement Age

- In the year the taxpayer reaches the MRA, the disability payments are then treated as pension income and the Simplified Method should be used to compute the taxable amount.
- Per Pub 4012, plan administrators "should" issue two Form 1099-Rs in the year of reaching the MRA (i.e., one with distribution code "3" and the other with "7"). However, Office of Personnel Management for Federal government employees and other plan administrators may continue to report indefinitely the total distribution as disability income.
- As a result, in the year of reaching the MRA, the tax preparer will have to prorate the amount attributable to disability income and pension. Then, enter two Form 1099-Rs in TaxSlayer, making sure the totals (i.e., gross distributions and tax withholding) match the original.

Website
https://cotaxaide.org/tools/Annuity%20Calculator.html

Annuity/Pension Exclusion Calculator

Video tour

(version 10.30, 5/12/2024)

Clear and reset calculator

Taxpayer's name and annuity/pension type for tax year 2024	Disability ☐ Check if a public safety officer pension ? ☑ Check if this is or was a disability pension ?	
	Enter dates as MM/DD/YYYY	Age at annuity start
Annuity start date	05/01/2020	Using 4/1/2024
Annuitant's birthdate ☐ Died in 2024	11/03/1967	56
Earliest retirement age	56 Yr, 4 Mo. ?	
Spouse's birthdate		Enter only if joint annuity
Combined age for survivor annuity	(For joint or survivor annuity)	Not used
Gross distribution (☐ Check if RRB1099-R)	25000	
Total annuity contributions	15000	
Exclusion months in 1st year	9	
Total months to be excluded	310	
Monthly exclusion	48.39	
First year exclusion	436	
Exclusion for remaining years	581	
Final year exclusion (2050)	39	

Enter taxpayer data in yellow rows, then ... Click here to Calculate | Hide TS input | Print the table

NOTE: The annuitant's disability pension amount should be entered as two 1099-Rs:

#1: 6250 as earned income (☑ Form 1040 line 1z) - no pension exclusion

#2: 18750 as pension income (Form 1040 line ??) - see below

Federal Section > Income > IRA/Pension Distributions/1099-R or RRB-1099-R:

Enter Taxable Amount directly **or** use the worksheet:

Form 1099-R
1 Gross Distribution
18750
2a Taxable Amount
18314
9b Total employee contributions
15000

Simplified General Rule Worksheet	
Gross distribution amount (from 1099-R)	18750
Plan cost at annuity start date	15000
Starting date of annuity	4/1/2024
☐ Check here if this is a Joint or Survivor Annuity	
Death benefit exclusion	0
Age of recipient at start date	56
Number of months paid in 2024	9
Amounts previously recovered	0

Tax Exclusion Table for Disability:

Tax Year	Recovered Prior years	Exclusion this year	Remaining cost
2024	**0**	**436**	**14564**
2025	436	581	13983
2026	1017	581	13402
2027	1598	581	12821
2028	2179	581	12240
2029	2760	581	11659
2030	3341	581	11078
2031	3922	581	10497
2032	4503	581	9916
2033	5084	581	9335
2034	5665	581	8754
2035	6246	581	8173
2036	6827	581	7592
2037	7408	581	7011
2038	7989	581	6430
2039	8570	581	5849
2040	9151	581	5268
2041	9732	581	4687
2042	10313	581	4106
2043	10894	581	3525
2044	11475	581	2944
2045	12056	581	2363
2046	12637	581	1782
2047	13218	581	1201
2048	13799	581	620
2049	14380	581	39
2050	14961	39	0

Pension Calculator for Disability Retirees (Cont'd)

- Print out a copy of the results of the Pension Calculator for the taxpayer and instruct taxpayer to always keep it with the most current return.
- Make sure to enter a note in TaxSlayer. Sample note: "Age at Annuity starting date (56yrs 4mos); Total employee contributions $15,000; 1st Year (2024) Exclusion $436 (9 months); Yearly exclusion $581; Final year exclusion $39 (2050)."

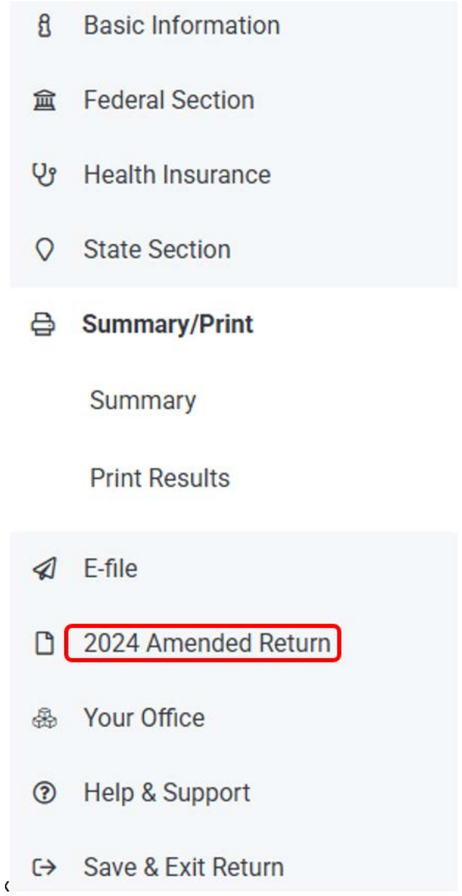
Amended Returns

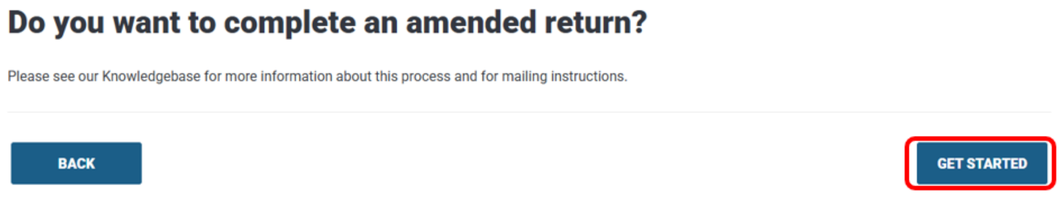
Criteria for Amended Returns

- Taxpayers should file Form 1040-X, Amended Return, to correct any errors or omissions on an originally filed/accepted return (e.g., missing Form W-2).
- Secure a copy of the original return from one of the following sources before starting :
  - TS printout; available if return was prepared at the local site
  - Taxpayer copy
  - IRS transcript (Refer to an experienced preparer)
- If amended return involves changes to a previous IRS adjustment, refer case to an experienced preparer or instruct the taxpayer to schedule an appointment with United Way’s summer tax clinic.

Steps for Amending a Return

1. Input the completed return with corrections by:
   - If original return was prepared at the local site, open the existing return and make the necessary corrections (e.g., input missing Form W-2), or
   - If original return was prepared elsewhere, start a new return and input the entire return with the correct information.
2. Select 20XX Amended Return from the left-hand menu and select GET STARTED.



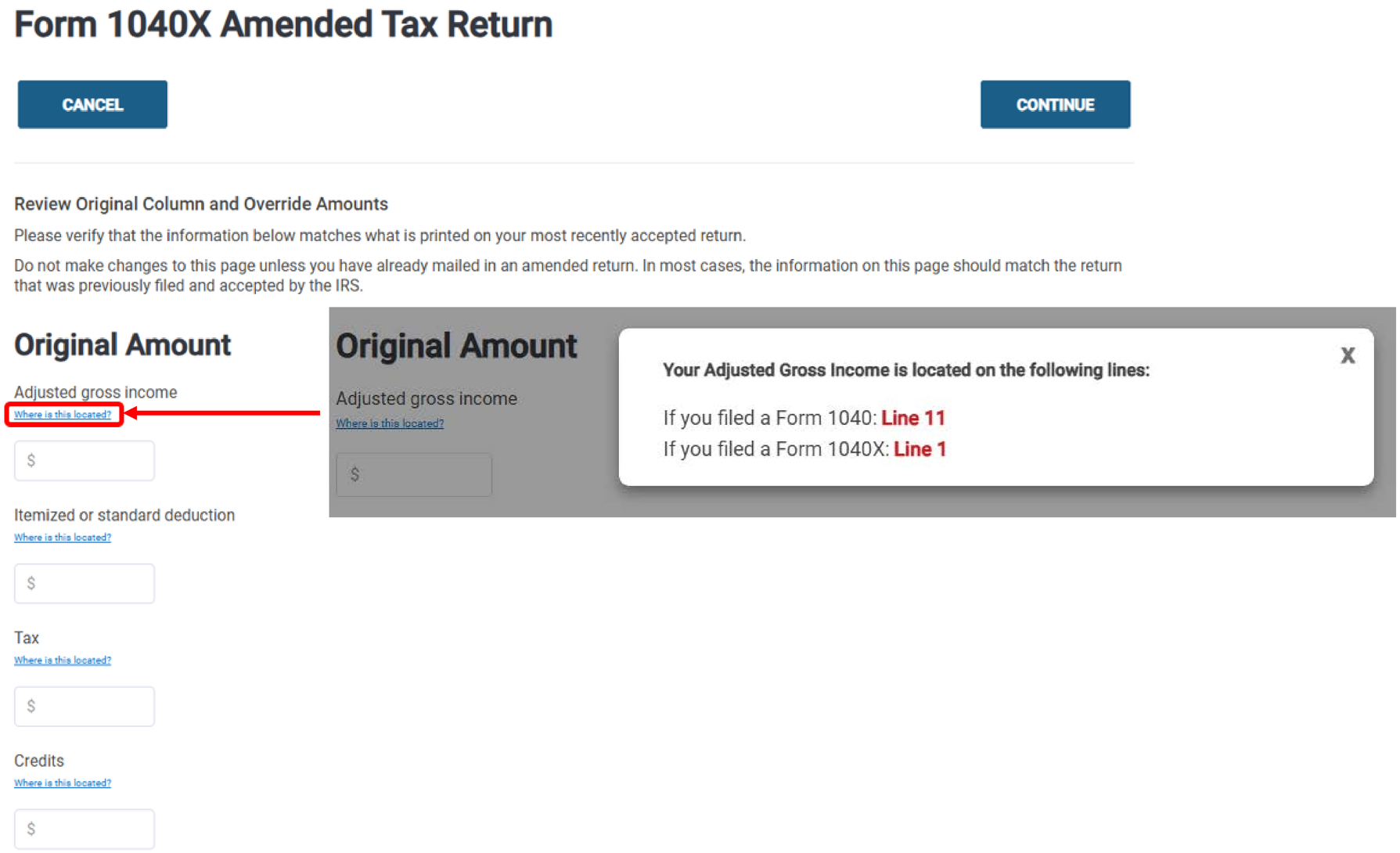


Steps for Amending a Return (Cont'd)

3. Select Original Federal Return Information.

Steps for Amending a Return/Original Federal Return Information (Cont'd)

4. Verify the automatically populated fields for a return prepared locally or input values for a return prepared elsewhere. Some, but not all, of the fields will apply to the subject amended return.



Steps for Amending a Return/Original Federal Return Information (Cont'd)

Other Taxes

Where is this located?

$

Federal income tax withheld & excess social security & tier 1 RRTA tax withheld

Where is this located?

$

Estimated tax payments, including amount applied from prior year's return

Where is this located?

$

Earned income credit

Where is this located?

$

Other Credits: Forms 2439, 4136, 8863, 8885, or 8962

Where is this located?

$

Amount paid with request for extension of time to file is pulled from Payments and Estimates section under Amount Paid with Extension

Where is this located?

$

Amount of tax paid with original return plus additional tax paid after it was filed

Where is this located?

$

If the taxpayer had an amount due, you would need to manually enter any amount they have paid since filing the original return.

Steps for Amending a Return/Original Federal Return Information (Cont'd)

Overpayment, if any, as shown on original return or as previously adjusted by the IRS

Where is this located?

$

Qualified Business Income Deduction

Where is this located?

$

Amount of refund you would like applied to next year's estimated taxes

$

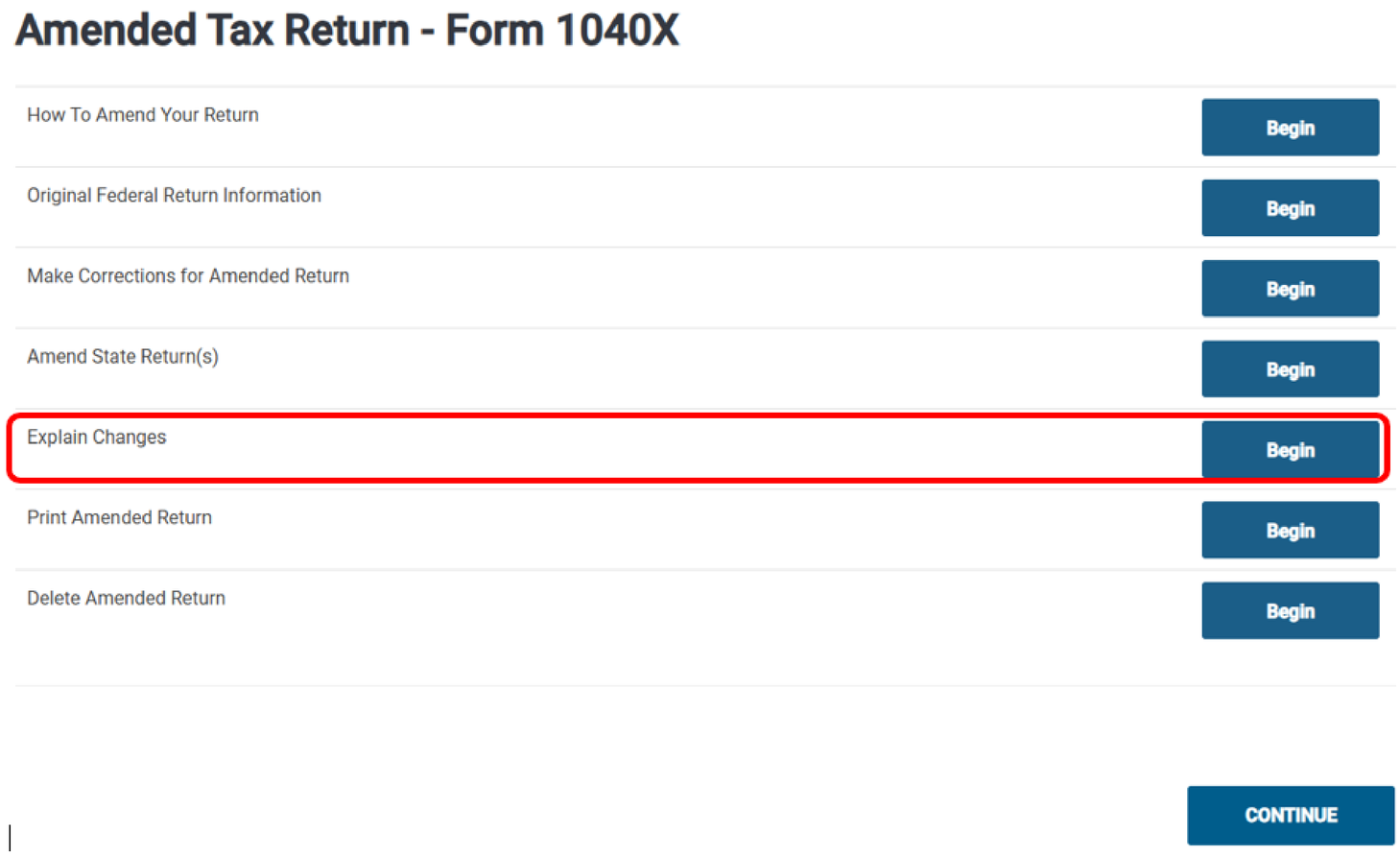
- [ ] Check here if the Address has changed from your last filed return and you would like the IRS to change it in their records.
- [ ] Check here if you did not previously want $3 to go to the Presidential Election Campaign Fund but now want it to..
- [ ] Check here if your spouse did not previously want $3 to go to the Presidential Election Campaign Fund but now want it to.
- [ ] Check here to change any information relating to your dependents to include a change in the number of dependents reported on your return.

CANCEL

CONTINUE

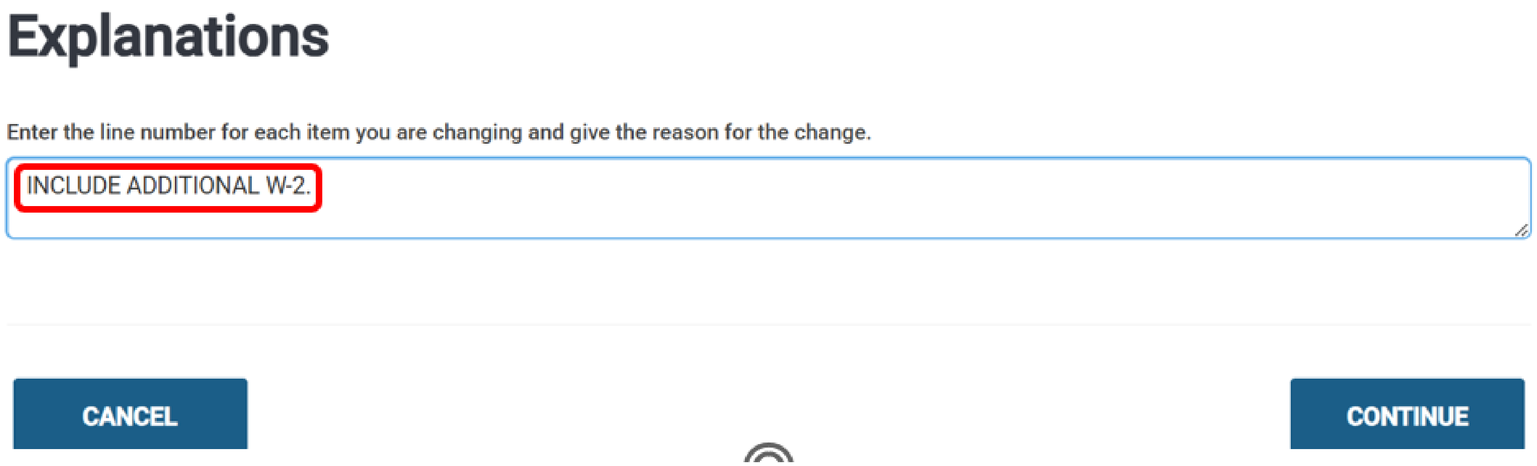
Steps for Amending a Return (Cont'd)

5. Print amended return to screen to determine the line number for the required explanations.
6. Select Explain Changes.



Steps for Amending a Return (Cont'd)

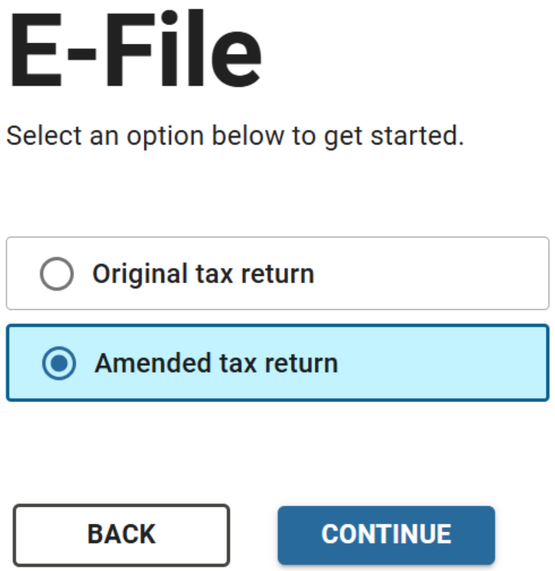
7. Provide a brief explanation for the reason of the amendment and select Continue.



8. Switch between Federal return and Amended section as needed to make additional changes.
9. Amend the state return in a similar fashion if needed.
10. Proceed to E-file section.

Steps for Amending a Return (Cont'd)

11. Select Amended tax return and Continue



12. Finish return and submit for review.

General Reminders

General Reminders

- To comply with the terms of the IRS grant that partially funds this program, UWGC has established the **income limit of $84,000** for all taxpayers.
  - AARP offers free tax preparation with an income limit of $200,000.
  - Check with your site coordinator for criteria used for self-prepared returns (e.g., self and immediate family).
- HSA contributions reported on Form W-2 (Code “W” in Box 12) automatically flow to Form 8889 and should NOT be entered manually.
  - Remember to ask whether the taxpayer took a distribution from their HSA account during the tax year. If so, the taxpayer needs to provide Form 1099-SA.

Thank you!

Thank you for taking this training!

Thanks for being a VITA volunteer with the United Way of Greater Cincinnati's Free Tax Prep initiative!

UNITED WAY
Greater Cincinnati